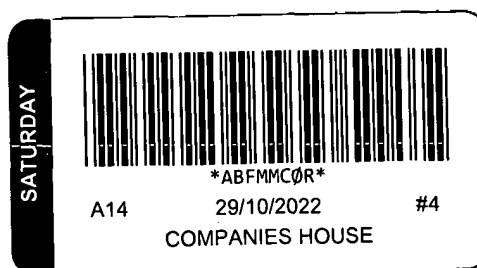


Strategic Report, Directors' Report and
Audited Financial Statements for the 52 week period ended 29 January 2022
for
Tessuti Group Limited



Tessuti Group Limited

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for the 52 week period ended 29 January 2022

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Tessuti Group Limited

Company Information

for the 52 week period ended 29 January 2022

DIRECTORS:

N J Greenhalgh
R Schultz (appointed 28 September 2022)
P A Cowgill (resigned 28 September 2022)
D A Light (resigned 25 June 2021)

SECRETARIES:

N Cassidy (appointed 28 September 2022)
Oakwood Corporate Secretary Limited
S Mawdsley (resigned 22 September 2022)

REGISTERED OFFICE:

Edinburgh House
Hollins Brook Way
Pilsworth
Bury
Lancashire
BL9 8RR

REGISTERED NUMBER:

08007909 (England and Wales)

AUDITORS:

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

Tessuti Group Limited

Strategic Report

for the 52 week period ended 29 January 2022

The principal activity of the Company is to act as a holding company for Tessuti Limited, Prima Designer Limited, Blue Retail Limited, Choice Limited and Giulio Limited.

The strategy of the Company is to develop the branded designer retail offer within the subsidiary companies, primarily Tessuti Limited, Choice Limited, Giulio Limited and Blue Retail Limited, to provide growth and long-term stability.

As the Company only lends and borrows money within the group, no performance related Key Performance Indicators are used by the Directors. Instead, the Directors review the Balance Sheet, which is included within this report. No other Key Performance Indicators are used and accordingly none have been presented within this review.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of Tessuti Group Limited are tied to the trading businesses in which it holds an investment (see note 6). The risks set out below therefore are specific to these trading companies. The Directors continue to endeavour to manage these risks and uncertainties to the extent possible within the business.

Any business undertaking will involve some risk with many risk factors common to any business regardless of what sector it operates in. However, the Directors consider that certain risks and uncertainties are more specific to the Companies and the fashion retail sector in which they operate. These risks and uncertainties include the following:

- Ability to access, and the dependence on, key brands.
- The location and influence of competitors.
- Impact of new property developments on the existing store portfolio.
- General economic factors.
- Seasonality.

The Directors continue to endeavour to manage these risks and uncertainties to the extent possible within the business.

SECTION 172(1) STATEMENT

This statement sets out 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 having regard for stakeholders interests.

As such, the Directors have considered (amongst other things) the likely consequences of any decision in the long term. The Directors give significant consideration via the assessment of various board papers to the likely long term impact to the Company of any decisions made. It is the Directors' ultimate objective to deliver long term sustainable earnings growth.

Furthermore, the Directors have considered:

- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's business relationships with suppliers, customers and others;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

Tessuti Group Limited

Strategic Report

for the 52 week period ended 29 January 2022

SECTION 172(1) STATEMENT (continued)

The Company is a subsidiary of JD Sports Fashion Plc and is therefore part of the JD Group. The consideration of the above points is detailed in the Strategic Report of the Annual Report and Accounts of JD Sports Fashion Plc. The Annual Report is available to the public at www.jdplc.com.

BY ORDER OF THE BOARD:



.....
N J Greenhalgh - Director

Date: 31 October 2021...

Tessuti Group Limited

Directors' Report
for the 52 week period ended 29 January 2022

The Directors present their report with the financial statements of the Company for the 52-week period ended 29 January 2022.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2021: £nil).

DIRECTORS

N J Greenhalgh has held office during the whole of the period from 31 January 2021 to the date of this report.

Other changes in directors holding office are as follows:

D A Light - resigned 25 June 2021
P A Cowgill – resigned 28 September 2022
R Schultz – appointed 28 September 2022

POLITICAL DONATIONS AND EXPENDITURE

The Company made no political contributions or charitable donations during the period (2021: £nil).

GOING CONCERN

The Company is reliant on its immediate parent undertaking, JD Sports Fashion Plc, for its continued financial support. JD Sports Fashion Plc has indicated its ongoing support for the foreseeable future provided that the Company remains in the Group. As a consequence, the Directors believe that with the continued support of its parent, the Company is well placed to manage its business risks successfully, despite the current uncertain economic outlook.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and the Directors have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITORS

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:



.....
N J Greenhalgh - Director

Date: 31 October 2022

Statement of Directors' Responsibilities
for the 52 week period ended 29 January 2022

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 the Directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 operating, 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 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.



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

Independent auditor's report to the members of Tessuti Group Limited

Opinion

We have audited the financial statements of Tessuti Group Limited ("the company") for the year ended 29 January 2022 which comprise the statement of profit and loss account and other comprehensive income, the statement of changes in equity, the balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 January 2022 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 absence of reference to a material uncertainty in this auditor's report is 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 and inspection of policy documentation as to the JD Sports Fashion plc's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, 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 there are no revenue transactions.

We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

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 (as required by auditing standards), and discussed with the directors 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.

This Company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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.

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 page 5, 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
Tessuti Group Limited

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.

Hannah Johnston

Hannah Johnston (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date: 31 October 2022

Tessuti Group Limited

Statement of Profit and Loss Account and Other Comprehensive Income
for the 52 week period ended 29 January 2022

		52 week Period ended 29 January 2022 £'000	52 week period ended 30 January 2021 £'000
	Notes		
TURNOVER		<u>-</u>	<u>-</u>
OPERATING PROFIT and PROFIT BEFORE TAXATION	4	-	-
Tax on profit	5	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL PERIOD		-	-
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>-</u>	<u>-</u>

The notes on pages 13 to 18 form part of these financial statements

Balance Sheet
29 January 2022

	Notes	£'000	2022 £'000	£'000	2021 £'000
FIXED ASSETS					
Investments	6		2,039		2,039
CURRENT ASSETS					
Debtors	7	145		145	
CREDITORS					
Amounts falling due within one year	8	<u>(4,975)</u>		<u>(4,975)</u>	
NET CURRENT LIABILITIES			<u>(4,830)</u>		<u>(4,830)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(2,791)</u>		<u>(2,791)</u>
CAPITAL AND RESERVES					
Called up share capital	9		100		100
Retained earnings			<u>(2,891)</u>		<u>(2,891)</u>
SHAREHOLDERS' DEFICIT			<u>(2,791)</u>		<u>(2,791)</u>

The financial statements were approved by the Directors and authorised for issue on 31 October 2022 and were signed by:



.....
N J Greenhalgh - Director

Tessuti Group Limited

Statement of Changes in Equity
for the 52 week period ended 29 January 2022

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 2 February 2020	100	(2,891)	(2,791)
Changes in equity			
Balance at 30 January 2021	<u>100</u>	<u>(2,891)</u>	<u>(2,791)</u>
Changes in equity			
Balance at 29 January 2022	<u>100</u>	<u>(2,891)</u>	<u>(2,791)</u>

The notes on pages 13 to 18 form part of these financial statements

1. STATUTORY INFORMATION

Tessuti Group Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements are prepared on the historical cost basis and are presented in pounds sterling, rounded to the nearest thousand.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's immediate parent undertaking, JD Sports Fashion Plc includes the Company in its consolidated financial statements. The consolidated financial statements of JD Sports Fashion Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address in note 11.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of JD Sports Fashion Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

Notwithstanding net current liabilities of £4.8 million as at 29 January 2022 (2021: £4.8million), 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 and the anticipated impact of Covid-19 on the wider UK economic situation, the Company's operations and its financial resources. The Company will have sufficient funds, through funding from its immediate parent Company, JD Sports Fashion Plc, to meet its liabilities as they fall due for that period. The Company's immediate parent has considerable financial resources, with access throughout the forecast period to a £700 million syndicated committed borrowing facility as at 1 August 2022 (of which £nil was drawn down).

2. ACCOUNTING POLICIES - continued

The assessment is dependent on JD Sports Fashion Plc not seeking repayment of the amounts currently due to the Group, which at 29 January 2022 amounted to £4.0 million (2021: £4.0 million) and providing additional financial support during that period. JD Sports Fashion Plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the assessment. 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 therefore have prepared the financial statements on a going concern basis.

Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes 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.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost less impairment losses. A provision for the impairment of trade and other debtors is made using the expected credit loss method in accordance with IFRS 9. The movement in the provision is recognised in the profit and loss account.

Trade and other creditors

Trade and other creditors are non-interest bearing and recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest payable and similar charges

Interest payable and similar charges comprise interest payable on interest bearing loans and borrowings. Financial expenses are recognised in the profit and loss account on an effective interest basis.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences in respect of the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Investments in subsidiary undertakings

All investments in subsidiary undertakings are stated at cost less provisions for impairment losses.

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. There are no judgements, estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

3. DIRECTORS' REMUNERATION

The Directors were employed by other group companies during the period and therefore any remuneration was borne by those group companies. No remuneration is given in respect of acting as a Director of this entity as it is incidental to their overall responsibilities to the group.

4. PROFIT BEFORE TAXATION

Auditor's remuneration in respect of the Company of £5,000 (2021: £5,000) is borne by Tessuti Limited, at 87.6% owned subsidiary of the Company.

5. TAXATION

Analysis of tax expense

No liability to UK corporation tax arose for the period ended 29 January 2022 nor for the period ended 30 January 2021.

6. INVESTMENTS

	Shares in Group undertakings £'000
COST	
At 31 January 2021 and 29 January 2022	<u>4,835</u>
PROVISIONS	
At 31 January 2021 and 29 January 2022	<u>2,796</u>
NET BOOK VALUE	
At 29 January 2022	<u>2,039</u>
At 30 January 2021	<u>2,039</u>

The provision for impairment of £2,796,000 relates to the value of the investment held in Prima Designer Limited, was recognised in the profit and loss account for the 52 week period ended 1 February 2020.

6. INVESTMENTS - continued

The subsidiary undertakings are as follows:

	Place of registration	Nature of business and operations	Ownership interest and voting rights
Tessuti Ltd	UK	Retail of fashion clothing and footwear	87.6%
Prima Designer Ltd	UK	Property holding company	100%
Blue Retail Ltd*	UK	Retail of fashion clothing and footwear	100%
Choice Ltd*	UK	Retail of fashion clothing and footwear	87.6%
Choice 33 Ltd*	UK	Non-trading company	87.6%
Tessuti Retail Ltd	UK	Non-trading company	100%
Giulio Ltd*	UK	Retail of fashion clothing	87.6%
Giulio Fashion Ltd*	UK	Non-trading company	87.6%
Giulio Woman Ltd*	UK	Non-trading company	87.6%

* indirect holding of the Company

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Amounts owed by group undertakings	<u>145</u>	<u>145</u>

Amounts owed by group undertakings are unsecured and are repayable on demand.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Amounts owed to group undertakings	<u>4,975</u>	<u>4,975</u>

Amounts owed to group undertakings are unsecured and are repayable on demand.

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £'000	2021 £'000
100,000	Ordinary	£1	<u>100</u>	<u>100</u>

The total number of issued ordinary shares was 100,000 (2021: 100,000) with a par value of £1.00 (2021: £1.00) per share. All shares are fully paid.

The capital structure of the Company comprises issued share capital and retained earnings. The policy adopted by the Directors is to seek to improve the capital base of the Company so as to maintain creditor confidence and to sustain future development of the business.

On a show of hands at a general meeting, every holder of ordinary shares present in person shall have one vote, and on a poll every member shall have one vote for each share of which he is the holder. Subject to the relevant statutory provisions and the Company's Articles of Association, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes. Subject to the relevant statutory provisions and the Company's Articles of Association, on a return of capital on a winding-up, holders of ordinary shares are entitled to participate in such a return equally in proportion to their shareholding.

10. CONTINGENT LIABILITIES

It is inevitable that commercial claims and disputes may arise from time to time during the course of the Company's business. If the risk of a financial outflow arising from one of these disputes is more than remote but not probable or cannot be measured reliably then the Company will disclose this matter as a contingent liability. If the risk of a financial outflow is considered probable and can be measured reliably then the Company would make a provision for this matter.

Further, the activities of the Company are overseen by a number of regulators and, whilst the Company strives to ensure full compliance with all its regulatory obligations, periodic reviews are inevitable which may result in a financial penalty. If the risk of a financial penalty arising from one of these reviews is more than remote but not probable or cannot be measured reliably then the Company will disclose this matter as a contingent liability. If the risk of a financial penalty is considered probable and can be measured reliably then the Company would make a provision for this matter.

11. PARENT COMPANY

The Company is a wholly owned and directly held subsidiary undertaking of JD Sports Fashion Plc, which is the smallest group in which the Company is a member and for which Group Financial Statements are drawn up. JD Sports Fashion Plc is registered in England. Copies of the consolidated financial statements of JD Sports Fashion Plc are available to the public and can be obtained from the Company Secretary, Edinburgh House, Hollins Brook Way, Pilsworth, Bury, Lancashire, BL9 8RR or online at www.jdplc.com.

Tessuti Group Limited

Notes to the Financial Statements - continued for the 52 week period ended 29 January 2022

12. RELATED PARTY DISCLOSURES

Transactions and balances with related parties (excluding those transactions and balances with wholly owned subsidiaries of the Company, the immediate Parent Company, JD Sports Fashion Plc and its wholly owned subsidiaries) during the year are shown below. Transactions were undertaken in the ordinary course of business.

Tessuti Limited

Tessuti Limited is an 87.6% owned subsidiary of the Company.

	2022 £'000	2021 £'000
Amounts owed to Tessuti Limited	<u>960</u>	<u>960</u>

The outstanding balance is unsecured and will be settled in cash.

13. ULTIMATE CONTROLLING PARTY

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 2021. The consolidated financial statements of Pentland Group Holdings Limited can be obtained from the company's registered office at 26 New Street, St Helier, Jersey, JE2 3RA.