

**MASTERS IN  
FINANCE**

**MASTER's FINAL WORK  
PROJECT**

**EQUITY RESEARCH:  
JD SPORTS FASHION PLC**

**JOÃO NUNO FERREIRA OLIVEIRA**

**JUNE 2025**

# **MASTERS IN FINANCE**

## **MASTERS FINAL WORK PROJECT**

**EQUITY RESEARCH:  
JD SPORTS FASHION PLC**

**JOÃO NUNO FERREIRA OLIVEIRA**

**SUPERVISOR:**  
Pedro Sampayo Ramos

**JUNE 2025**

# Abstract

JD Sports Fashion Plc. Group (JD Group) is a British retail company and currently the UK leader in the sportswear retail industry, operating across four major regions: UK/ROI; North America; Europe and Asia Pacific, with a presence in a total of 36 countries. In February 2023, the company launched a new five-year plan at its Capital Markets Day, aiming to become the global leader in the sports fashion retail market.

JD Sports holds a STRONG BUY recommendation with a high-risk profile and a Price Target for 2026YE of GBp153.24, representing an upside potential of 52%, against its closing price of the 26<sup>th</sup> of June of 2025, GBp81.42.

The differences between the price target and the current market price can be explained due to: (i) geopolitical tensions and instability; (ii) uncertainties regarding the current economic environment which affect discretionary consumption; (iii) concerns over potential adverse impacts from higher US tariffs on sportswear retailers (iv) lower attractiveness of UK retail Equities.

JD Sports` valuation was conducted through the application of the integrated approach of the FCFF model and complemented by the APV absolute method.

In a challenging market, characterized by intense promotional activity and softer demand, JD remains focused on expanding JD brand footprint globally through a strategic store rollout program which drives the group`s revenue growth. The company`s commitment to maintaining gross margins stable and leveraging operating expenses is set to reinforce profitability and enhance shareholder returns through a disciplined capital allocation strategy.

JEL classification: G00; G10; G34

Keywords: JD Sports Fashion PLC. Group; Retail; Sportswear; Equity Research; Valuation

## Resumo

JD Sports Fashion Plc. Group (JD Group) é uma empresa britânica de retalho e, atualmente, líder no setor de vestuário desportivo no Reino Unido, operando em quatro grandes regiões: Reino Unido/Irlanda, América do Norte, Europa e Ásia-Pacífico, com presença em 36 países. Em fevereiro de 2023, a empresa apresentou um novo plano estratégico a cinco anos no seu Capital Markets Day, com o objetivo de se tornar líder global no sector de retalho de vestuário desportivo.

JD Sports possui uma recomendação de compra forte, com um perfil de risco elevado, e um Preço-Alvo para o final de 2026 de GBp153,24, o que representa um potencial de valorização de 52% face ao preço de fecho de 26 de junho de 2025, que se fixou em GBp81,42.

As diferenças entre o preço-alvo e o preço de mercado atual podem ser explicadas por: (i) tensões geopolíticas e instabilidade; (ii) incertezas quanto ao atual enquadramento económico, que afetam o consumo discricionário; (iii) preocupações relativamente aos potenciais efeitos adversos do aumento de tarifas aduaneiras dos EUA sobre o setor de vestuário desportivo; e (iv) menor atratividade dos ativos de retalho cotados no Reino Unido.

A avaliação da JD Sports foi realizada através da aplicação integrada do modelo FCFF, complementada pelo método absoluto APV.

Num mercado desafiante, caracterizado por intensa atividade promocional e menor procura, a JD mantém-se focada na expansão da marca JD a nível global, através de um programa estratégico de abertura de lojas, impulsionando o crescimento das receitas do grupo. O compromisso da empresa em manter as margens brutas estáveis e otimizar os custos operacionais deverá reforçar a rentabilidade e melhorar os retornos para os acionistas, através de uma estratégia disciplinada de alocação de capital.

Classificação JEL: G00; G10; G34

Palavras-Chave: JD Sports Fashion PLC. Group; Retalho; Vestuário desportivo; Equity Research; Avaliação de Empresas;

## **Acknowledgements**

This project marks the conclusion of my journey through the Master's in Finance at ISEG – Lisbon School of Economics and Management, two years of learning that will be essential for the success of my professional career. It was an honor to be part of the group of students who began the program in September 2023, and, through sacrifice and mutual support, we managed to close this academic chapter with lifelong memories.

A special thank you to my supervisor, Professor Pedro Ramos, for his availability and promptness throughout the process. I would also like to thank my course colleagues, who were always willing to help and share knowledge whenever I had any doubts.

Lastly, a huge thank you to my family, my parents and brother, for their support throughout my academic journey, always being there during difficult times, when I sometimes doubt my abilities, and without whom I would not have been able to achieve some of my dreams and goals.

# Glossary

APV- Adjusted Present Value  
BoD- Board of directors  
CAPEX- capital expenditure  
CAPM- Capital Allocation Pricing Model  
CCI- Consumer Confidence Index  
CDS- Credit Default swap  
CEO- Chief executive officer  
CFO- Chief Financial Officer  
CPI- Consumer Price Index  
COGS- Cost of goods sold  
DC- Distribution Center  
DCF- Discounted cash flow model  
DPS- Dividend per share  
DTC- Direct to consumer  
EBITDA- Earnings before interests, taxes, depreciations and amortizations  
EV- Enterprise value  
ESG- Environment, Social and Governance  
FCFF- Free cash flow to the firm  
FY- Financial year  
GDP- Gross domestic product  
GHG- Greenhouse gas  
HRIS- Human Resources Information System  
IC- Invested Capital  
LFL- Like-for-like sales  
NCI- non-controlling interests  
NWC- Net Working Capital  
PBT- profit before taxes  
Plc- Public limited company  
PT- Price target  
ROCE- Return on capital employed  
ROE- Return on Equity  
SARD- Sum of Absolute Rank Differences  
SoP- Sum of Parts  
TTM- Twelve Trailing Multiples  
UK- United Kingdom  
US- United States  
WACC- Weighted Average Cost of Capital  
WHO- World Health Organization  
YoY- Year over year  
YE- Year end

# Index

Abstract	i
Resumo	ii
Acknowledgements	iii
Glossary	iv
Index	v
1. Research Snapshot	1
2. Business Description	2
3. Management and ESG	8
4. Industry Overview and Competitive Positioning	10
5. Investment Summary	15
6. Valuation	16
7. Financial Analysis.	19
8. Investment Risks	20
Appendices	24
Appendix 1: Statement of Financial Position	24
Appendix 2: Income Statement	25
Appendix 3: Cash Flow Statement	25
Appendix 4: Key Financial Ratios	26
Appendix 5: Common-Size Statement of Financial Position	27
Appendix 6: Common-Size Income Statement	27
Appendix 7: Forecasting Assumptions	28
• Revenue Assumptions	29
• Balance Sheet Assumptions	30
• Cash Flow Statement Assumptions	30
Appendix 8: Debt-Schedule	31
Appendix 9: Assumptions-Rationale	32
Appendix 10: FCFF valuation	33
Appendix 11: WACC breakdown	34
Appendix 12: Terminal growth rate (g)	35
Appendix 13: Adjusted Present Value (APV) model breakdown	35
Appendix 14: Top 5 Peers-SARD approach	36
Appendix 15: Multiples Based Valuation	36
References	37
Disclosures and Disclaimers	38
AI Disclaimer	38
Recommendation Disclaimer	39

# List of Figures

Figure 1 : Five-year stock price vs PT	1
Figure 2: Financial Highlights	1
Figure 3: Geographic Presence	2
Figure 4: Revenues and EBITDA	2
Figure 5: Margins	2
Figure 6: total number of stores	3
Figure 7: Number of stores by operational segment	3
Figure 8: revenue breakdown by operational segment	3
Figure 9: revenue breakdown by operational segment, 2024	4
Figure 10: JD segment`s historical revenues	4
Figure 11: JD segment`s revenues by region	4
Figure 12: Complementary Concepts Segment`s revenue, 2022-24	4
Figure 13: Sporting goods` revenue, 2022-24	5
Figure 14: Historical revenues by region	5
Figure 15: Revenues by region, 2024	5
Figure 16: Main JD`s suppliers, as % of COGS	6
Figure 17: Number of JD brand stores opened, 2024	6
Figure 18: CAPEX, % sales	6
Figure 19: Top JD stock`s holders	6
Figure 20: DPS and dividend payout ratio historical evolutoin	7
Figure 21: Cash outflow related with acquisition of businesses	7
Figure 22: Hibbet, Inc. Logo	7
Figure 23: Courir, SAS logo	7
Figure 24: Board of Directors	8
Figure 25: Executive directors, 2024	8
Figure 26: Board Gender equality	8
Figure 27: Main ESG company`s propositions	9
Figure 28. GHG emissions	9
Figure 29: Real GDP growth projections	10
Figure 30: Inflation rate projections	10
Figure 31: Changes on real disposable income forecasts	10
Figure 32: Global Sportswear Market size, 2017-24	11
Figure 33: Market revenues by region, 2021-24	11
Figure 34: Market Growth projections	11
Figure 35: Top sourcing conutries of the industry	13
Figure 36: five forces of porter	13
Figure 37: Price target, 2026YE	15



Figure 38: Summary of methodologies used	15
Figure 39: Revenues per operational segment	16
Figure 40: New Stores openings	16
Figure 41: LFL Sales and organic growth (%)	16
Figure 42: Gross Margin, £Millions	17
Figure 43: Changes in Net Working Capital	17
Figure 44: Working Capital requirements	17
Figure 45: WACC assumptions	18
Figure 46: JD`s list of peers	18
Figure 47: Profitability ratios	19
Figure 48: Liquidity ratios	19
Figure 49: Solvency Ratios	19
Figure 50: ROIC minus WACC- EVA spread	20
Figure 51: Economic value added (EVA)	20
Figure 52: Dividends and EPS evolution	20
Figure 53: JD investment risks	21
Figure 54: Risk Matrix	21
Figure 55: Recommendation System considering a High Risk	22
Figure 56: Sensitivity analysis: Gross Margin	22
Figure 57: sensitivity analysis: Terminal Growth rate (g)	22
Figure 58: Sensitivity analysis: terminal WACC	23
Figure 59: Monte Carlo Simulation Sensitivity	23
Figure 60: Monte Carlo Simulation	23

## 1. Research Snapshot

JD Sports has a Strong BUY recommendation, with a 2026YE Price Target of GBp153.24/sh. and an upside potential of 52% with a high risk, in comparison with the closing price of GBp81.42 on 26 June of 2025.

**Price Target Modelling.** The price Target was estimated using the DCF valuation approach, applying the FCFF model (GBp153.24/sh.), complemented by an APV absolute model (GBp142.62/sh.) and an multiples-based valuation that had returned very different price targets, for what it was not considered to justify final recommendation on investment. The company's capital structure changes over the forecasted period, resulting in different WACC values for each year, ranging between 7.7% and 9%. The cost of equity of 12.92%, calculated using the CAPM model, and is assumed to remain constant, as well as the cost of debt of 4.78%. For the terminal value, it was used a long-run sustainable growth rate of 2.2%.

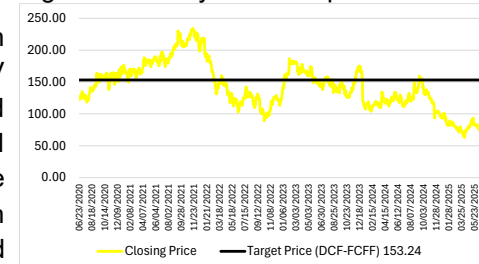
**Store rollout driving revenue growth.** JD Sports is currently the leader in the UK sportswear retail market and is committed to becoming the sector global leader in the sector. The company aims to expand its JD brand footprint internationally through a strategic store rollout programme, targeting the opening of 200 new JD stores annually, including Finish Line conversions, with a particular focus in North America and Europe, where the group sees greater growth potential. The opening of new stores will drive revenue growth, contributing to about 5% increase in group sales over the forecasted period, while LFL sales growth is projected to remain flat as economic and political instability softs demand.

**Grow Profit ahead of sales.** Recent investments in a global, integrated supply chain and IT systems are expected to deliver operating leverage, improving efficiency and productivity. As a result, the operating margin is expected to improve to around 9.5% between FY25 and FY28, and gross margin should remain stable at approximately 48%. This should drive higher profitability, with net profit margin forecast to rise from 4.7% in FY24 to 6.4% by FY28.

**Strong Cash Generation.** As the company moves beyond a phase of significant investment in supply chain, IT, and infrastructure, CAPEX is expected to decline from 4.42% of sales in FY24 to 3% of sales by FY27, focusing solely on store expansion and business maintenance needs. ROCE is expected to rise above 10%.

**Enhance Shareholder returns.** With no material M&A opportunities in the pipeline and the business entering a lower phase of capital investment, the group plans to use surplus cash to enhance shareholder returns through a progressive dividend policy and the launch of an initial £100 million share buyback programme, expected to be completed by 2025YE. DPS is expected to progressively increase from 1p/sh. to 1.8p/sh. between FY25 and FY28.

Figure 1 : Five-year stock price vs PT



Source: Author analysis

Figure 2: Financial Highlights

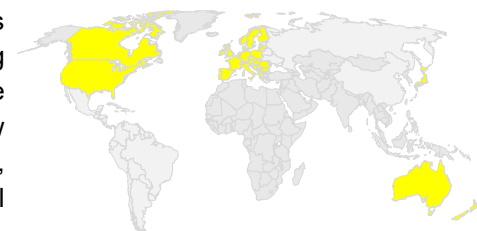
		2024	2025F	2028F
Revenues	£Millions	11 458	13 327	16 122
EBITDA	£Millions	1 688	2 206	2 671
EBIT	£Millions	903	1 267	1 510
EBT	£Millions	715	1 146	1 404
Net Profit	£Millions	540	842	1 031
EBITDA Margin	%	14.7%	16.6%	16.6%
NPM	%	4.7%	6.3%	6.4%
Assets	£Millions	9 954	11 610	14 308
Equity	£Millions	3 372	4 063	6 675
Debt	£Millions	679	910	575
Liabilities	£Millions	6 582	7 547	7 633
Invested Capital	£Millions	7 110	8 542	10 862
Debt/IC	%	9.5%	10.7%	5.3%
Debt/Equity	x	20.1%	22.4%	8.6%
Asset turnover	x	1.15	1.15	1.13
ROA	%	5.4%	7.2%	7.2%
ROE	%	16.0%	20.7%	15.4%
ROIC	%	9.6%	10.9%	10.2%
ROCE	%	9.1%	10.6%	10.1%
CFO	£Millions	1 228	1 905	2 013
Net Debt to EBITDA	x	3.90	3.87	4.07
Interest Coverage Ratio	x	5.90	5.61	6.03

Source: Author analysis

## 2. Business Description

JD Sports Fashion Plc. Group (JD Group) is a British retailer company and, currently, the UK leader on the Sports Fashion Retail Industry, operating in four major regions: UK/ROI; North America; Europe and Asia Pacific, on a total of 36 countries. JD is a full price retailer in a multi-brand model that aims to stay in the front-line of innovation and trends by providing customers with the latest in sports fashion. The company maintains strong partnerships with leading sportswear brands such as Nike, Adidas or Puma, playing an essential role in the development of new products and offering early insights into future trends, and gives access to exclusive product launches. The JD customer is mainly a young adult aged 16-24 years old who are open to new trends, globally connected and highly active on social media. They seek freedom, are not loyal to a single brand and enjoy mixing sport and fashion in its personal lifestyle and clothing.

Figure 3: Geographic Presence



Source: JD, Website

### History of the company

Founded in 1981 with a single store in Bury, Greater Manchester, JD sports owes the name to its founders: Jonh Wardle and David Makin, as the letters stand for their initials. In 1983, JD opened its second store in the Arndale Centre, Manchester and started expanding beyond its foundations through the store opening in London, on the iconic Oxford Street.

In 1996, the JD Group already had 56 stores across the UK and was listed on the London Stock Exchange with its former name Jonh David Sports plc, in an effort to continue supplying the growing sportswear trend. The company started to accelerate its expansion and strengthen its market position in the UK sportswear retail sector through the acquisition of the premium sportswear retailer First sport from Blacks Leisure Group. This transaction allowed the company to quadruple its store portfolio adding 209 additional stores.

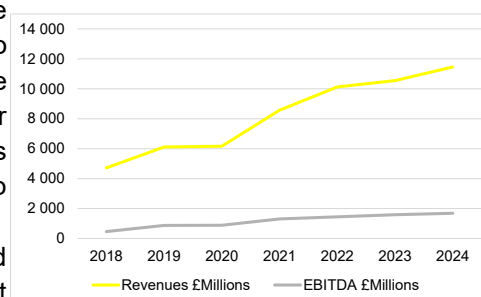
In October 2005 the company acquired over 70 stores from Allsport and consolidated further its position as the UK leader of sports fashion and casual wear. Later that year, a controlling stake of 57.5% was acquired by Pentland Group and the founders sold their shares and exit the board.

The year 2009 marks the company's first international expansion through the acquisition of a French sports retailer, Chausport and the opening of a JD store in Lille, France. The European expansion continued with the acquisition of a 50.1% share in Sprinter, in 2011, and the JD brand's entry on the Dutch and German markets. On that time, JD was already regarded as the most innovative visual merchandiser of sportswear with the best and most exclusive stylish range.

In 2012, JD Group entered the outdoor retail market to diversify its business and target a different audience as the UK-based outdoor retailer Blacks and Millets joined the group and Go Outdoors brand was acquired in 2016.

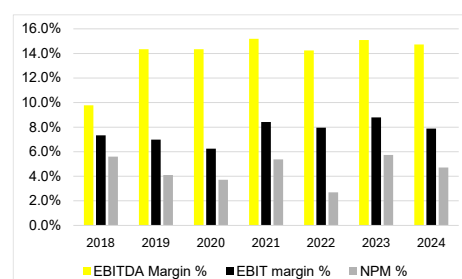
In recent years, the JD brand has expanded into the Asian market, opening stores in Malaysia, Australia, Singapore, and Thailand, with a focus on continued growth in the region. At the same time, the company has made a strong push into the U.S. market. In 2018, JD Group acquired Finish Line, a sports retailer with a presence in 44 states, and opened the first JD-branded stores in the country. Later, the acquisitions of Shoe Palace, a retailer specializing in branded sports footwear and apparel, and more recently Hibbett, a sportswear retailer with over 1,100 stores, demonstrate the company's commitment to strengthening its position in the United States through the expansion of its complementary concepts segment on that country.

Figure 4: Revenues and EBITDA



Source: Author Analysis

Figure 5: Margins



Source: Author Analysis

## Operational Segments

Recently, the BoD decided to change the segmental reporting structure starting from FY 24, following the announcement of the company's strategic update. The new operating segments are JD, the main fascia on the portfolio of brands; the complementary concepts segment; and the Sporting Goods and Outdoor segment which includes business operations and product offerings focused on sports equipment.

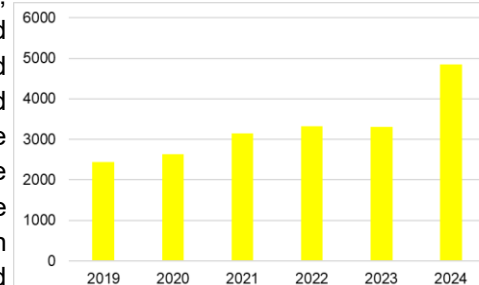
**JD|** The JD segment is composed of two main fascias: JD brand, a sports fashion, multichannel retailer specializing in sports and casual wear with a premium and fashion-forward offering, targeting a young, fashion-conscious consumer base, and having established strong partnerships with major brands such as Nike, Adidas and Under Armour; and Finish Line, a brand acquired in June 2018 that operates in the US market through more than 300 standalone stores and 375 in-store shops inside Macy's, offering a core product selection similar to JD and catering to the same target audience. This segment differentiates itself through a premium, trend-driven approach, offering exclusive and high-demand product lines from major brands and a modern, digitally integrated store experience that enhances customer engagement. The JD brand operates in four main regions: UK, its home market; Europe; North America, where it's also present with Finish Line fascia; and Asia-Pacific, through 1902 stores worldwide.

**Complementary Concepts|** This segment is composed of premium sports fashion retail fascias which sells similar brands to the JD fascia but focus on offering specialized products and niche market offerings in locations and areas not suitable for the JD fascia. It helps the company to diversify its portfolio focus and broaden the customer base, allowing it to capture a growing share of the structural sector growth going forward without diluting the JD brand proposition. This segment is divided into two different subcategories:

- **Community fascias**, mainly operating in the US, have its focus on deep local engagement and neighbourhood stores. DLTR, a hyperlocal athletic footwear and apparel streetwear retailer, has a strong cultural link with the communities where its stores are located; and Shoe palace, a retailer of branded sports footwear and apparel located on the West Coast of the US, are the two main community brands. With the recent acquisition of Hibbet, the group has now 1606 community stores.
- **Complementary fascias** target niche markets by offering premium fashion sportswear to a more specialized customer base. These brands provide valuable market insights by identifying emerging trends that can be then scaled through JD. Courir, a women-oriented brand; and Sizeer, a premium sportswear brand with operations in Central and Eastern Europe, are the main complementary brands. The subcategory has 334 stores across Europe.

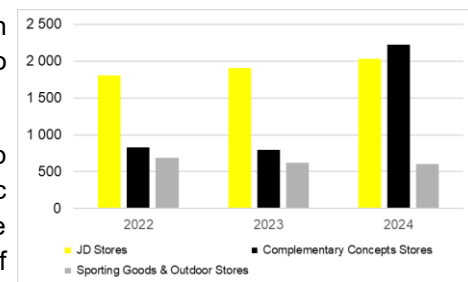
**Sporting Goods and Outdoor|** This segment encompasses a diverse range of retail fascias that cater to customers seeking sportswear, equipment, and outdoor apparel. It offers products suitable for both specialized activities, such as rock climbing and cycling, and casual pursuits like dog walking. Sporting goods brands, such as Sprinter, Sport Zone or Cosmos, targets niche markets within sports by providing sports equipment and accessories that are essential for those activities. Meanwhile, outdoor brands like Go Outdoors, Blacks or Millets offer a range of premium products for outdoor activities such as walking, camping or fishing catering both weekend family users and experienced explorers.

Figure 6: total number of stores



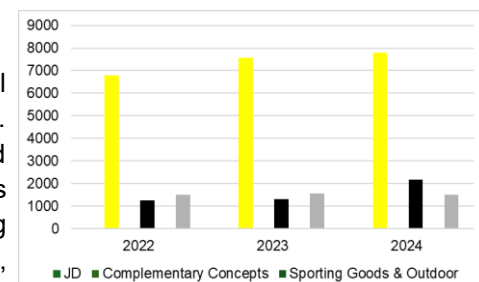
Source: JD

Figure 7: Number of stores by operational segment



Source: JD

Figure 8: revenue breakdown by operational segment



Source: JD

## Historical Revenues and earnings overview

- Revenues by segments

In FY24, JD group registered an increase of 10.2% in revenues to £11,458M, which was positively impacted by the strategic acquisitions of Hibbet (£713M sales) and Courir (£139M sales) made during the period. LFL sales growth was 0.3% and fell below the company's expectations in result of a very challenging market where there was less product 'newness' and more promotional activity. Organic sales growth was 5.8%, excluding any sales from acquisitions in the last 12 months. Both JD and complementary segments registered sales growth in that period, with the JD segment experiencing the highest growth in organic sales (7.1%), while Sporting Goods & Outdoor segment saw sales decrease by 3%.

**JD** JD segment is the primary value driver of the company representing 68% of the total revenues, being the segment in greater growth with an organic growth of 7.1% and LFL sales reduced by 0.4%. This growth is attributed to the company's commitment to prioritizing investment in expanding the JD brand footprint globally, particularly through its expansion in Europe and North America, where the conversion of Finish Line Fascia stores is being implemented. North America saw an organic growth of 9.5%, while Europe achieved 15.6% YoY organic growth in sales. The segment achieved £6802.6 million in sales in FY22, £7559.5 million in FY23 (11% increase YoY) and £7798 million in FY24

The number of stores opened in FY24 totalized 205 stores, with highlight to the opening of 99 stores in Europe and 73 stores in North America. The company's commitment is to open more 200 JD stores per year until FY28.

**Complementary Concepts** That segment represented 19% of the total revenues on FY24, saw LFL sales reduce by 4.6% and 1% YoY organic growth. It achieved £1241.3 million in sales in FY22, £1321.9 million in FY23 (6% increase YoY) and £2165 million in FY24

**Sporting Goods and Outdoor** That segment is on a mature stage of growth, registering a LFL sales growth of 4% and an organic growth of 3.7% on FY23. It represented about 15% of JD group's total revenues. The segment achieved £1511.3 million in sales in FY22, £1545.8 million in FY23 (2% increase YoY) and £1495 million in FY24

- Revenues by regions

JD group's international expansion has been characterizing the recent past and the present of the company as the home market is now only responsible for around one third of total revenues, with £3205 million in sales in FY24. **North America** represents the market in greater expansion, with sales figures of £3126.4 million in FY22 (20% increase YoY), £3413.5 million in FY 23 (9% increase YoY), and £4242 million in FY 24 (24% increase YoY). **Europe** represents now 31% of the total revenue with sales of £2768.8 million in FY22 (35% increase YoY), £3093.5 million in FY 23 (12% increase YoY), and £3510 million in FY 24 (13% increase YoY), while **Asia Pacific** region represents only 5% of total revenue, and sales decreased by 5% in FY24.

Figure 9: revenue breakdown by operational segment, 2024

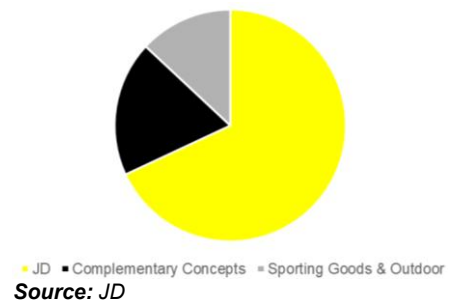


Figure 10: JD segment's historical revenues

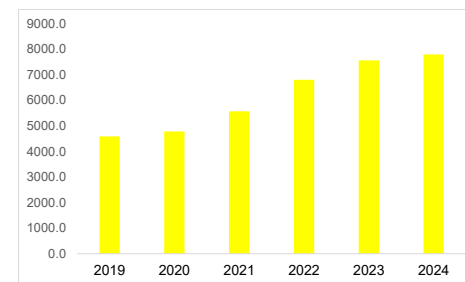


Figure 11: JD segment's revenues by region

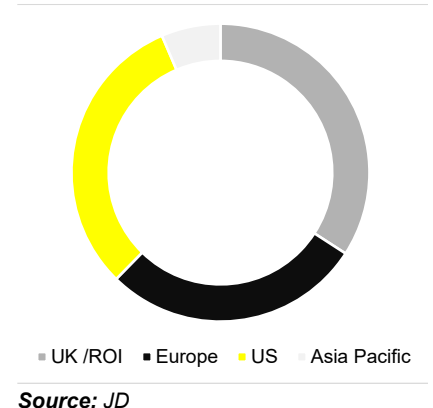
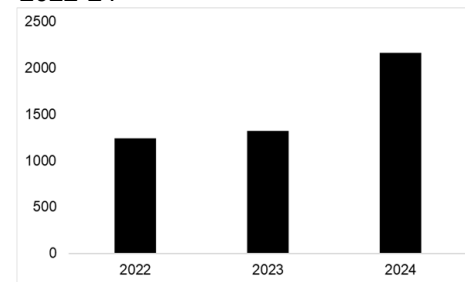


Figure 12: Complementary Concepts Segment's revenue, 2022-24



Z

## Key Drivers of profitability

JD sports share the same key drivers of profitability of the sports fashion retail industry and its peers. The company's key drivers of profitability are:

**Global expansion strategy:** the expansion in high-growth regions like Asia-Pacific and North America allows the company to benefit from greater economies of scale and strengthen JD's brand on these countries, which leads to improved margins and a more consolidated position in the market. A larger scale and global presence mean that the company constitutes a more attractive route to market for the major sportswear brands.

**Strong partnerships with major brands:** Nike, Adidas and Puma are currently the main JD's suppliers representing, respectively, 42.09%, 18.71% and 6.87% of the company's COGS. These brands are currently leading brands on the sportswear markets and the company must develop strong relationships with them in order to benefit from a high level of exclusive products and competitive prices, to have the ability to apply a premium pricing strategy and support the high gross margins.

**Operational efficiency and cost efficiency:** JD Sports is committed to optimize supply chain through the transition to a fully omnichannel supply chain, and to accelerate the company digital transformation through the investment in AI-driven analytics used on pricing and inventory management. The company aims to lower logistic costs and improve inventory levels with positive impacts on profitability.

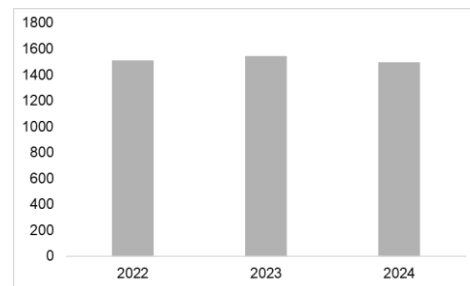
**Global economic conditions:** JD's profitability is influenced by the economic conditions that affects the regions where it is present. The demand is linked with the consumer sentiment about the economy and its own prospects for the future as a consumer with higher purchasing power and better prospects for the future is willing to buy more products and prefer premium instead of discount offers. The level of purchasing power is determined by economic indicators such as unemployment, inflation and GDP growth while prospects can be changed by geopolitical uncertainties.

## Company strategies

The company launched a new five-year plan at its Capital Markets Day, in February 2023, where it defined the commitment to consolidate as the leader on the global sports fashion retail market. In April 2025, administration decided to move the group into the next phase of its medium-term plan, within which the focus would be in improving shareholder returns by growing organic revenue ahead of the market and growing profit ahead of revenue. Across the four strategic pillars, there are a number of focused actions to highlight.

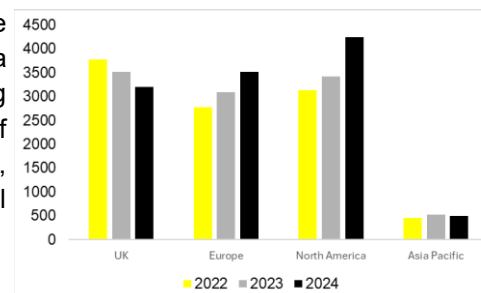
**JD brand First:** the company aims to increase the JD store footprint globally, by accelerating the opening of JD stores in North America, as the company intends to develop JD brand awareness in the region, and by consolidating their position on Europe. In this way, the company anticipates the JD store opening programme will contribute to open at least 200 new JD fascia stores per year, with a disciplined approach and three-year payback period. In North America, the company is converting its US Finish Line stores to the JD Fascia and is opening new JD stores in Canada, while in Europe the focus is on improve profitability, through the growth of revenue and the costs reduction and supply chain efficiency improvement.

Figure 13: Sporting goods' revenue, 2022-24



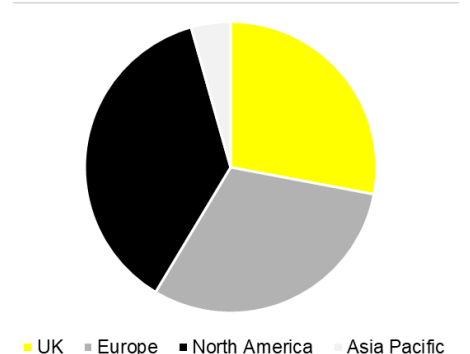
Source: JD

Figure 14: Historical revenues by region



Source: JD

Figure 15: Revenues by region, 2024



Source: JD



**Importance of Complementary Concepts:** Strengthening the complementary sports fashion offers to leverage complementary retail formats and cater to diverse consumer preferences. In North America, the business optimisation is the priority as the focus is on capitalise the multi-fascia customer proposition to grow ahead of the market and on improve return on space. In Europe, JD intends to benefit from the JD brand's strong position in these markets to accelerate the growth of the complementary businesses, specially the Courir brand.

**JD beyond physical retail:** Building a stronger platform for long-term growth, the company aims to create a single omnichannel experience. There is a commitment to full-implement the Click and collect option, allowing consumers to order online and collect in store. To achieve it, JD sports is replatforming its websites, strengthening cybersecurity and improving the efficiency and effectiveness of the supply chain. The group intends starting to benefit from the supply chain investments, as the Heerlen DC will be in full operation in FY26 and contribute to improved efficiency on the European business. On US, the multi-fascias supply chain integration allows to benefit from the cost synergies derived to Hibbet, inc. acquisition.

**People, Partners & Communities:** JD aims to enhance its people systems functionality by investing in a new global HRIS, ensuring a more unified and seamless HR experience across the organization. The group is also committed to building stronger youth communities through local initiatives led by the JD foundation, which promote health and wellness and support social mobility in its recruitment process- 87% of JD's employees are under 35. To ensure that the group recruits and retains the best talent, it has invested £70 million in salary and bonus increases.

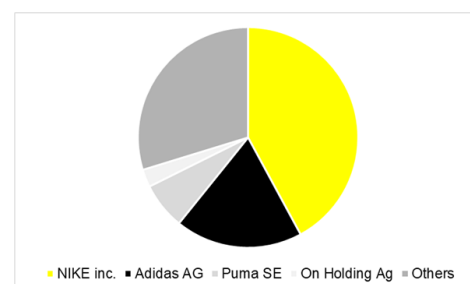
**Improve shareholder returns:** JD group intends to achieve strong cash generation. The group is focused on investing organically in the business to grow revenues ahead of the market and improve profitability. Gross margins are expected to remain stable, with operating leverage driven by enhanced supply chain efficiency in Europe and synergies in the US. As investments in supply chain and infrastructure near completion, CAPEX is expected to reduce to 3-3.5% of revenues and surplus cash used to supporting a progressive dividend policy and implementing a share buy-back program.

## Shareholder structure

The company has currently 5 160 million common shares outstanding, with each share granting one voting right. The main shareholder is Pentland Group Plc, a British privately-owned company specializing in retail and wholesale in the fashion, sports, and outdoor sectors, holding 51.6% of JD Sports' shares. Despite its majority ownership, JD Sports operates independently, governed by its own board of directors, while Pentland Group Plc maintains influence primarily through its board representation as its CEO Andy Long is a non-executive director, allowing it to guide major corporate governance decisions.

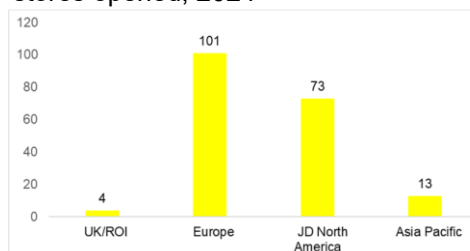
The remaining shares are owned mainly by institutional investors, accounting for 96.26% of the shares outstanding, but these holdings are widely dispersed in small portions of stock. FMR LLC and Blackrock are the second and third largest shareholders holding 4.52% and 3.29% of the shares, respectively.

Figure 16: Main JD's suppliers, as % of COGS



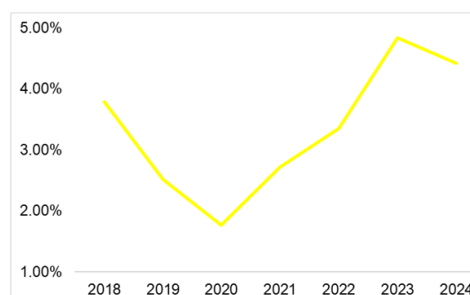
Source: Bloomberg

Figure 17: Number of JD brand stores opened, 2024



Source: JD

Figure 18: CAPEX, % sales



Source: JD

Figure 19: Top JD stock's holders

HOLDERS	
Name	% Stake
Pentland Group	51.6%
Fidelity Management & Research Company LLC	4.52%
BlackRock Investment Managemnt Ltd.	3.29%
Norges Bank Investment Management	2.79%
The Vanguard Group, Inc.	1.67%

Source: JD

## Dividend policy

The group has been committed to improving shareholder returns through an increase in the amount of dividends paid over recent years. The total DPS remained stable at around 0.3p between FY18 and FY21, only being reduced in FY20 to 0.02p. Since FY21, DPS increased substantially from 0.32p to 0.9p in FY24. When comparing the paths of EPS and DPS over the period 2018-2024, it's visible the distinct evolutions in earnings and dividends, as dividend payments are not directly indexed to group's profitability.

Recognizing that the group is a cash generative, the board remains committed to paying a progressive dividend and has proposed an increase in the total DPS for the current period to 1p. As the group transitions to a lower phase of capital investment, the increase in DPS is expected to continue in the future.

To further enhance shareholder returns, the group has commenced an initial £100M share buyback program which will be completed by 31 July 2025. This strategy signals the Board's confidence in the company's growth strategy and cash resilience during a period of high uncertainty.

## M&A activity

JD group has an intense M&A activity focused on expanding the global presence and enhancing its brand portfolio. The acquisition of complementary businesses aligned with the company's long-term goals contributes to the strengthening of market dominance and to improvements in efficiency and profitability through synergies.

### Hibbet, Inc. acquisition

On the 19 July 2024, the group announced the completion of the acquisition of 100% of the share capital of Hibbett, Inc. for a price of £71.7 per share (an enterprise value of £900 million) in cash. The acquisition was financed by a combination of existing US cash resources of £245.9 million and the remaining through the extension to existing bank facilities.

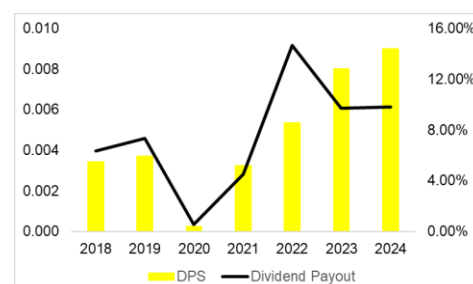
Hibbett is a leading premium sports fashion retailer with 1169 stores located in communities across 36 states across the US and has established partnerships with leading brands such as Nike, Adidas and Jordan. This acquisition expands JD's scale in the world's largest sportswear market, the US, and strengthens the presence of the complementary concepts segment in the southeastern US.

The deal is expected to be earnings accretive, with expected cost synergies of at least £25 million, as the company believes that the robust and highly efficient Hibbett's supply chain can drive growth for the JD brand and other complementary brands. In FY 23, Hibbett revenue was \$1.7 billion, EBITDA was \$186 million and PBT was \$131.6 million.

### Groupe Courir S.A.S acquisition

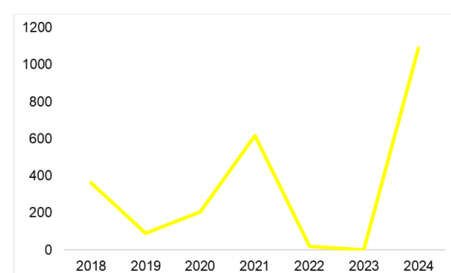
On the 27 November 2024, JD group announced the completion of the acquisition of Group Courir S.A.S for a price of £500 million financed through a combination of existing cash and a drawdown on the revolving credit facility. Courir is a premium sports fashion French retailer specialized in the sneakers markets, with a strong emphasis on fashion-forward selection froms major brands, like Nike and Adidas, primarily targeting female consumers. The deal reinforces the JD Group's position in Europe, particularly, within the complementary concepts segment.

Figure 20: DPS and dividend payout ratio historical evolution



Source: JD

Figure 21: Cash outflow related with acquisition of businesses



Source: JD

Figure 22: Hibbet, Inc. Logo



Source: Hibbet, website

Figure 23: Courir, SAS logo



Source: Courir, website



On FY 23, Courir reported revenue of €725.8 million and PBT of €50.3 million, with an expected £7 million of cost synergies in FY25.

### 3. Management and ESG

#### The Management team

Andrew Higginson has been JD Group's chairman since July 2022 and is a highly experienced Chair with over 33 years of Plc director experience. He previously served as Chair of William Morrison Supermarkets plc.

Since September 2022, the JD Group's CEO is Régis Schultz, a French businessman with 56 years old. He brings extensive experience as a CEO and deep knowledge across several retail sectors, such as home, sporting foods and food. In 2023, the company strengthened both its Board and the Senior Management team with key hires, including three new non-executive Board members and several Senior executives, such as a new General Counsel and a new CFO, Dominic Platt. These hires are designed to support the execution of JD's recently implemented five-year strategic plan.

Recently, the Board recognised the need to enhance its knowledge of the US retail landscape as the group is expanding its activity on the region, and recruited a new member of the board, Prama Bhatt. She joined the Board in September 2024 and is currently a US-based Independent non-executive director. During 2024, other two member left the board and reduced its overall size by one member.

#### Board Structure and Remuneration Policy

The Board of Directors (BoD) is compounded by 10 non-executive directors and 2 executive directors who are responsible to set the strategy and supervise progress against strategic goals to promote the long-term sustainable success of the company. There are five principal Board Committees to which the Board has delegated certain responsibilities and all of them are ruled by the principles set out in the UK Corporate Governance Code 2018 as issued by the Financial Reporting Council. The board acknowledges that over half of its members must be independent and, currently, all Non-Executive Directors, except for Andy Long, are considered independent directors.

The remuneration Committee is compounded by 4 independent non-executive directors and is responsible to guarantee the alignment of the remuneration policy with performance and stakeholder interests. It defines a mixed remuneration policy for the 2 Executive Directors, a base annual salary and an annual bonus calculated based on performance measures linked to group PBT, group revenue, group FCFF, group net promoter score and group employee engagement. It mustn't exceed 200% of base salary. Additionally, a pension scheme contribution is paid only in respect of base salary. From 1 April 2025, the CEO and CFO received a salary increase of 3% and 12,7% respectively.

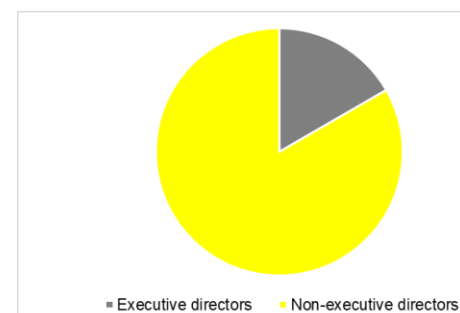
Regarding the remuneration policy for non-executive directors, the committee has established a fixed annual cash paid fee to reflect the time commitment and level of contributions that are expected from each non-executive director.

Figure 24: Board of Directors

Name	Tenure	Executive?
Régis Schultz	3	Yes, Chief Executive Officer
Andrew Higginson	3	No
Prama Bhatt	1	No
Andy Long	4	No
Dominic Platt	2	Yes, Chief Financial Officer
Kath Smith	6	No
Helen Ashton	4	No
Bert Hoyt	4	No
Ian Dyson	2	No
Angela Luger	2	No
Darren Shapland	2	No
Theresa Casey	2	No

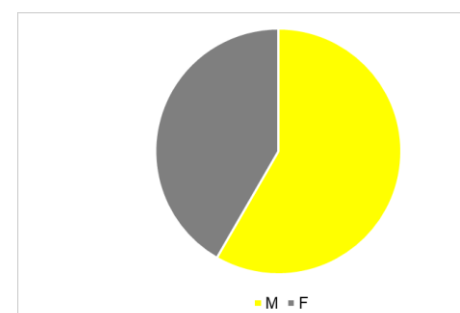
Source: Annual Report 2024

Figure 25: Executive directors, 2024



Source: Annual Report 2024

Figure 26: Board Gender equality



Source: Annual Report 2024

## ESG Profile

The company is conscious of its responsibility toward the planet and people's life, demonstrated by the creation of an ESG committee responsible for the implementation, control and evaluation of practices related to climate, biodiversity and people-based disclosures. The Group's commitment to reducing the collective environment impact of its operations is reflected on its zero-carbon proposition, aimed at combating climate change and complying with the climate targets set by the Paris Agreement to limit global warming. JD also strives to create a positive impact on people's life and established the JD Foundation, a charitable organization dedicated to driving real change and supporting young people.

The group has been included in the top 500 of Europe's climate leaders by the Financial Times for the past three years and, in 2024, was recognized by Morningstar Sustainalytics as an ESG Top Rated company. JD is well-positioned in ESG terms, with an overall ESG score of 3.33, reflecting a leading position when compared to the industry.

## Environment

In the Environmental Pillar, JD currently holds a leading position in the Bloomberg peer ranking. In FY23, it received a BESG score of 2.26 note and had an average of 2.21 over the last five years. JD is committed to reducing carbon emissions and achieving net zero by 2043, setting a target to reduce in 67,2%, Scope 1 and 2 GHG emissions by 2036. The group was able to reduce GHG emissions relative to sales by 36% in 2023 when compared with 2019 baseline year and is, currently, a member of the RE100 project, which aims for 100% renewable energy usage.

The group has also made significant efforts to contribute to a circular economy with zero waste. JD supports the WRAP textiles 2030 initiative by prioritizing sustainable raw material sourcing and the improving sustainability at product stage design. In 2023, 95% of total cotton use, 3 273 tonnes of cotton, was sourced via through the "Better Cotton" initiative in which the company expects to achieve a 98% conversion by 2026, and other alternative solutions are being considered such as recycled polyester and wadding. JD's waste reduction achievements are verified third-party verified through its "Zero Waste to Landfill" certification.

## Social

JD achieved a BESG Social Pillar score of 2.04 in FY24, with a five-year average of 1.56, making it the lowest score pillar. The company has been increasing its efforts to promote gender equality in both management positions and operational roles. Since FY 2020, the number of women on management boards has exceeded the number of men (50.18% in FY2020 and 50.4% in FY2023). JD's attempts to reduce gender pay inequality have also been successful, with the gender pay gap decreasing from 18%, in FY 2021, to 8.88% in FY2023.

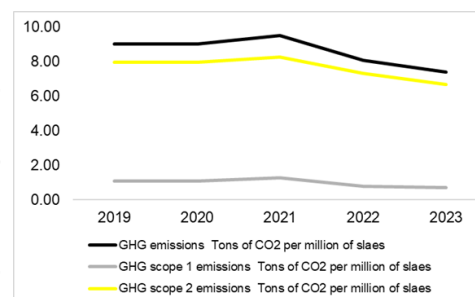
The group created the JD foundation in 2015 with the aim of supporting young people and creating a positive impact on communities. The foundation supports charitable organisations across the UK that develop high-impact programs to help young people reach their full potential, providing both monetary and goods donations. The group has launched several social initiatives, with one of the most notable being the in-store donation program: "Together We can", which has raised almost £800K since its launch in October 2021. Only in 2023, the group donated more than £1Million to local charities.

Figure 27: Main ESG company's propositions

Target	Deadline
SBTi   Scope 1 and 2 emissions reduction by 67.2%	2036
RE100 Pledge	2025
CDP score vs. sector	Annual
Better Cotton: to reach 98% conversion	2026
Conversion of main material (polyester) in Private Labels (JD and Outdoors only)	
Outdoor footwear leather accreditation	
<b>Social Action</b>	
73% achievement of Employee Engagement Score	2026
400 apprenticeships	2026
JD UP to positively impact over 10,000 young people	2026

Source: Annual Report 2024

Figure 28. GHG emissions

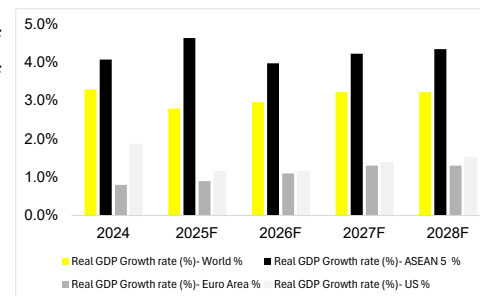


Source: Annual Report 2024

## Governance

JD recognises the importance of building a diverse and inclusive team where colleagues feel supported, respected and empowered to achieve their ambitions, to promote the long-term success of the group and serve the interests of its key stakeholders, such as suppliers and customers. The company has been recognised for maintaining high standards of corporate governance, as evidenced by the 7.13 rating obtained on the BESG governance Pillar score. Aware of the importance of global partnerships with key brands, the group has implemented an Ethical Code of Practice which includes health and safety measures and safeguards for supply chain workers, ensuring strong supplier engagement and ethical sourcing practices.

Figure 29: Real GDP growth projections



Source: International Monetary Fund

## 4. Industry Overview and Competitive Positioning

### Macroeconomic Outlook

- Real GDP and CPI

Over the past four years, the global economy has experienced significant shifts. Initially, there was a strong economic recovery from the recession caused by the COVID-19 lockdown, with global real GDP YoY reaching 6.6% on 2021. However, in February 2022, the outbreak of the war in Ukraine disrupted global supply chains and led major global economies to impose sanctions imposed on Russian exports. This resulted, in surging energy and food prices and consequently a scenario of high inflation and economic contraction.

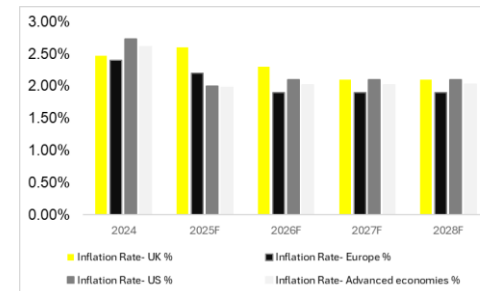
In 2022, the global inflation rate reached 8.6%, the highest value since the 2008 world financial crisis, and dropped, gradually, to 6.7% and 5.8% in 2023 and 2024, respectively.

Europe and the United States was among the most affected regions by the economic consequences of the war. In response to high inflation, central banks decided to increase interest rates as an attempt to reduce demand and restore inflation rate to their 2% target. In 2023, real GDP growth slowed to 0.6% on Europe, reflecting weaker consumer spending and industrial output; while in the United States real GDP growth was above the 2022 levels, with an 2.9% YoY growth, despite the rise of interest rates to control inflation as consumer spending stayed strong, with wages growing and unemployment rates remaining low.

In 2024, inflation rates stabilized, leading central banks to ease monetary policy through interest rates cuts. As a result, both the European and UK economies expanded modestly, with real GDP growth reaching 1.1% in both regions; and is expected to remain modest at around 1.5% YoY in the coming years due to weak consumer demand and low industrial competitiveness. Meanwhile, in the United States, real GDP growth remained around 3% as FED held interest rates steady and consumer spending remained moderate.

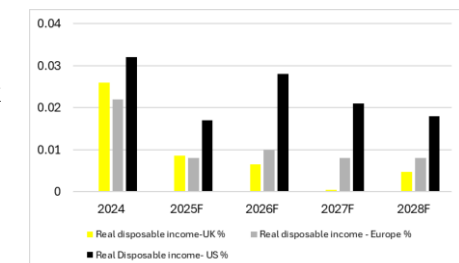
The Asia Pacific region showed strong economic resilience to the global challenges stemming from the war in Ukraine and subsequent supply chain disruptions. Real GDP growth remained around 5% over the past four years, reaching 4.5% in 2024. Meanwhile, inflation rates spiked to 4.8% in 2022 but declined rapidly to 3.5% in 2023 and 2.3% in 2024. This resilience was largely driven by a growing population and expanding middle-class, which supported the economy from inflationary pressures through a strong consumer demand and a growing workforce which enhances productivity. Economic growth is expected to remain strong in the next years, supported by robust consumer spending and the

Figure 30: Inflation rate projections



Source: International Monetary Fund

Figure 31: Changes on real disposable income forecasts



Source: International Monetary Fund

region's critical role on the global supply chain for semiconductors and electronic devices. Inflation is projected to stabilize around 2% in the coming years.

- Consumer Confidence Index (CCI)

The CCI is an economic indicator that measures consumer sentiment about current and future economic conditions. It reflects how consumers perceive their financial situation and the overall economy

A CCI above 100 signals a boost in the consumer's confidence towards the future economic situation, meaning people are less prone to save, and more inclined to spend money on discretionary purchases such as fashion wear. Rising inflation, higher interest rates and recession fears are some of the economic indicators that negatively influence consumer sentiment and restricts consumer spending. In 2022, consumer confidence declined sharply due to high inflation and economic contraction across major global economies, making consumers more price sensitive. However, since then, the overall trend has been positive, with CCI gradually recovering across all major regions. By mid-2024, the UK's CCI even surpassed 100, signalling renewed consumer optimism.

At the start of 2025, CCI decreased in Europe but showed a slight increase in the United States, although it remains below 100 in both regions. In the short term, it's expected to remain weak, as interest rates should remain in high levels and GDP growth low. However, as inflation continues to ease and growth economic growth prospects improve, consumer sentiment should strengthen, leading to higher demand for discretionary goods.

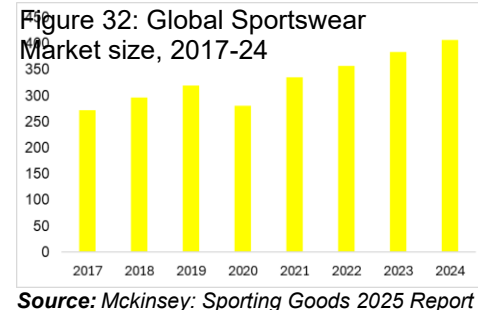
## Market Overview

The Sportswear retail market is characterized by the sale of a wide range of branded and private-label products oriented for athletic performance and athleisure and lifestyle use. It includes athletic footwear, apparel and accessories such as bags, caps or socks.

The market has a structure with characteristics similar to a monopolistic competition as there are several major players and smaller local retailers with power to control prices due to the selling of differentiated products on brand mix, store experience and customer service. The dominance of big players and the brand exclusivity deals achieved by big retailers difficult the enter in the market growth, despite of online commerce appearing to be an appropriate platform to the development of niche markets.

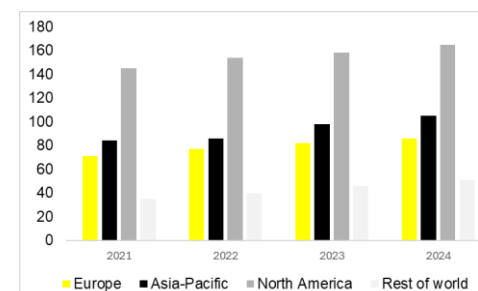
The industry has demonstrated strong resilience through the most recent economic downturns. During the post-pandemic recovery period, it achieved a 6.7% CAGR, slightly below the 8.3% CAGR recorded between 2017 and 2019, whereas the growth outlook is expected to soften to about 6% CAGR during the 2025-29 period, according to McKinsey. The Asia-Pacific region stands out with the highest expected growth, driven by rising disposable incomes, a growing middle class, and increasing health awareness. In contrast, Europe and North America are expected to experience more modest growth.

The sportswear market is structurally growing, though at a slower pace as it matures and becomes more saturated. It has already captured a large share of the footwear and apparel market, with both categories increasing their respective shares within each global category. Sports footwear has driven the footwear category globally, with its market share rising by 17% from 2010 to 2024.



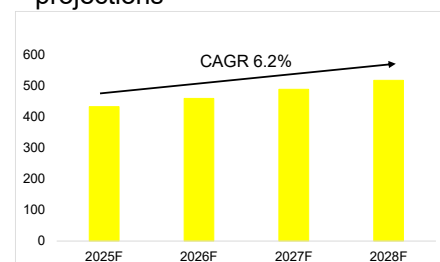
Source: Mckinsey: Sporting Goods 2025 Report

**Figure 33: Market revenues by region, 2021-24**



Source: Mckinsey: Sporting Goods 2025 Report

**Figure 34: Market Growth projections**



Source: Mckinsey: Sporting Goods 2025 Report

## **Trends**

The main demand trends in the industry are the changes on daily life habits and on consumer preferences, technological innovation, sustainability and omnichannel.

The rising participation in sports and recreation activities has led to an increase on the sportswear's demand worldwide. Conscious of the benefits of physical activity on health and in preventing diseases, governments are fostering initiatives to incentive physical activity and sports participation as a measure to reduce public healthcare costs. According to WHO estimates, current physical inactivity levels will result in new cases of preventable disease and an increased cost of \$300 billion to public healthcare systems by 2030.

As consumers seek comfort and functionality in its daily clothing choices, the athleisure dress style which refers to athletic apparel designed to be worn both for exercise and casual use, is today increasingly dominating everyday fashion. Social media and celebrity endorsement have been performed an important role on the spread of the Athleisure trend and on its social acceptance.

Technological innovation includes the introduction of new uses of Augmented reality in store and online marketplaces is a method that shoppers has been using to improve customer experience and engagement. Virtual Fitting rooms are transforming how consumers shop online and in-stores, as it allows the customers to simulate how clothes would look and fit.

The increasing awareness of today's consumers with eco-friendly and sustainable practices has contributed to an increased focus of the players in the sector on reducing environmental impact of its activity and ensuring ethical labor practices. Changes in production processes are occurring as brands are replacing the materials uses with recycled and organic materials and adopting the use of renewable energy in supply chains.

The growing integration of an omnichannel approach in the industry comes in response to the current consumer expectation to have a seamless experience whether it's interacting through the website, social media or visiting a physical store. E-commerce is growing and driving industry sales, while physical role still plays a crucial role. As customers might browse online and buy in-store, or vice-versa, the companies must invest in several different channels of commerce to meet the customer where it is.

## **Demand drivers**

The main factors which drive demand in the sportswear retail industry are economic and political stability, lifestyle and fashion trends.

Consumer sentiment is pointed out as the main driver that drives demand in the global fashion industry. The high inflation period that affected the economic stability in Europe and US, forcing Central banks to raise interest rates and the geopolitical instability lived worldwide with the wars in Ukraine and Israel are events that contributed to a reduction on consumer sentiment. As consumers are more afraid of its future, they tend to spend less, specially, in non-essential goods, what leads to a reduction in demand for sports fashion.

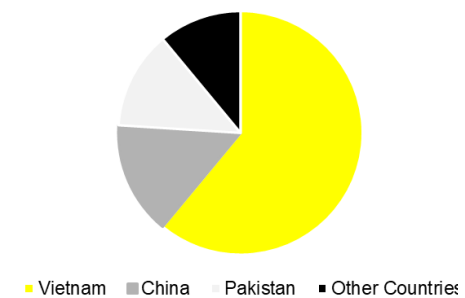
The health and fitness awareness, specially from young consumers, is driving the expansion of the global sportswear market and the fuelling the demand for sportswear. As more people are engaged to participate in sports activities, the demand for appropriate apparel and footwear is increasing.

The rise of athleisure on fashion industry is resulting in the development of sportswear items that are stylish and worn for aesthetics. Sportswear is now worn for daily activities and social outings, as its acceptance as casual outfits is increasing on the society.

## Supply drivers

The availability and cost of raw materials, technological innovation, the global integration of the supply chain and regulatory environment are factors that affect supply for JD. Sportswear production requires the access to key materials such as cotton, polyester, rubber and leather, whose availability and pricing fluctuate as global market condition changes. Supply capacities are determined by the level of sophistication and innovation in the production processes used to manufacture clothing and footwear. As sustainability and ethical concerns rise within the industry, brands need to innovate the materials and manufacturing methods, efficiently incorporating recycled and organic materials. Manufacturing brands rely on vast and complex supply chains, with most production facilities far from the end consumer. Retailers make efforts to maintain strong relationships with brands, as they rely on timely and consistent supply. The changes in the regulatory and trade environment affects trade flows and costs. The recent tariffs imposed by the Trump administration on imports from key U.S. trading partners, including China and Vietnam, the two main sourcing countries for the sportswear industry, affects supply chain as it increases the cost of importing goods from these regions.

Figure 35: Top sourcing countries of the industry



Source: Statista

## Competitive Positioning

- Peers Identification

JD Sports' peers were selected using the SARD model approach and multiple selection criteria. The initial dataset was sourced from Bloomberg and included the top 50 largest sports fashion retailers by sales. From this list, non-listed companies and companies without operations in North America, Europe and Asia Pacific were excluded.

Subsequently, the SARD approach was applied to select the companies with the highest similarity to JD based on key fundamental metrics. The variables considered in the selection process included ROE (profitability), market capitalization (size), Net debt/EBIT (risk), revenue growth and EBIT margin (operational efficiency).

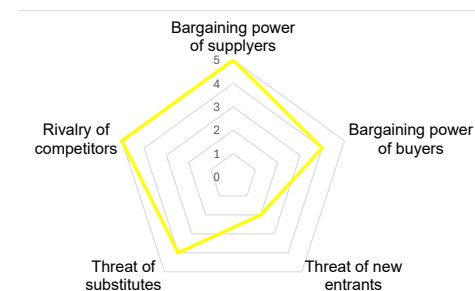
The final peer group, consisting of five companies, was founded and will be used in the Multiples Valuation.

- Five Forces of Porter

Bargaining Power of buyers: Medium-high (4)

The bargaining power of buyers in the sportswear retail industry is medium-high. The presence of many players in the market provides customers with a wide range of available options, both through online and in-store platforms, making it easy for them to switch between retailers. Most customers are highly price-sensitive in their purchasing decisions, despite having elevated expectations regarding product quality and exclusivity, and being willing to pay a premium for high-quality, exclusive product. To differentiate their offerings and gain greater control over pricing, retailers aim to secure exclusive products through strong relationships with major brands and to enhance customer experience.

Figure 36: five forces of porter



Source: Author Analysis

#### Bargaining power of suppliers: High (5)

The bargaining power of suppliers is highly significant for retailers in the market. Companies rely on a small number of key sportswear suppliers that dominates the industry. Brands like Nike and Adidas hold considerable power over price and wholesale terms and are currently placing greater emphasis on their vertical integration strategies through DTC channels, which reduces dependence on multi-brand retailers. Establishing strong partnerships with suppliers is essential for retailers to secure exclusive products and distribution rights.

#### Threat of New Entrants: medium-low (2)

The level of threat of new entrants in the market is low due to high capital requirements and the presence of well-established retailers in the industry. The sportswear market is dominated by large retailers that benefit from strong customer loyalty, widespread brand recognition, and operates through a large chain of stores that requires a well-developed distribution network. New entrants would need to invest heavily in infrastructures and marketing to compete with these big retailers. As a result, many new businesses choose to focus on online channels and communication through social media to avoid the significant expenses associated with operating physical stores.

#### Threat of Substitutes: Medium-high (4)

The sportswear retail industry sells branded sports footwear and apparel targeting both performance and fashion-oriented consumers. Customers might opt for cheaper or trendier alternatives that fulfil the same fashion function by purchasing from fast fashion retailers like Zara, with no switching costs involved. Some consumers might also choose to buy counterfeit products of lower price and quality instead of genuine items, especially during economic recessions, which threatens profitability within the industry. Retailers reinforce the product exclusivity and brand collaborations to justify premium pricing and satisfy the consumer desirability of brand-name products.

#### Rivalry of Competitors: High (5)

The level of competitive rivalry in the industry is high as international retailers continuously compete to capture greater market share, while smaller local retailers gain brand recognition within their regions of operation. The rise of online commerce has further intensified competition, as new entrants adopt an online-only approach that allows them to challenge major players without facing the high capital requirements associated with a physical store presence. Retailers frequently resort to price cuts and promotional activities, which negatively impact profit margins. In response, premium retailers focus on establishing brand partnerships and securing access of exclusive products to differentiate their offerings.



- SWOT Analysis

### Strengths

- Strong **brand notoriety** and **Customer loyalty**
- **Double digit revenue growth**, outperforming the market
- **Strong partnerships** with major sportswear brands
- **High M&A activity** improved brand portfolio
- **Integrated Global** supply chain
- **High level** of product differentiation
- **Strong** cash generation and **disciplined** capital allocation

### Opportunities

- **High Market growth** potential in **Asia-Pacific region**, driven by rising regional economies and a growing middle-class population.
- **Growing Athleisure fashion trend**
- The **rise of health and fitness lifestyles**
- **Development of AI tools** used to improve customer experience and cost efficiency
- Increasing consumer awareness of environmental and sustainability practices

### Weaknesses

- Group's revenues still **rely heavily on the UK market**
- **High dependence** on key brand partners
- **Limited online presence**
- **High vulnerability** to changing fashion trends

### Threats

- **Global Geopolitical instability** leading to lower levels of consumer confidence
- **Shift towards DTC by major brands**
- **Supply chain disruptions** in consequence of natural disasters and/or geopolitical tensions
- **US tariffs** imposed on the imports of sportswear products
- **Intensifying competition** from online marketplaces
- **Presence of counterfeit products**

## 5. Investment Summary

Considering a high-risk investment profile, the DCF method using FCFF approach supports a Strong Buy recommendation for JD Sports, with an upside potential of 51.86%, translating in a final price target of GBP153.24/sh., for 2026YE. The closing price of GBP81.42 on 26 June 2025, was used against the final PT. The gap between the target price and the current market price can be attributed to several factors, including:

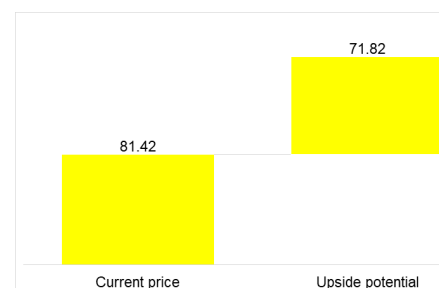
- Weaker demand in the sportswear retail sector due to inflationary pressures in key markets such as the US, UK, and Europe, alongside political instability, which has negatively impacted disposable income and consumer sentiment;
- Increased uncertainty from higher import tariffs on goods sourced from key manufacturing countries of the industry, like Vietnam and China, which may pressure wholesale prices and, consequently, margins;
- Intense promotional activity and the lower attractiveness of UK retail Equities, with many stocks trading at a discount to international peers. This reflects ongoing regulatory uncertainty, softer growth prospects, and reduced market liquidity, a situation further exacerbated by the long-term effects of Brexit.

### Valuation methods

Two absolute methodologies were applied to determine JD's Price target: the FCFF discounted at WACC served as the base model, and the Adjusted Present value (APV) method was used as a complementary approach, reaching a target price of GBP142.62, reflecting an upside potential of 44.82%, also supporting a strong buy recommendation.

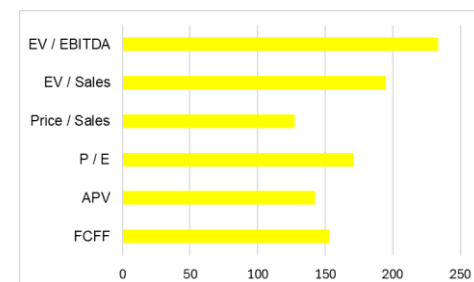
A relative valuation based on Trailing Twelve Month (TTM) multiples, yielded a broader range of values, between GBP127.5 and GBP233.43 per share. This divergence can be explained by structural differences between JD Sports and its

Figure 37: Price target, 2026YE



Source: Author Analysis

Figure 38: Summary of methodologies used



Source: Author Analysis



listed peers, as well as its market leadership position in the sector. Consequently, the relative valuation was not considerably significant to fundament investment recommendation decision.

### Investment Risks

JD Sports is exposed to a number of external risks that could materially affect its performance. The company demonstrates high sensitivity to gross margin fluctuations, driven by potential rises in wholesale prices as suppliers seek to offset increased costs recurring from higher import tariffs; and more intense promotional activity adopted by competition. Operational risks, particularly supply chain disruptions and cybersecurity incidents, could significantly impact the business by interrupting operations and affecting profitability. Despite meaningful investments in logistics infrastructure and IT security, the **overall risk level associated with JD Sports' business remains high.**

## 6. Valuation

### Free Cash Flow to the Firm (FCFF)

To value JD Sports, a Discount Cash Flow (DCF) method was applied, specifically using the FCFF approach. Although the company operates across multiple continents and regions and has disclosed strategic guidelines for its operational segments within its 5-year strategic plan, JD Sports does not publish segment-level financial statements. It limits the feasibility of implementing a Sum of Parts (SoP) valuation approach. As a result, an integrated FCFF valuation approach was used.

The Price Target for JD Sports was determined using a two-stage DCF model, including a detailed 2025-28F FCFF forecast, aligned with the company's strategic plan; and complemented with a stable growth model in the perpetual period. The 5-year strategic plan which began at the end of the FY23 and will conclude at the end of FY28, marks the end of the company's expansion phase, as it is expected to enter a mature phase of its life cycle from FY29 onwards.

The integrated approach yields a 2026YE price target of GBp153.24/sh, meaning an upside potential of 51.86%

The main variables that impact the evaluation are: (i) forecasted business segment revenues; (ii) forecasted gross margin; (iii) CAPEX and NWC; (iv) WACC; and (v) terminal growth rate (g).

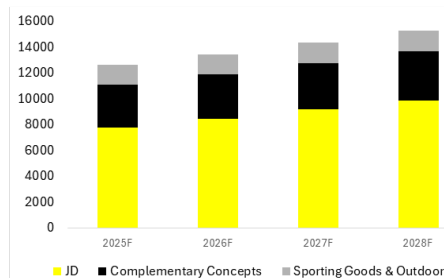
### Forecasted business segment revenues

JD's Total Revenues are the sum of all business segments in which the company operates. Revenues for the JD segment were split by geography (UK; Europe; North America; and Asia Pacific) and forecasted based on the specific macroeconomic environment of each region and the company's expectation regarding the opening of new JD brand stores. The complementary concepts segment's revenues were split into the two main sub-categories: complementary and community and forecasted based on the specific market growth expectations.

Based on the forecast, total revenues are expected to grow at 7.1% CAGR over the period FY25-28. However, the accuracy of these projections remains highly dependent on macroeconomic conditions and market growth trends.

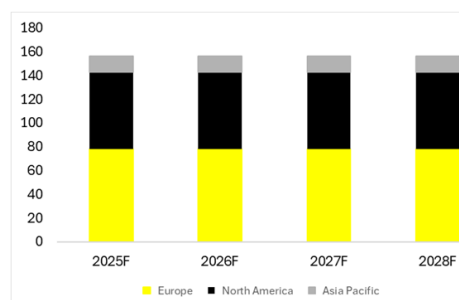
**JD|** LFL sales were forecasted based on macroeconomic indicators for each region. LFL sales growth reflects the performance of existing physical stores at the beginning of each year and is expected to evolve in line with the growth in real disposable income within each region, a key macroeconomic indicator of consumer purchasing power that is also reflected in consumer sentiment indices. Over the

Figure 39: Revenues per operational segment



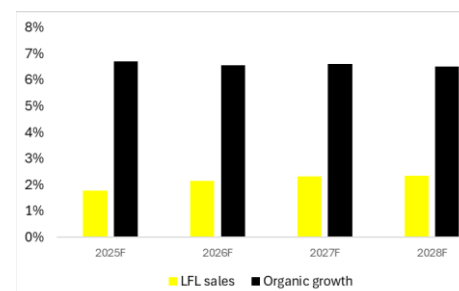
Source: Author Analysis

Figure 40: New Stores openings



Source: Author Analysis

Figure 41: LFL Sales and organic growth (%)



Source: Author Analysis

forecasted period, the group plans to open 200 new JD brand stores, including Finish line conversions, supporting the group's ambition to expand JD brand footprint globally and drive revenue growth through physical expansion, particularly in Europe and North America, where the group identifies stronger growth potential. As a whole, the JD segment is projected to grow at 6.4% CAGR between FY25 and FY28, with Europe and North America contributing most significantly to sales growth.

**Complementary Concepts** | This segment includes a diverse set of brands targeting specific niches and customer targets. LFL sales growth was projected in line with the expected growth of the sportswear retail market in Europe, for the complementary sub-category, and in North America for the Community sub-category. Revenues for this segment are projected to grow at 11.9% CAGR, between FY25 and FY28, largely driven by the revenue contributions from the acquisitions of Hibbet, in North America, and Courir in Europe.

**Sporting Goods and Outdoor** | For this segment, no investments in new store openings are projected during the forecasted period. Revenues are expected to grow in line with global real GDP growth. Consequently, this segment is projected to grow at a 2.4% CAGR during the forecasted period, with its contribution to total revenues declining from 13% in FY24 to 11% in FY28.

### Forecasted Gross Margin

Gross Margin has been stable around 48% over the past 6 years, as the company pursued a full-price strategy, avoiding reliance on promotional activity. JD has also established strong brand partnerships with premium sportswear brands, such as Nike or Adidas, which has enabled access to exclusive products with high degree of differentiation and beneficial commercial agreements. This strategy has allowed the company to replicate the purchasing prices changes on the selling price, ensuring it remains competitive while protecting margins. Despite the imposition of tariffs on imports to the US, management team doesn't expect significant price increases from suppliers. As a result, gross margins are expected to remain around 48% during the forecasted period

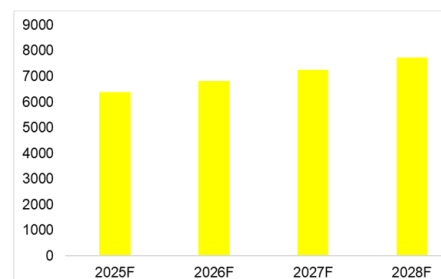
### CAPEX and NWC

Over the last two fiscal years, JD had Sports increased its CAPEX, representing 4.84% of sales in FY23 and 4.42% of sales in FY24, contrasting with the historical average of 3.16% for the period between FY18 and FY24. This increase was driven by greater investments in infrastructure and supply chain operations to support the global expansion of the JD brand and enhance operational efficiency. According to management guidance, this heightened investment phase has now concluded, and CAPEX is expected to gradually decline to a target of 3% of sales by FY27.

Consistent with common practice in the retail industry, the group leases a large proportion of its stores and infrastructure. Over the forecasted period, right of use assets are projected to grow in line with the expansion of the group's store portfolio.

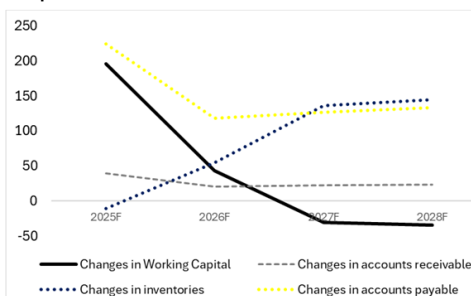
To support business growth, changes in net Working Capital (NWC) are expected to be positive in the first half of the forecasted period, £195 Million and £43 Million in FY25 and FY26, respectively, before slightly reduce above zero in the next two years. The group has historically demonstrated strong inventory management, maintaining the inventory/sales ratio (excluding M&A) at approximately 0.15, a level it intends to uphold throughout the forecasted period.

Figure 42: Gross Margin, £Millions



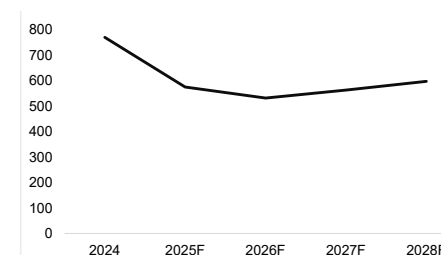
Source: Author Analysis

Figure 43: Changes in Net Working Capital



Source: Author Analysis

Figure 44: Working Capital requirements



Source: Author Analysis

## Weighted Average Cost of Capital

To discount the FCFF's, CAPM approach used to estimate the cost of Equity. As a proxy for the risk-free rate, a 10-year UK government Bond Yield was used, adjusted by adding the UK sovereign Credit Default Swap (CDS) spread. The beta was estimated using a Top-down approach, based on the regression of JD's stock returns against FTSE All-share index, and subsequently adjusted using Blume's adjustment methodology. The market risk premium applied was 5.93%, derived from the sum of the Equity Risk Premium (5.13%) and the Country Risk Premium (0.8%) for the UK market, both provided by Damodaran (2025). The Cost of Debt estimated at 4.78% was calculated using the Default Risk Model with an assumed company default spread of 0.85%. Both the cost of equity and cost of debt are assumed to remain constant throughout the forecasted period.

For the WACC calculation, book values were considered for the capital structure, since JD's total debt is primarily composed of interest-bearing loans and lease liabilities, which are not actively traded and whose book values closely reflect their economic value. Between FY25 and FY28, the WACC is expected to fluctuate between 7.7% and 9%, reflecting changes in the company's capital structure. In the terminal period, the capital structure is assumed to remain stable, and the terminal WACC will be equal to the WACC in the final forecast year, equal to 9%.

## Terminal growth rate(g)

The second stage of the DCF model consists of a perpetuity, in which JD Sports' terminal value was determined using the stable growth model. The long-run sustainable growth rate of 2.2% was derived using the firm approach with reinvestment rate.

## Adjusted Present Value

The APV method was applied as an alternative to the FCFF valuation approach. This method is particularly suitable for companies whose capital structure is expected to change over time, as is the case with JD Sports. The APV involved the calculation of the value of the unlevered firm, as if it were entirely equity-financed, by discounting the FCFF at the unlevered cost of equity, which was projected to increase from 8.6% in FY25 to 9.8% in FY28. To this value, the present value of the tax shields generated by the deductibility of interest expenses on debt was added, using a 4.78% cost of debt rate and an effective tax rate of 26.55%.

This approach resulted in a 2026YE PT of GBp142.62£/sh., which further supports the Strong buy recommendation indicated by the FCFF-based valuation.

## Relative Valuation

The Relative Valuation Multiples approach was used as a complementary method to the DCF valuation, applying a peer group selected through the SARD methodology. The data used was sourced from Bloomberg, and Trailing Twelve Months (TTM) multiples were preferred as they better reflect the latest financial performance of each company and reduce inconsistencies and estimation biases associated with forecasted multiples. To mitigate the impact of outliers, the median value within the peer group was adopted for each multiple. The following results were obtained:

- EV/EBITDA: peers median equal to 5.9x. A PT that results in GBp 233.43/sh.
- EV/Sales: peers' median equal to 0.84x. A PT that results in GBp194.8/sh.
- Price/Sales: peers' median equal to 1.32x. A PT that results in GBp127.5/sh.
- Price/Earnings: peers' median equal to 9.86x. A PT that results in GBp171.26/sh.

Figure 45: WACC assumptions

WACC Assumptions		
Rf	3.93%	10Y UK government bond yield minus CDS spread
MRP	5.13%	Damodaran (2025)
CRP	0.80%	Damodaran (2025)
Tax rate	26.55%	Historical average
Rd	4.78%	Default Risk Model
Terminal growth rate	2.2%	Firm Approach-Reinvestment rate

Source: Author Analysis

Figure 46: JD's list of peers

JD Peers
#1 Buckle Inc
#2 Canadian Tire Corporation Ltd
#3 Academy Sports and Outdoors Inc
#4 Frasers Group PLC
#5 Foot Locker Inc

Source: Author Analysis

The multiples-based valuations generally produced significantly higher 2026YE price targets than those derived from absolute valuation methods, except for the Price/Sales multiple. One possible explanation for this discrepancy lies in the differences in capital structures between JD Sports and its peers. As a result, the relative valuation method was not considered to give investment recommendation on JD Sports.

## 7. Financial Analysis.

**Profitability** | Gross profit margin remained stable around 48% during the period 2018-23, reflecting the company's commitment to a full-price strategy, prioritizing product differentiation over price competition and aggressive promotional campaigns. Over the forecasted period, the gross margin is expected to remain around 48%, supported by ongoing collaborations with brand partners, which should continue to secure exclusive products and advantageous commercial agreements. Operating margin fluctuated between 6.24% in FY20 and 8.8% in FY23 and is projected to improve to approximately 9.4% during the forecasted period, as the company begins to realize the benefits of recent investments in supply chain and IT infrastructure, driving higher operational efficiency. As a result, net profit margin is forecast to increase from the 4.71% in FY24 to 6.32% in FY25, maintaining those levels throughout the remainder of the forecasted horizon.

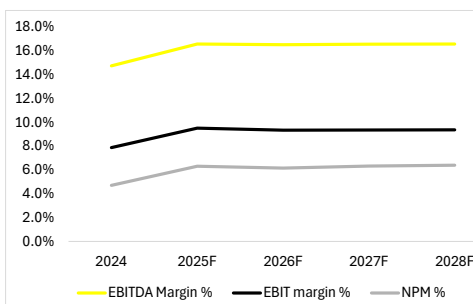
**Liquidity and NWC management** | Between FY18 and FY24, the current ratio consistently remained above 1, while the cash ratio fluctuated between 0.28 and 0.74. This reflects a strong liquidity position, with the company able to meet its short-term debt obligations and absorb WC fluctuations. During the forecasted period, JD Sports is expected to maintain this financial strength, with the current ratio projected to stay above 1, improving from 1.47 in FY25 to 1.99 in FY28.

Regarding NWC, the company has demonstrated effective management of trade receivables, as the receivables turnover ratio improved between FY18 and FY24, indicating a greater ability to collect payments from customers. However, inventory turnover has been declining since FY21, driven by economic slowdowns caused by inflationary pressures and macro uncertainty, which reduced consumer spending and triggered intensified promotional activity from competitors. Looking ahead, the expected improvements in supply chain efficiency should support higher inventory turnover, with the ratio forecast to increase from 3.32 in FY24 to 3.69 by FY28. Meanwhile, payables turnover increased consistently between FY18 and FY24 and is expected to stabilize around FY24 levels throughout the forecast period.

As result, WCR are expected to remain positive between FY2025 and FY2028, supporting the company's operational and liquidity needs.

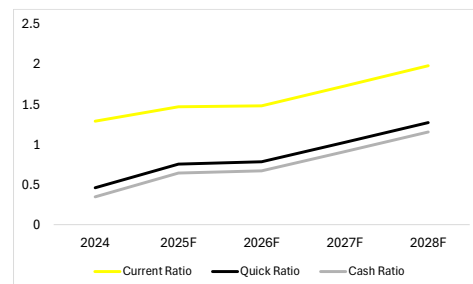
**Solvency and Capital Structure** | To access JD's solvency, the analysis of the interest coverage ratio serves as a key indicator of financial stability and credit risk. Between FY18 and FY24, this ratio consistently remained above 5, except in FY2022, when rising interest rates significantly increased financial expenses. This performance highlights the company's strong ability to meet debt obligations and maintain a low credit risk profile. For the forecasted periods, interest coverage ratio is expected to remain above 5, while the Net Debt/EBITDA ratio is projected to improve from 1.65 in FY24 to 0.18 in FY28, which has remained stable around a stronger solvency and lower levels of risk of default. Additionally, the Debt ratio which

Figure 47: Profitability ratios



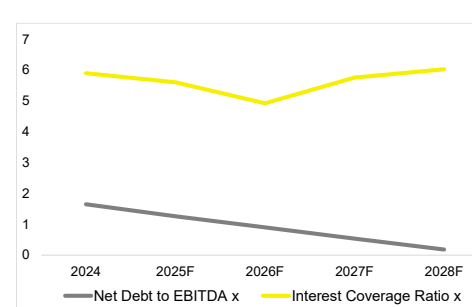
Source: Author Analysis

Figure 48: Liquidity ratios



Source: Author Analysis

Figure 49: Solvency Ratios



Source: Author Analysis

has remained stable around 0.65 in recent years, is expected to gradually decline to 53% by FY28.

**Economic value added** Over the forecasted period, the Return spread (ROIC-WACC) is projected to remain positive, starting at 3.23% in FY25 and gradually declining to 1.23% by FY28. This positive spread indicates value creation, as the company's return on invested capital (ROIC) consistently exceeds its cost of capital, confirming that JD is generating returns above the cost of financing its investments. It also suggests that the company has the potential to continue growing over the long term through sustainable investment opportunities. Between FY25 and FY28, JD is expected to create economic value ranging from £276 to £134 million per year.

**Dividend policy** The dividend payout ratio has shown slight fluctuations over the historical period, remaining modest throughout, as the company prioritized reinvestment in growth opportunities over large shareholder returns. For the forecasted period, the company expects to leverage its strong cash generation capacity to gradually enhance returns to shareholders, as investments in supply chain and expansion initiatives slowdown and begin to delivery higher levels of profitability. As consequence, DPS are projected to increase, moving in line with the growth in EPS. The dividend payout ratio is expected to remain around 10%, in line with the levels recorded over the last two historical periods.

## 8. Investment Risks

JD Sports is exposed to significant risks that may impact its business and, consequently, its valuation. The identified risks are assembled in the following categories: (i) Market Risks; (ii) Operational Risks; (iii) Political and Legal Risks; and, (v) Environmental Risks.

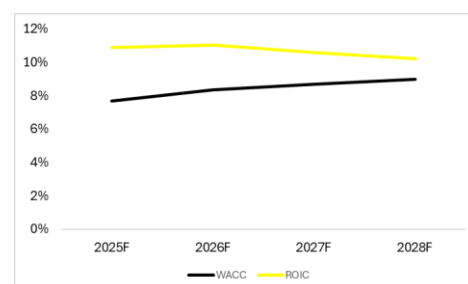
### Market Risk | Competition (MR1)

Intense competition from online marketplaces, which offer a wide range of products at lower prices and promote aggressive promotional campaigns, may challenge JD's ability to maintain its premium positioning and put pressure on margins, negatively impacting profitability, particularly in markets where younger digitally engaged consumers prioritize convenience and price. In response, JD Sports is strengthening its partnerships with premium brands, such as Nike and Adidas, to secure exclusive collections of authentic products. Additionally, the company remains committed to enhancing the in-store customer experience, further differentiating its offering from online retailers.

### Market Risk | GDP growth, consumer confidence and discretionary spending (MR2)

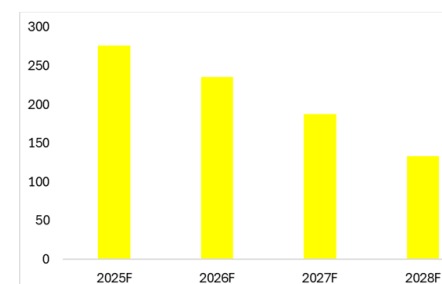
The fashion apparel industry is an industry highly dependent on the economic stability and prosperity, as fashion apparel constitutes a non-essential expense and so consumers are more likely to spend on times of economic prosperity where the consumers' confidence indexes are high as spending power raise and prospects seem to be better. The economic instability with periods of high inflation rates and rising interest rates might affects severely company's revenues, as consumers would have lower disposable incomes to spend on discretionary expenses.

Figure 50: ROIC minus WACC- EVA spread



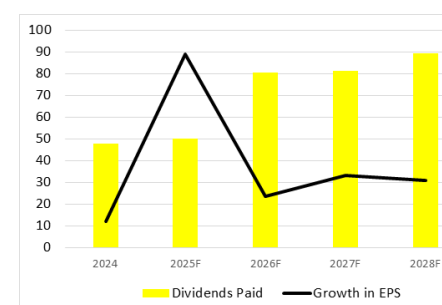
Source: Author Analysis

Figure 51: Economic value added (EVA)



Source: Author Analysis

Figure 52: Dividends and EPS evolution



Source: Author Analysis



### Market Risk | Changes on consumer behaviour and preferences (MR3)

The fashion industry, including sportswear, is highly trend driven and consumer preferences rapidly change. Today, consumers give high importance to its personalized shopping experiences and sustainability and ethical concerns are a key factor in purchase decisions. JD is committed to improve its capacities to predict and adapt to emerging consumer trends and invest in technology to enhance omnichannel capabilities and personalization.

### Market Risk | Foreign Exchange rate exposure (MR4)

The group's global presence exposes it to foreign exchange rate volatility. The different currencies for which the company buys goods and services (usually USD) and sells the final products (local currency), exposes the company to foreign currency fluctuations that can lead to unexpected increases in inventory costs and reduced gross margins. JD is challenged to maintain competitiveness while protecting profitability during periods of sharp currency movements and addresses this risk through the implementation of hedging strategies designed to mitigate the impact of foreign exchange volatility.

### Operational Risk| Supply chains disruptions (OR1)

The production of finished goods by major apparel brands originates from a wide range of regions and involves a complex global logistics network to ensure products reach customers without delays. This network is highly dependent on various national and regional regulations and is exposed to external risks such as extreme weather events and geopolitical tensions, which can disrupt operations. JD Sports is particularly reliant on supply from these leading fashion brands and should maintain higher inventory buffers to mitigate potential supply chain disruptions. Additionally, the fluctuating demand in the fashion apparel market complicates inventory management. Periods of high demand can lead to understocking and supplier incapacity to meet retailers' requirements, while periods of weak demand may result in the accumulation of excess inventory, negatively impacting profitability

### Operational Risk| Cyber attacks and technological services disruption (OR2)

The threat of cyberattacks represents a significant risk for JD Sports, as such events could lead to operational disruptions affecting online sales platforms, payment systems, and supply chain operations. These incidents have the potential to cause severe financial losses decurring from business interruptions, regulatory fines and reputational damage that erodes customer trust and loyalty. In response, the group has prioritized investment in IT infrastructure and know-how to enhance operations' resilience against these threats.

### Political risks| Political Instability (P1)

The political instability lived in developed countries like France or Germany leads to uncertainty regarding future legislation and government policies and results on lower consumer confidence and, as result, on lower discretionary consume which decreases revenues. That uncertainty in the regulatory environment might be an obstacle when JD is planning the opening of new stores and the entry in new markets.

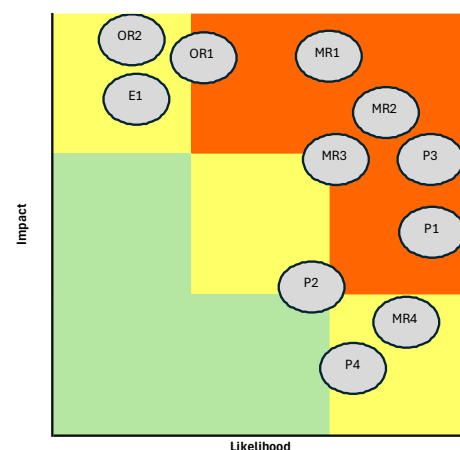
The conflicts experienced in the Middle East increase uncertainty on the markets and contribute to the rise of energy prices and to inflationary pressers worldwide. Disposable income is affected, and consumers are less prone to superfluous consumption, leading to lower demand for sportswear products, especially in the premium segment.

Figure 53: JD investment risks

<b>Market Risks</b>
Competition (MR1)
GDP growth, consumer confidence and discretionary spending (MR2)
Changes on consumer behaviour and preferences (MR3)
Foreign Exchange rate exposure (MR4)
<b>Operational Risks</b>
Supply chains disruptions (OR1)
Cyber attacks and technological services disruption (OR2)
<b>Political risks</b>
Political Instability (P1)
Sustainability regulatory requirements (P2)
US Tarris on imports (P3)
Brexit (P4)
<b>Environmental Risks</b>
Natural Disasters (E1)

Source: Author Analysis

Figure 54: Risk Matrix



Source: Author Analysis

### Political risks| Sustainability regulatory requirements (P2)

Increasing environmental and sustainability concerns in society have led to a tightening of regulatory requirements related to environmental protection and the promotion of sustainable practices. Governments in both the EU and the US, are strengthening sustainability legislation, imposing mandatory carbon emissions, reporting and stricter labor and ethical sourcing regulations, which could increase operational costs and compliance complexities for companies. JD Sports is addressing these challenges through the implementation of "Net Zero" carbon emissions policy and a sustainable Code of Conduct across its supply chain.

### Political risks| US Tarris on imports (P3)

The US-imposed tariffs on imports from traditional sourcing countries in the Asia Pacific region, such as Vietnam and Indonesia, have increased manufacturing costs to major brands like Nike and Adidas, which rely heavily on production in these countries. without the possibility to rapidly move it to less costly regions. This could pressure JD Sports' margins in its US business, as fully transferring these price increases to consumers could undermine competitiveness. JD is actively collaborating with its brand partners to help absorb potential price increases resulting from higher tariffs and to protect its pricing position in the market.

### Political risks| Brexit (P4)

Since the UK's departure from the EU, regulatory differences and border delays have increased the complexity of conducting business between the regions. Higher logistic and administrative costs associated with the import and export of goods, along with greater currency volatility between the British pound and the Euro, represent ongoing challenges for JD Sports. These factors may impact the company's financial performance and investors' stability.

### Environmental Risks| Natural Disasters (E1)

The more likely extreme weather events have severe impacts on supply chain and logistic operation as they can damage crops used in textiles and infrastructure used in the transportation of the products from the production facility to the retail store, leading to shortages and increased costs.

The impact of such events also affects economic stability and consumer behavior as consumer spending typically shifts toward essentials, reducing demand for fashion products.

### Risk Assessment

Having consideration of the section above, investing in JD Sports has a high level of risk associated and the appropriate recommendation system is represented in Figure 55.

Figure 55: Recommendation System considering a High Risk

Considering a High Risk	
Base Share Price	GBp153.24
0%≤	81.42≤
>0% & ≤10%	>81.42 & ≤94.04
>10% & ≤20%	>94.04 & ≤107.27
>20% & ≤ 45%	>107.27 & ≤ 142.60
> 45%	> 142.60

Source: Author analysis

Figure 56: Sensitivity analysis: Gross Margin

Gross Margin	153.24 GBP
44.9%	62.84
45.9%	93.74
46.9%	123.83
47.9%	153.24
48.4%	182.07
48.9%	210.43
49.4%	238.37

Source: Author analysis

Figure 57: sensitivity analysis: Terminal Growth rate (g)

g	GBp153.24
-0.8%	76.01
0.2%	95.91
1.2%	120.90
2.2%	153.24
3.2%	196.70
4.2%	258.22
5.2%	352.02

Source: Author analysis

## Sensitivity Analysis

To access the impact of JD's main value drivers on its valuation, it was analysed the 2026F Price Target sensitivity to changes in the WACC, in the terminal growth rate and on changes in gross margin

Gross Margin, WACC and terminal growth rate(g)

In both Gross Margin and terminal growth rate (g), the model presents high sensitivity to changes on these variables, as the drop in 1% on gross margin would lead to a decline in 2026YE PT for £123.83 and a drop in the same amount in g would lead to a decline in 2026YE PT for £120.9. In the two cases, the investment recommendation would change to a buy. Changes in investment recommendation to a reduction and a sale would occur if, respectively, drops of 2% and 3% in gross margin or in g occur.

The Terminal WACC is also a variable with a significant level of sensitivity in the model. Changes of only 0.5% in terminal WACC would reduce 2026YE PT to £134.33 and change investment recommendation to buy.

If the drop on WACC equals 1.5%, the PT drops even more, and investment recommendation would change to a Hold.

## Monte Carlo Simulation

To complement the risk analysis, a Monte Carlo Simulation was performed, stressing at the same time changes in the following variables: real disposable income; risk-free rate; terminal growth rate (g); and Beta. For this analysis, 100 000 simulations were realized, returning to an average price target of GBP135.5, which would lead to a change on investment recommendation to a buy, and a standard deviation of GBP22.54.

According to Monte Carlo Simulation, the certainty to produce each type of recommendation is as follows:

- Sell: 0,25% to a price lower or equal to GBP81.42
- Reduce: 1,75% to a price range of GBP81.42 to GBP94.04
- Hold: 7,5% to a price range of GBP94.04 to GBP107.27
- Buy: 55.62% to a price range of GBP107.27 to GBP142.60
- Strong Buy: 34.9% to a price range equal or higher than GBP142.60

The value drivers with more relevant impact on JD's valuation are the Risk-free rate and the beta.

Figure 60: Monte Carlo Simulation

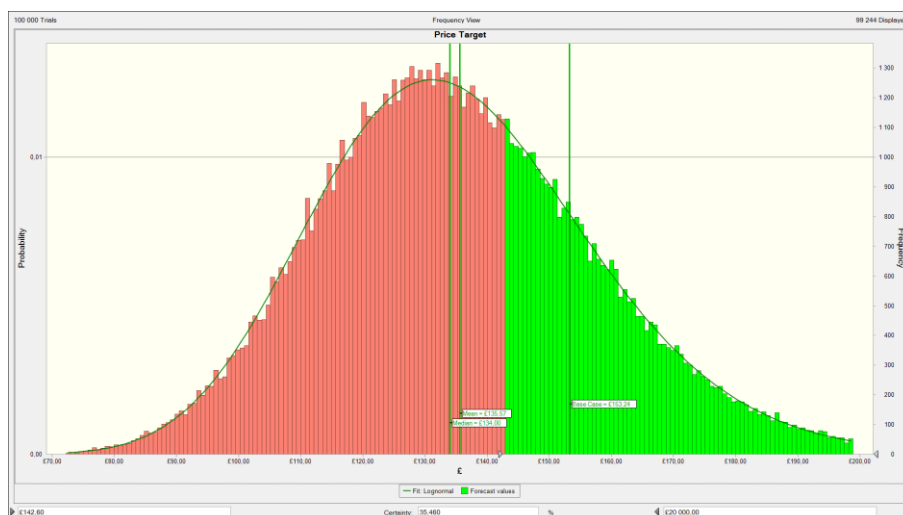
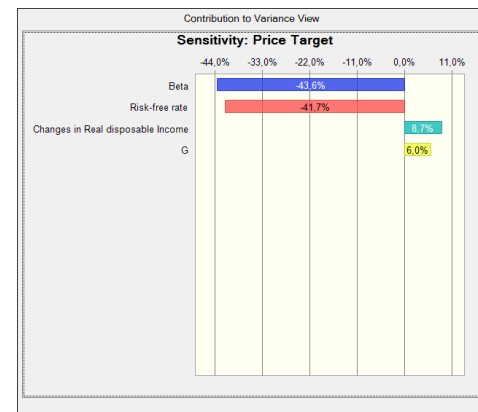


Figure 58: Sensitivity analysis: terminal WACC

Terminal WACC	153.24 GBP
7.5%	227.70
8.0%	198.32
8.5%	173.60
9.0%	153.24
9.5%	134.33
10.0%	118.49
10.5%	104.56

Source: Author analysis

Figure 59: Monte Carlo Simulation Sensitivity



Source: Author analysis



# Appendices

## Appendix 1: Statement of Financial Position

BALANCE SHEET														
Assets														
Current Assets														
Cash and cash equivalents	E Millions	Annual Report & Refinitiv		251	466	964	1 314	1 508	1 153	731	1 699	1 877	2 739	3 705
Accounts receivables	E Millions	Annual Report & Refinitiv		177	184	141	215	264	253	277	317	338	360	383
Trade receivables	E Millions	Annual Report & Refinitiv		37	43	46	57	62	37	27				
Other Receivables	E Millions	Annual Report & Refinitiv		46	39	26	46	80	68	77				
Prepayments and Accrued income	E Millions	Annual Report & Refinitiv		95	102	69	113	122	147	173				
Inventories	E Millions	Annual Report & Refinitiv		764	812	814	989	1 466	1 593	2 021	2 010	2 065	2 200	2 344
Other current assets	E Millions	Annual Report & Refinitiv		0	0	0	158	198	45	112	112	112	112	112
Total Current Assets	E Millions	Annual Report & Refinitiv		1 192	1 462	1 919	2 677	3 436	3 043	3 141	4 137	4 391	5 411	6 545
Non-current Assets														
Net Property, Plant and Equipment	E Millions	Annual Report & Refinitiv		540	566	564	689	876	1 152	1 490	1 674	1 804	1 845	1 863
Gross PP&E	E Millions	Annual Report & Refinitiv		868	989	1 064	1 335	1 493	1 873	2 343	2 837	3 330	3 784	4 268
Accumulated depreciation	E Millions	Annual Report & Refinitiv		-328	-423	-500	-646	-618	-721	-853	-1 163	-1 526	-1 939	-2 405
Intangible Assets, net	E Millions	Annual Report & Refinitiv		180	204	241	417	454	452	675	607	538	468	397
Intangible assets, gross	E Millions	Annual Report & Refinitiv		266	329	470	702	775	835	1 146	1 184	1 225	1 269	1 315
Accumulated Intangible Amortization	E Millions	Annual Report & Refinitiv		-86	-125	-228	-285	-321	-383	-471	-577	-687	-800	-918
Goodwill, Net	E Millions	Annual Report & Refinitiv		214	209	578	1 098	1 047	977	1 689	1 689	1 689	1 689	1 689
Goodwill - Gross	E Millions	Annual Report & Refinitiv		262	300	699	1 220	1 239	1 154	1 843	1 843	1 843	1 843	1 843
Accumulated Goodwill Amortization	E Millions	Annual Report & Refinitiv		-47	-90	-120	-123	-192	-177	-154	-154	-154	-154	-154
Right of Use Tangible Assets - Capital/Finance Lease - Net	E Millions	Annual Report & Refinitiv		0	1 854	1 752	2 076	2 182	2 297	2 813	3 356	3 460	3 565	3 669
Right of Use Tangible Assets - Capital/Finance Lease - Gross	E Millions	Annual Report & Refinitiv		0	2 165	2 356	2 963	3 491	3 961	4 831	5 898	6 547	7 214	7 895
Right of Use Tangible Assets - Capital/Finance Lease - Acc. Depreciation	E Millions	Annual Report & Refinitiv		0	-311	-604	-887	-1 309	-1 664	-2 018	-2 542	-3 087	-3 649	-4 226
Deferred tax assets	E Millions	Annual Report & Refinitiv		0	0	41	82	13	24	32	32	32	32	32
Other Long-term Assets	E Millions	Annual Report & Refinitiv		79	51	66	116	104	102	114	114	114	114	114
Total Non-current assets	E Millions	Annual Report & Refinitiv		1 013	2 884	3 243	4 477	4 675	5 003	6 813	7 473	7 638	7 713	7 763
Total Assets	E Millions	Annual Report & Refinitiv		2 206	4 346	5 162	7 153	8 111	8 046	9 954	11 610	12 028	13 124	14 308
Liabilities														
Current Liabilities														
Trade payables	E Millions	Annual Report & Refinitiv		808	901	1 102	1 280	1 471	1 446	1 580	1 804	1 922	2 049	2 183
Income Tax Liabilities	E Millions	Annual Report & Refinitiv		27	34	30	0	18	26	20	20	20	20	20
Current debt	E Millions	Annual Report & Refinitiv		64	20	121	73	75	93	88	157	187	221	258
Puts and call options liabilities	E Millions	Annual Report & Refinitiv		0	0	0	97	184	0	188	188	188	188	188
Lease Liabilities	E Millions	Annual Report & Refinitiv		0	285	302	385	430	416	493	581	581	583	588
Other current liabilities	E Millions	Annual Report & Refinitiv		1	0	1	156	175	16	60	60	60	60	60
Total Current Liabilities	E Millions	Annual Report & Refinitiv		901	1 240	1 555	1 990	2 354	1 997	2 429	2 810	2 958	3 122	3 296
Non-current liabilities														
Long-Term Debt	E Millions	Annual Report & Refinitiv		62	16	48	56	38	37	591	753	231	273	318
Other payables	E Millions	Annual Report & Refinitiv		154	81	374	11	102	155	145	145	145	145	145
Deferred Tax Liabilities	E Millions	Annual Report & Refinitiv		11	13	55	127	90	90	155	155	155	155	155
Puts and call options liabilities	E Millions	Annual Report & Refinitiv		0	0	0	762	920	810	669	669	669	669	669
Lease Liabilities	E Millions	Annual Report & Refinitiv		0	1 708	1 628	1 902	1 954	2 068	2 566	2 987	2 986	3 000	3 023
Provisions	E Millions	Annual Report & Refinitiv		1	0	5	20	21	22	27	27	27	27	27
Total Non-current Liabilities	E Millions	Annual Report & Refinitiv		228	1 816	2 111	2 877	3 126	3 181	4 153	4 737	4 213	4 269	4 337
Total Liabilities	E Millions	Annual Report & Refinitiv		1 129	3 057	3 666	4 867	5 480	5 178	6 582	7 547	7 172	7 391	7 633
Shareholders' Equity														
Common stock	E Millions	Annual Report & Refinitiv		2	2	2	3	3	3	3	3	3	3	3
Share Premium	E Millions	Annual Report & Refinitiv		12	12	12	468	468	468	368	368	368	368	368
Retained earnings	E Millions	Annual Report & Refinitiv		1 016	1 246	1 561	1 828	1 975	2 214	2 633	3 347	4 039	4 805	5 628
Other Reserves	E Millions	Annual Report & Refinitiv		-22	-41	-336	0	0	0	0	0	0	0	0
Other comprehensive income	E Millions	Annual Report & Refinitiv		0	0	0	-425	-328	-228	-182	-182	-182	-182	-182
JD Sports' Shareholder's Equity	E Millions	Annual Report & Refinitiv		1 009	1 219	1 239	1 873	2 117	2 456	2 922	3 536	4 228	4 994	5 817
Noncontrolling interests	E Millions	Annual Report & Refinitiv		68	70	258	414	514	412	450	528	629	739	858
Total Equity	E Millions	Annual Report & Refinitiv		1 077	1 289	1 496	2 286	2 631	2 868	3 372	4 063	4 856	5 733	6 675
Total Liabilities and Shareholders' Equity	E Millions	Annual Report & Refinitiv		2 206	4 346	5 162	7 153	8 111	8 046	9 954	11 610	12 028	13 124	14 308
Control: Assets = Liabilities+Equity														

## Appendix 2: Income Statement

Description	Units	Obs.	Sparkline	Historical Data						Forecasted Data				
				2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F
Sales	£ Millions	Annual Report & Refinitiv		4 718	6 111	6 167	8 563	10 125	10 542	11 458	13 327	14 201	15 138	16 122
YoY growth					30%	1%	39%	18%	4%	9%	16%	7%	7%	7%
Cost of Sales	£ Millions	Annual Report & Refinitiv		2 475	3 236	3 206	4 355	5 247	5 494	5 995	6 939	7 394	7 882	8 395
Gross Profit	£ Millions	Annual Report & Refinitiv		2 243	2 875	2 962	4 208	4 878	5 048	5 463	6 387	6 806	7 256	7 727
Operating Expenses														
Selling, General and Administrative	£ Millions	Annual Report & Refinitiv		1 883	2 361	2 504	3 214	3 852	4 106	4 457	5 121	5 480	5 839	6 217
Administrative expenses	£ Millions	Annual Report & Refinitiv		254	349	381	413	752	536	657	768	818	872	929
STAFF Expenses	£ Millions	Annual Report & Refinitiv		698	874	786	1 142	1 330	1 551	1 745	1 870	1 993	2 125	2 263
STAFF Expenses (% Sales)				14.79%	14.30%	12.74%	13.34%	13.14%	14.71%	15.23%				
Rental Expenses	£ Millions	Annual Report & Refinitiv		327	393	42	96	95	107	108	103	103	103	103
Total Depreciation & Amortization	£ Millions	Annual Report & Refinitiv		115	450	499	580	637	664	785	940	1 018	1 089	1 161
Total Depreciation of Fixed Assets	£ Millions	Annual Report & Refinitiv		94	106	137	158	162	178	230	310	364	413	466
Depreciation of Financial Lease Right-of-Use Assets	£ Millions	Annual Report & Refinitiv		0	303	321	358	398	413	458	524	545	563	577
Amortization of Intangible Assets	£ Millions	Annual Report & Refinitiv		21	41	41	63	76	73	97	106	110	114	118
Other SG&A	£ Millions	Annual Report & Refinitiv		489	296	795	982	1 038	1 248	1 162	1 439	1 547	1 650	1 762
Unusual Expense/Adjusting Items	£ Millions	Annual Report & Refinitiv		19	98	86	290	253	89	133	0	0	0	0
Impairment of fixed assets	£ Millions	Annual Report & Refinitiv		8	43	56	0	137	39	161				
Movement in fair value of put and call options	£ Millions	Annual Report & Refinitiv		6	31	21	293	0	0	0				
Restructuring costs	£ Millions	Annual Report & Refinitiv		2	16	20	16	7	7	0				
Divestment cost	£ Millions	Annual Report & Refinitiv		0	0	0	-17	122	32	-78				
Acquisition related costs	£ Millions	Annual Report & Refinitiv		4	7	4	8	0	11	45				
Sales commission	£ Millions	Annual Report & Refinitiv		0	0	-15	-11	0	0	0				
Other Non Rec./E - Non Business Activ	£ Millions	Annual Report & Refinitiv		0	0	0	0	-13	1	5				
Operating Expenses	£ Millions	Annual Report & Refinitiv		1 902	2 459	2 590	3 503	4 105	4 195	4 590				
Other operating income	£ Millions	Annual Report & Refinitiv		5	11	13	17	34	74	30	5 121	5 480	5 839	6 217
Operating Income	£ Millions	Annual Report & Refinitiv									0	0	0	0
Operating Income before adjusting items	£ Millions	Annual Report & Refinitiv		365	524	471	1 011	1 059	1 016	1 036	1 267	1 326	1 416	1 510
Operating Income after adjusting items	£ Millions	Annual Report & Refinitiv		346	427	385	721	806	927	903	1 267	1 326	1 416	1 510
Net financial expenses														
Financial income	£ Millions	Annual Report & Refinitiv		1	2	2	1	8	39	27	8	19	21	31
Financial expense	£ Millions	Annual Report & Refinitiv		8	80	63	68	38	155	215	129	156	133	137
On bank loans and overdrafts	£ Millions	Annual Report & Refinitiv		7	7	6	6	6	8	33	32	43	20	23
Lease interest	£ Millions	Annual Report & Refinitiv		0	72	55	60	69	84	112	97	113	113	113
other financial expenses	£ Millions	Annual Report & Refinitiv		1	1	2	3	253	63	70	0	0	0	0
Net financial expenses	£ Millions	Annual Report & Refinitiv		-6	-78	-61	-67	-319	-116	-188	-121	-137	-112	-106
Income Before Taxes (EBT)	£ Millions	Annual Report & Refinitiv		340	349	324	655	487	811	715	1 146	1 189	1 304	1 404
Income Tax Expense	£ Millions	Annual Report & Refinitiv		76	98	95	195	214	206	175	304	316	346	373
Effective tax rate				22%	28%	29%	30%	44%	25%	24%	26.55%	26.55%	26.55%	26.55%
Net Income	£ Millions	Annual Report & Refinitiv		264	251	229	460	273	605	540	842	873	958	1 031
Less: Net Income Attributable to Noncontrolling Interests	£ Millions	Annual Report & Refinitiv		2	5	5	90	84	66	50	78	101	110	119
Net Income Attributable to equityholders	£ Millions	Annual Report & Refinitiv		262	246	224	370	188	539	490	764	773	848	912

## Appendix 3: Cash Flow Statement

CASH FLOW STATEMENT														
Cash Flows From Operating Activities														
Net Income	£ Millions	Annual Report & Refinitiv		264	251	229	460	227	605	540	842	873	958	1 031
Depreciation & Amortization	£ Millions	Annual Report & Refinitiv		115	450	499	580	636	664	785	940	1 018	1 089	1 161
Depreciation of PP&E	£ Millions	Annual Report & Refinitiv		94	409	458	516	560	591	688	810	864	913	966
Amortization of Intangibles	£ Millions	Annual Report & Refinitiv		21	41	41	63	76	73	97	106	110	114	118
Depreciation of Financial Lease Right-of-Use Assets	£ Millions	Annual Report & Refinitiv		20	56	103	19	147	61	125	524	545	563	577
Changes in Working Capital	£ Millions	Annual Report & Refinitiv		-32	108	279	-16	-258	-121	-31	195	43	-31	-34
Changes in accounts receivable	£ Millions	Annual Report & Refinitiv		-23	-13	46	-69	-42	-36	32	40	21	22	23
Changes in inventories	£ Millions	Annual Report & Refinitiv		-26	-10	64	-32	-501	-196	-10	-11	55	136	144
Changes in accounts payable	£ Millions	Annual Report & Refinitiv		21	58	150	75	177	35	-159	224	118	127	133
Changes in income taxes payable/receivable	£ Millions	Annual Report & Refinitiv		-5	0	-36	-49	40	-2	-68				
Changes in interest payable	£ Millions	Annual Report & Refinitiv		0	72	55	60	69	79	174				
Finance income	£ Millions	Annual Report & Refinitiv		-1	-2	-2	-1	-8	-39	-27	-8	-19	-21	-31
Lease interest paid	£ Millions	Annual Report & Refinitiv		0	-72	-55	-60	-69	-84	-112	-97	-113	-113	-113
Foreign exchange gains on monetary assets and liabilities	£ Millions	Annual Report & Refinitiv		3	10	4	-2	3	0	0				
Share based payment charge	£ Millions	Annual Report & Refinitiv		0	0	0	0	0	3	1				
(Gain)/loss on FX forward contracts (recorded in Cost of sales)	£ Millions	Annual Report & Refinitiv		0	0	0	0	0	-17	-10				
Share of profit of equity-accounted investees (net of tax)	£ Millions	Annual Report & Refinitiv		0	0	0	-3	-5	-8	-5				
Loss on disposal of non-current assets	£ Millions	Annual Report & Refinitiv		2	6	1	4	5	8	18				
Other non-cash adjusting items	£ Millions	Annual Report & Refinitiv		7	47	3	287	407	69	-56	33	0	0	0
Cash Provided by Operating Activities	£ Millions	Annual Report & Refinitiv		378	854	1 061	1 267	1 085	1 141	1 228	1 905	1 803	1 882	2 013
Cash Flow From Investing Activities														
Capex: Additions to property, plant and equipment	£ Millions	Annual Report & Refinitiv		-179	-154	-109	-233	-339	-510	-506	-494	-493	-454	-484
Acquisition of intangible assets	£ Millions	Annual Report & Refinitiv		-12	-23	-23	-20	-20	-30	0	-38	-41	-43	-46
Acquisition of Business	£ Millions	Annual Report & Refinitiv		-362	-89	-206	-617	-20	0	-1 090	0	0	0	0
Interest Received	£ Millions	Annual Report & Refinitiv		1	2	2	1	8	39	27	8	19	21	31
Other Investing Inflows (outflows)	£ Millions	Annual Report & Refinitiv		1	3	7	20	50	-43	75	0	0	0	0
Cash Provided by Investing Activities	£ Millions	Annual Report & Refinitiv		-551	-262	-330	-848	-321	-544	-1 494	-524	-515	-477	-499
Cash Flows From Financing Activities														
Repayment/issuance of debt	£ Millions	Annual Report & Refinitiv		-2	-353	-680	-870	-438	-525	-921	-230	-1 029	-462	-459
of interest bearing loans and borrowings	£ Millions	Annual Report & Refinitiv		0	-89	-392	-513	-37	-125	-501	231	-492	76	81
Long term debt	£ Millions	Annual Report & Refinitiv									162	-522	42	45
Short-term debt	£ Millions	Annual Report & Refinitiv									69	31	34	36
of lease liabilities	£ Millions	Annual Report & Refinitiv		-2	-265	-289	-356	-401	-400	-420	-461	-538	-537	-540
Drawdown of debt	£ Millions	Annual Report & Refinitiv		88	0	443	304	16	119	865	0	0	0	0
Cash Dividends paid	£ Millions	Annual Report & Refinitiv		-17	-18	-1	-17	-28	-52	-48	-50	-80	-81	-89
Proceeds received from issue of shares	£ Millions	Annual Report & Refinitiv		0	0	0	456	0	0	0	0	0	0	0
Other Financing Inflows (outflows)	£ Millions	Annual Report & Refinitiv		6	0	-5	43	-29	-557	-37	-100	0	0	0
Cash Provided by Financing Activities	£ Millions	Annual Report & Refinitiv		76	-371	-243	-84	-479	-1 015	-141	-380	-1 110	-543	-548
Other Cash Flows														
Foreign exchange losses on cash and cash equivalents	£ Millions	Annual Report & Refinitiv		0	2	0	-4	-13	-30	0	0	0	0	0
Change in Cash														
Net change in Cash	£ Millions	Annual Report & Refinitiv		-97	223	488	332	272	-447	-107	1 001	178	863	966
Beginning Balance	£ Millions	Annual Report & Refinitiv		335	238	460	949	1 280	1 552	1 105	698	1 699	1 877	2 739
Ending Balance	£ Millions	Annual Report & Refinitiv		238	460	949	1 280	1 552	1 105	698	1 699	1 877	2 739	3 705

## Appendix 4: Key Financial Ratios

			Historical Data								Forecasted Data			
Description	Units	Obs.	Sparkline	2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F
Probability/Efficiency Ratios														
Annual Revenue Growth	%			47.55%	29.53%	0.92%	38.85%	18.24%	4.12%	8.69%	16.31%	6.56%	6.60%	6.50%
Gross Profit Margin	%Sales			47.04%	47.04%	48.02%	49.14%	48.17%	47.88%	47.68%	47.93%	47.93%	47.93%	47.93%
Operating Margin before adjusting items	%Sales			7.75%	8.58%	7.64%	11.81%	10.46%	9.64%	9.04%	9.51%	9.34%	9.36%	9.37%
Operating Margin after adjusting items	%Sales			7.34%	6.98%	6.24%	8.42%	7.96%	8.80%	7.88%	9.51%	9.34%	9.36%	9.37%
profit margin before tax and adjusting items	%Sales			7.61%	7.30%	6.65%	11.03%	7.31%	8.54%	7.40%	8.60%	8.37%	8.62%	8.71%
Net profit Margin	%Sales			5.60%	4.10%	3.72%	5.37%	2.69%	5.74%	4.70%	6.32%	6.15%	6.33%	6.40%
ROA (Return on Assets)	%Sales			11.98%	5.77%	4.44%	6.43%	3.36%	7.52%	5.42%	7.25%	7.26%	7.30%	7.21%
Dupont Decomposition														
Leverage (Total Assets/Equity)				2.05	3.37	3.45	3.13	3.08	2.81	2.95	2.86	2.48	2.29	2.14
Interest Burden				0.98	0.82	0.84	0.91	0.60	0.87	0.79	0.90	0.90	0.92	0.93
Taxes Burden				0.78	0.72	0.71	0.70	0.56	0.75	0.76	0.73	0.73	0.73	0.73
EBIT Margin	%Sales			7.34%	6.98%	6.24%	8.42%	7.96%	8.80%	7.88%	9.51%	9.34%	9.36%	9.37%
Asset Turnover				2.14	1.41	1.19	1.20	1.25	1.31	1.15	1.15	1.18	1.15	1.13
ROE (Return on Equity)	%			24.54%	19.45%	15.32%	20.10%	10.36%	21.09%	16.01%	20.71%	17.98%	16.71%	15.45%
Activity Ratios														
Receivables Turnover				26.62	33.85	37.94	48.03	42.26	40.80	43.24	44.89	43.41	43.42	43.40
Days Sales Outstanding	days			13.71	10.78	9.62	7.60	8.64	8.95	8.44	8.13	8.41	8.41	8.41
Inventory Turnover				3.24	4.11	3.94	4.83	4.27	3.59	3.32	3.44	3.63	3.70	3.69
Days of Inventory on Hand	days			112.66	88.86	92.54	75.56	85.41	101.62	110.01	106.02	100.56	98.75	98.80
Payables Turnover				3.06	3.79	3.20	3.66	3.82	3.77	3.96	4.10	3.97	3.97	3.97
Days Payable outstanding	days			119.20	96.37	114.01	99.80	95.67	96.91	92.12	89.00	91.98	91.96	92.00
WCR	£Million			131.60	95.00	-147.80	-72.80	281.20	428.50	770.00	574.59	531.58	562.82	597.09
Fixed Asset Turnover				8.74	10.80	10.93	12.44	11.56	9.15	7.69	7.96	7.87	8.21	8.66
Total Asset Turnover				2.14	1.41	1.19	1.20	1.25	1.31	1.15	1.15	1.18	1.15	1.13
Cash Cycle (days)	days			7.17	3.27	-11.85	-16.64	-1.62	13.66	26.33	25.14	17.00	15.19	15.21
Liquidity Ratios														
Current Ratio				1.32	1.18	1.23	1.35	1.46	1.52	1.29	1.47	1.48	1.73	1.99
Quick Ratio				0.48	0.52	0.71	0.85	0.84	0.73	0.46	0.76	0.79	1.03	1.27
Cash Ratio				0.28	0.38	0.62	0.74	0.72	0.60	0.35	0.64	0.67	0.91	1.16
FCFF				-202.50	333.08	423.15	-155.32	50.17	295.31	-580.01	466.08	852.25	933.87	1024.39
Solvency Ratios														
Debt to Assets				0.51	0.70	0.71	0.68	0.68	0.64	0.66	0.65	0.60	0.56	0.53
Debt to Equity				1.05	2.37	2.45	2.13	2.08	1.81	1.95	1.86	1.48	1.29	1.14
Interest Coverage (EBIT/Interest Payments)				46.16	5.35	6.16	10.62	2.46	5.77	5.90	5.61	4.93	5.76	6.03
Net Debt				1203	3318	3595	4701	5128	5482	7110	8542	8842	9811	10862
Net Debt/EBITDA				2.50	3.40	3.70	2.95	3.02	3.26	3.90	3.87	3.77	3.92	4.07
Debt/Equity		Ratio between interest-bearing loans and total equity		0.1170	0.0279	0.1129	0.0560	0.0430	0.0451	0.2014	0.2240	0.0862	0.0862	0.0862
ST Debt/Debt				50.63%	15.05%	20.14%	18.94%	20.23%	19.47%	15.54%	16.47%	19.27%	19.73%	20.19%
LT Debt/Debt				49.37%	84.95%	79.86%	81.06%	79.77%	80.53%	84.46%	83.53%	80.73%	80.27%	79.81%
Valuation Ratios														
Auxiliary Data														
Basic Weighted Average Shares	Millions			4866.17	4866.17	4866.17	5158.14	5158.10	5158.20	5160.00	5026.67	5026.67	5026.67	5026.67
Share Price (31/10/X) Source: MarketWatch														
Market Cap	£Millions			4450.60	7998	7270.1	9712.8	8335.6	5856.9	5857.9				
Earnings per Share (\$)	£			0.05	0.05	0.05	0.07	0.04	0.10	0.09	0.15	0.15	0.17	0.18
Book Value per Share (\$)	£			0.21	0.25	0.25	0.36	0.41	0.48	0.57	0.70	0.84	0.99	1.16
Divident Payout (%)	%			6.34%	7.31%	0.53%	4.52%	14.66%	9.69%	9.80%	6.58%	10.41%	9.60%	9.78%
DPS	£			0.0034	0.0037	0.0002	0.0032	0.0054	0.0080	0.0090	0.0100	0.0160	0.0162	0.0178
Cash Flow Ratios														
Cash Flow to Revenue				0.08	0.14	0.17	0.15	0.11	0.11	0.11	0.14	0.13	0.12	0.12
Cash to Income				1.09	2.00	2.76	1.76	1.35	1.23	1.36	1.50	1.36	1.33	1.33
Sustainable Growth rate														
ROCE	%			20.62%	9.88%	7.55%	9.81%	7.84%	11.43%	9.06%	10.57%	10.74%	10.40%	10.07%
ROIC	%			22.37%	9.25%	7.58%	10.77%	8.80%	12.61%	9.59%	10.89%	11.02%	10.60%	10.21%
Return Spread											3.23%	2.66%	1.91%	1.23%
EVA											276	235	188	134

## Appendix 5: Common-Size Statement of Financial Position

BALANCE SHEET														
Assets														
Current Assets														
Cash and cash equivalents	%Total Assets	Annual Report & Refinitiv		11.39%	10.72%	18.68%	18.37%	18.59%	14.33%	7.34%	14.63%	15.60%	20.87%	25.90%
Trade and other receivables	%Total Assets	Annual Report & Refinitiv		8.03%	4.23%	2.74%	3.01%	3.25%	3.14%	2.78%	2.73%	2.81%	2.74%	2.68%
Trade receivables	%Total Assets	Annual Report & Refinitiv		1.67%	0.98%	0.90%	0.79%	0.77%	0.46%	0.27%	-	-	-	-
Other Receivables	%Total Assets	Annual Report & Refinitiv		2.06%	0.90%	0.50%	0.65%	0.99%	0.85%	0.77%	-	-	-	-
Prepayments and Accrued income	%Total Assets	Annual Report & Refinitiv		4.30%	2.35%	1.34%	1.57%	1.50%	1.83%	1.74%	-	-	-	-
Inventories	%Total Assets	Annual Report & Refinitiv		34.63%	18.68%	15.76%	13.83%	18.08%	19.79%	20.30%	17.31%	17.16%	16.77%	16.39%
Other current assets	%Total Assets	Annual Report & Refinitiv		-	-	-	2.20%	2.44%	0.55%	1.13%	0.96%	0.93%	0.85%	0.78%
Total Current Assets	%Total Assets	Annual Report & Refinitiv		54.06%	33.63%	37.18%	37.42%	42.36%	37.82%	31.56%	35.64%	36.50%	41.23%	45.74%
Non-current Assets														
Net Property, Plant and Equipment	%Total Assets	Annual Report & Refinitiv		24.48%	13.02%	10.93%	9.63%	10.80%	14.32%	14.97%	14.42%	15.00%	14.06%	13.02%
Gross PP&E	%Total Assets	Annual Report & Refinitiv		39.33%	22.75%	20.61%	18.66%	18.41%	23.27%	23.54%	24.44%	27.69%	28.83%	29.83%
Accumulated depreciation	%Total Assets	Annual Report & Refinitiv		-14.86%	-9.72%	-9.68%	-9.04%	-7.61%	-8.96%	-8.57%	-10.01%	-12.69%	-14.78%	-16.81%
Intangible Assets, net	%Total Assets	Annual Report & Refinitiv		8.16%	4.70%	4.68%	5.83%	5.59%	5.62%	6.78%	5.23%	4.48%	3.57%	2.77%
Intangible assets, gross	%Total Assets	Annual Report & Refinitiv		12.06%	7.57%	9.10%	9.82%	9.56%	10.38%	11.51%	10.20%	10.18%	9.67%	9.19%
Accumulated Intangible Amortization	%Total Assets	Annual Report & Refinitiv		-3.89%	-2.87%	-4.42%	-3.99%	-3.96%	-4.76%	-4.73%	-4.97%	-5.71%	-6.10%	-6.42%
Goodwill, Net	%Total Assets	Annual Report & Refinitiv		9.72%	4.82%	11.20%	15.34%	12.91%	12.14%	16.97%	14.55%	14.04%	12.87%	11.80%
Goodwill - Gross	%Total Assets	Annual Report & Refinitiv		11.86%	6.90%	13.53%	17.06%	15.27%	14.34%	18.52%	15.87%	15.32%	14.04%	12.88%
Accumulated Goodwill Amortization	%Total Assets	Annual Report & Refinitiv		-2.14%	-2.08%	-2.33%	-1.71%	-2.37%	-2.20%	-1.55%	-1.33%	-1.28%	-1.17%	-1.08%
Right of Use Tangible Assets - Capital/Finance Lease - Net	%Total Assets	Annual Report & Refinitiv		-	42.66%	33.95%	29.02%	26.90%	28.54%	28.26%	28.91%	28.77%	27.16%	25.64%
Right of Use Tangible Assets - Capital/Finance Lease - Gross	%Total Assets	Annual Report & Refinitiv		-	49.82%	45.64%	41.42%	43.04%	49.22%	48.53%	50.80%	54.43%	54.97%	55.18%
Right of Use Tangible Assets - Capital/Finance Lease - Acc. Depreciation	%Total Assets	Annual Report & Refinitiv		-	-7.16%	-11.70%	-12.40%	-16.14%	-20.68%	-20.27%	-21.89%	-25.66%	-27.81%	-29.54%
Deferred tax assets	%Total Assets	Annual Report & Refinitiv		-	-	0.79%	1.14%	0.16%	0.30%	0.32%	0.28%	0.27%	0.24%	0.22%
Other Long-term Assets	%Total Assets	Annual Report & Refinitiv		3.59%	1.16%	1.28%	1.62%	1.28%	1.26%	1.15%	0.98%	0.95%	0.87%	0.80%
Total Non-current assets	%Total Assets	Annual Report & Refinitiv		45.94%	66.37%	62.82%	62.58%	57.64%	62.18%	68.44%	64.36%	63.50%	58.77%	54.26%
Total Assets	%Total Assets	Annual Report & Refinitiv		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities														
Current Liabilities														
Trade payables	%Total Assets	Annual Report & Refinitiv		36.64%	20.73%	21.35%	17.89%	18.14%	17.97%	15.87%	15.54%	15.98%	15.62%	15.25%
Income Tax Liabilities	%Total Assets	Annual Report & Refinitiv		1.24%	0.79%	0.57%	-	0.22%	0.32%	0.20%	0.17%	0.17%	0.15%	0.14%
Current debt	%Total Assets	Annual Report & Refinitiv		2.89%	0.47%	2.34%	1.01%	0.93%	1.15%	0.88%	1.35%	1.56%	1.69%	1.80%
Puts and call options liabilities	%Total Assets	Annual Report & Refinitiv		-	-	-	1.36%	2.27%	-	1.89%	1.62%	1.56%	1.43%	1.31%
Lease Liabilities	%Total Assets	Annual Report & Refinitiv		-	6.56%	5.85%	5.38%	5.30%	5.17%	4.95%	5.00%	4.83%	4.44%	4.11%
Other current liabilities	%Total Assets	Annual Report & Refinitiv		0.06%	-	0.01%	2.18%	2.16%	0.20%	0.60%	0.52%	0.50%	0.46%	0.42%
Total Current Liabilities	%Total Assets	Annual Report & Refinitiv		40.83%	28.54%	30.12%	27.81%	29.02%	24.81%	24.40%	24.20%	24.60%	23.79%	23.04%
Non-current liabilities														
Long-Term Debt	%Total Assets	Annual Report & Refinitiv		2.82%	0.36%	0.93%	0.78%	0.47%	0.45%	5.94%	6.49%	1.92%	2.08%	2.22%
Other payables	%Total Assets	Annual Report & Refinitiv		6.97%	1.85%	7.25%	0.15%	1.26%	1.93%	1.46%	1.25%	1.21%	1.10%	1.01%
Deferred Tax Liabilities	%Total Assets	Annual Report & Refinitiv		0.50%	0.29%	1.07%	1.78%	1.11%	1.11%	1.56%	1.34%	1.29%	1.18%	1.08%
Puts and call options liabilities	%Total Assets	Annual Report & Refinitiv		-	-	-	10.65%	11.35%	10.06%	6.72%	5.76%	5.56%	5.10%	4.68%
Lease Liabilities	%Total Assets	Annual Report & Refinitiv		-	39.29%	31.54%	26.58%	24.09%	25.70%	25.78%	25.73%	24.83%	22.86%	21.13%
Provisions	%Total Assets	Annual Report & Refinitiv		0.05%	-	0.10%	0.28%	0.26%	0.27%	0.27%	0.23%	0.22%	0.21%	0.19%
Total Non-current Liabilities	%Total Assets	Annual Report & Refinitiv		10.35%	41.79%	40.89%	40.22%	38.54%	39.54%	41.72%	40.80%	35.03%	32.53%	30.31%
Total Liabilities	%Total Assets	Annual Report & Refinitiv		51.18%	70.34%	71.01%	68.04%	67.56%	64.35%	66.12%	65.00%	59.62%	56.32%	53.35%
Shareholders' Equity														
Common stock	%Total Assets	Annual Report & Refinitiv		0.11%	0.06%	0.05%	0.03%	0.03%	0.03%	0.03%	0.03%	0.02%	0.02%	0.02%
Share Premium	%Total Assets	Annual Report & Refinitiv		0.53%	0.27%	0.23%	6.54%	5.76%	5.81%	4.70%	3.17%	3.06%	2.80%	2.57%
Retained earnings	%Total Assets	Annual Report & Refinitiv		46.08%	28.66%	30.24%	25.56%	24.35%	27.51%	26.45%	28.82%	33.58%	36.61%	39.34%
Other Reserves	%Total Assets	Annual Report & Refinitiv		-0.98%	-0.93%	-6.51%	-	-	-	-	-	-	-	-
Other comprehensive income	%Total Assets	Annual Report & Refinitiv		-	-	-	-5.94%	-4.04%	-2.83%	-1.83%	-1.57%	-1.51%	-1.39%	-1.27%
JD Sports' Shareholder's Equity	%Total Assets	Annual Report & Refinitiv		45.74%	28.05%	24.00%	26.18%	26.10%	30.53%	29.36%	30.45%	35.15%	38.05%	40.66%
Noncontrolling interests	%Total Assets	Annual Report & Refinitiv		3.08%	1.61%	4.99%	5.78%	6.34%	5.12%	4.52%	4.55%	5.23%	5.63%	6.00%
Total Equity	%Total Assets	Annual Report & Refinitiv		48.82%	29.66%	28.99%	31.96%	32.44%	35.65%	33.88%	35.00%	40.38%	43.68%	46.65%
Total Liabilities and Shareholders' Equity	%Total Assets	Annual Report & Refinitiv		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Control: Assets = Liabilities+Equity														

## Appendix 6: Common-Size Income Statement

Description	Units	Obs.	Sparkline	Historical Data							Forecasted Data			
				2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F
INCOME STATEMENT														
Sales	%Sales	Annual Report & Refinitiv		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	%Sales	Annual Report & Refinitiv		52.45%	52.96%	51.98%	50.86%	51.83%	52.12%	52.32%	52.07%	52.07%	52.07%	52.07%
Gross Profit	%Sales	Annual Report & Refinitiv		47.55%	47.04%	48.02%	49.14%	48.17%	47.88%	47.68%	47.93%	47.93%	47.93%	47.93%
Operating Expenses														
Selling, General and Administrative	%Sales	Annual Report & Refinitiv		39.90%	38.64%	40.59%	37.53%	38.04%	38.95%	38.90%	38.42%	38.59%	38.57%	38.56%
Administrative expenses	%Sales	Annual Report & Refinitiv		5.38%	5.70%	6.18%	4.83%	7.42%	5.09%	5.73%	5.76%	5.76%	5.76%	5.76%
STAFF EXPENSES	%Sales	Annual Report & Refinitiv		14.79%	14.30%	12.74%	13.34%	13.14%	14.71%	15.23%	14.04%	14.04%	14.04%	14.04%
Rental Expenses	%Sales	Annual Report & Refinitiv		6.94%	6.43%	0.68%	1.12%	0.94%	1.01%	0.94%	0.77%	0.73%	0.68%	0.64%
Total Depreciation & Amortization	%Sales	Annual Report & Refinitiv		2.44%	7.37%	8.10%	6.77%	6.29%	6.30%	6.85%	7.05%	7.17%	7.20%	7.20%
Total Depreciation of Fixed Assets	%Sales	Annual Report & Refinitiv		1.99%	1.73%	2.22%	1.85%	1.60%	1.69%	2.01%	2.32%	2.56%	2.73%	2.89%
Depreciation of Financial Lease Right-of-Use Assets	%Sales	Annual Report & Refinitiv		-	4.96%	5.21%	4.18%	3.93%	3.92%	4.00%	3.93%	3.84%	3.72%	3.58%
Amortization of Intangible Assets	%Sales	Annual Report & Refinitiv		0.45%	0.67%	0.66%	0.74%	0.75%	0.69%	0.85%	0.80%	0.77%	0.75%	0.73%
Other SG&A	%Sales	Annual Report & Refinitiv		10.36%	4.84%	12.89%	11.47%	10.26%	11.84%	10.14%	10.80%	10.90%	10.90%	10.93%
Unusual Expense (Income)	%Sales	Annual Report & Refinitiv		0.41%	1.60%	1.40%	3.38%	2.50%	0.84%	1.16%	-	-	-	-
Impairment of fixed assets	%Sales	Annual Report & Refinitiv		0.17%	0.71%	0.91%	-	1.36%	0.37%	1.41%	-	-	-	-
Movement in fair value of put and call options	%Sales	Annual Report & Refinitiv		0.12%	0.51%	0.34%	3.42%	-	-	-	-	-	-	-
Restructuring costs	%Sales	Annual Report & Refinitiv		0.03%	0.26%	0.33%	0.19%	0.07%	0.07%	-	-	-	-	-
Divestment cost	%Sales	Annual Report & Refinitiv		-	-	-	-0.19%	1.20%	0.30%	-0.68%	-	-	-	-
Acquisition related costs	%Sales	Annual Report & Refinitiv		0.08%	0.12%	0.06%	0.09%	-	0.10%	0.39%	-	-	-	-
Sales commission	%Sales	Annual Report & Refinitiv		-	-	-0.25%	-0.12%	-	-	-	-	-	-	-
Other Non Rec /E - Non Business Activ	%Sales	Annual Report & Refinitiv		-	-	-	-	-0.12%	0.00%	0.04%	-	-	-	-
Operating Expenses	%Sales	Annual Report & Refinitiv		40.31%	40.24%	41.99%	40.91%	40.54%	39.79%	40.06%	38.42%	38.59%	38.57%	38.56%
Other operating income	%Sales	Annual Report & Refinitiv		0.10%	0.18%	0.21%	0.19%	0.33%	0.70%	0.26%	-	-	-	-
Operating Income	%Sales	Annual Report & Refinitiv		7.34%	6.98%	6.24%	8.42%	7.96%	8.80%	7.88%	9.51%	9.34%	9.36%	9.37%
Net financial expenses														
Financial income	%Sales	Annual Report & Refinitiv		0.03%	0.03%	0.02%	0.02%	0.08%	0.37%	0.24%	0.06%	0.13%	0.14%	0.19%
Financial expense	%Sales	Annual Report & Refinitiv		0.16%	1.31%	1.01%	0.79%	3.24%	1.47%	1.88%	0.97%	1.10%	0.88%	0.85%
On bank loans and overdrafts	%Sales	Annual Report & Refinitiv		0.14%	0.11%	0.09%	0.07%	0.05%	0.08%	0.29%	0.24%	0.30%	0.13%	0.14%
Lease interest	%Sales	Annual Report & Refinitiv		-	1.18%	0.89%	0.69%	0.68%	0.80%	0.98%	0.73%	0.80%	0.75%	0.70%
other financial expenses	%Sales	Annual Report & Refinitiv		0.02%	0.02%	0.03%	0.03%	2.50%	0.60%	0.61%	-	-	-	-
Net financial expenses	%Sales	Annual Report & Refinitiv		-7.13%	-1.28%	-0.99%	-0.78%	-3.15%	-1.10%	-1.64%	-0.91%	-0.96%	-0.74%	-0.66%
Income Before Taxes (EBT)	%Sales	Annual Report & Refinitiv		12.20%	5.70%	5.25%	7.65%	4.81%	7.69%	6.24%	8.60%	8.37%	8.62%	8.71%
Income Tax Expense	%Sales	Annual Report & Refinitiv		1.60%	1.60%	1.54%	2.28%	2.12%	1.96%	1.53%	2.28%	2.22%	2.29%	2.31%
Net Income	%Sales	Annual Report & Refinitiv		5.60%	4.10%	3.72%	5.37%	2.69%	5.74%	4.71%	6.32%	6.15%	6.33%	6.40%
Less: Net Income Attributable to Noncontrolling Interests	%Sales	Annual Report & Refinitiv		0.05%	0.08%	0.08%	1.05%	0.83%	0.63%	0.44%	0.58%	0.71%	0.73%	0.74%
Net Income Attributable to equityholders	%Sales	Annual Report & Refinitiv		5.55%	4.03%	3.64%	4.32%	1.86%	5.11%	4.28%	5.73%	5.44%	5.60%	5.66%

## Appendix 7: Forecasting Assumptions

- Macroeconomic Assumptions

Description	Units	Observation	2024	2025F	2026F	2027F	2028F
<b>Macroeconomic Assumptions</b>							
Real GDP Growth rate (%) - World	%		3.3%	2.8%	3.0%	3.2%	3.2%
Real GDP Growth rate (%) - ASEAN 5	%		4.1%	4.6%	4.0%	4.2%	4.3%
Real GDP Growth rate (%) - Euro Area	%		0.8%	0.9%	1.1%	1.3%	1.3%
Real GDP Growth rate (%) - US	%		1.9%	1.2%	1.2%	1.4%	1.5%
<b>Inflation Rate Forecasts</b>							
Inflation Rate- Advanced economies	%		2.61%	1.98%	2.02%	2.02%	2.03%
Inflation Rate- UK	%		2.47%	2.60%	2.30%	2.10%	2.10%
Inflation Rate- Europe	%		2.40%	2.20%	1.90%	1.90%	1.90%
Inflation Rate- US	%		2.73%	2%	2.10%	2.10%	2.10%
<b>Real Disposable income Forecasts</b>							
Real disposable income-UK	%		2.60%	0.86%	0.66%	0.05%	0.47%
Real disposable income - Europe	%		2.20%	0.80%	1.00%	0.80%	0.80%
Real Disposable income- US	%		3.20%	1.70%	2.80%	2.10%	1.80%

- Income-Statement Assumptions

Description	Units	Observation	2024	2025F	2026F	2027F	2028F
<b>Income Statement</b>							
<b>Revenue</b>							
JD	£ Millions		7798	8459	9176	9890	10641
UK /ROI	£ Millions		2662	2684	2702	2703	2716
Europe	£ Millions		2199	2429	2672	2919	3174
North America	£ Millions		2436	2778	3165	3556	3959
Asia Pacific	£ Millions		501	568	637	712	792
Complementary Concepts	£ Millions		2165	3330	3442	3614	3795
Community	£ Millions		1806	2779	2871	3013	3162
Complementary	£ Millions		359	552	571	601	633
Sporting Goods & Outdoors	£ Millions		1495	1537	1582	1633	1686
Other	£ Millions		-	0	0	0	0
Total Revenue	£ Millions		11458	13327	14201	15138	16122
YoY	%		8.69%	16.3%	6.6%	6.6%	6.5%
<b>Operational Costs Assumptions</b>							
Gross Margin (%)	%		47.68%	47.93%	47.93%	47.93%	47.93%
Gross Margin	£ Millions		5 463	6387	6806	7256	7727
<b>SG&amp;A</b>							
Administrative expenses	£ Millions		657	768	818	872	929
Staff expenses	% Sales	Average 2018-24	5.73%	5.76%	5.76%	5.76%	5.76%
	£ Millions		1 745	1 870	1 993	2 125	2 263
	%Sales		14%	14.04%	14.04%	14.04%	14.04%
Rental Expenses	£ Millions	Average 2021-2024	103	103	103	103	103
Total Depreciation & Amortization							
Rate of Depreciation of Fixed Assets	%	Average 2018-2024	10.92%	10.92%	10.92%	10.92%	10.92%
Rate of Depreciation of Intangible assets	%	Average 2020-2024	8.95%	8.95%	8.95%	8.95%	8.95%
Rate of depreciation of Financial leases	%		9.48%	8.88%	8.32%	7.80%	7.31%
	%	CAGR 2019-2024	-6.30%				
Other SG&A	%Sales	%Sales	10.14%	10.93%	10.93%	10.93%	10.93%
		£25M synergies: 2/3 in FY25 and remaining across FY 26 and FY 27		-16.67	-4.17	-4.17	
<b>US Synergies</b>							
<b>Net financial expenses</b>							
Finance income- Interest rate	%		3.69%	1.12%	1.12%	1.12%	1.12%
	%	average 2019-24	1.12%				
Finance expense							
Interest rate on bank loans and overdrafts	%		4.86%	4.73%	4.73%	4.73%	4.73%
Interest rate on lease liabilities	%		3.66%	3.17%	3.17%	3.17%	3.17%
Other Financial expenses	%		70	0	0	0	0
Effective Tax rate	%		24.48%	26.55%	26.55%	26.55%	26.55%
	%	average 2018-24	26.55%				
	%Net income before non-controlling interests						
Non controlling interests			9.26%	12%	12%	12%	12%

- Revenue Assumptions

Description	Units	Observation	2024	2025F	2026F	2027F	2028F
Revenue							
JD	£ Millions		7798	8459	9176	9890	10641
UK / ROI	£ Millions		2662	2684	2702	2703	2716
Europe	£ Millions		2199	2429	2672	2919	3174
North America	£ Millions		2436	2778	3165	3556	3959
Asia Pacific	£ Millions		501	568	637	712	792
Complementary Concepts	£ Millions		2165	3330	3442	3614	3795
Community	£ Millions		1806	2779	2871	3013	3162
Complementary	£ Millions		359	552	571	601	633
Sporting Goods & Outdoors	£ Millions		1495	1537	1582	1633	1686
Other	£ Millions		-	0	0	0	0
Total Revenue	£ Millions		11458	13327	14201	15138	16122
YoY	%		8.69%	16.3%	6.6%	6.6%	6.5%
Portfolio of Stores							
Number of stores							
JD	Stores		2 026	2 182	2 338	2 494	2 650
UK / ROI	Stores		434	434	434	434	434
Europe	Stores		638	716	794	872	950
North America	Stores		852	917	982	1 047	1 112
JD North America	Stores		339	454	569	684	799
Finish Line	Stores		513	463	413	363	313
Asia Pacific	Stores		102	115	128	141	154
Complementary Concepts	Stores		2 221	2 221	2 221	2 221	2 221
Community	Stores		1 652	1 652	1 652	1 652	1 652
Complementary	Stores		569	569	569	569	569
Other Sporting Goods & Outdoors	Stores		619	619	619	619	619
Group Total	Stores		4 850	5 022	5 178	5 334	5 490
New Stores (Net)							
JD	Stores		124	156	156	156	156
UK	Stores		4	0	0	0	0
Europe	Stores		101	78	78	78	78
North America	Stores		6	65	65	65	65
New JD Stores	Stores		40	65	65	65	65
Finish line Conversion	Stores		57	50	50	50	50
Asia Pacific	Stores		13	13	13	13	13
Total JD Stores Ambition by 2028							
UK	Stores		420-430				
Europe	Stores		850-950				
North America	Stores		700-800				
Conversion Finish Line	Stores	Per year	50				
Asia Pacific	Stores	per year	13				
LFL Sales Growth							
JD	%		-0.40%				
UK & ROI	%		-2.60%	0.9%	0.7%	0.1%	0.5%
Europe	%		1.40%	0.8%	1.0%	0.8%	0.8%
North America	%		0.50%	1.7%	2.8%	2.1%	1.8%
Asia Pacific	%		-0.10%	4.6%	4.0%	4.2%	4.3%
Complementary Concepts	%		-4.60%				
Community	%	Sportswear market CAGR 25-28- North America	1.30%	5.0%	5.0%	5.0%	5.0%
Complementary	%	Sportswear market CAGR 25-28- Europe	-4.60%	5.3%	5.3%	5.3%	5.3%
Sporting Goods & Outdoor	%		4.00%	2.8%	3.0%	3.2%	3.2%
LFL Sales Growth							
JD			-32.00	97	130	106	121
UK & ROI	£ Millions		-71.00	22	18	1	13
Europe	£ Millions		27.00	15	22	20	22
North America	£ Millions		12.00	38	69	60	58
Asia Pacific	£ Millions		0.00	21	21	25	29
Complementary Concepts	£ Millions		2.00	65	112	172	181
Community	£ Millions		14.00	52	92	142	149
Complementary	£ Millions		-12.00	13	20	30	32
Sporting Goods & Outdoor	£ Millions		57.00	42	45	51	53
Group Total	£ Millions		27.00				
New stores Sales							
JD							
UK & ROI	£ Millions	Per Store	14.25	14.74	15.18	15.51	15.90
Europe	£ Millions	Per Store	2.67	2.75	2.83	2.91	2.99
North America	£ Millions	Per Store	4.50	4.67	4.90	5.10	5.30
Asia Pacific	£ Millions	Per Store	3.38	3.54	3.68	3.84	4.00
Non LFL growth (net growth from new space)							
Negative growth means closures impact surpasses new space contribution							
JD			551	564	587	608	630
UK & ROI	£ Millions		57	0	0	0	0
Europe	£ Millions		270	215	221	227	233
North America	£ Millions		180	303	318	332	344
Asia Pacific	£ Millions		44	46	48	50	52
Complementary Concepts	£ Millions		11	0	0	0	0
Community	£ Millions		39	0	0	0	0
Complementary	£ Millions		-28	0	0	0	0
Sporting Goods & Outdoor	£ Millions		-3	0	0	0	0
Organic Growth (%)							
JD	%		7.1%	8.5%	8.5%	7.8%	7.6%
UK & ROI	%		-0.5%	0.8%	0.7%	0.0%	0.5%
Europe	%		15.6%	10.5%	10.0%	9.2%	8.7%
North America	%		8.6%	14.0%	13.9%	12.4%	11.3%
Asia Pacific	%		9.5%	13.4%	12.1%	11.7%	11.4%
Complementary Concepts	%		1.0%	3.0%	3.4%	5.0%	5.0%
Sporting Goods & Outdoor	%		3.7%	2.8%	3.0%	3.2%	3.2%
Group Total	%		5.8%	14.7%	6.6%	6.6%	6.5%
Revenue growth from M&A							
JD	£ Millions		0.00				
UK & ROI	£ Millions		2.00				
Europe	£ Millions		0.00				
North America	£ Millions		0.00				
Asia Pacific	£ Millions		0.00				
Complementary Concepts	£ Millions		852.00	1100.00			
Community	£ Millions		713.00	921			
Complementary	£ Millions		139.00	179			
Sporting Goods & Outdoor	£ Millions		0.00				
Group Total			852.00	1100.00	0.00	0.00	0.00

- Balance Sheet Assumptions

Description	Units	Observation	2024	2025F	2026F	2027F	2028F
<b>Balance Sheet</b>							
Working Capital Assumptions							
Trade Receivables: DSO	Days		8.44	8.68	8.68	8.68	8.68
	Days	Average 2022-24	8.68				
Trade payables : DPO	Days		92.12	94.90	94.90	94.90	94.90
	Days	Average 2022-24	94.90				
Days of Inventory on Hand	Days		110.01	105.73	101.91	101.89	101.94
Inventories	£Millions		2021	1999	2130	2271	2418
Inventories/sales	% sales	Company commitment in line with recent financial information	0.18	15%	15%	15%	15%
Inventories (from Hibbet & Courir)	£Millions		364.00				
Inventories (excl. M&A)	£Millions		1657.00				
Inventories/sales (excl. M&A)	% sales		15.62%				
Right of Use Tangible Assets - Capital/Finance Lease - Gross	£Millions		4831	5898	6547	7214	7895
Right of Use Tangible Assets - Capital/Finance Lease - Net	£Millions		2813	3356	3460	3565	3669
Right of Use Tangible Assets - Capital/Finance Lease (per store)	£Millions	average 2019-24	0.67				
D&A: Right of Use Tangible Assets	£Millions		458	524	545	563	577
Lease Liabilities	£Millions		3 059	3 568	3 567	3 583	3 611
Lease payments	£Millions	average 2019-24	-420	-461	-538	-537	-540
ST:Lease Liabilities	%	Keep historical average of % Total lease liabilities	16%	16%	16%	16%	16%
LT: Lease Liabilities	%	Keep historical average of % Total lease liabilities	84%	84%	84%	84%	84%
Debt/Equity	£	Ratio between interst-bearing loans and total equity	0.201	0.086	0.086	0.086	0.086

- Cash Flow Statement Assumptions

Description	Units	Observation	2024	2025F	2026F	2027F	2028F
<b>Cash Flow Statement</b>							
CAPEX	%Sales		-4.42%	-3.71%	-3.47%	-3.00%	-3.00%
CAPEX	£Millions	Guidance FY 25: £450-500M	-506	-494	-493	-454	-484
Intangible additions	Average 2018-24		-	-0.29%	-0.29%	-0.29%	-0.29%
Payout ratio	%		9.80%	6.58%	10.41%	9.60%	9.78%
Dividend per share	£	Guidance FY 2025: 1pp	0.009	0.01	0.0160	0.0162	0.0178
Dividends			48	50.3	80.4	81.4	89.3
Growth in EPS	%		-9.09%	60.01%	1.17%	9.70%	7.62%
Share buyback programme							
Aggregate purchase	£Millions			100.00			
Expected price paid per share	£			0.75			
Number of shares acquired	Millions			133.33			
Nominal value per share	£			0.0005			

## Appendix 8: Debt-Schedule

Description	Units	Observations	Historical Data							Forecasted Data			
			2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F
Invested Capital (with leases)			1 203	3 318	3 595	4 701	5 128	5 482	7 110				
Invested Capital (without leases)			1 203	1 325	1 665	2 415	2 744	2 998	4 051				
Equity			1 077	1 289	1 496	2 286	2 631	2 868	3 372	4 063	4 856	5 733	6 675
Long term debt			62	16	48	56	38	37	591	753	231	273	318
Short term debt			64	20	121	73	75	93	88	157	187	221	258
Long-term Lease Liabilities			0	1 708	1 628	1 902	1 954	2 068	2 566	2 987	2 986	3 000	3 023
Short-term Lease Liabilities			0	285	302	385	430	416	493	581	581	583	588
Total Lease Liabilities			0	1 993	1 930	2 286	2 384	2 484	3 059	3 568	3 567	3 583	3 611
Cash			251	466	964	1 314	1 508	1 153	731	1 699	1 877	2 739	3 705
ST debt in % of Total debt			51%	57%	72%	57%	66%	72%	13%	55%	*average		
LT debt in % of Total debt			49%	43%	28%	43%	34%	28%	87%	45%	*average		
Debt/E			0.12	0.03	0.11	0.06	0.04	0.05	0.20	0.09	*average		
Total Debt, forecast										910	418.654	494.24	575.441
of which is related with acquisition facility loan		due on July 2026. The group entered into the loan for the purpose of acquiring Hibbet Inc.							560	560	0		
Long term debt										753	231.243	272.992	317.844
Short term debt										157	187.412	221.248	257.598
Interest expense			7	7	6	6	6	8	33	43	20	23	27
interest rate (interest bearing debt)			5.32%	18.33%	3.37%	4.37%	4.86%	6.18%	4.86%	4.73%	*average(2020-24)		
Lease liabilities													
ST Lease Liabilities				14%	16%	17%	18%	17%	16%	16%	*average		
LT Lease liabilities				86%	84%	83%	82%	83%	84%	84%	*average		
Cost on lease liabilities				72	55	60	69	84	112				
Lease liabilities				1 993	1 930	2 286	2 384	2 484	3 059	3 568	3 567	3 583	3 611
In % of lease liabilities				3.61%	2.84%	2.60%	2.89%	3.40%	3.66%	3.17%	*average		
Projected cost on lease liabilities										97	113	113	113
Total Cost of debt			7	79	61	65	74	92	145	140	133	136	141
Cost of debt per year			5.32%	3.87%	2.89%	2.70%	2.98%	3.54%	3.88%	3.12%	3.33%	3.34%	3.36%



## Appendix 9: Assumptions-Rationale

High level Rationale of Author's Assumptions	
Variable	Rationale
<b>Macroeconomic Assumptions</b>	
Real GDP growth rates forecasts	Projections provided by International Monetary Fund- World Economic Outlook Database
<b>Inflation Rate Forecasts</b>	
Inflation Rate- UK	Projections provided by UK Office for Budget Responsibility
Inflation Rate- Europe	Projections provided by ECB (European Central Bank)
Inflation Rate- US	Projections provided by International Monetary Fund- World Economic Outlook Database
<b>Real Disposable income Forecasts</b>	
Real disposable income-UK	Projections provided by UK Office for Budget Responsibility
Real disposable income - Europe	Projections provided by ECB (European Central Bank)
Real Disposable income- US	Projections provided by International Monetary Fund- World Economic Outlook Database
<b>JD Sport's Operational Assumptions</b>	
<b>Income Statement</b>	
New stores	The number of new stores to be opened annually in each segment was determined by considering the management's ambition for the Total number of JD stores by 2028, alongside the guidance provided in the FY24 Full Year Results presentation, which announced a target of 200 new stores, including relocations, for FY25.
LFL Sales	The LFL sales growth represents the growth generated by physical stores that were operational at the beginning of the previous year. For JD segment, YoY growth is assumed to be equal the expected change in real disposable income for each region. For complementary concepts segment, YoY growth equal the forecasted market CAGR in the period 2025-28. For the sporting goods & Outdoor segment, YoY growth is based on the expected growth in world GDP.
Growth from new store opened annually	Sales per new store grow at the same rate as LFL sales.
"Other" operational segment Revenues	The other segment revenue is mainly composed small fashion fascias operating in the UK. Following the company's strategy of desinvestment on non-core business, is assumed that these fascias will be closed and any revenue will come from this segment.
Total Revenue	It was used an hybrid approach to reach the level of total revenues, as the economic and industry outlook was used to forecast LFL sales, and the company's expectations for the opening of new stores was used to estimate revenue that comes from new points of sale
Gross Margin	The strong brand partnership with premium sportswear brands, such as Nike or Adidas, allows JD Sports to sell products with high degree of differentiation and replicate the purchasing prices changes on the selling price. The Management team does not expect suppliers to increase prices as a consequence of higher tariffs on imports. Margin has been stable around 48% on the last 6 years.
Staff and administrative expenses	Staff expenses and Administrative expenses were forecasted based on historical average % of sales
Rental Expenses	Average value of rental expenses over the period 2021-24 was considered
Other SG&A	
D&A	Both fixed assets and intangible assets, was considered the historical rates of depreciation, while for financial lease the downward trend on the rate of depreciation will keep unchanged
Finacial income	Interest earned on the investment of Cash and Csh equivalents (n-1), using an interest rate based on historical analysis
Finacial expense	See Debt Schedule. Historiacal interest rates considered for both, financial leases and interest-bearing loans
Tax rate	Author analysis, based on historical effective tax rates
<b>Balance Sheet</b>	
Right of Use Tangible Assets - Capital/Finance Lease - Net	Growth in line with store portfolio growth
Lease Liabilities	Equal to ROU assets change
Debt/Equity	The ratio between interest-bearing loans and total equity used was the average ratio of the historical period. To forecast the distribution between short-term and long-term debt, it was used the historical average of % of Total Debt
<b>Working Capital Assumptions</b>	
Trade receivables: DSO	Author analysis based on historical DSO
Inventories: DIH	It's expected to converge to the industry average DIH
Trade payables: DPO	Author analysis based on the company's commitment to keep the ratio inventory/sales at the 0.15 level.
<b>Cash Flow Statement</b>	
CAPEX	Reflecting the end of the heightened investment phase in the supply chain and infrastructure, the company expects CAPEX to reach 3% of sales, by FY27
DPS	Reflecting the company's commitment to improve shareholders return and continue paying a progressive dividend policy. DPS is expected to evolve in line with the EPS growth.
<b>Market Data</b>	
Cost of Capital	
Discount factor model	Capital Asset Pricing Model (CAPM).
Cost of Equity (Re)	Cost of Equity was determined using CAPM.
Beta (βe)	Top-down approach, based on a regression over FTSE All-share. It was adjusted with Blume's methodology.
Risk Free rate	Based on 10 years maturity UK government Bond Yield minus the UK Country default swap spread. CDS spread considered was based on Damodaran (2025)
Equity Risk Premium (MRP)	Based on Damodaran (2025) Country Default Spreads and Risk Premiums
Country Risk Premium (CRP)	Based on Damodaran (2025) Country Default Spreads and Risk Premiums
Cost of Debt (Rd)	Based on Default Risk Model/Credit Spread
Terminal period	
Long-run sustainable growth rate (g)	It was used the stable growth Model: Reinvestment rate*ROIC -> Firm approach
Free Cash Flow determination methodology	Stable growth model

## Appendix 10: FCFF valuation

FCFF (WACC) - Price Target Determination (\$` Mn)				
Forecast Year	Free cash Flow	WACC	Discount Factor	Present Value of FCFF
<b>(+) Enterprise Value</b>				
2025F	466	7.7%		0
2026F	852	8.4%		0
2027F	934	8.7%	0.92	859
2028F	1024	9.0%	0.84	865
Terminal Value	15 365	9.0%	0.77	11 902
<b>Enterprise Value</b>				<b>13 627</b>
<b>(+) Cash and cash equivalents</b>				
Cash and cash equivalents				1 877
<b>Total Cash and Cash Equivalents</b>				<b>1877</b>
<b>Firm Value</b>				
<b>(-) Debt and Debt equivalents</b>				
Short-term debt				2 958
Long-term Debt				4 213
<b>Total Debt and Debt Equivalents</b>				<b>7172</b>
<b>(-) Non controlling assets</b>				
Noncontrolling interests				629
<b>Equity Value</b>				<b>£ 7 702.65</b>
Outstanding Shares (Mn)				5 027
<b>Price Target (£/Share)</b>				<b>£ 153.24</b>
<b>Upside Potential</b>				<b>51.86%</b>

Enterprise Value determination - FCFF					
Cash-Flow (£` Mn)	Year				
	2025F	2026F	2027F	2028F	Terminal
<b>FCFF</b>					
<b>NOPAT</b>					
NOPAT	930	974	1 040	1 109	1 109
%YoY		4.7%	6.8%	6.6%	
<b>(+) Non cash Charges</b>					
Amortizations & Depreciations	940	1 018	1 089	1 161	1 161
%YoY		8.4%	7.0%	6.5%	
<b>(-) Net Working Capital</b>					
(-) Change in Net Working Capital	-195	-43	31	34	34
%YoY		-78.0%	-172.6%	9.7%	
<b>(-) (Capital Expenditures+ΔROU Assets)</b>					
Capex - Additions to PP&E	1 600	1 183	1 165	1 211	1 211
%YoY		-26.0%	-1.6%	4.0%	
<b>(=) FCFF</b>	<b>466</b>	<b>852</b>	<b>934</b>	<b>1 024</b>	<b>1 024</b>

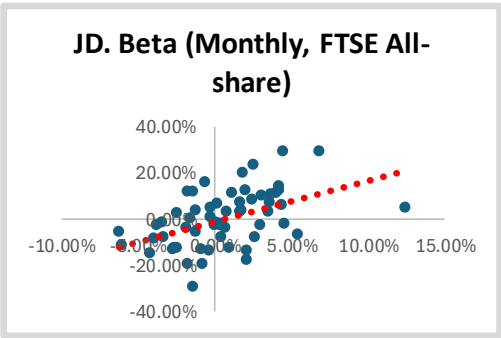
Appendix 11: WACC breakdown

WACC					
Cost of Equity					
Cost of Equity	12.92%	12.92%	12.92%	12.92%	12.92%
Risk Free rate	3.93%				
Levered Beta	1.51				
Market Risk Premium	5.93%				
Cost of Debt					
Cost of debt	4.78%	4.78%	4.78%	4.78%	4.78%
Tax Rate	26.55%	26.55%	26.55%	26.55%	26.55%
After-tax cost of debt	3.51%	3.51%	3.51%	3.51%	3.51%
Terminal					
Terminal D/E					72.0%
Terminal D/V					41.85%
Terminal WACC					9%
WACC					
Debt weight	56%	49%	45%	42%	
Equity weight	44%	51%	55%	58%	
WACC	7.7%	8.4%	8.7%	9.0%	9.0%

Method : Beta Top-down Approach (Regression)

Regression Statistics	
Multiple R	0.48
R square	0.23
Adjusted R square	0.22
Standard Error	0.11
Observations	60

Regression	
Regression Beta	1.77
Blume Adjustment	1.51



Method: Default Risk Model

Company Default Spread Estimation	
Ratios	Amount
Interest Coverage Ratio - 2024	
Interest Coverage Ratio	5.90
Company Default spread- 2024	0.85%
Interest Coverage Ratio - 2028	
Interest Coverage Ratio	6.03
Company Default spread- 2028 F	0.77%

Cost of Debt Estimation (Default Risk Model)		
Indicator	CDS 2024	CDS 2028F
10Y UK government bond yield	4.52%	4.52%
CDS Spread	0.59%	0.59%
Risk-free Rate	3.93%	3.93%
Company Default Spread	0.85%	0.77%
Cost of Debt (DRM)	4.8%	4.7%

Default Spread Table				
Interest Coverage Ratio		Rating Moody's	Rating Fitch & S&P	Spread is
Greater than	Less than			
-100000	0.200	D2	D	19.00%
0.2	0.650	C2	C	15.50%
0.65	0.800	Ca2	CC	10.10%
0.8	1.250	Caa	CCC	7.28%
1.25	1.500	B3	B-	4.42%
1.5	1.750	B2	V	3.00%
1.75	2.000	B1	B+	2.61%
2	2.250	Ba2	BB	1.83%
2.25	2.500	Ba1	BB+	1.55%
2.5	3.000	Baa2	BBB	1.20%
3	4.250	A3	A-	0.95%
4.25	5.500	A2	A	0.85%
5.5	6.500	A1	A+	0.77%
6.5	8.500	Aa2	AA	0.60%
8.5	100000.000	Aaa	AAA	0.45%

Source: Damodaran (2025)

## Appendix 12: Terminal growth rate (g)

### Terminal Growth Rate (g)

Caption	2025F	2026F	2027F	2028F
Capex( CAPEX+ ΔROU Assets)	-1 600	-1 183	-1 165	-1 211
D&A	940	1 018	1 089	1 161
Var. NWC	-195	-43	31	34
EBIT(1-t)	930	974	1 040	1 109
Reinvestment Rate	50%	13%	10%	8%
ROIC	10.89%	11.02%	10.60%	10.21%
<b>Terminal Growth Rate</b>	<b>5.437%</b>	<b>1.378%</b>	<b>1.084%</b>	<b>0.781%</b>
Average				2.2%

## Appendix 13: Adjusted Present Value (APV) model breakdown

APV - Price Target Determination (\$` Mn)				
Forecast Year	Free cash Flow	Unlevered Cost of Equity	Discount Factor	Present Value of FCFF
<b>(+) Unlevered Enterprise Value</b>				
2025F	466	8.6%		0
2026F	852	9.2%		0
2027F	934	9.5%	0.91	852
2028F	1024	9.8%	0.83	850
Terminal Value	13 699	9.8%	0.76	10 345
<b>Unlevered Enterprise Value</b>				<b>12 047</b>
<b>(+) PV (tax shield)</b>				<b>1045</b>
<b>(+) Cash and cash equivalents</b>				
Cash and cash equivalents				1 877
<b>Total Cash and Cash Equivalents</b>				<b>1877</b>
<b>Firm Value</b>				
<b>(-) Debt and Debt equivalents</b>				
Short-term debt				2 958
Long-term Debt				4 213
<b>Total Debt and Debt Equivalents</b>				<b>7172</b>
<b>(-) Non controlling assets</b>				
Noncontrolling interests				629
<b>Equity Value</b>				
Outstanding Shares (Mn)				5 027
<b>Price Target (£/Share)</b>				
Upside Potential				44.82%

	Year				
	2025F	2026F	2027F	2028F	Terminal
D/E	1.27	0.94	0.82	0.72	0.72
Levered beta	1.51	1.51	1.51	1.51	1.51
Unlevered beta	0.78	0.90	0.95	0.99	0.99
unlevered Cost of Equity	8.6%	9.2%	9.5%	9.8%	9.8%

	Tax Shield			
	2025F	2026F	2027F	2028F
Debt Capacity	4 479	3 985	4 078	4 187
Interest	129	156	133	137
Tax Shield	34	41	35	36
Tax Shield Terminal				1111.455
Tax Shield Total	34	41	35	1148
Pv Tax Shield	-	-	34	1045

## Appendix 14: Top 5 Peers-SARD approach

Company	Ticket	Country	ROE	Net Debt/EBIT	Revenue Growth	EBIT Margin	Market Cap	Profitability	Risk	Growth	Op. Characteristics	Size	SARD	SARD Rank
JD Sports Fashion PLC	JD.L	UK	16%	3.90	8.69%	9.04%	4201272000		8	6	3	9	5	0
Academy Sports and Outdoors Inc	ASO.O	USA	20%	1.70	-3.67%	9.1%	2827047286		6	11	9	8	8	11
Buckle Inc	BKE	USA	45%	-0.91	-1.08%	19.8%	2176307140		1	17	6	2	10	5
DICK'S Sporting Goods Inc	DKS	USA	40%	1.84	3.33%	11.1%	14257664907		3	10	5	5	2	6
Lululemon Athletica Inc	LULU.O	Canada	42%	-0.12	10.07%	23.7%	40094828998		2	14	2	1	1	11
Canadian Tire Corporation Ltd	CTCa.TO	Canada	14%	2.99	-5.83%	11.27%	4836535868		9	7	12	4	4	5
MTN Group Ltd	MTN	South Africa	21%	2.85	540.46%	19.09%	3916050426		5	8	1	3	6	8

## Appendix 15: Multiples Based Valuation

Selected Peers					Price Multiples (TTM)		Enterprise Value Multiples (TTM)	
SARD Peers adjusted Rank	SARD Result	Ticker	Company Name	Country	P / E	Price / Book	EV / Sales	EV / EBITDA
1	5	BKE	Buckle Inc	USA	11.72	5.16	1.56	7.46
2	5	CTCa.TO	Canadian Tire Corporation Ltd	Canada	7.27	1.32	1.20	9.28
2	11	ASO.O	Academy Sports and Outdoors Inc	USA	9.86	0.81	0.50	4.59
4	13	FRAS.L	Fraser's Group PLC (FRAS.L)	USA	7.50	161.52	0.84	5.44
5	14	FL	Foot Locker Inc	USA	19.19	0.76	0.30	5.90
Median					9.86	1.32	0.84	5.90
Benchmark Data					Price / Share			
Benchmark	Multiplier	# Shares	-Debt + Cash		P / E	Price / Sales	EV / Sales	EV / EBITDA
JD Sports Fashion Plc	100	5026.67		-2 109	171.26	127.50	194.80	233.43
Upside					63%	34%	78%	101%

## References

- BBC News. (2024, May 30). *What are Trump's tariffs from China and Vietnam on apparel?*. <https://www.bbc.com/news>
- CEIC. (2025). *United States consumer confidence index*. <https://www.ceicdata.com>
- Damodaran, A. (2025). *Data: Country risk premiums and equity risk premiums*. Stern School of Business, New York University. [https://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/ctryprem.html](https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html)
- Damodaran, A. (2025). *Home page*. Stern School of Business, New York University. [https://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/home.htm](https://pages.stern.nyu.edu/~adamodar/New_Home_Page/home.htm)
- ENDVR. (2025). *Predicting trends in the sports retail industry: Insights for 2025*. <https://www.endvr.io>
- European Central Bank. (2023, September). *ECB staff macroeconomic projections for the euro area*. <https://www.ecb.europa.eu>
- Fortune Business Insights. (2024). *Sportswear market trends, share & growth analysis (2023–2032)*. <https://www.fortunebusinessinsights.com>
- Hibbett, Inc. (2024, March 15). *Fourth quarter and fiscal 2024 results*. <https://www.hibbett.com>
- HL. (2024, May 10). *JD Sports keeps profit outlook in a challenging market*. Hargreaves Lansdown. <https://www.hl.co.uk>
- International Monetary Fund. (2025, April). *World Economic Outlook Database*. <https://www.imf.org/en/Publications/WEO>
- Investing.com. (2025). *United Kingdom government bonds live yields*. <https://uk.investing.com/rates-bonds/uk-government-bonds>
- JD Sports Fashion Plc. (2019–2024). *Annual reports*. Retrieved from <https://www.jdplc.com/investor-relations/results-centre>
- JD Sports Fashion Plc. (2024, April 24). *Completion of the acquisition of Hibbett, Inc. – Company announcement*. FT.com. <https://www.ft.com>
- Just-Style. (2025, June 15). *How apparel & footwear brands are preparing for possible tariffs*. <https://www.just-style.com>
- KPMG UK. (2025). *US tariffs: What UK businesses need to know*. <https://home.kpmg/uk/en/home/insights>
- McKinsey & Company. (2025). *Sporting goods industry trends 2025*. <https://www.mckinsey.com>
- OECD. (2024). *Composite leading indicators*. OECD Data Explorer. <https://data.oecd.org/leadind/composite-leading-indicator-cli.htm>
- Office for Budget Responsibility. (2024). *UK: Income forecasts*. <https://obr.uk>
- SGI Europe. (2025). *Largest sporting goods retailers: Market analysis*. <https://www.sgieurope.com/market-analysis/latest-industry-analysis/largest-sporting-goods-retailers>

# Disclosures and Disclaimers

## AI Disclaimer

This project was developed with strict adherence to the academic integrity policies and guidelines set forth by ISEG, Universidade de Lisboa. The work presented herein is the result of my own research, analysis, and writing, unless otherwise cited. In the interest of transparency, I provide the following disclosure regarding the use of artificial intelligence (AI) tools in the creation of this thesis/internship report/project:

1. I affirm that no generative AI tools (e.g., ChatGPT, GPT-4, or other similar language models) were used to write any part of this thesis. All text, analysis, and conclusions are my original work, except where explicit citations are provided.

OR

2. I disclose that AI tools were employed during the development of this thesis as follows:

- AI-based research tools were used to assist in the literature review and data collection.
- AI-powered software was utilized for data analysis and visualization.
- Generative AI tools were consulted for brainstorming and outlining purposes. However, all final writing, synthesis, and critical analysis are my own work. Instances where AI contributions were significant are clearly cited and acknowledged.

Nonetheless, I have ensured that the use of AI tools did not compromise the originality and integrity of my work. All sources of information, whether traditional or AI-assisted, have been appropriately cited in accordance with academic standards. The ethical use of AI in research and writing has been a guiding principle throughout the preparation of this thesis.

I understand the importance of maintaining academic integrity and take full responsibility for the content and originality of this work.

João Nuno Ferreira Oliveira

30<sup>th</sup> of June of 2025



## Recommendation Disclaimer

This report is published for educational purposes by Master students and does not constitute an offer or a solicitation of an offer to buy or sell any security, nor is it an investment recommendation as defined by the *Código do Mercado de Valores Mobiliários (Portuguese Securities Market Code)*. The students are not registered with *Comissão de Mercado de Valores Mobiliários (CMVM)* as financial analysts, financial intermediaries or entities/persons offering any service of financial intermediation, to which *Regulamento (Regulation) 3º/2010* of CMVM would be applicable.

This report was prepared by a Master's student in Finance at ISEG – Lisbon School of Economics and Management, exclusively for the Master's Final Work. The opinions expressed and estimates contained herein reflect the personal views of the author about the subject company, for which he/she is solely responsible. Neither ISEG, nor its faculty accepts responsibility whatsoever for the content of this report or any consequences of its use. The valuation methodologies and the financial model contained in this report was revised by the supervisor.

The information set forth herein has been obtained or derived from sources generally available to the public and believed by the author to be reliable, but the author does not make any representation or warranty, express or implied, as to its accuracy or completeness. The information is not intended to be used as the basis of any investment decisions by any person or entity.

## Recommendation System

Level of Risk	SELL	REDUCE	HOLD/NEUTRAL	BUY	STRONG BUY
High Risk	$0\% \leq$	$>0\% \ \& \ \leq 10\%$	$>10\% \ \& \ \leq 20\%$	$>20\% \ \& \ \leq 45\%$	$>45\%$
Medium Risk	$-5\% \leq$	$>-5\% \ \& \ \leq 5\%$	$>5\% \ \& \ \leq 15\%$	$>15\% \ \& \ \leq 30\%$	$>30\%$
Low Risk	$-10\% \leq$	$>-10\% \ \& \ \leq 0\%$	$>0\% \ \& \ \leq 10\%$	$>10\% \ \& \ \leq 20\%$	$>20\%$