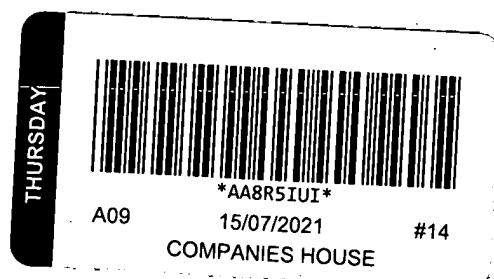


# **FOOTASYLUM LIMITED**

**Annual Report and Financial Statements**

**52 Week Period Ended 30 January 2021**

**Company Number 05535565**



# FOOTASYLUM LIMITED

Annual Report and Financial Statements  
52 Week Period Ended 30 January 2021

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<b>Directors</b>	Barry Bown Phillip Glenn
<b>Company secretary</b>	Nancy Kelsall
<b>Registered office</b>	Edinburgh House Hollins Brook Way Pilsworth Bury BL9 8RR
<b>Company number</b>	05535565
<b>Auditors</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
<b>Bankers</b>	HSBC 4 Hardman Square Spinningfields Manchester M3 3EB
<b>Solicitors</b>	Eversheds LLP Eversheds House 70 Great Bridgewater Street Manchester M1 5ES

# FOOTASYLUM LIMITED

## Strategic Report 52 Week Period Ended 30 January 2021

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The Directors present their strategic report together with the audited financial statements for the 52 week period ended 30 January 2021.

### We are Footasylum

Footasylum is a creative, brave and agile omni channel retailer. Creativity connects our bricks, clicks and kicks; through our stores, website and own brands we're story tellers, intent on pushing boundaries. From the moment we opened our first store in 2006, we became a part of our consumers' community: urban style leaders who drive new trends and do things our way. Endorsed by this community of tribes we're young and agile – never straight-laced. The streets' local retailer, we defy ordinary.

Footasylum is the Company's core retail brand, offering a broad range of footwear, apparel and accessories to our core audience of 16 to 24-year-old urban style leaders. This demographic tends to prioritise discretionary spend on aesthetics and image, particularly clothing and footwear. They are also more willing to embrace new trends and are prominent users of digital sales channels.

We take a digital-first approach in our marketing, working in partnership with established and up-and-coming players in industries aligned with our core audience to create online content that inspires, engages and entertains our consumers. By partnering with social influencers we become part of their online social lives, inspiring loyalty and raising Footasylum's profile among our target audience. This runs through the style and functionality of our whole digital platform.

Our retail stores across the UK are also fitted out in our distinctive style, tailored to their local markets. These physical stores accounted for 41 per cent (FY20: 62 per cent) of the Group's revenue in FY21, while our online sales accounted for 54 per cent (FY20: 34 per cent) and wholesale accounted for 5 per cent (FY20: 3 per cent). The shift in revenue streams is a direct result of COVID-19 government guidelines and the closure of non-essential stores throughout the year.

Footasylum offers an extensive range of footwear, apparel and accessories for men, women and children. We continue to grow our inhouse design team who develop our own brand apparel and accessories, presenting them as complementary to third party brands. We believe this is not only strategically important in differentiating us in the market, but also forms the key to our ability to be hyper-local and give each of our stores its own unique character.

### Business review and future developments

Operating profit before exceptional costs for the 52 week period is £5,680,000 (FY20 49 week period: £2,477,000). The pandemic has accelerated the shift of our bricks and mortar consumers to digital. This shift, along with government assistance, has helped Footasylum maintain profitability and relevance throughout the pandemic, shielding the Group from lost revenues caused by forced store closures. Gross margin has been higher than previously expected for the period finishing at 45.4% (FY20: 43.6%). The group has incurred exceptional costs in the period ending 30 January 2021 totalling £888,000 (FY20: £3,745,000), the bulk of which relates to the acquisition costs by JD Sports Fashion plc. All of these items have been classified as exceptional costs as they are material in size and also non-recurring.

Whilst the board is satisfied with the Company performance and continued progression, Footasylum is not immune to the widely reported challenges to physical retail in the UK, with lower footfall on many high streets, malls and retail parks, combined with cost challenges from increasing minimum wage rates and rises in business rates. The Group strategy continues to focus on understanding and entertaining our consumers. Our product led approach is data driven by our consumer and experienced buying team. This approach continues to drive our omni channel strategy and digital investment, keeping Footasylum agile, relevant and competitive.

# FOOTASYLUM LIMITED

Strategic Report  
52 Week Period Ended 30 January 2021

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## Business review and future developments (continued)

Throughout FY21 our retail stores have had significant disruption to trading with several closure periods caused by the COVID-19 pandemic. Our priorities have been to ensure the safety of our colleagues and customers, to preserve financial resources and limit the impact on profitability. We continue to maintain strict social distancing in our warehouses and have invested in our store estate to assist distancing. Demand has remained resilient throughout FY21 with consumers readily switching to online channels reflecting the benefits of an agile omni-channel approach which has been developed over several years. The UK Government has also provided COVID-19 support to which Footasylum has taken during FY21, this support includes:

- VAT deferment to assist working capital
- Furlough assistance, reimbursing wages
- One year business rates holiday

This support and digital resilience has ensured the Group has been able to remain profitable throughout FY21. Except for the VAT deferment noted above all liabilities, including rents, have been settled timely throughout FY21.

For FY22, the Group is planning to maintain a similar level of its store base and store performance, with continued growth in profitability. The Group will continue to focus on robust cost control, streamlining and improvements to delivery efficiencies and savings. The Board continues to maintain its strong focus on cash and working capital management. Inventory will continue to be carefully managed throughout the period. As part of the Competition and Markets Authority investigation,

## Principal risks & uncertainties faced

Effective risk management is critical to meeting the strategic objectives of the Group. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Risk management is carried out by the Group's finance department, in accordance with these principles and under policies approved by the Board of Directors. We have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Board continually reviews the potential risks facing the Group and the actions, controls and processes in place to mitigate any potential adverse impact on the Group. Our risk register is monitored, updated, and considered by the Board on a monthly basis.

## Store roll out

This mainly consists of upsizing existing stores, and selectively opening new city centre stores where we have no representation. This is dependent upon several factors that present risks as well as opportunities, including

- the identification of suitable vacant sites in appropriate locations;
- the negotiation of acceptable financial terms;
- the general macroeconomic conditions in the UK

There may be competition for suitable sites and there can be no assurances that the Company will be able to open new stores on a timely basis or that new sites will be secured on acceptable terms.

The Group has a dedicated property team that carefully selects suitable vacant sites, taking account of the local population in the target demographic, to ensure the best locations are selected.

There is a breadth of input into this process and support for the property team, including from Buying & Merchandise, Retail and the Directors.

## FOOTASYLUM LIMITED

Strategic Report  
52 Week Period Ended 30 January 2021

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### Principal risks & uncertainties faced (continued)

#### *Reputation and brand*

The development and retention of the Footasylum brand is fundamental to the continued success of the Group. Any failure to protect and manage the brand could lead to a reduction in consumer loyalty and repeat purchases. This could be caused by a poor product selection, an inferior in-store experience, or poor customer service. In addition, any compromise of our ethical sourcing policy could have a significant impact on the reputation and brand of the Group.

The Board continually monitors the performance of the Group and that of competitors to ensure that the Footasylum brand continues to grow.

#### *IT and cyber security*

We rely significantly on the uninterrupted operation of our IT network and systems for the efficient running of our business operations. Any significant disruption to these systems could have an adverse effect on the proper functioning of our stores and online sites.

Footasylum has significantly upgraded its IT systems to better manage business growth. This has reduced the risk of malicious attacks data breaches or viruses which could lead to business interruption and reputational damage. This risk continues to evolve in our digital world, the board continue to monitor this and upgrade where required.

#### *Logistics*

Should our logistics solution fail this would have an adverse effect on the proper functioning of our stores and online sites, and the business could incur extra delivery costs in the short term, miss out on sales and lose stock in transit.

Footasylum is committed to keeping its logistics options under review

Should a provider for consumer deliveries fail, we can move volume through another channel for both UK and international deliveries with relatively minimal disruption to normal service.

#### *Third-party manufacturers*

The Company outsources the production of its own brand products to external manufacturers with appropriate expertise and capacity. A material proportion of these own brand products are manufactured overseas.

The inability of third-party manufacturers to produce and dispatch orders in a timely manner, to the required quality, or to comply with their obligations or other regulations and laws (including the Anti-Bribery Act) could have a negative impact on Footasylum's business and wholesale operations.

Footasylum has an inspection and quality control process which it is continuing to review and improve and requires all third-party manufacturers to comply with all applicable labour, health and safety laws and regulations.

#### *Key management personnel*

Footasylum's operational and financial performance depends on the ability to attract and retain effective personnel, and on the efforts and abilities of key senior personnel. Such personnel are vitally important assets to the Company and, following the loss of such a team member, Footasylum may not be able to find an effective replacement in a timely manner and the business may be disrupted or damaged. The Company's remuneration policy, including long-term incentives, is designed to attract and retain the best people.

Footasylum is a desirable place to work, with a pioneering approach to online retail technology and a fresh and exciting range of products.

#### *Business continuity and health and safety*

Fire, flood or a significant incident at a store, head office or our warehouses could make it impossible to trade/work from that site temporarily or for a longer period. Any risk could be exacerbated by the health and safety implications for our people, the public in our stores and contractors we employ.

A detailed Disaster Recovery plan is in place and this is regularly tested, reviewed and updated to reflect the rapid changes in the business. Having two functional warehouses reduces the risk of not being able to supply stock. We have well-established health and safety training and policies and are compliant with all regulations and standards and keep these under review.

# FOOTASYLUM LIMITED

Strategic Report  
52 Week Period Ended 30 January 2021

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## Principal risks & uncertainties faced (continued)

### *COVID-19*

The COVID-19 outbreak is a global public health crisis. We will continue to monitor the situation and adapt to government guidelines and changing consumer sentiment. Being an omni channel retailer, our strong digital platform continued to trade well throughout lockdown and store closure.

### *Competitive environment and brands*

The lifestyle fashion industry is highly competitive, and our peer group includes general and specialist retailers. There has also been challenges to the wider UK retail sector which have resulted in certain businesses entering administration. This competition puts us under pressure to differentiate our product offering in the form of access to brands and their respective ranges.

Footasylum is dependent on ongoing relationships with brand partners and their ability to remain desirable to consumers. Third-party brands may prefer to supply our competitors with high-demand product rather than to us, they may try to impose policies regarding brand and product presentation as a condition of continuing supply that we feel unable to comply with or focus more on their own direct to consumer (DTC) model. This could mean that Footasylum is unable to compete successfully against current competitors or future new entrants to the market, leading to a material adverse impact on the Company's revenue and profitability.

The Footasylum brand is highly distinctive and operates in a different space to other retailers. The in-store experience, combined with a clear focus on regional tailoring, fresh product and a mix of large brands with own brands sets Footasylum apart. By investing in store estate and online presence, and ensuring our product lines are current and tailored, the Group is able to remain nimble to the actions of competitors.

The Group also communicates effectively with its consumer base, engendering loyalty and strengthening the Footasylum brand.

The Board believes that there aren't direct competitors who are successful in Footasylum's space, however this is continually monitored to ensure that a potential future entrant is closely watched, and the Footasylum strategy is adjusted as required.

### *The economy and Brexit*

As a majority of the Group's revenue is generated in the UK a significant decline in the UK economy and/or in consumer confidence could have a material adverse impact on Footasylum's business.

The impact on the Group's business of the UK's exit from the European Union (EU) is continuously being monitored post-1 January 2021. Sales to EU customers contributed to <5% of total revenue in FY21. Although we will continue to market and promote our goods to both businesses and customers based in the EU, we do not expect the UK formally exiting the EU to have a significant financial impact on the Group.

Footasylum has a diversified business model with three principal channels (in store, online and wholesale) and continues to invest in all channels to mitigate any future events that could affect one or more of them.

### *Legislation, regulation and politics*

Any change in legislation, regulation or tax legislation may have an adverse effect on the profitability of the Group. Such changes may require extensive system and operating changes, including the establishment of new policies and training programmes. These may be difficult to implement and could increase Footasylum's cost of doing business. Failure to comply with applicable laws and regulations could expose the Group to legal risks, including enforcement action and/or fines, which could have a material adverse impact on the business.

In conjunction with external advisors, the Group has a robust process for identifying new legislation and regulation with the potential to impact on our operations, well in advance of its implementation. This allows the Group to carefully plan for the post-implementation environment and ensure compliance with all aspects of the new regulation or legislation.

# FOOTASYLUM LIMITED

Strategic Report  
52 Week Period Ended 30 January 2021

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## Principal risks & uncertainties faced (continued)

### *Acquisition by JD Sports Fashion plc and CMA*

On 18 February 2019, JD Sports Fashion plc (JD Sports) acquired 19,579,964 Footasylum plc (Footasylum) shares at prices between 50 pence and 75 pence per share, representing 18.7% of the issued ordinary share capital. On 18 March 2019, in conjunction with the Board at Footasylum, JD Sports announced the terms of an offer to be made for the remaining 81.3% of the ordinary share capital of Footasylum at a price of 82.5 pence per ordinary share. This offer was declared unconditional on 12 April 2019 with acceptances received for a total of 78,176,481 shares, representing a further 74.8% of the issued ordinary share capital. The Board believes that JD Sports is a well-established business with a strong reputation for lifestyle fashion and, with JD Sports' offering being differentiated to Footasylum's, it is complementary as a Group. Subsequently on the 19th September 2019 Footasylum re-registered from a Public Limited Company to a Private Limited Company.

On 17 May 2019, the Competition and Markets Authority (CMA) served an initial enforcement order under section 72(2) of the Enterprise Act 2002 on Pentland Group plc (Pentland) and JD Sports, in relation to the completed acquisition by JD Sports of Footasylum.

On the 11th May 2020 the CMA concluded that the merger between JD Sports and Footasylum (together, the Parties) (the Merger) would result in a substantial lessening of competition (SLC) in sports-inspired casual footwear and apparel products sold both in stores and online. As a result, shoppers would be worse off. Although JD Sports has already bought Footasylum, the two businesses are currently held separate. Therefore, the CMA have decided that the most effective way to address the competition issues identified is for JD Sports to sell Footasylum in its entirety to a suitable buyer, who will maintain and invest in the business. The CMA will allow JD Sports a reasonable timeframe to do so, particularly given the current Coronavirus (COVID-19) pandemic. Selling Footasylum means it will continue to operate as an independent business separate from JD Sports, ensuring that shoppers - many of whom are young consumers - continue to benefit from having the good deals and quality, range and other benefits that competition brings.

On the 13th November 2020 the Competition Appeal Tribunal (CAT) issued a judgement in the appeal brought by JD Sports. The Tribunal quashed the decision of the CMA in its Final Report (FR) in so far as its conclusions were based on the CMA's assessment of the likely effects of the COVID-19 pandemic (i) on the relevant markets, (ii) on the merging parties and/or the merged entity, and (iii) on the competitive constraints likely to apply to the merging parties and/or the merged entity where they did not have the necessary evidence from which it could properly draw such conclusions. The divestment process is currently placed on hold while further investigations are being conducted.

On 1 December 2020 the CMA applied for permission to appeal the CAT's recent judgement in the JD Sports/Footasylum case, this was denied. On 7 December 2020 the CMA has renewed its application at the Court of Appeal.

On 3 March 2021 the CMA's application for permission to appeal the judgement was rejected by the Court of Appeal. The CMA will proceed with its reconsideration of the merger and on 19 May 2021 the CMA released JD Sports, Footasylum and Pentland from the Final Undertakings which included the divestment of Footasylum from JD Sports while their investigations continue.

### *Acquisition by JD Sports Fashion plc and CMA (continued)*

While the CMA investigations continue, under the CMA's guidance, the Footasylum business has to be maintained as a going concern and sufficient resources have to be made available for the development of the Footasylum business, on the basis of its pre-Merger business plans (as updated by Footasylum from time to time in the ordinary course of business), and having due regard to the need to maintain and/or preserve the Footasylum business as an effective competitor and to all relevant circumstances, as reasonably determined by the CMA.

## Our responsibilities

We are serious about our responsibilities to the environment, our employees, our partners, our communities and the human rights matters we are able to influence. Delivering for our shareholders and other stakeholders means putting a focus on sustainability in every corner of our business.

### COVID-19

The COVID-19 outbreak is a global public health crisis. In line with government guidelines we carried out a full risk assessment at Footasylum and have taken mitigating actions across retail, distribution centres and head office.

# FOOTASYLUM LIMITED

Strategic Report  
52 Week Period Ended 30 January 2021

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## Our responsibilities (continued)

### Environment

We aim to minimise our impact on the environment across the business, especially through reducing waste, and consider what this means in our supply chain, for our logistics and at our premises.

### Ethical sourcing

We endeavour to comply with all relevant legislation in each country we operate in, strive to meet all best practices and expect all third parties we work with to do the same. Footasylum will only do business with contractors who respect the human rights of their employees and we require them and any organisations that supply them to comply with our Code of Conduct and Ethical Sourcing Policies.

### Health and safety

Health and safety is always high on our business agenda and is championed by management at all levels. With the recent changes at Footasylum and further changes to the regulatory landscape, our health and safety policies and practices are under constant review.

The Board receives monthly reports on slips/trips/falls and other injuries to staff or consumers. We also include 'near-miss' reporting and ensure that any incidents are tracked, and the appropriate action taken, such as training or a review to our processes. Our aim is to move well beyond compliance to achieve a 'gold standard'. We also protect our employees' well-being by offering an anonymous support line that provides our people with confidential advice on managing stress or other issues.

### Training

We are committed to enabling our employees to build their careers wherever they are in the business. No door at Footasylum is closed and we see it as our mission to foster talent and ensure our people have every opportunity to progress and fulfil their potential.

### Diversity

There is no place at Footasylum for discrimination on the grounds of disability, gender, sexual orientation, religion, nationality, ethnic background or race. We value the diversity in our business and strongly believe it is an important contributor to our ability to stay 'on-trend' and understand our consumers.

## Section 172 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 in doing so having regard for stakeholders interests. As such, the Board have considered (amongst other things):

- a. the likely consequences of any decision in the long term;
  - b. the interests of the company's employees;
  - c. the need to foster the company's business relationships with suppliers, customers and others;
  - d. the impact of the company's operations on the community and the environment;
  - e. the desirability of the company maintaining a reputation for high standards of business conduct; and
  - f. the need to act fairly as between members of the company.
- a. The Board gives significant consideration through the assessment of various board papers to the likely long term benefits to the Group when considering investment in new businesses and projects, confirming that it is the Board's ultimate objective to deliver long term sustainable earnings growth to enhance total shareholder returns.
- b. The Board has supported the investment in and development of a human capital management system in the form of FA Presents which has progressed during the course of the financial period to establish a better system of communication with the Group's employees, which has been especially useful during the COVID-19 crisis as it has been necessary to communicate with our people on a frequent basis during this time.
- c. the Board considers its relationships with suppliers as a fundamental aspect of the ongoing success of Footasylum. This Strategic Report notes the importance with which the Board takes its responsibility to act in a responsible and ethical manner with all stakeholders including suppliers, employees and customers.



## FOOTASYLUM LIMITED

### Strategic Report 52 Week Period Ended 30 January 2021

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#### Section 172 statement (continued)

d. The Board has ensured that there has been a focus on key environmental goals during the course of the financial period, including regarding energy efficiency and waste reduction.

e. The Board ensures that Footasylum operates in a manner which encourages the protection of the people working for our suppliers, such that they are treated with respect and that their health and safety and basic human rights are safeguarded and promoted. This is especially important as we continue to consider and maintain employee's health and safety during COVID-19.

f. The Board behave responsibly toward our shareholders and treat them fairly and equally so they too may benefit from the successful delivery of our plan.

#### Streamlined energy and carbon reporting

This section of the Director's Report discloses our operational energy consumption, carbon footprint, and energy efficiency initiatives from 2 February 2020 to 30 January 2021 in line with the UK Government's Streamlined Energy and Carbon Reporting (SECR) regulation. Footasylum reports on all of the Greenhouse Gas (GHG) emission sources as required under the Streamlined Energy and Carbon Reporting (SECR) legislation.

Footasylum are committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to Footasylum has been compiled, with a view to implementing these measures in the next 5 years.

Scope 1 and 2 consumption and CO<sub>2</sub>e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance has been used, utilising the current published kWh gross calorific value (CV) and kgCO<sub>2</sub>e emissions factors relevant for reporting financial year 2 February 2020 to 30 January 2021.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Footasylum Limited were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 0.6% of reported consumption.

Transportation emissions were calculated utilising tCO<sub>2</sub>e emissions over 2018 for a known number of vehicles, with a known fuel type and calculating a miles per vehicle value utilising the 2018 DEFRA published conversion factors. This value was then applied to the known number of vehicles in use by Footasylum in FY21

GHG Emissions	FY21
Grid supplied electricity (Scope 2)	1,173.45
Gaseous and other fuels (Scope 1)	287.96
Transportation (Scope 1 and 3)	102.63
Intensity metric (tonnes CO <sub>2</sub> e per operating site)	22.34

Scope 1: Emissions associated with our direct activities, such as heating our shops and offices and running our fleet of trucks and company cars

Scope 2: Emissions from the electricity we purchase. 'Location-based' represents the GHG intensity of the grids where we have sites and 'Market-based' reflects the emissions for the electricity we have purchased

Scope 3: Emissions from our indirect activities under our operational control or operations influences e.g. business travel that isn't in company-owned cars

## FOOTASYLUM LIMITED

Strategic Report  
52 Week Period Ended 30 January 2021

### Key performance indicators

The primary performance indicators used by management are

	FY21 <sup>(1)</sup> £'000	FY20 <sup>(1)</sup> £'000	Change
Revenue	232,001	248,711	-6.7%
Gross profit	105,331	108,482	-2.9%
Underlying EBITDA *	29,319	25,496	15.0%
Number of stores	67	69	-2.9%

\* Underlying EBITDA is stated as earnings before interest, tax, depreciation, amortisation, exceptional items and the share-based payment charge.

<sup>(1)</sup> FY20 comparative figures area a 49 week period compared to FY21 being a 52 week period

	FY21 <sup>(1)</sup> £m	FY20 <sup>(1)</sup> £m	Change
<b>Total Revenue by Channel</b>	<b>232</b>	<b>248</b>	<b>-6.7%</b>
Store	96	155	-38.1%
Web	126	85	48.2%
Wholesale	10	8	25.0%

	FY21 <sup>(1)</sup> PPN	FY20 <sup>(1)</sup> PPN	Change
<b>Revenue Participation</b>			
Store	41.4%	62.5%	-21.1%
Web	54.3%	34.3%	20.0%
Wholesale	4.3%	3.2%	1.1%

### Performance

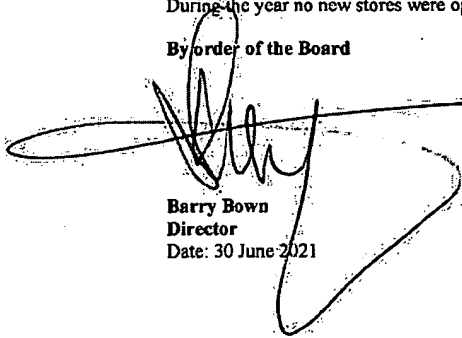
Revenue decreased 6.7 per cent as a result of the impact COVID-19 has had on the business with various lockdowns which meant non-essential stores were required to be closed throughout FY21.

Gross profit has decreased by 2.9 per cent year-on-year which reflects the impact of COVID-19 on the business. Gross margin of 45.4 per cent shows a increase of 1.8 basis points from 43.6 per cent in the prior year due to stronger product offering.

Underlying EBITDA is a measure of the underlying profitability of the business and is widely used in the retail industry. This has increased by 15 per cent on prior year, aided by increased product margin, digital revenues and government assistance which offset pandemic related lost store revenues and costs. Our digital focus and continued investment has allowed the business to adapt quickly throughnnt the nandemic. maintaining agilitv and resilience.

During the year no new stores were opened and 2 stores were closed.

By order of the Board

  
Barry Bown  
Director  
Date: 30 June 2021

# FOOTASYLUM LIMITED

## Report of the Directors

52 Week Period Ended 30 January 2021

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The directors present their report together with the audited financial statements for the period ended 30 January 2021

### Results

The consolidated results for the year and financial position of the group are as shown in the attached financial statements.

### Political donations

There were no political donations made in the current or previous financial period.

### Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Financial risk management

Details of the Directors' assessment of the principal risks and uncertainties that could affect the business are set out within the Strategic Report. The Board manages internal risk through the ongoing review of the Company's risk register and external risk through monitoring the economic and regulatory environment and market conditions.

### Future developments

The Strategic Report on pages 1 to 8 sets out the likely future developments of the company

### Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, newsletters and announcements.

### Going Concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, having particular regard to the net assets position of the Group, the access to a revolving credit facility (RCF), confirmation of parental support and its forecast performance for the next 12 months. In assessing the forecast performance of the Group, the Directors have considered the impact of COVID-19 which continues to create uncertainty for the retail sector. The forecasts assume our stores will remain open past April 2021 with no further closures but should this change, the Directors have considered mitigating actions which would limit the financial impact. To date, the Group has been able to mitigate the financial impact of the pandemic and expects to be able to do so going forward.

The Group has extended the term of the RCF out to 6 July 2022. This will provide adequate funding for the next 12 months, allowing the Group access to £30m until 31 December 2021, dropping down to £17.5m thereafter. Decision making in respect of the funding of the Group beyond July 2022 will be considered in light of the outcome of the CMA review (see below). Should the Group need to secure new or extended funding, then based on discussions with our current bankers we would expect to be able to refinance in advance of the expiration of our existing facilities. Additionally the ultimate parent company, JD Sports Fashion plc (JD Sports), has confirmed continued financial support, so long as Footasylum Ltd is a part of its Group, for a period of 12 months from the date of signature of the financial statements. As explained on page 5, the CMA review into JD Sports' acquisition of Footasylum remains ongoing. There is a potential risk that JD Sports may be required to divest of its investment in Footasylum, which could occur within 12 months of the date of these financial statements. The Directors have considered this potential scenario, and the impact this may have on the entity's going concern – given any purchaser must be an "Approved Purchaser" (as defined in the Final Undertakings document published by the CMA on 16 July 2020) which includes having access to or be able to secure appropriate financial resources and expertise to enable the Footasylum business to be an effective competitor in the market and any purchaser must demonstrate that it has an appropriate business plan to maintain and operate the Footasylum business as a viable and active business then the Directors believe there is a reasonable expectation that any potential purchaser would operate the business as a going concern for the foreseeable future.

Furthermore, under the CMA's guidance, the Footasylum business has to be maintained as a going concern and sufficient resources have to be made available for the development of the Footasylum business, on the basis of its pre-Merger business plans (as updated by Footasylum from time to time in the ordinary course of business), and having due regard to the need to maintain and/or preserve the Footasylum business as an effective competitor and to all relevant circumstances, as reasonably determined by the CMA

# FOOTASYLUM LIMITED

## Report of the Directors

52 Week Period Ended 30 January 2021

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### Going Concern (continued)

Thus, the directors consider that the Group can continue in operation as a going concern for the foreseeable future, adopting the going concern basis in preparing the financial statements.

### Directors

The directors of the company were as follows:

Barry Bown  
Phillip Glenn

### Post balance sheet events

On the 31 March 2021, the CMA published its conduct of the remittal document in which it sets out the way in which it intends to conduct the remittal process, particularly with regard to scope of the remittal, information-gathering and consultation. The CMA shall consider the evidence of the impact on competition of COVID-19 on all relevant retailers and suppliers. The final findings are expected in September 2021.

### Directors' responsibilities

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 such financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation. They have also chosen to prepare the Parent Company financial statements in accordance with Financial Reporting Standard 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 the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of 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 the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## FOOTASYLUM LIMITED

### Report of the Directors

52 Week Period Ended 30 January 2021

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#### Disclosure of information to the auditors

*Each of the persons who is a director at the date of approval of this annual report confirms that:*

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.



Phillip Glenn  
Finance Director  
Date: 30 June 2021

# Independent auditor's report to the members of Footasylum Limited



## Opinion

We have audited the financial statements of Footasylum Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 January 2021 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial position, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Company Statement of Financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

### In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 January 2021 and of the group's and parent company's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Separate opinion in relation to International Financial Reporting Standards (IFRSs) as issued by the IASB

As explained in note 1.2 to the group financial statements, the group in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements give a true and fair view of the consolidated financial position of the group as at 31 January 2021 and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with IFRSs as issued by the IASB.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

# Independent auditor's report to the members of Footasylum Limited

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## Conclusions relating to going concern (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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## Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report

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## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

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## Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

# Independent auditor's report to the members of Footasylum Limited

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## Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the financial reporting framework, being the Companies Act 2006 and tax compliance regulations.
- We obtained an understanding of how the Company was complying with those legal and regulatory frameworks by making enquiries of management. We enquired of management whether they were aware of instances of non-compliance with laws and regulations, or whether they had any knowledge of actual, suspected, or alleged fraud, in particular, we enquired with management regarding the status of the ongoing CMA investigation relating to the Parent Company's acquisition of the entity.
- We enquired of those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated the results of our enquiries to relevant supporting documentation.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This includes the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - Journals posted by senior management personnel.
- In assessing the potential risks of material misstatement, we obtained an understanding of the Company's operations, including the nature of revenue sources, services and its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's:
  - Understanding of, and practical experience with audit engagement of a similar size and nature through appropriate training and participation; and
  - Understanding of the legal and regulatory requirements specific to the Company
- We did not identify any material matters relating to non-compliance with laws and regulation or relating to fraud.



## Independent auditor's report to the members of Footasylum Limited

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### Use of our report

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.

Grant Thornton UK LLP

Michael Lowe

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Manchester

Date: 30 June 2021

**FOOTASYLUM LIMITED**  
**Consolidated Income Statement**

		<b>52 Week Period ended 30 January 2021 £'000</b>	<b>49 Week Period ended 1 February 2020 £'000</b>
	<b>Notes</b>		
<b>Revenue</b>	2	232,001	248,711
<b>Cost of sales</b>		(126,670)	(140,229)
<b>Gross profit</b>		105,331	108,482
Administrative expenses		(99,651)	(106,005)
Administrative expenses: exceptional items	3	(888)	(3,745)
<b>Total administration expenses</b>		(100,539)	(109,750)
<b>Operating profit / (loss)</b>		<b>4,792</b>	<b>(1,268)</b>
Finance expense	6	(4,444)	(5,066)
<b>Profit / (loss) before tax</b>		<b>348</b>	<b>(6,334)</b>
Taxation	7	(665)	323
<b>Loss and total comprehensive expense for the financial period attributable to shareholders</b>		<b>(317)</b>	<b>(6,011)</b>

All activities relate to continuing operations.

**Consolidated Statement of Comprehensive Income**

	<b>52 Week Period ended 30 January 2021 £'000</b>	<b>49 Week Period ended 1 February 2020 £'000</b>
<b>Loss for the financial period</b>	(317)	(6,011)
<b>Total comprehensive expense for the period</b>	<b>(317)</b>	<b>(6,011)</b>

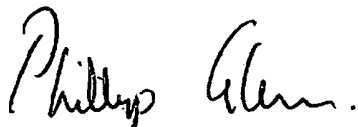
Notes 1 to 25 form part of these financial statements.

**FOOTASYLUM LIMITED**
**Consolidated Statement of Financial Position**

		At 30 January 2021 £'000	At 1 February 2020 £'000
	Notes		
<b>Non-current assets</b>			
Intangible assets	9	2,071	2,209
Property and equipment	10	26,359	27,977
Right-of-use assets	22	82,557	95,703
Deferred tax asset	16	603	603
		<b>111,590</b>	<b>126,492</b>
<b>Current assets</b>			
Inventory	11	31,720	33,926
Trade and other receivables	12	15,489	14,597
Cash and cash equivalents	13	12,434	3,448
		<b>59,643</b>	<b>51,971</b>
<b>Total assets</b>		<b>171,233</b>	<b>178,463</b>
<b>Current liabilities</b>			
Trade and other payables	14	(41,777)	(36,457)
Lease liabilities	14 & 22	(15,039)	(14,352)
Provisions	15	(178)	(1,370)
		<b>(56,994)</b>	<b>(52,179)</b>
<b>Net current (liabilities) / assets</b>		<b>2,649</b>	<b>(208)</b>
<b>Non-current liabilities</b>			
Accruals and deferred income	14	-	(35)
Net obligation under finance lease and hire purchase	14	(343)	(156)
Lease liabilities	14 & 22	(79,849)	(90,977)
Provisions	15	-	(746)
		<b>(80,192)</b>	<b>(91,914)</b>
<b>Total liabilities</b>		<b>(137,186)</b>	<b>(144,093)</b>
<b>Net assets</b>		<b>34,047</b>	<b>34,370</b>
<b>Equity</b>			
Share capital	21	109	109
Share premium account		3,510	3,510
Retained earnings		30,428	30,751
<b>Total equity</b>		<b>34,047</b>	<b>34,370</b>

Notes 1 to 25 form part of these financial statements.

On behalf of the Board:



**Phillip Glenn**

**Finance Director**

Company number: 05535565

Date: 30 June 2021

**FOOTASYLUM LIMITED**  
**Consolidated Cash Flow Statement**

		<b>52 Week Period ended 30 January 2021 £'000</b>	<b>49 Week Period ended 1 February 2020 £'000</b>
	<b>Notes</b>		
<b>Cash generated from operating activities</b>			
Loss for the period:		(317)	(6,011)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	3	5,978	4,443
Impairment of property, plant and equipment	3	(85)	218
Amortisation of intangible assets	3	1,624	1,063
Impairment of intangible assets	3	832	-
Depreciation of right-of-use assets	3	15,379	14,364
Impairment of right-of-use assets	3	1,220	-
(Profit) / loss on disposal of property, plant and equipment	3	(1)	24
Loss on disposal of intangible assets	3	585	-
Net finance charge	6	4,444	5,066
Share-based payments charge	3	-	2,931
Taxation charge / (credit)	7	665	(323)
Decrease in stock		2,206	483
Increase in debtors		(1,669)	(2,825)
Increase in creditors		5,516	4,950
Corporation tax received / (paid)		112	(753)
<b>Net cash generated from operating activities</b>		<b>36,489</b>	<b>23,629</b>
<b>Investing activities</b>			
Purchase of intangible assets	9	(2,815)	(1,156)
Purchases of property, plant and equipment	10	(4,276)	(9,320)
Sales of property, plant and equipment	3	2	24
Disposal of intangible assets	9	(88)	-
<b>Net cash used in investing activities</b>		<b>(7,177)</b>	<b>(10,452)</b>
<b>Financing activities</b>			
Lease repayments	19 & 22	(13,276)	(12,072)
Interest paid	22	(4,343)	(4,963)
Proceeds from the issue of ordinary share capital	21	-	5
(Repayment) / drawdown of revolving credit facility	14	(2,000)	2,000
New leases	22	(701)	-
<b>Net cash used in financing activities</b>		<b>(20,320)</b>	<b>(15,030)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>8,992</b>	<b>(1,853)</b>
Foreign exchange difference		(6)	-
Cash and cash equivalents at beginning of period	13	3,448	5,301
<b>Cash and cash equivalents at end of period</b>	<b>13</b>	<b>12,434</b>	<b>3,448</b>

# **FOOTASYLUM LIMITED** **Consolidated Statement of Changes in Equity**

## **Reconciliation of 49 week period to 1 February 2020**

	Share capital £'000	Preference Shares £'000	Share premium £'000	Retained earnings / (losses) £'000	Total equity £'000
<b>Balance at 23 February 2019</b>	104	-	3,510	34,010	37,624
<b>Comprehensive Income:</b>					
Loss for the period	-	-	-	(6,011)	(6,011)
Issue of share capital	5	-	-	-	5
	<u>109</u>	<u>-</u>	<u>3,510</u>	<u>27,999</u>	<u>31,618</u>
<b>Transactions with owners recorded directly in equity:</b>					
Share-based payments charge	-	-	-	2,752	2,752
<b>Balance at 1 February 2020</b>	<u>109</u>	<u>-</u>	<u>3,510</u>	<u>30,751</u>	<u>34,370</u>

## **Reconciliation of 52 week period to 30 January 2021**

	Share capital £'000	Preference Shares £'000	Share premium £'000	Retained earnings / (losses) £'000	Total equity £'000
<b>Balance at 1 February 2020</b>	109	-	3,510	30,751	34,370
<b>Comprehensive Income:</b>					
Loss for the period	-	-	-	(317)	(317)
Retranslation of overseas subsidiary	-	-	-	(6)	(6)
<b>Balance at 30 January 2021</b>	<u>109</u>	<u>-</u>	<u>3,510</u>	<u>30,428</u>	<u>34,047</u>

# FOOTASYLUM LIMITED

## Company Statement of Changes in Equity

### Reconciliation of 49 week period to 1 February 2020

	Share capital £'000	Preference Shares £'000	Share premium £'000	Retained earnings / (losses) £'000	Total equity £'000
Balance at 23 February 2019	104	-	3,510	34,003	37,617
Comprehensive Income:					
Profit for the period	-	-	-	(6,011)	(6,011)
	<u>104</u>	<u>-</u>	<u>3,510</u>	<u>27,992</u>	<u>31,606</u>
Transactions with owners recorded directly in equity:					
Share-based payments charge	-	-	-	2,752	2,752
Issue of share capital	5	-	-	-	5
Balance at 1 February 2020	<u>109</u>	<u>-</u>	<u>3,510</u>	<u>30,744</u>	<u>34,363</u>

### Reconciliation of 52 week period to 30 January 2021

	Share capital £'000	Preference Shares £'000	Share premium £'000	Retained earnings / (losses) £'000	Total equity £'000
Balance at 1 February 2020	109	-	3,510	30,744	34,363
Comprehensive Income:					
Loss for the period	-	-	-	(686)	(686)
Issue of share capital	-	-	-	-	-
Balance at 30 January 2021	<u>109</u>	<u>-</u>	<u>3,510</u>	<u>30,058</u>	<u>33,677</u>

**FOOTASYLUM LIMITED****Company Statement of Financial Position**

		At 30 January 2021 £'000	At 1 February 2020 £'000
	Notes		
<b>Non-current assets</b>			
Intangible assets	9	2,071	2,209
Property and equipment	10	26,360	27,977
Right-of-use assets	22	82,557	95,703
Investments		26	26
Deferred tax asset	16	603	603
		<b>111,617</b>	<b>126,518</b>
<b>Current assets</b>			
Inventory	11	31,702	33,926
Trade and other receivables	12	15,516	14,571
Cash and cash equivalents	13	12,279	3,448
		<b>59,497</b>	<b>51,945</b>
<b>Total assets</b>		<b>171,114</b>	<b>178,463</b>
<b>Current liabilities</b>			
Trade and other payables	14	(42,028)	(36,464)
Lease liabilities	14 & 22	(15,039)	(14,352)
Provisions	15	(178)	(1,370)
		<b>(57,245)</b>	<b>(52,186)</b>
<b>Net current assets</b>		<b>2,252</b>	<b>(241)</b>
<b>Non-current liabilities</b>			
Accruals and deferred income	14	-	(35)
Net obligation under finance lease and hire purchase	14	(343)	(156)
Lease liabilities	14 & 22	(79,849)	(90,977)
Provisions	15	-	(746)
		<b>(80,192)</b>	<b>(91,914)</b>
<b>Total liabilities</b>		<b>(137,437)</b>	<b>(144,100)</b>
<b>Net assets</b>		<b>33,677</b>	<b>34,363</b>
<b>Equity</b>			
Share capital	21	109	109
Share premium account		3,510	3,510
Retained earnings		30,058	30,744
<b>Total equity</b>		<b>33,677</b>	<b>34,363</b>

**Company profit for the financial year**

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The company loss after tax is £686,000 (FY20: £6,011,000).

Notes 1 to 25 form part of these financial statements.

On behalf of the Board:

Phillip Glenn  
Finance Director

Company number: 05535565

Date: 30 June 2021



# FOOTASYLUM LIMITED

## Notes to the financial statements

### 1 Accounting policies

#### 1.1 General information

Footasylum Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

Footasylum Limited is incorporated in the United Kingdom. The registered office is Edinburgh House, Hollins Brook Way, Bury, BL9 8RR.

The principal activity of the company is the retail of sports and fashion footwear and clothing.

#### 1.2 Basis of preparation

The Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the International Financial Reporting Interpretation Committee ('IFRIC') interpretations endorsed by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The functional currency of the Company and its subsidiary undertakings (the "Group") is pounds sterling and the financial statements are presented in pounds sterling, rounded to the nearest thousand, unless stated otherwise.

The financial statements have been prepared under the historical cost convention, as modified for financial assets and liabilities at fair value through the Consolidated Income Statement.

The preparation of financial statements in conformity with adopted IFRSs 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.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced disclosure framework" ("FRS 101") and the Companies Act 2006. In preparing the financial statements of the parent company, disclosure exemptions have been taken advantage of, in accordance with FRS 101. Therefore these financial statements do not include:

- A statement of cash flows and related notes
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered into between two or more members of the group as they are wholly owned within the group
- Presentation of comparative reconciliations for property, plant and equipment and intangible assets
- Disclosure of key management personnel compensation
- Capital management disclosures
- The effect of future accounting standards not adopted
- Certain share based payment disclosures
- Disclosures in relation to impairment of assets
- Disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value)

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods present in these financial statements and have been applied consistently by all Group entities.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, having particular regard to the net assets position of the Group, the access to a revolving credit facility (RCF), confirmation of parental support and its forecast performance for the next 12 months. In assessing the forecast performance of the Group, the Directors have considered the impact of COVID-19 which is continues to create uncertainty for the retail sector. The forecasts assume our stores will remain open past April 2021 with no further closures but should this change, the Directors have considered mitigating actions which would limit the financial impact. To date, the Group has been able to mitigate the financial impact of the pandemic and expects to be able to do so going forward.



# FOOTASYLUM LIMITED

## Notes to the financial statements

### 1 Accounting policies

#### 1.2 Basis of preparation (continued)

The Group has extended the term of the RCF out to 6 July 2022. This will provide adequate funding for the next 12 months, allowing the Group access to £30m until 31 December 2021, dropping down to £17.5m thereafter. Decision making in respect of the funding of the Group beyond July 2022 will be considered in light of the outcome of the CMA review (see below). Should the Group need to secure new or extended funding, then based on discussions with our current bankers we would expect to be able to refinance in advance of the expiration of our existing facilities. Additionally the ultimate parent company, JD Sports Fashion plc (JD Sports), has confirmed continued financial support, so long as Footasylum Ltd is a part of its Group, for a period of 12 months from the date of signature of the financial statements. As explained on page 5, the CMA review into JD Sports' acquisition of Footasylum remains ongoing. There is a potential risk that JD Sports may be required to divest of its investment in Footasylum, which could occur within 12 months of the date of these financial statements. The Directors have considered this potential scenario, and the impact this may have on the entity's going concern – given any purchaser must be an "Approved Purchaser" (as defined in the Final Undertakings document published by the CMA on 16 July 2020) which includes having access to or be able to secure appropriate financial resources and expertise to enable the Footasylum business to be an effective competitor in the market and any purchaser must demonstrate that it has an appropriate business plan to maintain and operate the Footasylum business as a viable and active business then the Director's believe there is a reasonable expectation that any potential purchaser would operate the business as a going concern for the foreseeable future.

Furthermore, under the CMA's guidance, the Footasylum business has to be maintained as a going concern and sufficient resources have to be made available for the development of the Footasylum business, on the basis of its pre-Merger business plans (as updated by Footasylum from time to time in the ordinary course of business), and having due regard to the need to maintain and/or preserve the Footasylum business as an effective competitor and to all relevant circumstances, as reasonably determined by the CMA.

Thus, the directors consider that the Group can continue in operation as a going concern for the foreseeable future, adopting the going concern basis in preparing the financial statements.

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed and require adoption by the Group in future reporting periods. The Group has summarised the expected impact of standards, amendments or interpretations issued by the IASB, but not yet applicable, in 1.17.

#### 1.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRSs 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.

The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities is considered to surround inventory, due to the seasonal nature of the Group's retail businesses and the judgement required in assessing the recoverability of its carrying value. This is discussed further below:

##### *Provisions to Write Inventories Down to Net Realisable Value (Estimate)*

The Group makes provisions for obsolescence, mark downs and shrinkage based on historical experience, the quality of the current season buy, market trends, management estimates of future events and an overall assessment of likely inventory discounting in the future. The provision requires estimates for shrinkage, the expected future selling price of items and identification of aged and obsolete items. The value of the year end provision and the charge to the Income Statement for the year are disclosed in note 11.

When determining the required inventory provision, management disaggregate stock by a combination of season, product type, gender and other specific attributes (for example, brand). Management also make reference to the value of inventory sold below cost both historically and subsequent to the period end.

# FOOTASYLUM LIMITED

## Notes to the financial statements

### 1 Accounting policies

#### 1.3 Critical accounting estimates and judgements (continued)

##### *Impairment of Property, Plant and Equipment and Non-current Other Assets (Estimate)*

Property, plant and equipment and non-current other assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of an asset or a cash-generating unit is not recoverable. A cash-generating unit is an individual store. The recoverable amount is the greater of the fair value less costs to sell and value-in-use. Impairment losses recognised in prior periods are assessed at each reporting period date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would be held (net of depreciation) if no impairment had been realised. The impairment charge for the year is disclosed in note 10.

##### *Leases (Estimate)*

Under IFRS16, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the rate implicit in the lease. If the rate implicit in the lease is not readily available then payments are discounted on a lease by lease basis by taking UK BBB Corporate bond yields as a reference rate, adjusting for Footasylum's incremental cost of borrowing and adjusting for lease specifics such as property types. The key estimate within the calculation is in respect of the discount rate. See note 1.7 for further details. Impact of a 1% increase / decrease in discount rate is £1,080,000 addition / reduction in finance expense.

#### 1.4 Revenue

Revenue with customers is measured based on the five-step model under IFRS 15: 'Revenue from Contracts with Customers':

1. identify the contract with the customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to separate performance obligations in the contract; and
5. recognise revenues when (or as) each performance obligation is satisfied.

Revenue is measured through, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Goods supplied provides customers with a right of return within a specified period and this gives rise to variable consideration under IFRS 15. The right of return asset is recognised within inventory, with the refund liability due to customers on return of their goods recognised within trade and other payables.

In the case of goods sold through retail stores, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer at the point of sale, 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.

In the case of goods sold on the internet, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer, which is the point of delivery to the customer. Transactions are settled by credit card or payment card. Provisions are made for internet credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns.

In the case of goods sold to other businesses via wholesale channels, revenue is recognised when we have satisfied the performance obligation of transferring the goods to the customer upon delivery. There are no significant contract assets or liabilities.

No significant judgement has been applied in the application of this accounting standard.

#### 1.5 Intangible assets

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

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.

## FOOTASYLUM LIMITED

### Notes to the financial statements

#### 1 Accounting policies

##### 1.5 Intangible assets (continued)

Software development is stated at cost less any accumulated amortisation and any recognised impairment loss. Software development costs are being amortised on a straight line basis over a useful life of 2-7 years.

##### 1.6 Property, plant and equipment

Items of property, plant and equipment are stated at purchase cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	10% straight line or over the term of the lease
Computer equipment	-	17 - 25% straight line
Plant and machinery	-	20% straight line
Assets under construction	-	0%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

Assets under the course of construction are not depreciated until they are ready for use.

##### 1.7 Leases

The Group's leases predominantly relate to property leases for each store site, however the Group's lease portfolio also includes other assets such as motor vehicles and trucks. Rental contracts are typically made for fixed periods of on average 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In FY19, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the Consolidated Statement of Profit or Loss on a straight-line basis over the period of the lease.

From 24 February 2019, on adoption of IFRS 16 "Leases" leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group in the Consolidated Statement of Financials Position. In adopting IFRS 16 "Leases", the Group applied the modified retrospective approach. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Both principal and finance cost elements of lease payments are recognised within financing cash flows within the Consolidated Statement of Cash Flows. The depreciation charge recognised on the right-of-use assets is being charged to administration expenses in the Group's Statement of Profit and Loss, in-line with where depreciation has previously been recorded.

Liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee's incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

## FOOTASYLUM LIMITED

Notes to the financial statements

### 1 Accounting policies

#### 1.7 Leases (continued)

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received and dilapidation provisions; and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

An amendment to IFRS16 "Leases COVID-19 Related Rent Concessions" was issued in May 2020. This amendment to IFRS16 provided an accounting policy choice for lessees where a COVID-19 related rent concession had been received or granted from a landlord. The Group has elected not to account for COVID-19 related rent concessions under the amendment effective from 1 June 2020. The Group instead continues to remeasure right of use assets and lease liabilities following the lease modification definitions within IFRS16 as originally issued, recalculating using a revised discount rate where applicable.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less or leases on adoption date which has a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office and studio equipment.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Where the Group receives contributions and incentives from landlords at the start of the lease, these are recorded against the right-of-use asset.

Some property leases contain variable payment terms that are linked to sales generated from a particular store site. For individual sites, up to 32% of lease payments are on the basis of variable payment terms with percentages ranging from 6% to 10% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established sites. Variable lease payments that depend on sales are recognised in admin expenses within the Consolidated Statement of Profit or Loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. We have identified the inclusion of extensions and termination options within the lease term as a significant judgement. Refer to significant accounting estimates and uncertainties section of the accounting policies for further details.

#### 1.8 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and production or conversion costs.

Trade discounts and other supplier rebates are deducted from the cost of inventory.

## FOOTASYLUM LIMITED

### Notes to the financial statements

#### 1 Accounting policies

##### 1.9 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

###### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected future credit losses.

###### *Trade and other payables*

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

###### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents only for the purpose of the cash flow statement.

Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at rates of exchange ruling at the statement of financial position date.

Transactions in foreign currencies are translated into pounds sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the income statement.

###### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any expected losses.

##### 1.10 Exceptional costs

Items that are material in size and/or non-recurring in nature are presented as exceptional items in the income statement. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of businesses, gains or losses on the disposal or impairment of assets and other significant non recurring gains or losses.

##### 1.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### 1.12 Pensions

###### *Defined contribution pension plan*

The Group operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently-administered funds.

## **FOOTASYLUM LIMITED**

### Notes to the financial statements

#### **1 Accounting policies**

##### **1.13 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income statement in the period that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Where the effect of the time value of money is material, provisions are discounted as appropriate.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

##### **1.14 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been substantively enacted by the reporting date.

##### **1.15 Share capital & share premium**

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

##### **1.16 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

##### **1.17 New standards, amendments to standards or interpretations**

The Group has adopted the following standards and statements which are effective for the current financial accounting period. The adoption of these standards are not deemed to have a material impact on the Group's accounts, except where stated:

- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 3: Business Combinations
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform - Phase 1
- Amendments to IFRS 16: COVID19 Related Rent Concessions

## FOOTASYLUM LIMITED

### Notes to the financial statements

#### 1 Accounting policies

##### 1.17 New standards, amendments to standards or interpretations (continued)

The Group has not early adopted the following standards as they are not yet effective, but will become effective for the Group's accounting periods beginning 31 January 2021 onwards:

- **IFRS 9 "Financial instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases"**

The IASB has made amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" which are impacted by the Interest Rate Benchmark Reform - Phase 2.

For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis.

IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.

The amendments also require disclosure of: i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and iii) a description of any changes to the risk management strategy as a result of IBOR reform.

The adoption of these standards is not expected to have a significant impact on the Group's consolidated financial statements.

##### 1.18 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black-Scholes simulation. The main assumptions are provided in note 20. All equity-settled share-based payments were settled during the year.

##### 1.19 Tax provisions

Provision is made for known issues based on management's interpretation of legislation and the likely outcome of negotiations or litigation. The Group's approach is to consider each uncertain tax position separately. Where management considers it is probable that there will be a future outflow of funds to an authority, a provision is recognised. The position is reviewed on an ongoing basis. Provisions are measured using management's best estimate of the most likely amount, being the single most likely amount in a range of possible outcomes. The Group discloses any significant uncertainties in relation to tax matters to the relevant tax authority. The resolution of tax positions taken by the Group can take a considerable period to conclude, and in some cases it is difficult to predict the outcome.

##### 1.19 Government grants

Grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Grants that are receivable as compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

## FOOTASYLUM LIMITED

### Notes to the financial statements

#### 2 Segmental reporting

The Directors consider there to be one operating and reportable segment.

Whilst the business and Chief Operating Decision Maker ('CODM') do review analysis of revenues at a disaggregated level, as disclosed below, information in relation to assessing business performance and making resource allocation decisions at a level below the whole business is not made available. In particular, operating profit is not calculated at a level below the whole business. As such, the Directors consider there to be one operating and reportable segment.

	52 Week Period ended 30 January 2021 £'000	49 Week Period ended 1 February 2020 £'000
Store	95,869	155,206
Web	125,818	85,047
Wholesale	10,314	8,458
	<u>232,001</u>	<u>248,711</u>

#### Geographic Information

The following table provides analysis of the Group's revenue by geographical market:

	52 Week Period ended 30 January 2021 £'000	49 Week Period ended 1 February 2020 £'000
United Kingdom	221,200	239,587
Europe	9,531	7,904
Rest of the World	1,270	1,220
	<u>232,001</u>	<u>248,711</u>

#### 3 Profit / (Loss) before tax

This is stated after charging:

	52 Week Period ended 30 January 2021 £'000	49 Week Period ended 1 February 2020 £'000
Exceptional costs	888	3,745
Depreciation of property, plant and equipment	5,978	4,443
Impairment of property, plant and equipment	(85)	218
Amortisation of intangible assets	1,624	1,063
Impairment of intangible assets	832	-
Depreciation of right-of-use assets	15,379	14,364
Impairment of right-of-use assets	1,220	-
(Profit) / loss on disposal of property, plant and equipment	(1)	24
Loss on disposal of intangible assets	585	-
Exchange differences	98	246
Turnover rent	280	571
Share-based payments charge	-	2,931



**FOOTASYLUM LIMITED**

Notes to the financial statements

**3 Profit before tax (continued)**

Exceptional costs in the year ending 30 January 2021 relate to transaction costs as part of the acquisition by JD Sports Fashion plc and investigation by the CMA of £637,000 and IFRS16 onerous lease movements of £251,000. These items have been classified as exceptional costs since they are material in size and also non-recurring.

	52 Week Period ended 30 January 2021 £'000	49 Week Period ended 1 February 2020 £'000
<b>Auditor's remuneration</b>		
Fees payable for the auditing of the Group's annual accounts	64	66
Other taxation advisory services	28	28
Audit related services	4	5
Taxation compliance services	8	8
	52 Week Period ended 30 January 2021 £'000	49 Week Period ended 1 February 2020 £'000
<b>EBITDA reconciliation</b>		
Operating profit/ (loss)	4,792	(1,268)
Exceptional items	888	3,745
Underlying operating profit before share-based payments charge, depreciation and amortisation	5,680	2,477
Depreciation and amortisation	8,260	5,724
Depreciation on right-of-use assets	15,379	14,364
EBITDA	29,319	22,565
Share-based payments charge	-	2,931
Underlying EBITDA	29,319	25,496
IFRS 16 "Leases"	(16,922)	(16,307)
Management EBITDA	12,397	9,189

Underlying EBITDA is calculated as Group underlying operating profit under IFRS plus depreciation and amortisation. It excludes exceptional items and IFRS 2 related share-based payments charges. FY21 exceptional expenses of £888,000 have been detailed earlier in note 3.

Management EBITDA is calculated as underlying EBITDA prior to adjustments to the P&L for IFRS 16 "Leases".

**FOOTASYLUM LIMITED**

## Notes to the financial statements

**4 Staff numbers and costs**

Staff costs (including directors) consist of:

	<b>52 Week Period ended 30 January 2021 £'000</b>	<b>49 Week Period ended 1 February 2020 £'000</b>
Wages and salaries	37,942	37,374
Social security costs	2,260	2,173
Pension costs	442	394
Furlough income	(5,809)	-
	<u>34,835</u>	<u>39,941</u>

The average number of employees (including directors) during the period was as follows:

	<b>52 Week Period ended 30 January 2021 Number</b>	<b>49 Week Period ended 1 February 2020 Number</b>
Retail	1,051	1,176
Administration	359	344
Warehouse	211	238
	<u>1,621</u>	<u>1,758</u>

The staff costs and numbers for the company are not materially different to the Group disclosures made above.

**5 Directors' remuneration**

	<b>52 Week Period ended 30 January 2021 £'000</b>	<b>49 Week Period ended 1 February 2020 £'000</b>
Directors' emoluments	935	1,543
Company contributions to defined contribution pension scheme	7	16
Share-based payments	-	2,153
	<u>942</u>	<u>3,712</u>

Directors' remuneration includes 2 executive directors (FY20: 4) and nil non-executive directors (FY20: 2). During the prior year, 2 executive directors resigned, 1 executive director was appointed and 2 non-executive directors resigned.

The highest paid director in the period received emoluments totalling £715,000 (FY20: 2,733,000).

**FOOTASYLUM LIMITED**

Notes to the financial statements

**6 Finance income and expense**

	52 Week Period ended 30 January 2021	49 Week Period ended 1 February 2020
	£'000	£'000
<b>Finance income and expense</b>		
Bank interest payable	466	571
Bank interest receivable	-	(1)
Lease interest on right-of-use assets	3,897	4,390
Other interest payable	81	107
	<u>4,444</u>	<u>5,067</u>

No equity dividends were paid or proposed in FY21 (FY20: £nil).

**7 Taxation on profit on ordinary activities**

	52 Week Period ended 30 January 2021	49 Week Period ended 1 February 2020
	£'000	£'000
<b>Group and Company</b>		
<b>Current tax expense</b>		
Current period	665	248
Adjustments in respect of prior periods	-	(198)
Current tax expense	<u>665</u>	<u>50</u>
<b>Deferred taxation expense / (income)</b>		
Current period	-	(149)
Origination and reversal of timing differences	-	(224)
Deferred tax expense	<u>-</u>	<u>(373)</u>
<b>Total tax expense</b>	<u>665</u>	<u>(323)</u>

The tax charge for the period can be reconciled to the group profit per the income statement as follows:

	52 Week Period ended 30 January 2021	49 Week Period ended 1 February 2020
	£'000	£'000
(Loss) / profit before tax	<u>348</u>	<u>(6,334)</u>
(Loss) / profit at the standard rate of corporation tax in the UK of 19.0% (FY20: 19.0%)	66	(1,203)
Effects of:		
Expenses not deductible for tax purposes	599	1,302
Adjustments to tax charge in respect of prior periods	-	(422)
Total tax charge for the period	<u>665</u>	<u>(323)</u>

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. Accordingly, this rate is applicable in the measurement of deferred tax assets and liabilities at 30 January 2021. Deferred tax has been provided at 19% being the rate at which temporary differences are expected to reverse. In March 2021, the 2021 Budget included an announcement to increase the standard rate of corporation tax rate from 19% to 25% from 1 April 2023. It is expected this will be substantively enacted during Summer 2021. Since the rate increase was not substantively enacted at the balance sheet date, deferred tax has been provided at 19%. The maximum impact on deferred tax balances of the rate increase that will be applicable once the change has been substantively enacted, is estimated to be a net £190,000.

## FOOTASYLUM LIMITED

Notes to the financial statements

### 8 Subsidiaries

The following companies were the undertakings of the Group as at 30 January 2021:

Name of subsidiary	Place of registration	Registered Address	Nature of business and operation	Ownership interest	Voting rights interest
Drome Limited	England	Edinburgh House, Hollins Brook Way, Bury, BL9 8RR	Dormant	100%	100%
Footasylum Brands Limited	England	Edinburgh House, Hollins Brook Way, Bury, BL9 8RR	Non-trading	100%	100%
Projekts NYC Limited	England	Edinburgh House, Hollins Brook Way, Bury, BL9 8RR	Dormant	100%	100%
Footasylum GmbH	Germany	Wittestr. 30K, 13509 , Berlin, Germany	Trading	100%	100%

### 9 Intangible assets

#### Group & Company

	Website £'000	IT Development Software £'000	Goodwill £'000	Total £'000
<b>For the period ended 30 January 2021</b>				
<i>Cost:</i>				
As at 1 February 2020	1,550	2,962	21	4,533
Additions	327	2,488	-	2,815
Disposals	-	(585)	-	(585)
As at 30 January 2021	1,877	4,865	21	6,763
<i>Accumulated amortisation:</i>				
As at 1 February 2020	(1,018)	(1,285)	(21)	(2,324)
Amortisation charge	(328)	(1,296)	-	(1,624)
Impairment	-	(832)	-	(832)
Disposals	-	88	-	88
As at 30 January 2021	(1,346)	(3,325)	(21)	(4,692)
<i>Net book value:</i>				
As at 30 January 2021	531	1,540	-	2,071

Impairment during FY21 relates to historic intangible assets which have been written down as a result of IT rebuilds that occurred in FY21.

#### For the period ended 1 February 2020

<i>Cost:</i>				
As at 23 February 2019	1,366	2,002	21	3,389
Additions	197	960	-	1,156
Disposals	(13)	-	-	(13)
As at 1 February 2020	1,550	2,962	21	4,533
<i>Accumulated amortisation:</i>				
As at 23 February 2019	(752)	(492)	(21)	(1,265)
Amortisation charge	(270)	(793)	-	(1,063)
Disposals	4	-	-	4
As at 1 February 2020	(1,018)	(1,285)	(21)	(2,324)
<i>Net book value:</i>				
As at 1 February 2020	532	1,677	-	2,209

# **FOOTASYLUM LIMITED**

Notes to the financial statements

## **10 Property, plant and equipment**

### **Group and Company**

	Motor Vehicles £'000	Fixtures and Fittings £'000	Computer Equipment £'000	Plant and Machinery £'000	Assets Under Construction £'000	Total £'000
<b>For the period ended 30 January 2021</b>						
<i>Cost:</i>						
As at 1 February 2020	350	45,032	5,154	10	1,771	52,317
Additions	-	1,273	361	-	2,642	4,276
Disposals	(14)	-	(3)	-	-	(17)
Transfers	-	2,197	1,254	-	(3,451)	-
As at 30 January 2021	336	48,502	6,766	10	962	56,575
<i>Accumulated depreciation:</i>						
As at 1 February 2020	(337)	(21,181)	(2,819)	(3)	-	(24,340)
Depreciation charge	(13)	(5,132)	(830)	(3)	-	(5,978)
Impairment	-	85	-	-	-	85
Disposals	14	-	2	-	-	16
As at 30 January 2021	(336)	(26,228)	(3,647)	(6)	-	(30,217)
<i>Net book value:</i>						
As at 30 January 2021	-	22,274	3,119	4	962	26,359

	Motor Vehicles £'000	Fixtures and Fittings £'000	Computer Equipment £'000	Plant and Machinery £'000	Assets Under Construction £'000	Total £'000
<b>For the period ended 1 February 2020</b>						
<i>Cost:</i>						
As at 23 February 2019	742	37,805	4,444	351	3,540	46,882
Adjustment for IFRS 16	(340)	-	(173)	(346)	-	(859)
Additions	30	3,684	851	5	1,864	6,434
Disposals	(82)	(58)	-	-	-	(140)
Transfers	-	3,601	32	-	(3,633)	-
As at 1 February 2020	350	45,032	5,154	10	1,771	52,317
<i>Accumulated depreciation:</i>						
As at 23 February 2019	(528)	(17,191)	(2,287)	(118)	-	(20,124)
Adjustment for IFRS 16	160	-	67	117	-	344
Depreciation charge	(49)	(3,793)	(599)	(2)	-	(4,443)
Transfer	-	(218)	-	-	-	(218)
Impairment	-	-	-	-	-	-
Disposals	80	21	-	-	-	101
As at 1 February 2020	(337)	(21,181)	(2,819)	(3)	-	(24,340)
<i>Net book value:</i>						
As at 1 February 2020	13	23,851	2,335	7	1,771	27,977

Right-of-use assets and assets held under finance lease are detailed in note 22

During the year, management reassessed the useful economic life of assets as part of an impairment review and this resulted in a reduction in the depreciation charge of £85,000 (FY20: £218,000 addition).

**FOOTASYLUM LIMITED**

Notes to the financial statements

**11 Inventory**

	Group At 30 January 2021 £'000	Group At 1 February 2020 £'000	Company At 30 January 2021 £'000	Company At 1 February 2020 £'000
Inventory	36,188	36,908	36,170	36,908
Provision	(4,468)	(2,982)	(4,468)	(2,982)
	<u>31,720</u>	<u>33,926</u>	<u>31,702</u>	<u>33,926</u>

Expenses recorded within cost of sales:

	Group 52 Week Period ended 30 January 2021 £'000	Group 49 Week Period ended 1 February 2020 £'000	Company 52 Week Period ended 30 January 2021 £'000	Company 49 Week Period ended 1 February 2020 £'000
Inventory expense	130,229	141,468	130,229	141,468
Impairment	<u>(3,559)</u>	<u>(1,240)</u>	<u>(3,559)</u>	<u>(1,240)</u>

**12 Trade and other receivables**

	Group At 30 January 2021 £'000	Group At 1 February 2020 £'000	Company At 30 January 2021 £'000	Company At 1 February 2020 £'000
Trade receivables	6,364	2,322	6,446	2,322
Corporation tax	-	778	-	778
Other debtors	3,579	5,326	3,524	5,300
Prepayments and accrued income	<u>5,546</u>	<u>6,171</u>	<u>5,546</u>	<u>6,171</u>
	<u>15,489</u>	<u>14,597</u>	<u>15,516</u>	<u>14,571</u>

Expected credit losses at the period end are immaterial. Credit losses during the period are also immaterial.

**13 Cash and cash equivalents**

	Group At 30 January 2021 £'000	Group At 1 February 2020 £'000	Company At 30 January 2021 £'000	Company At 1 February 2020 £'000
Cash and cash equivalents	<u>12,434</u>	<u>3,448</u>	<u>12,279</u>	<u>3,448</u>
	<u>12,434</u>	<u>3,448</u>	<u>12,279</u>	<u>3,448</u>

# **FOOTASYLUM LIMITED**

## Notes to the financial statements

### **14 Trade and other payables**

#### **Trade and other payables (current)**

	Group At 30 January 2021 £'000	Group At 1 February 2020 £'000	Company At 30 January 2021 £'000	Company At 1 February 2020 £'000
Trade payables	15,517	15,391	15,794	15,391
Revolving credit facility	-	2,000	-	2,000
Other taxation and social security	12,898	7,788	12,901	7,788
Net obligation under finance lease and hire purchase	269	136	269	136
Lease liabilities	15,039	14,352	15,039	14,352
Accruals and deferred income	13,093	11,142	13,064	11,149
	<u>56,816</u>	<u>50,809</u>	<u>57,067</u>	<u>50,816</u>

Accruals and deferred income includes £35,000 of unamortised debt costs (FY20: £86,000). Other taxation and social security includes £7,482,000 (FY20: £nil) of VAT which has been deferred as part of the government support schemes introduced during the COVID-19 public health outbreak and will be repaid in full during FY22.

#### **Trade and other payables (non-current)**

	Group At 30 January 2021 £'000	Group At 1 February 2020 £'000	Company At 30 January 2021 £'000	Company At 1 February 2020 £'000
Net obligation under finance lease and hire purchase	343	156	343	156
Lease liabilities	79,849	90,977	79,849	90,977
Accruals	-	35	-	35
	<u>80,192</u>	<u>91,168</u>	<u>80,192</u>	<u>91,168</u>

Accruals include £nil of unamortised debt costs (FY20: £35,000).

The minimum lease payments under finance leases fall due as follows:

	Group At 30 January 2021 £'000	Group At 1 February 2020 £'000	Company At 30 January 2021 £'000	Company At 1 February 2020 £'000
Within 1 years	19,601	18,760	19,601	18,760
Between 2 and 5 years	67,375	68,285	67,375	68,285
After 5 years	27,727	38,819	27,727	38,819
	<u>114,703</u>	<u>125,864</u>	<u>114,703</u>	<u>125,864</u>
Future finance charges on finance leases	(19,203)	(20,244)	(19,203)	(20,244)
Present value of finance lease liabilities	<u>95,500</u>	<u>105,620</u>	<u>95,500</u>	<u>105,620</u>

**FOOTASYLUM LIMITED**

Notes to the financial statements

**15 Provision for Liabilities**

	<b>Other Provisions £'000</b>	<b>Total £'000</b>
As at 1 February 2020	896	896
Utilised during the period	(593)	(593)
Released during the period	(125)	(125)
As at 30 January 2021	<u>178</u>	<u>178</u>

Included within the Other Provisions are amounts relating to the CMA investigation and acquisition by JD Sports Fashion plc of £178,000 (FY20: £767,000)

	<b>Other Provisions £'000</b>	<b>Total £'000</b>
Amounts falling due within one year	178	178
Amounts falling due after one year	-	-
As at 30 January 2021	<u>178</u>	<u>178</u>



**FOOTASYLUM LIMITED**

Notes to the financial statements

**16 Deferred taxation**

The following are the major deferred tax assets and liabilities recognised by the Group and Company in the period.

	At 30 January 2021 £'000	At 1 February 2020 £'000
Deferred tax asset	603	603
	<u>603</u>	<u>603</u>

	At 30 January 2021 £'000	At 1 February 2020 £'000
<b>Reconciliation of deferred tax balances</b>		
Balance at beginning of period	603	231
Deferred tax credit	-	372
Balance at end of period	<u>603</u>	<u>603</u>

Deferred tax balances relate to the following:

	At 30 January 2021 £'000	At 1 February 2020 £'000
Other temporary differences	<u>603</u>	<u>603</u>

**17 Interest-bearing loans and borrowings**

	At 30 January 2021 £'000	At 1 February 2020 £'000
<b>Creditors falling due within less than one year</b>		
Net obligation under finance lease and hire purchase	269	136
Secured revolving credit facility - revolving credit facility (see note 14 & 18)	-	2,000
Lease liabilities	15,039	14,352
<b>Creditors falling due after more than one year</b>		
Net obligation under finance lease and hire purchase	343	156
Lease liabilities	79,849	90,977
<b>Total interest-bearing loans and borrowings</b>	<u>95,500</u>	<u>107,621</u>

The revolving credit facility is secured against certain defined non-current assets held by the Group.

## FOOTASYLUM LIMITED

### Notes to the financial statements

#### 18 Financial instruments

##### Fair values of financial instruments

Footasylum's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

##### Risk management framework

Risk management is carried out by the Footasylum finance department under policies approved by the Board. The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

##### (a) Market risk

##### (i) Foreign currency risk

Footasylum sources an amount of purchases in US dollars and Euros and monitors its foreign currency requirements through short, medium and long term cash forecasting. The Group enters into forward contracts to hedge key currencies in proportion to the calculated net exposure.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount of monetary financial instruments.

30 January 2021	US Dollar £000	Euro £000	Japanese Yen £000	Total £000
Trade payables	264	376	-	640
<b>Balance sheet exposure</b>	<b>264</b>	<b>376</b>	<b>-</b>	<b>640</b>

1 February 2020	US Dollar £000	Euro £000	Japanese Yen £000	Total £000
Trade payables	120	55	-	174
<b>Balance sheet exposure</b>	<b>120</b>	<b>55</b>	<b>-</b>	<b>174</b>

##### Sensitivity Analysis

A 5% percent strengthening of the following currencies against pounds sterling at the balance sheet date would have decreased profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

	52 Week Period ended 30 January 2021 £'000	49 Week Period ended 1 February 2020 £'000
US Dollar	(13)	(6)
Euro	(18)	(3)
Japanese Yen	-	-

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

A 5% percent weakening of the above currencies against pounds sterling in any period would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

## FOOTASYLUM LIMITED

### Notes to the financial statements

#### 18 Financial instruments (continued)

##### (ii) Interest rate risk

###### Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. The Group has a revolving credit facility which expires 6 July 2021 and has been extended to 6 July 2022, allowing access to £30,000,000 to 31 December and £17,500,000 thereafter. As at 30 January 2021, £nil (FY20: £2,000,000) was drawn down and £30,000,000 (FY20: £28,000,000) was unused. The borrowings incur interest at varying rates between 1.40% to 2.15% plus LIBOR which exposes the Group to cash flow interest rate risk.

###### Profile

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was:

	At 30 January 2021 £'000	At 1 February 2020 £'000
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	2,000
<b>Total financial liabilities</b>	<b>-</b>	<b>2,000</b>

###### Sensitivity analysis

A change of 0.5 basis points in interest rates at the balance sheet date would have changed the value of equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis as for comparative period.

	52 Week Period ended 30 January 2021 £'000	49 Week Period ended 1 February 2020 £'000
Increase	-	-
Decrease	-	-

##### (b) Credit risk

###### Financial risk management

Credit risk arises from the possibility of customers and counterparties failing to meet their obligations to the Group. Investments of cash surpluses, borrowings and derivative instruments are made through major banks, which must meet minimum credit ratings as required by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for impairment where amounts are not thought to be recoverable. At the reporting date there were no significant concentrations of credit risk and receivables which are not believed to be recoverable.

###### Exposure to credit risk

The Group's maximum exposure to credit risk being the carrying amount of financial assets is summarised in the table within the fair values section below.

## FOOTASYLUM LIMITED

### Notes to the financial statements

#### 18 Financial instruments (continued)

##### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Management prepares and monitors rolling forecasts of the Group's cash balances based on expected cash flows to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without risking damage to the Group's reputation. Covenants are monitored on a regular basis to ensure there is no risk or breach which would lead to an 'Event of Default'.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	At 30 January 2021 £'000	At 1 February 2020 £'000
<b>Non-derivative financial liabilities</b>		
Trade and other payables		
- within one year	56,816	50,809
- between one and five years	80,192	91,168
	<u>137,008</u>	<u>141,977</u>

##### Fair values of financial instruments

###### Trade and other payables and receivables

The fair value of these items are considered to be their carrying value as the impact of discounting future cash flows has been assessed as not material.

###### Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

###### Long-term and short-term borrowings

The fair value of bank loans and other loans approximates to its carrying value as it has an interest rate based on LIBOR.

###### Short-term deposits

The fair value of short term deposits is considered to be the carrying value as the balances are held in floating rate accounts where the interest rate is reset to market rates.

# **FOOTASYLUM LIMITED**

## Notes to the financial statements

### **18 Financial instruments (continued)**

#### *Fair values*

The fair values of all financial assets and financial liabilities by class, together with their carrying amounts shown in the balance sheet, are as follows:

	Group carrying value 30 January 2021 £'000	Group fair value 30 January 2021 £'000	Group carrying value 1 February 2020 £'000	Group fair value 1 February 2020 £'000
<b>Loans and receivables</b>				
Trade and other receivables	9,943	9,943	7,648	7,648
Trade and other payables	(124,111)	(124,111)	(132,189)	(132,189)
Total financial liabilities	<u>(114,168)</u>	<u>(114,168)</u>	<u>(124,541)</u>	<u>(124,541)</u>

Following a full review, the Directors believe that the fair value of the Group's financial instruments is not materially different to its carrying value.

Within trade receivables, there are £3,895,000 of wholesale receivables which have been assessed for their potential future credit risk. The Directors believe there is no material impact or risk relating to wholesale customers. At year end, the ageing of wholesale debtors was as follows: Not due: 10.0%; 1-30 days overdue: 23.4%; 31-60 days overdue: -16.2%; 61-90 days overdue: 28.6%; more than 90 days overdue: 54.2%.

	Company carrying value 30 January 2021 £'000	Company fair value 30 January 2021 £'000	Company carrying value 1 February 2020 £'000	Company fair value 1 February 2020 £'000
<b>Loans and receivables</b>				
Trade and other receivables	9,970	9,970	7,622	7,622
Trade and other payables	(124,359)	(124,359)	(132,196)	(132,196)
Total financial liabilities	<u>(114,389)</u>	<u>(114,389)</u>	<u>(124,574)</u>	<u>(124,574)</u>

**FOOTASYLUM LIMITED**

Notes to the financial statements

**19 Reconciliation of liabilities arising from financing activities**

	Lease Liabilities £'000	Total £'000
<b>Group and Company</b>		
<b>23 February 2019</b>	477	477
Adoption of IFRS 16	107,049	107,049
<b>Revised 23 February 2019</b>	<u>107,526</u>	<u>107,526</u>
<b>Cash-flows:</b>		
- Repayment	<u>(16,481)</u>	<u>(16,481)</u>
<b>Non-cash:</b>		
- Additions to right-of-use assets in exchange for increased lease liabilities	<u>14,576</u>	<u>14,576</u>
<b>1 February 2020</b>	<u>105,621</u>	<u>105,621</u>
<b>1 February 2020</b>	105,621	105,621
Adjustment due to adoption of IFRS 16	<u>(238)</u>	<u>(238)</u>
<b>Cash-flows:</b>		
- Repayment	<u>(17,173)</u>	<u>(17,173)</u>
<b>Non-cash:</b>		
- Additions to right-of-use assets in exchange for increased lease liabilities	<u>7,290</u>	<u>7,290</u>
<b>30 January 2021</b>	<u>95,500</u>	<u>95,500</u>

**20 Share-based payments**

At 24 February 2019, the Group had three share award plans, all of which are equity-settled schemes.

No new options were granted during the FY20 and FY21 period and following the acquisition by JD Sports Fashion plc, all LTIPs have subsequently been cash-settled at 82.5 pence per share as at 12 April 2019 and the SAYE scheme has lapsed. Therefore the charge for the year is the acceleration of all future charges as at this point. No share-based payments schemes are in place since 26 April 2019 and nothing in place as at year end.

More information and details surrounding the terms of the schemes can be found in the FY19 financial statements.

## FOOTASYLUM LIMITED

Notes to the financial statements

### 21 Share capital

#### Group & Company

	At 30 January 2021 £'000	At 1 February 2020 £'000
<b>Allotted and fully paid</b>		
108,713,351 'A' ordinary shares of £0.001 each	109	109
	<u>109</u>	<u>109</u>

On 12 April 2019, the Company issued 4,238,961 ordinary shares for a nominal value of £0.001 each to holders of awards under the Footasylum Long Term Incentive Plan (LTIP) as part of the JD Sports acquisition proposal.

### 22 Leases

The Consolidated Statement of Financial Position shows the following amounts relating to leases:

#### For the period ended 30 January 2021

	Land and Buildings £'000	Computer Equipment	Plant and Machinery £'000	Motor Vehicles £'000	Total £'000
<b>Right-of-use assets</b>					
Brought forward	95,366	65	160	111	95,703
Adjustment due to adoption of IFRS 16	30	-	-	-	30
Additions	2,723	450	16	235	3,424
Impairment	(1,220)	-	-	-	(1,220)
Depreciation	(15,037)	(154)	(59)	(129)	(15,379)
<b>As at 30 January 2021</b>	<b>81,862</b>	<b>361</b>	<b>117</b>	<b>217</b>	<b>82,557</b>
<b>Lease liabilities</b>					
Brought forward	105,328	-	183	111	105,621
Adjustment due to adoption of IFRS 16	(238)	-	-	-	(238)
Interest expense related to lease liabilities	3,866	10	8	13	3,897
Additions	2,723	427	16	227	3,393
Payments on short term or low value leases	217	-	-	-	217
Repayment of lease liabilities (including interest)	(17,006)	(150)	(72)	(162)	(17,390)
<b>As at 30 January 2021</b>	<b>94,890</b>	<b>287</b>	<b>135</b>	<b>189</b>	<b>95,500</b>
Current					15,308
Non-current					80,192

### 23 Events after the reporting period

#### JD Sports Fashion plc

The Competition and Markets Authority ('CMA') announced in its Final Report ('FR') on 6th May 2020 that they were prohibiting the merger with JD Sports Fashion plc ('JD Sports') and that, consequently, they required JD Sports to fully divest its investment. A claim for Judicial Review to the Competition Appeal Tribunal ('Tribunal') was made by JD Sports and the Tribunal issued their judgement on 13th November 2020. The Tribunal quashed the decision of the CMA in its FR in so far as its conclusions were based on the CMA's assessment of the likely effects of the COVID-19 pandemic (i) on the relevant markets, (ii) on the merging parties and/or the merged entity, and (iii) on the competitive constraints likely to apply to the merging parties and/or the merged entity where they did not have the necessary evidence from which it could properly draw such conclusions. The CMA's application for permission to appeal the judgement was rejected on 17 December 2020 by the Tribunal and on 3 March 2021 by the Court of Appeal. The CMA will proceed with its reconsideration of the merger and on 19 May 2021 the CMA released JD Sports, Footasylum and Pentland from the Final Undertakings which included the divestment of Footasylum from JD Sports while their investigations continue.

## FOOTASYLUM LIMITED

### Notes to the financial statements

#### 23 Events after the reporting period (continued)

##### COVID-19

COVID-19 is an adjusting post balance sheet event and continues to have a global effect on all businesses. Governments around the world have taken steps to mitigate the impact on their respective economies and this includes moving workers to work from home where possible and shutting non-essential stores. These measures were brought in place within the UK and various forms of these continue to be in place as at the date of signing the financial statements. At this stage, the impact on the business has not been significant and we will continue to follow the various government policies and advice. We will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people. We also refer to the Report of the Directors regarding the Company's ability to continue as a going concern.

#### 24 Key management compensation

The remuneration of the Directors, who are considered to be the only key management personnel of the Group, is disclosed in note 5 of these financial statements. The Directors' remuneration was £941,000 (FY20: £3,712,000).

#### 25 Related party transactions

During the period the Group entered into commercial transactions with related parties as show in the tables below:

##### 52 Week Period ended 30 January 2021

	Description of related party	Sales to related party £000	Purchases from related party £000	Balance owed by related party £000	Balance owed to related party £000
2Squared Agency Limited	b	-	162	2	-
Rascal Clothing Limited	b	-	8	-	-
Airborne Footwear Limited	c	-	349	26	-
Berghaus Limited	c	-	1,503	-	19
Pentland Brands Limited	c	8	946	8	-



**FOOTASYLUM LIMITED**

Notes to the financial statements

**25 Related party transactions (continued)****49 Week Period ended 1 February 2020**

	Description of related party	Sales to related party £000	Purchases from related party £000	Balance owed by related party £000	Balance owed to related party £000
2Squared Agency Limited	b	-	182	-	-
Loyalti Limited	a	17	370	21	16
Focus International Limited	b	-	49	0	-
Il Sarto Milano Limited	b	-	36	-	-
Rascal Clothing Limited	b	-	319	-	1
UC Clothing Limited	b	61	-	36	-
Airborne Footwear Limited	c	-	324	3	-
Berghaus Limited	c	-	823	-	4
Pentland Brands Limited	c	52	771	30	27

The nature of the relationship and the transactions entered into with the related party are:

- a) The company made sales and purchases from Loyalti Limited, a company in which Footasylum had a 49% shareholding.
- b) The company made sales and/or purchases from 2Squared Agency Limited, Focus International Limited, Il Sarto Milano Limited, Rascal Clothing Limited and UC Clothing Limited, subsidiaries of JD Sports Fashion plc, the immediate parent company.
- c) The company made sales and/or purchases from Airborne Footwear Limited, Berghaus Limited and Pentland Brands Limited, subsidiaries of Pentland Group Limited, the ultimate parent company.