

JJB Sports Plc (“JJB”)

AGM Trading Statement

JJB is holding its Annual General Meeting today and is taking this opportunity to provide an update on its current trading and corporate strategy.

Current Trading

Total turnover for the Group during the 23 weeks ended 4 July 2004 was 1.1 per cent lower than that in the equivalent period last year and includes a like-for-like decrease in turnover in respect of operating units which have been open for over 52 weeks of 1.3 per cent. The gross margin in this period is very similar to that earned in the comparative period. All the comparative figures in this statement exclude the results of the TJ Hughes business which was sold in November 2003.

At the time of the publication of our preliminary results for the 52 weeks ended 25 January 2004, we referred to the current trading figures for the 10 weeks ended 4 April 2004 which showed a fall in turnover of 4.7 per cent including a decrease in like-for-like turnover of 5.7 per cent. We expressed some confidence of an improvement in these figures for the remainder of the first half of the current accounting period, subject to improvements in the poor weather experienced during March 2004 and resulting from the commencement of the Euro 2004 football tournament.

The results since 4 April 2004 have shown an improvement, particularly in the sales of replica shirts and other products related to the Euro 2004 tournament. Turnover in replica products was 36 per cent higher in the 23 weeks to 4 July 2004 than the level achieved in the comparative period, but at slightly lower gross margins than those achieved on our other clothing products.

However, some of the increased turnover achieved in replica kit products is substitutional for turnover in our other clothing categories where turnover fell by 15 per cent in the same period. This fall in the turnover of clothing products is principally attributable to t-shirts and shorts, turnover of which has also been impacted by the strong comparatives achieved last spring and summer during a sustained period of warm and sunny weather.

Increases in operating expenses during the 23 weeks ended 4 July 2004, compared to the equivalent period last year, principally resulted from the increased number of operating units, including 5 combined health clubs/superstores which have been opened since July last year.

The Leisure Division continues to build on the very successful results that it achieved during the last accounting period. The total number of members at 4 July 2004 in the 18 clubs in operation at that date, was 74,500 with an average membership per club in those open for over 12 months of 4,400. This scale of membership, together with the overhead savings from operating both a store and a health club from two levels but only paying rent on the ground floor area, contributes to a very satisfactory return on capital employed. Opportunities for the growth of this unique concept throughout the country are considerable.

Property

During the 23 weeks ended 4 July 2004, JJB opened 5 stand-alone superstores, 2 combined health club/superstores and 3 smaller Icon stores. A total of 20, mainly smaller stores, have been closed.

JJB's plans for openings during 2004 are substantially completed. Including those changes noted above, the full year openings will include 11 stand-alone superstores, 7 combined health club/superstores and approximately 10 Icon stores. It is anticipated that approximately 30, mainly small stores, will be closed.

Plans for openings during the year commencing 31 January 2005 are already well advanced. It is anticipated that 14 combined health clubs/superstores will open next year with 2 also incorporating indoor soccer centres, together with 7 stand-alone superstores. A significant proportion of the capital expenditure incurred by JJB on fitting out indoor soccer centres will be funded by the developers.

Corporate Strategy

The combined health clubs/superstores operating in the Leisure Division continue to generate very attractive returns on capital. The presentation that JJB made to analysts and institutions at the time of the publication of its Preliminary results in April 2004, pointed out that the average operating profit of mature health club/superstore sites, was close to £1 million for the 52 weeks ended 25 January 2004. The average capital expenditure on these sites was £2.8 million. Following this success and availability of new sites, JJB intends to materially increase the number of these units in operation.

In addition, JJB has identified a number of superstores and some selected high street stores that are in need of refurbishment, and work has already commenced on a programme of refurbishment which JJB believes will lead to a higher level of profits from the stores concerned.

JJB has always enjoyed a very strong cash flow from its business and since taking on the £150 million debt in 1998 to fund the acquisition of Sports Division, its strategy has been to gradually pay down this debt but without restricting its expansion plans. In addition, since 1999, JJB has returned £50.5 million to shareholders via on-market buybacks and the tender offer executed earlier this year. At today's AGM, JJB is seeking approval to increase its final dividend for the 52 weeks ended 25 January 2004 by 40 per cent compared to the final dividend paid last year.

JJB intends to reinvest a significant proportion of its cash flow to take advantage of profitable opportunities available in the Leisure Division and to boost the performance of its core stores business. The Company at today's AGM is asking for a renewal of its authority to purchase, in the market, up to 5 per cent of its issued share capital which will enable the Board to continue to assess further share buybacks against the opportunities for re-investment of free cash flow within the business.

David Whelan, Chairman of JJB, will make the following statement at the Annual General Meeting later today:

"I am very pleased with the continuing progress being made within our Leisure Division and am excited by the opportunities that we have to grow this part of the business to become an increasingly significant part of JJB.

The improvement in trading that we anticipated from the Euro 2004 tournament has been clearly reflected in our improved turnover figures, although the impact on our operating profits is tempered slightly by the lower gross margins received on these products. Parts of our clothing product categories continue to be affected by the strong comparatives achieved during the period of very warm weather last summer and our success in replica kit turnover during the tournament has also had an adverse impact on the levels of turnover in these categories. Competition on the high street remains strong but I believe that our strategies and the opportunities in the Leisure Division, will lead to growth over the next few years".

D Whelan
Chairman
9 July 2004

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