For Immediate Release 26 April 2017

**boohoo.com plc – final results for the year ended 28 February 2017**

**"Leading the fashion eCommerce market"**

| £000 | **Year ended 28 February 2017** | Year ended 29 February 2016 | Change |
|---|---|---|---|
| Revenue | **294,635** | 195,394 | *+51%* |
| Gross profit | **160,829** | 112,911 | *+42%* |
| *Gross margin* | ***54.6%*** | *57.8%* | *-320bps* |
| Operating profit | **30,308** | 15,046 | *+101%* |
| Adjusted EBITDA(1) | **35,563** | 18,711 | *+90%* |
| Profit before tax | **30,945** | 15,674 | *+97%* |
| | | | |
| Net cash(2) at year end | **58,420** | 58,281 | *+£0.1m* |
| Basic earnings per share | **2.19p** | 1.11p | *+97%* |

(1): Adjusted EBITDA is calculated as profit before tax, interest, depreciation, amortisation, share-based payment charges and option gain on PrettyLittleThing acquisition.
(2) Net cash is cash less borrowings.

## Financial Highlights

**Group**

- Revenue £294.6 million (2016: £195.4 million)
- Gross margin 54.6% (2016: 57.8%)
- Adjusted EBITDA £35.6 million, 12.1% of revenue (2016: £18.7 million, 9.6%)
- Profit before tax £30.9 million (2016: £15.7 million)
- Strong balance sheet with net cash of £58.4 million (2016: £58.3 million), after capital expenditure and acquisition of Nasty Gal

**boohoo**

- Revenue £283.4 million, up 45% (44% CER(1))
    - UK up 33%, rest of Europe up 50% (44% CER), USA up 140% (119% CER), rest of world up 40% (42% CER)
    - 39% (2016: 33%) of revenue is generated outside the UK
- Gross margin 54.5%, down 330bps, driven by planned investments in the customer proposition (retail gross margin 56.1% (2016: 58.8%))

**PrettyLittleThing**

**Results from 3 January 2017:**

- Revenue £11.2 million
- Strong growth of revenue and active customers
- Gross margin 57.5%

## Operational Highlights

**Group**

- Acquisition of majority interest in PrettyLittleThing on 3 January 2017
- Acquisition of the intellectual property of Nasty Gal on 28 February 2017
- Warehouse extension completed and in use

**boohoo**

- 5.2 million active customers[(2)], up 29% on prior year
- UK, USA and Australian apps launched and responsive websites introduced for European sites, improving mobile and tablet offering (now 70% of sessions)
- USA, Ireland and Europe websites migrated to new platform
- International growth accelerated through focus on key markets
- Expansion of product range driving growth and brand appeal

**PrettyLittleThing**

- Acquisition of majority interest, results incorporating two months of profitable trading
- 1.3 million active customers
- Investment in new offices and upgraded systems
- Increasing international exposure
- Building a successful team to support rapid growth

(1): CER designates Constant Exchange Rate translation of foreign currency revenue.
(2): Active customers defined as having shopped in the last year.

**Mahmud Kamani and Carol Kane, joint CEOs, commented:**

"It has been a momentous year for us, with strong results and the acquisitions of PrettyLittleThing on 3 January 2017 and the Nasty Gal brand on 28 February 2017. Both brands have huge potential and the acquisitions represent a step change in the size, structure and operation of the group. We are confident that our expertise combined with the strength and following of our new complementary brands will greatly enhance the group's future growth and profitability.

The boohoo brand has achieved outstanding revenue growth and increased profitability margins during the year. We continued to grow strongly in the UK, our largest market, whilst international growth exceeded our expectations, particularly in the USA. Our customer proposition is proving consistently appealing.

PrettyLittleThing showed strong revenue growth in two months' of profitable trading since acquisition.

This year has also seen some major capital and infrastructure expenditure. We invested in a large warehouse extension and additional office space to provide for our planned further growth and we have secured planning permission for the next stage of the warehouse expansion. We have also invested in a new website platform for boohoo, which has brought many improvements, including website flexibility and response times.

Trading in the first few weeks of the 2018 financial year has made a promising start and we are excited about the prospects of our development into a multi-branded business. We expect group revenue growth approaching 50%[(3)] over 2017, which includes growth from the recent acquisitions, and a group EBITDA margin of approximately 10%."

(3) Revenue growth from the boohoo brand is expected to be approximately 25% year on year. Revenue growth from the PrettyLittleThing brand is expected to be approximately 35% above the 12 month revenue to 28 February 2017 of £55 million. The balance of the growth to approaching 50% will come from the Nasty Gal brand.

**Investor and Analyst Meeting**

A meeting for analysts will be held today at the office of Buchanan, 107 Cheapside, London, EC2V 6DN commencing at 9.30am. boohoo.com plc's results 2017 are available at www.boohooplc.com.

A live audio webcast will be available at 9.30am via the following link:
http://vm.buchanan.uk.com/2017/boohoo260417/registration.htm

A replay will subsequently be available from 12 noon via the same link.

**Enquiries**


**boohoo.com plc**

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**About boohoo.com plc**

**"Leading the fashion eCommerce market"**

Founded in Manchester in 2006, the group started life as boohoo.com, an inclusive and innovative brand targeting young, value-orientated customers. For over 10 years, boohoo has been pushing boundaries to bring its customers up-to-date and inspirational fashion, 24/7. boohoo has grown rapidly in the UK and internationally, expanding its offering with range extensions into menswear and children's wear, through boohooMAN and boohooKIDS.

In early 2017 the Group has extended its customer offering through the acquisitions of the vibrant fashion brand PrettyLittleThing, and free-thinking brand Nasty Gal. United by a shared customer value proposition, our brands design, source, market and sell great quality clothes, shoes and accessories at unbeatable prices. This investment proposition has helped us grow from a single brand, into a major multi-brand online retailer, leading the fashion eCommerce market for 16 to 30-year-olds around the world. Today the Boohoo Group sells to over 6 million customers in almost every country in the world.

This announcement has been determined to contain inside information.

**Cautionary Statement**

Certain statements included or incorporated by reference within this announcement may constitute "forward-looking statements" in respect of the group's operations, performance, prospects and/or financial condition. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words and words of similar meaning as "anticipates", "aims", "due", "could", "may", "will", "should", "expects", "believes", "intends", "plans", "potential", "targets", "goal" or "estimates". By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares or other securities of the Company. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser. Statements in this announcement reflect the knowledge and information available at the time of its preparation. Liability arising from anything in this announcement shall be governed by English law. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

# Review of the business

**"Revenue growth across all brands was robust, whilst margins increased, leading to a doubling of profit before tax."**

## Overview

Group revenue for the year increased to £294.6 million, an increase of 51% (49% CER) on the previous year. Revenue includes two months of trading from PrettyLittleThing, of which a 66% interest was acquired on 3 January 2017, with revenues amounting to £11.2 million.

Adjusted EBITDA was £35.6 million (2016: £18.7 million), an increase of 90% on the prior year with overhead efficiencies leading to an improvement in adjusted EBITDA margins to 12.1% (2016: 9.6%). Profit before tax was £30.9 million (2016: £15.7 million), an increase of 97%.

Earnings per share rose to 2.19p, an increase of 97% (2016: 1.11p).

During the year boohoo and PrettyLittleThing both performed extremely well in the UK and overseas and we are very encouraged by the prospects of rapid growth in our key markets. The performance of each brand is discussed in more detail below.

boohoo, PrettyLittleThing and, from the 2018 financial year onwards, Nasty Gal will operate independently of each other from a brand perspective, with separate management teams and a distinct customer proposition, whilst leveraging the over-arching benefits of the group and shared service functions.

The company has an option to buy the non-controlling interest of 34% of the share capital of PrettyLittleThing.com Limited on 14 March 2022 for market value or less, subject to performance criteria.

## boohoo

**Performance**

Revenue for the year increased to £283.4 million, up 45% (44% CER) on the previous year.

Growth in the UK, our largest market, was 33%, with revenue reaching £173.2 million.

In overseas markets, our growth has been very robust. In the USA, growth was 140% (119% CER) and revenue was £39.6 million, driven by our successful customer proposition and the cumulative benefits of effective marketing to grow the customer base. Growth in the rest of Europe was 50% (44% CER) and in the rest of the world was 40% (42% CER).

Additional breadth in the product range has contributed to revenue growth, with several new product categories introduced in the year. A key focus during the year has been on the efficiency of marketing and overheads, which have been reduced as a percentage of revenue.

**Fashion**

Our aim is to offer the customer the best prices and the widest choice in fashion. We stock over 29,000 styles and keep this offering fresh and up-to-date with the very latest fashion trends with over 100 new styles arriving each week. Our test-and-repeat model reduces stock holding risk, whilst rapid response enables us to reorder strong selling lines to quickly satisfy demand.

The performance of core womenswear ranges of dresses, tops, jackets and footwear has continued to be strong, whilst our continually expanding ranges have generated robust revenue growth: plus-size and petite have grown strongly and attained a high level of revenue and the more recently-introduced tall and lingerie ranges have made a very promising start.

The "Stylefix" section of the website is the place where female customers can enjoy keeping up with fashion trends through highly engaging lifestyle content. Customers can get fashion tips, watch videos and read interesting articles by bloggers as well as contributing to the site themselves.

Menswear sales have doubled over the previous year as the product range has expanded and the launch of the separate boohooMAN website earlier in the year helped better focus the proposition on a male audience. The boohooMAN site has an appealing fashion and lifestyle section, the MANual, which further enriches the shopping experience.

In the second half of the year we introduced boohooKIDS, a range of children's clothing for girls and boys in the 5 to 12 age range, which was highly successful. We also introduced a small maternity range. We plan to build on the early success of these ranges in 2017.

**Marketing**

Our highly successful "WeAreUs" campaigns continue to promote brand visibility across TV, traditional media, events and social media channels. The campaigns have become synonymous with the brand and continue to contribute to attract new customers whilst also ensuring existing customers are constantly engaged with the brand. We continue to make use of social media platforms for marketing and our campaigns are used alongside the ongoing blogger, influencer and ambassador outreach. This delivers bespoke user-generated content, promoting the brand and the latest products on both boohoo and third party influencer channels. The influencer community continues to play an integral part in our marketing efforts and we have worked with hundreds of bloggers and influencers across our key geographic markets in the last twelve months.

boohoo contributors and student ambassador programmes complement the ongoing outreach, helping us to develop new talent in the ever-changing influencer landscape. Contributors and ambassadors deliver evergreen content which is published across both boohoo's and their own social channels as well as our consumer facing online magazine 'The Fix'.

Our work with celebrities, developing fashion collaborations and staging of events, has supported our growth and helped us reach a large audience. International curve model and blogger Jordyn Woods, worked with us on a collaboration in the summer and the launch party for her range in Los Angeles attracted many "A list" celebrities and influencers. Pop-up stores were set up in both Paris and Los Angeles to promote the boohoo brand amongst students. Our US efforts have been supported by #boohooontheroad, a cross-country road tour showcasing the boohoo brand to students on spring break. This took place in six cities and finished at the world famous music festival, Coachella. The brand offering has expanded with the introduction of boohooKIDS and maternity. We sponsored Graduate Fashion Week in the UK and staged a number of media events, which further increased awareness of the brand.

The boohooMAN.com website was launched in March 2016, with celebrities fronting promotional activity. This has contributed to an acceleration in menswear sales, supported by a continuously increasing product range and marketing activity focused on the young male audience. We have also undertaken a series of shoots with key influencers, who have global followings.

Through the use of advanced analytical tools and techniques, we have been able to target marketing activities more effectively. Customer surveys have also assisted in identifying efficient campaigns. Reaching new customers through social media is an integral part of our strategy that we have given special attention to in the last six months, which has seen our average weekly post reach on Facebook rise from seventy thousand to between fifteen and twenty million on average. With increased exposure globally on Facebook Live, Snapchat, Instagram and Instagram stories, this has contributed to both brand awareness and revenue growth.

**Customer interaction**

The number of active customers, who shopped with boohoo in the last 12 months, increased by 29% to 5.2 million and the number of website sessions grew by 21% to 249 million. Order frequency has risen by 3%, with customers placing an order with us, on average, 2.1 times in 12 months. Conversion rate to sale improved from 4.0% to 4.4% of sessions. On social media we have 4.4 million followers on Instagram, 3.1 million Facebook likes, 0.5 million followers on Twitter and 0.7 million views recorded on YouTube.

We have invested heavily in training and development of our customer services function to support the rapid growth of the business, with coaches providing constant support to advisers. We have also created first and second line teams, which allows more complex and time-consuming customer issues to be resolved by specialists. Live chat has been introduced on the website in response to requests via customer surveys and has been very well received. Increasingly customers prefer to use social media to contact us because of its convenience and we are proud that we typically respond to queries within one hour.

boohoo customers are able to choose from a range of delivery options, which we are constantly refining as new opportunities become available. We operate a midnight cut-off for next day delivery, Sunday delivery and collect+ returns in the UK. In the second half of the year we introduced boohoo Premier, which offers an unlimited next day delivery service in the UK for an annual fee, and has received a very favourable customer response.

**Technology**

Apps continue to grow in popularity for shopping on mobile devices, with mobile devices accounting for 70% of sessions (up from 66% last year). We will be launching more country-specific apps during 2017, following on from those already in use in our key UK, USA and Australian markets, which have achieved 2.2 million downloads to date. The existing app platform will also be upgraded, in line with our strategy of continually improving app functionality and customer experience.

In the second half of the year, the US and certain European websites were transferred to a new platform, delivering faster performance for the consumer as well as more systems flexibility. All other markets will be gradually transitioned to this platform in 2017, with the benefit of efficiency and cost savings upon completion.

New channels and changing trends are facilitated by our systems architecture, built around the concept of multiple customer channels supported with common infrastructure. Around this architecture, we will continue to make significant investments in the latest sophisticated and most stable platforms in 2017.

**Warehouse**

The warehouse was expanded by three more mezzanine floor layers, increasing capacity by another 275,000 square feet to 525,000 square feet total capacity, sufficient for medium term future growth. A second warehouse extension, which will incorporate a significant amount of automation, has received planning permission and building will commence in mid-2017.

We are investing in a substantial refurbishment and expansion of welfare facilities at the warehouse, which will include an enlarged new canteen, rest area and gym to be completed by summer 2017.

**People**

We made one additional senior management appointment during the year, that of supply chain director, following a number of senior appointments last year. We appointed a number of skilled middle-management positions and undertook several large-scale training and development programmes as part of our up-skilling and retention policy for staff development.

The rate of growth in revenue has required an increase in personnel in the volume-related functions in customer service and warehousing. The total permanent workforce now stands at 1,415, up from 1,015 at 29 February 2016.

## PrettyLittleThing

**Performance**

PrettyLittleThing has contributed two months' revenue since the acquisition on 3 January 2017, amounting to £11.2 million. Revenue growth for these two months is 210% up on the same period last year and twelve month revenue growth was 225%.

**Fashion**

Our focus continues to be on further establishing the brand as a trend leader, selecting unique designs for the price-conscious consumer with a rapid reaction to fashion trends. We provide our consumers the hottest fashions delivered from a youthful and informal company culture for the social media generation. We are expanding our product range with additions in our shape ranges, plus size and petite and developing accessory ranges and beauty products.

**Marketing**

We see social media as the key to reaching our target consumers and have a diverse team of creatives who produce innovative video content for Facebook, YouTube and Instagram to engage with our audience. Stunningly-shot campaigns, beauty advice and fashion styling tips provide an abundance of irresistible content for young consumers, cementing our relationship as a fashion friend.

**Customer interaction**

Great customer service is our priority and we provide customers with the ability to contact us via a variety of social media channels, including WhatsApp. A French language website is planned for 2017, with local language support from customer services. A large range of delivery options are available to customers, including nominated day delivery, collect+ and an annual fee premier service in the UK. We have 0.8 million followers on Facebook, 0.3 million followers on Twitter, 1.5 million Instagram followers, 2.0 million YouTube views as well as a presence on several other social media channels.

**Technology**

We have android and iOS apps for the UK and will roll out an app for the US market in 2017. There has been significant investment and development in the IT architecture during the year and much planned for 2017, with some systems scheduled to move to cloud providers. The IT department has been substantially strengthened to enable us to meet the requirements of the growing business.

**People**

A great deal of effort has been put into recruiting a talented team during the year. The total permanent workforce now stands at 147.

# Financial review

**The group has achieved a strong performance with revenues and profits increasing in all territories.**

**Group revenue by brand**

| | **2017** | 2016 | Change | Change |
|---|---|---|---|---|
| | **£000** | £000 | | CER |
| boohoo | **283,378** | 195,394 | +45% | +44% |
| PrettyLittleThing | **11,257** | - | - | - |
| | **294,635** | 195,394 | +51% | +49% |

The sales revenue above for PrettyLittleThing is for the two months to 28 February 2017. For comparative purposes, PrettyLittleThing's revenue for the twelve months to 28 February 2017 was £55.3 million (2016: £17.0 million).

**Group revenue by geographical market**

| | **2017** | 2016 | Change | Change |
|---|---|---|---|---|
| | **£000** | £000 | | CER |
| UK | **181,981** | 130,096 | +40% | +40% |
| Rest of Europe | **34,735** | 22,630 | +53% | +47% |
| USA | **40,435** | 16,523 | +145% | +124% |
| Rest of world | **37,484** | 26,145 | +43% | +45% |
| | **294,635** | 195,394 | +51% | +49% |

## KPIs

**boohoo**

| | **2017** | 2016 | Change |
|---|---|---|---|
| Active customers[1] | **5.2 million** | 4.0 million | +29% |
| Number of orders | **11.1 million** | 8.3 million | +33% |
| Order frequency[2] | **2.13** | 2.07 | +3% |
| Conversion rate to sale [3] | **4.4%** | 4.0% | +40bps |
| Average order value[4] | **£37.76** | £33.59 | +12.4% |
| Number of items per basket | **2.89** | 2.62 | +10.3% |

1. Defined as having shopped in the last 12 months
2. Defined as number of orders in last 12 months divided by number of active customers
3. Defined as the percentage of orders taken to internet sessions
4. Calculated as gross sales including sales tax divided by the number of orders

Active customer numbers have increased by 29% compared to the previous 12 month period as we continue to grow our customer base and retain existing customers. Conversion rates have increased to 4.4%, supported by our attractive proposition. Average order value has risen by 12.4% to £37.76 driven by the number of items per basket increasing by 10.3% to 2.89 and by the greater proportion of international business, which has a higher average order value than the UK business.

**PrettyLittleThing**

| | **2 months 2017** | 12 months 2017 | 12 months 2016 | 12 months' change |
|---|---|---|---|---|
| Active customers[(1)] | **1.3 million** | 1.3 million | 0.5 million | +138% |
| Number of orders | **0.5 million** | 2.6 million | 0.9 million | +176% |
| Order frequency[(2)] | **2.0** | 2.0 | 1.8 | +11% |
| Conversion rate to sale [(3)] | **3.7%** | 3.7% | 3.1% | +60bps |
| Average order value[(4)] | **£33.18** | £34.36 | £30.07 | +14.2% |
| Number of items per basket | **2.03** | 2.10 | 2.00 | +5.0% |

The data in the table above is calculated over the twelve month period for both years, in order to provide meaningful information, and for the two month period of ownership. Active customer numbers have increased by 138% compared to the previous 12 month period. Conversion rates continue to improve and have increased to 3.7%. Average order value has increased by 14.2% to £34.36 for the 12 month period and the number of items per basket has increased by 5.0% to 2.10.

**Consolidated income statement**

| | 2017 £000 | 2016 £000 | Change |
|---|---|---|---|
| Revenue | **294,635** | 195,394 | **+51%** |
| Cost of sales | **(133,806)** | (82,483) | **+62%** |
| **Gross profit** | **160,829** | 112,911 | **+42%** |
| *Gross margin* | ***54.6%*** | *57.8%* | ***-320bps*** |
| | | | |
| Distribution costs | **(66,849)** | (45,501) | |
| Administrative expenses | **(68,534)** | (53,756) | |
| Other income | **4,862** | 1,392 | |
| **Operating profit** | **30,308** | 15,046 | **+101%** |
| | | | |
| Finance income | **637** | 628 | |
| **Profit before tax** | **30,945** | 15,674 | **+97%** |
| | | | |
| **Adjusted EBITDA** | **35,563** | 18,711 | **+90%** |
| | | | |
| **Calculation of adjusted EBITDA** | | | |
| Operating profit | **30,308** | 15,046 | |
| Depreciation and amortisation | **4,765** | 3,058 | |
| Equity-settled share-based payment charge | **1,895** | 607 | |
| Gain on option to acquire PrettyLittleThing.com Limited | **(1,405)** | - | |
| **Adjusted EBITDA** | **35,563** | 18,711 | |

Gross margin reduced from 57.8% to 54.6%, primarily due to an increase in promotional activity, which has in turn increased sales growth.

Distribution costs have increased with revenue growth and remained broadly in line as a percentage of revenue. Administrative expenses, which include marketing expenses, have risen due to the combination of revenue growth and the building of our infrastructure to support the future business expansion but also decreased as a percentage of revenue.

The gain on the exercise of the option to acquire PrettyLittleThing.com Limited of £1.4 million arose because the consideration paid was less than the value of the assets acquired. A full analysis of the acquisition accounting is contained within note 12 of this financial information.

EBITDA (adjusted) increased by 90% from £18.7 million to £35.6 million and, as a percentage of revenue, increased from 9.6% to 12.1%, due to significant revenue growth allowing the cost base to be leveraged.

**Taxation**

The effective rate of tax for the year was 20.0% (2016: 20.6%), which is in line with the blended UK statutory rate of tax for the year of 20.0% (2016: 20.1%).

**Earnings per share**

Basic earnings per share increased by 97% from 1.11p to 2.19p.

**Consolidated statement of financial position**

| | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| Intangible assets | **35,446** | 4,542 |
| Property, plant and equipment | **32,019** | 21,426 |
| Financial assets | **231** | 28 |
| Deferred tax asset | **4,494** | 231 |
| **Non-current assets** | **72,190** | 26,227 |
| | | |
| Working capital | **(11,939)** | (4,248) |
| Net financial assets | **(11,817)** | (4,866) |
| Cash and cash equivalents | **70,330** | 58,281 |
| Interest bearing loans and borrowings | **(11,910)** | - |
| Deferred tax liability | **(2,597)** | - |
| Current tax liability | **(3,761)** | (1,967) |
| **Net assets** | **100,496** | 73,427 |

Intangible assets have increased by £31.0 million due to the acquisition of PrettyLittleThing.com Limited (£14.9 million) and the intellectual property of Nasty Gal (£16.1 million). Property, plant and equipment has risen by £10.6 million due to warehouse and office investment.

Working capital has reduced primarily due to an increase in payables and accruals relating to our increased trading activity. The deferred tax liability relates to the acquisition of PrettyLittleThing.com Limited. Net assets have increased by £27.1 million (+37%).

**Liquidity and financial resources**

Free cash flow was £5.4 million compared to £6.5 million in the previous financial year. Capital expenditure was £30.7 million, which includes £16.1 million for the Nasty Gal intellectual property and £14.6 million investment in our warehouse and IT systems to support projected growth in trade. The acquisition of the Nasty Gal assets was funded by a five year loan of £11.9 million. The consideration paid for PrettyLittleThing.com Limited was £5.9m and the cash acquired was £6.6m. The closing cash balance for the group was £70.3 million.

**Consolidated cash flow statement**

| | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| **Profit for the year** | **24,661** | 12,438 |
| Depreciation charges and amortisation | **4,765** | 3,058 |
| Share-based payments charge | **1,895** | 607 |
| Tax expense | **6,284** | 3,236 |
| Finance income | **(637)** | (628) |
| Increase in inventories | **(11,925)** | (7,481) |
| Increase in trade and other receivables | **(4,107)** | (3,243) |
| Increase in trade and other payables | **15,166** | 12,098 |
| Capital expenditure and intangible asset purchases | **(30,675)** | (13,611) |
| **Free cash flow** | **5,427** | 6,474 |
| Acquisition of 66% interest in PrettyLittleThing.com Limited (excess of cash acquired over consideration) | **655** | - |
| Gain on option to acquire PrettyLittleThing.com Limited | **(1,405)** | - |
| Purchase of own shares by Employee Benefit Trust | **-** | (331) |
| Proceeds from the issue of ordinary shares | **54** | - |
| Finance income received | **614** | 619 |
| Tax paid | **(5,206)** | (2,627) |
| Proceeds from new loan | **11,910** | - |
| **Net cash flow** | **12,049** | 4,135 |
| **Cash and cash equivalents at beginning of year** | **58,281** | 54,146 |
| **Cash and cash equivalents at end of year** | **70,330** | 58,281 |

**Trends and factors likely to affect future performance**

The market for online fashion is forecast to continue to grow and, along with the increasing use of the internet globally, provides a favourable backdrop for the group with much opportunity for further growth. Customers throughout the world are seeking a wide choice of quality products at value prices lower than those available on the high street with the convenience of home delivery. The group's target market of 16 to 30 year olds has a high propensity to spend on fashion and the market is resilient to external macroeconomic factors.

**Outlook**

The outlook for online fashion retail is very positive, with young consumers globally preferring the choice, price and convenience of online shopping. For us this creates a great opportunity to continue to expand our business operations across the globe. With the addition this year of two highly successful and attractive brands, we are building a robust business capable of meeting the demand and challenges in our sector.

We will continue to focus on delivering our winning strategy, refining and adapting our proposition as market conditions change and as new opportunities arise. Our focus will be to continue to develop key markets with the greatest growth potential, to invest in technology and deliver the most exciting products at great prices to consumers with excellent customer service.

Trading in the first few weeks of the 2018 financial year has made a promising start and we are excited about the prospects of our development into a multi-branded business. We expect group revenue growth approaching 50%(1) over 2017, which includes growth from the recent acquisitions, and a group EBITDA margin of approximately 10%."

(1) Revenue growth from the boohoo brand is expected to be approximately 25% year on year. Revenue growth from the PrettyLittleThing brand is expected to be approximately 35% above the 12 month revenue to 28 February 2017 of £55 million. The balance of the growth to approaching 50% will come from the Nasty Gal brand.

## Consolidated statement of comprehensive income

for the year ended 28 February 2017

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | **£000** | £000 |
| Revenue | *2* | **294,635** | 195,394 |
| Cost of sales | | **(133,806)** | (82,483) |
| **Gross profit** | | **160,829** | 112,911 |
| Distribution costs | | **(66,849)** | (45,501) |
| Administrative expenses | | **(68,534)** | (53,756) |
| Other income | *3* | **4,862** | 1,392 |
| **Operating profit** | | **30,308** | 15,046 |
| Finance income | *4* | **637** | 628 |
| **Profit before tax** | *5* | **30,945** | 15,674 |
| Taxation | *9* | **(6,284)** | (3,236) |
| **Profit for the year** | | **24,661** | 12,438 |
| **Profit for the year attributable to:** | | | |
| Shareholders of the holding company | | **24,458** | 12,438 |
| Non-controlling interest | | **203** | - |
| | | **24,661** | 12,438 |
| **Total other comprehensive (expense)/income for the year, net of income tax** | | | |
| Net fair value loss on cash flow hedges [1] | | **(6,747)** | (5,661) |
| **Total comprehensive income for the year** | | **17,914** | 6,777 |
| **Total comprehensive income attributable to:** | | | |
| Shareholders of the holding company | | **17,711** | 6,777 |
| Non-controlling interest | | **203** | - |
| | | **17,914** | 6,777 |
| **Earnings per share** | *6* | | |
| **Basic** | | **2.19p** | 1.11p |
| **Diluted** | | **2.16p** | 1.10p |

1. Net fair value gains on cash flow hedges will be reclassified to profit or loss during the two years to 28 February 2019.

## Consolidated statement of financial position

***at 28 February 2017***

| | *Note* | **2017** | 2016 |
|---|---|---|---|
| | | **£000** | £000 |
| **Assets** | | | |
| ***Non-current assets*** | | | |
| Intangible assets | *10* | **35,446** | 4,542 |
| Property, plant and equipment | *11* | **32,019** | 21,426 |
| Financial assets | *19* | **231** | 28 |
| Deferred tax | *13* | **4,494** | 231 |
| | | **72,190** | 26,227 |
| ***Current assets*** | | | |
| Inventories | *14* | **34,170** | 18,669 |
| Trade and other receivables | *15* | **11,944** | 7,096 |
| Financial assets | *19* | **489** | 35 |
| Cash and cash equivalents | | **70,330** | 58,281 |
| **Total current assets** | | **116,933** | 84,081 |
| **Total assets** | | **189,123** | 110,308 |
| **Liabilities** | | | |
| ***Current liabilities*** | | | |
| Trade and other payables | *16* | **(58,053)** | (30,013) |
| Interest bearing loans and borrowings | *17* | **(2,382)** | - |
| Financial liabilities | *19* | **(10,229)** | (4,291) |
| Current tax liability | | **(3,761)** | (1,967) |
| **Total current liabilities** | | **(74,425)** | (36,271) |
| ***Non-current liabilities*** | | | |
| Interest bearing loans and borrowings | *17* | **(9,528)** | - |
| Financial liabilities | *19* | **(2,077)** | (610) |
| Deferred tax | *13* | **(2,597)** | - |
| **Total liabilities** | | **(88,627)** | (36,881) |
| **Net assets** | | **100,496** | 73,427 |
| **Equity** | | | |
| Share capital | *18* | **11,233** | 11,233 |
| Share premium | | **551,720** | 551,666 |
| Capital redemption reserve | | **100** | 100 |
| Hedging reserve | | **(11,586)** | (4,839) |
| EBT reserve | | **(761)** | (761) |
| Translation reserve | | **5** | 1 |
| Reconstruction reserve | | **(515,282)** | (515,282) |
| Non-controlling interest | | **3,978** | - |
| Retained earnings | | **61,089** | 31,309 |
| **Total equity** | | **100,496** | 73,427 |

## Consolidated statement of changes in equity

| | Share capital | Share premium | Capital redemption reserve | Hedging reserve | EBT reserve | Translation reserve | Recon-struction reserve | Non-controlling interest | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance as at 1 March 2015 | 11,231 | 551,612 | 100 | 822 | (430) | - | (515,282) | - | 18,320 | 66,373 |
| Purchase of shares by EBT | - | - | - | - | (331) | - | - | - | - | (331) |
| Share-based payments credit | 2 | 54 | - | - | - | - | - | - | 551 | 607 |
| Profit for the year | - | - | - | - | - | - | - | - | 12,438 | 12,438 |
| Translation of foreign operations | - | - | - | - | - | 1 | - | - | - | 1 |
| Other comprehensive expense | - | - | - | (5,661) | - | - | - | - | - | (5,661) |
| Balance at 29 February 2016 | 11,233 | 551,666 | 100 | (4,839) | (761) | 1 | (515,282) | - | 31,309 | 73,427 |
| Acquisition of 66% interest in PrettyLittleThing.com Limited | - | - | - | - | - | - | - | 3,775 | - | 3,775 |
| Issue of shares | - | 54 | - | - | - | - | - | - | - | 54 |
| Share-based payments credit | - | - | - | - | - | - | - | - | 1,895 | 1,895 |
| Excess deferred tax on share-based payments | - | - | - | - | - | - | - | - | 3,427 | 3,427 |
| Profit for the year | - | - | - | - | - | - | - | 203 | 24,458 | 24,661 |
| Translation of foreign operations | - | - | - | - | - | 4 | - | - | - | 4 |
| Other comprehensive expense | - | - | - | (6,747) | - | - | - | - | - | (6,747) |
| **Balance at 28 February 2017** | **11,233** | **551,720** | **100** | **(11,586)** | **(761)** | **5** | **(515,282)** | **3,978** | **61,089** | **100,496** |

## Consolidated cash flow statement

***for the year ended 28 February 2017***

| | Note | 2017 £000 | 2016 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | **24,661** | 12,438 |
| *Adjustments for:* | | | |
| Share-based payments charge | | **1,895** | 607 |
| Depreciation charges and amortisation | | **4,765** | 3,058 |
| Gain on sale of property, plant and equipment | | **-** | (2) |
| Gain on option to acquire PrettyLittleThing.com Limited | | **(1,405)** | - |
| Finance income | | **(637)** | (628) |
| Tax expense | | **6,284** | 3,236 |
| | | **35,563** | 18,709 |
| Increase in inventories | *14* | **(11,925)** | (7,481) |
| Increase in trade and other receivables | *15* | **(4,107)** | (3,243) |
| Increase in trade and other payables | *16* | **15,166** | 12,098 |
| Cash generated from operations | | **34,697** | 20,083 |
| Tax paid | | **(5,206)** | (2,627) |
| **Net cash generated from operating activities** | | **29,491** | 17,456 |
| **Cash flows from investing activities** | | | |
| Acquisition of intangible assets | *10* | **(18,311)** | (1,488) |
| Acquisition of tangible property, plant and equipment | *11* | **(12,364)** | (12,123) |
| Proceeds from sale of property, plant and equipment | | **-** | 2 |
| Acquisition of 66% interest in PrettyLittleThing.com Limited (excess of cash acquired over consideration) | | **655** | - |
| Finance income | | **614** | 619 |
| **Net cash used in investing activities** | | **(29,406)** | (12,990) |
| **Cash flows from financing activities** | | | |
| Purchase of own shares by EBT | | **-** | (331) |
| Proceeds from the issue of ordinary shares | | **54** | - |
| Proceeds from new loan | | **11,910** | - |
| **Net cash generated from/(used in) financing activities** | | **11,964** | (331) |
| **Increase in cash and cash equivalents** | | **12,049** | 4,135 |
| Cash and cash equivalents at beginning of year | | **58,281** | 54,146 |
| **Cash and cash equivalents at end of year** | | **70,330** | 58,281 |

## Notes to the financial statements
***(forming part of the financial statements)***

### 1 Accounting policies

***General information***

boohoo.com plc is a public limited company incorporated and domiciled in Jersey and listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Its registered office address is: 12 Castle Street, St Helier, Jersey, JE2 3RT. The company was incorporated on 19 November 2013.

***Basis of preparation***

This condensed consolidated financial information for the year ended 28 February 2017 has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs"), IFRS IC Interpretations and the Companies (Jersey) Law 1991.

The financial information contained in this preliminary announcement for the years ended 28 February 2017 and 29 February 2016 does not comprise the group's statutory financial statements within the meaning of Companies (Jersey) Law 1991. Statutory accounts for the year ended 28 February 2017 will be filed with the Jersey Companies Registry in due course. The auditors' report on the statutory accounts for each of the years ended 28 February 2017 and 29 February 2016 is unqualified, does not draw attention to any matters by way of emphasis and does not contain any statement under any matters that are required to be reported by exception under Companies (Jersey) Law 1991.

***Going concern***

The directors have reviewed the group's forecast and projections, including assumptions concerning capital expenditure and expenditure commitments and their impact on cash flows, and have a reasonable expectation that the group has adequate financial resources to continue its operations for the foreseeable future. For this reason they have continued to adopt the going concern basis in preparing the financial statements.

In preparing the preliminary announcement, the directors have also made reasonable and prudent judgements and estimates and prepared the preliminary announcement on the going concern basis. The preliminary announcement and management report contained herein give a true and fair view of the assets, liabilities, financial position and profit and loss of the group.

***Changes to accounting standards***

There have been no changes to accounting standards during the year which have had or are expected to have any significant impact on the group.

## 2 Segmental analysis

IFRS 8, "Operating Segments", requires operating segments to be determined based on the group's internal reporting to the chief operating decision maker. The chief operating decision maker has been determined to be the executive board and has determined that the primary segmental reporting format of the group for 2017 is by brand. This is based on the group's management and internal reporting structure, boohoo and PrettyLittleThing ["PLT"]. In 2016 the boohoo business was the only segment and that segment was analysed into geographical regions.

The executive board assesses the performance of each segment based on revenue and gross profit after distribution expenses, which excludes administrative expenses.

| | **Year ended 28 February 2017** | | |
|---|---|---|---|
| | **boohoo** | **PLT** | **Total** |
| | **£000** | **£000** | **£000** |
| Revenue | **283,378** | **11,257** | **294,635** |
| Cost of sales | **(129,026)** | **(4,780)** | **(133,806)** |
| Gross profit | **154,352** | **6,477** | **160,829** |
| Distribution costs | **(64,375)** | **(2,474)** | **(66,849)** |
| Segment result | **89,977** | **4,003** | **93,980** |
| Administrative expenses | **-** | **-** | **(68,534)** |
| Other income | **-** | **-** | **4,862** |
| Operating profit | **-** | **-** | **30,308** |
| Finance income | **-** | **-** | **637** |
| Profit before tax | **-** | **-** | **30,945** |

| | Year ended 29 February 2016 |
|---|---|
| | boohoo |
| | £000 |
| Revenue | 195,394 |
| Cost of sales | (82,483) |
| Gross profit | 112,911 |
| Distribution costs | (45,501) |
| Segment result | 67,410 |
| Administrative expenses | (53,756) |
| Other income | 1,392 |
| Operating profit | 15,046 |
| Finance income | 628 |
| Profit before tax | 15,674 |

**Revenue by geographic region**

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| UK | **181,981** | 130,096 |
| Rest of Europe | **34,735** | 22,630 |
| USA | **40,435** | 16,523 |
| Rest of world | **37,484** | 26,145 |
| | **294,635** | 195,394 |

## 3 Other income

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| Income from warehouse management services | **3,457** | 1,033 |
| Gift to group from director for benefit of employees | **-** | 359 |
| Gain on option to acquire PrettyLittleThing.com Limited | **1,405** | - |
| | **4,862** | 1,392 |

## 4 Finance income

| | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| Bank interest received | **637** | 628 |

## 5 Profit before tax

| Profit before tax is stated after charging: | 2017 | 2016 |
|---|---|---|
| | £000 | £000 |
| Operating lease rentals for buildings | **1,060** | 712 |
| Depreciation of property, plant and equipment | **2,488** | 1,551 |
| Amortisation of intangible assets | **2,277** | 1,507 |

## 6 Earnings per share

Basic earnings per share is calculated by dividing profit after tax attributable to members of the holding company by the weighted average number of shares in issue during the year. Own shares held by the Employee Benefit Trust are eliminated from the weighted average number of shares. Diluted earnings per share is calculated by dividing the profit after tax attributable to members of the holding company by the weighted average number of shares in issue during the year, adjusted for potentially dilutive share options.

| | 2017 | 2016 |
|---|---|---|
| Weighted average shares in issue for basic earnings per share | **1,118,177,098** | 1,118,429,548 |
| Dilutive share options | **16,269,059** | 11,761,758 |
| Weighted average shares in issue for diluted earnings per share | **1,134,446,158** | 1,130,191,306 |
| | | |
| Earnings (£000) | **24,458** | 12,438 |
| **Basic earnings per share** | **2.19p** | 1.11p |
| **Diluted earnings per share** | **2.16p** | 1.10p |

## 7 Staff numbers and costs

The average monthly number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

| | Number of employees | |
|---|---|---|
| | **2017** | 2016 |
| Administration | **689** | 489 |
| Distribution | **612** | 419 |
| | **1,301** | 908 |

The aggregate payroll costs of these persons were as follows:

| | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| Wages and salaries | **31,567** | 23,461 |
| Social security costs | **2,897** | 2,224 |
| Pension costs | **410** | 325 |
| Equity-settled share-based payment charges | **1,895** | 607 |
| Cash-settled share-based payment charges | **1,654** | - |
| | **38,423** | 26,617 |

## 8 Directors' and key management compensation

| | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| Short-term employee benefits | **3,886** | 2,925 |
| Post-employment benefits | **86** | 65 |
| Equity-settled share-based payment charges | **17** | 111 |
| Cash-settled share-based payment charges | **1,120** | - |
| | **5,109** | 3,101 |

Directors' and key management compensation comprises the directors and executive committee members.

## 9 Taxation

| | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| **Analysis of charge in year** | | |
| Current tax on income for the year | **7,126** | 3,423 |
| Adjustments in respect of prior year taxes | **(6)** | (2) |
| Deferred taxation | **(836)** | (185) |
| **Tax on profit on ordinary activities** | **6,284** | 3,236 |

The total tax charge differs from the amount computed by applying the blended UK rate of 20.0% for the year (*2016: 20.1%*) to profit before tax as a result of the following:

| | | |
|---|---|---|
| Profit on ordinary activities before tax | **30,945** | 15,674 |
| Profit before tax multiplied by the standard blended rate of corporation tax of the UK of 20.0% (*2016: 20.1%*) | **6,189** | 3,148 |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | **246** | 14 |
| Income not subject to tax | **(320)** | - |
| Adjustments in respect of prior year taxes | **(6)** | (2) |
| Overseas tax differentials | **5** | 4 |
| Depreciation in excess of capital allowances | **170** | 72 |
| **Tax on profit on ordinary activities** | **6,284** | 3,236 |

A change to reduce the main rate of corporation tax to 17% from 1 April 2020 was announced in the Chancellor's budget on 16 March 2016. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020 had already been substantively enacted on 15 September 2016.

**10 Intangible assets**

| | Patents and licences | Trademarks | Customer lists | Computer software | Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| **Cost** | | | | | |
| Balance at 1 March 2015 | 309 | - | - | 5,795 | 6,104 |
| Additions | - | - | - | 1,488 | 1,488 |
| Disposals | - | - | - | (208) | (208) |
| Balance at 29 February 2016 | 309 | - | - | 7,075 | 7,384 |
| On acquisition | - | 10,000 | 4,800 | 152 | 14,952 |
| Additions | 1 | 15,070 | 1,026 | 2,213 | 18,310 |
| Disposals | - | - | - | (232) | (232) |
| **Balance at 28 February 2017** | **310** | **25,070** | **5,826** | **9,208** | **40,414** |
| **Accumulated amortisation** | | | | | |
| Balance at 1 March 2015 | 118 | - | - | 1,425 | 1,543 |
| Amortisation for year | 31 | - | - | 1,476 | 1,507 |
| Disposals | - | - | - | (208) | (208) |
| Balance at 29 February 2016 | 149 | - | - | 2,693 | 2,842 |
| On acquisition | - | - | - | 81 | 81 |
| Amortisation for year | 31 | 167 | 267 | 1,812 | 2,277 |
| Disposals | - | - | - | (232) | (232) |
| **Balance at 28 February 2017** | **180** | **167** | **267** | **4,354** | **4,968** |
| **Net book value** | | | | | |
| At 28 February 2015 | 191 | - | - | 4,370 | 4,561 |
| At 29 February 2016 | 160 | - | - | 4,382 | 4,542 |
| **At 28 February 2017** | **130** | **24,903** | **5,559** | **4,854** | **35,446** |

The costs and accumulated depreciation of trademarks and customer lists on acquisition represent those of PrettyLittleThing.com Limited (note 12) and the costs of trademarks and customer lists additions represent those of Nasty Gal.

**11 Property, plant and equipment**

| | Short leasehold £000 | Fixtures and fittings £000 | Computer equipment £000 | Motor vehicles £000 | Land & buildings £000 | Total £000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at 1 March 2015 | 643 | 3,323 | 1,311 | 91 | 7,677 | 13,045 |
| Additions | 123 | 6,201 | 285 | 22 | 5,492 | 12,123 |
| Disposals | - | (26) | (31) | - | - | (57) |
| Balance at 29 February 2016 | 766 | 9,498 | 1,565 | 113 | 13,169 | 25,111 |
| | | | | | | |
| On acquisition | 409 | 157 | 401 | 27 | - | 994 |
| Additions | 172 | 6,631 | 689 | 145 | 4,727 | 12,364 |
| Disposals | (226) | (681) | (171) | - | - | (1,078) |
| **Balance at 28 February 2017** | **1,121** | **15,605** | **2,484** | **285** | **17,896** | **37,391** |
| | | | | | | |
| **Accumulated depreciation** | | | | | | |
| Balance at 1 March 2015 | 363 | 1,022 | 571 | 30 | 205 | 2,191 |
| Depreciation charge for the year | 116 | 819 | 454 | 21 | 141 | 1,551 |
| Disposals | - | (26) | (31) | - | - | (57) |
| Balance at 29 February 2016 | 479 | 1,815 | 994 | 51 | 346 | 3,685 |
| | | | | | | |
| On acquisition | 66 | 30 | 176 | 5 | - | 277 |
| Depreciation charge for the year | 118 | 1,538 | 512 | 66 | 254 | 2,488 |
| Disposals | (226) | (681) | (171) | - | - | (1,078) |
| **Balance at 28 February 2017** | **437** | **2,702** | **1,511** | **122** | **600** | **5,372** |
| | | | | | | |
| **Net book value** | | | | | | |
| At 28 February 2015 | 280 | 2,301 | 740 | 61 | 7,472 | 10,854 |
| At 29 February 2016 | 287 | 7,683 | 571 | 62 | 12,823 | 21,426 |
| **At 28 February 2017** | **684** | **12,903** | **973** | **163** | **17,296** | **32,019** |

The costs and accumulated depreciation on acquisition represent those of PrettyLittleThing.com Limited (note 12).

## 12 Investments

The subsidiaries held and consolidated in these financial statements are set out below:

| Name of company | Principal activity | Country of incorporation | Address | Percentage ownership |
|---|---|---|---|---|
| PrettyLittleThing.com Limited | Internet fashion retail | UK | Wellington Mill, Pollard Street East, Manchester | 66% |
| 21Three Trading Company Limited | Dormant company | UK | Wellington Mill, Pollard Street East, Manchester | 66% |
| ABK Limited | Holding company | Jersey | 12 Castle St, St Helier, Jersey | 100% |
| boohoo.com UK Limited | Trading company | UK | 49-51 Dale St, Manchester | 100% |
| Nasty Gal Limited | Trading company | UK | 49-51 Dale St, Manchester | 100% |
| Boo Who Limited | Dormant company | UK | 49-51 Dale St, Manchester | 100% |
| boohoo.com USA Limited | Dormant company | UK | 49-51 Dale St, Manchester | 100% |
| boohoo.com USA Inc | Marketing office | USA | 3 West 13th Street, New York | 100% |
| boohoo.com Australia Pty Ltd | Marketing office | Australia | 468 St Kilda Road, Melbourne | 100% |
| Shanghai Wasabi Frog Boohoo Ltd | Dormant company | China | 49-51 Dale St, Manchester | 100% |

The company acquired a 66% interest in PrettyLittleThing.com Limited [“PLT”] (formerly 21Three Clothing Company Limited) on 3 January 2017. The consideration was £5.9 million, being £3.3 million plus ‘cash less debt’ of £2.6 million, payable in cash.

PLT is an on-line retailer of women's clothing, shoes and accessories. The directors considered that the acquisition of a complementary brand with differentiated product diversifies risk and adds market share in the rapidly expanding global on-line clothing market.

The fair value assets and liabilities on the acquisition date were as follows:

| | £000 |
|---|---|
| **Fixed assets** | |
| Intangible assets - trademark | 10,000 |
| Intangible assets - customer lists | 4,800 |
| Tangible fixed assets | 787 |
| Deferred tax asset | 206 |
| | 15,793 |
| **Current assets** | |
| Stock | 3,576 |
| Trade and other receivables | 718 |
| Cash | 6,579 |
| | 10,873 |
| **Current liabilities** | |
| Trade creditors and accruals | (12,878) |
| Deferred tax liability on intangible assets | (2,684) |
| Net assets | 11,104 |
| Non-controlling interest | (3,775) |
| Share of fair value net assets acquired | 7,329 |

The fair value of the trademark was calculated using the relief from royalty method, with assumptions as follows: royalty rate 3.0%; and discount rate 30%.The fair value of the customer lists was calculated using the cost that PLT has incurred to acquire the customers during the period prior to acquisition. Trade and other receivables represents amounts owing from wholesale customers and prepaid expenses. The non-controlling interest of £3.8 million was valued as 34% of the fair value of the net assets.

The option gain in the income statement, included in other income, is as follows:

| | £000 |
|---|---|
| Consideration | 5,924 |
| Fair value of net assets | (11,104) |
| Non-controlling interest | 3,775 |
| Option gain | 1,405 |

Explanation of the gain on acquisition: boohoo.com plc entered into a call option agreement with the shareholders of PLT in which the company obtained an option to purchase 100% of PLT for £5 million before March 2017. The consideration set at the time of the agreement is considerably lower than the fair value of the net assets at the acquisition date because of the high growth and success of the company. In order to ensure the continued success of PLT under group ownership, the original option agreement has been replaced by a new agreement, whereby the remaining senior management of PLT have been incentivised by retaining 34% of the share capital of PLT, which the directors of boohoo.com plc consider is in the best interests of the group. The consideration ultimately payable for the remaining 34% is dependent on a number of factors including the financial performance of PLT but is limited to a maximum of the market value at the future option date.

Acquisition costs included in administration expenses amounted to £0.3 million.

The statements of comprehensive income of PrettyLittleThing.com Limited [“PLT”] for the 2 months from acquisition and the group for 12 months, as if PLT had been acquired since the beginning of the financial year, are as follows:

| | PLT: 2 months from 3 January 2017 £000 | Group: 12 months from 1 March 2016 £000 |
|---|---|---|
| Revenue | 11,257 | 338,704 |
| Cost of sales | (4,780) | (152,931) |
| Gross profit | 6,477 | 185,773 |
| Distribution costs | (2,474) | (76,042) |
| Administrative expenses | (3,200) | (82,298) |
| Other income | - | 4,862 |
| Operating profit | 803 | 32,295 |
| Finance income | - | 637 |
| Profit before tax | 803 | 32,932 |
| Taxation | (205) | (6,079) |
| Profit after tax | 598 | 26,853 |

## 13 Deferred tax

**Assets**

| | **Depreciation in excess of capital allowances £000** | **Share-based payments £000** | **Total £000** |
|---|---|---|---|
| Asset at 1 March 2015 | (12) | 58 | 46 |
| Recognised in statement of comprehensive income | 74 | 111 | 185 |
| Asset at 29 February 2016 | 62 | 169 | 231 |
| Recognised in statement of comprehensive income | 170 | 666 | 836 |
| Credit in equity | - | 3,427 | 3,427 |
| **Asset at 28 February 2017** | **232** | **4,262** | **4,494** |

**Liabilities**

| | **Business combinations £000** | **Total £000** |
|---|---|---|
| Recognised in statement of comprehensive income | (2,597) | (2,597) |
| **Liability at 28 February 2017** | **(2,597)** | **(2,597)** |

Recognition of the deferred tax assets is based upon the expected generation of future taxable profits. The deferred tax asset is expected to be recovered in more than one year’s time and the deferred tax liability will reverse in more than one year’s time as the intangible assets are amortised.

## 14 Inventories

| | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| Finished goods | **34,170** | 18,669 |

The value of inventories included within cost of sales for the year was £133,515,000 *(2016: £82,187,000).* An impairment provision of £291,000 *(2016: £296,000)* was charged to the statement of comprehensive income.

## 15 Trade and other receivables

| | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| Amounts due from related party undertakings | **-** | 613 |
| Trade and other receivables | **9,446** | 4,937 |
| Prepayments and accrued income | **2,498** | 1,546 |
| | **11,944** | 7,096 |

Trade and other receivables represent amounts due from wholesale customers and advance payments to suppliers. Receivables past due are £698,000 *(2016: £142,000)*. The provision for impairment of receivables is £573,000 *(2016: £318,000)*.

## 16 Trade and other payables

| | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| Trade payables | **23,124** | 11,255 |
| Amounts owed to related party undertakings | **2** | 17 |
| Other payables | **3,090** | 175 |
| Accruals and deferred income | **27,465** | 15,272 |
| Taxes and social security payable | **4,372** | 3,294 |
| | **58,053** | 30,013 |

## 17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings, which are measured at amortised cost.

| | **2017** | 2016 |
|---|---|---|
| | **£000** | £000 |
| **Non-current liabilities** | | |
| Secured bank loans | **9,528** | - |
| | | |
| **Current liabilities** | | |
| Current portion of secured bank loans | **2,382** | - |

Terms and debt repayment schedule

| | **Currency** | **Nominal interest rate** | **Year of maturity** | **2017 £000** | 2016 £000 |
|---|---|---|---|---|---|
| Secured bank loan | GB£ | LIBOR + 0.95% | 2022 | **11,910** | - |

## 18 Share capital and reserves

| | 2017 £000 | 2016 £000 |
|---|---|---|
| 1,123,304,869 authorised and fully paid ordinary shares of 1p each *(2016: 1,123,267,330)* | **11,233** | 11,233 |

On 24 February 2017, 37,539 new ordinary shares were issued to non-executive directors as part of their annual remuneration.

Under merger accounting principles, a reconstruction reserve of £515,282,000 was created upon the acquisition of the group and flotation on 14 March 2014.

No dividends have been paid or are payable for the year ended 28 February 2017 *(2016: £nil)*.

## 19 Financial instruments

| | 2017 £000 | 2016 £000 |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **70,330** | 58,281 |
| Cash flow hedges | **720** | 63 |
| Trade and other receivables | **9,446** | 5,550 |
| | **80,496** | 63,894 |

| | 2017 £000 | 2016 £000 |
|---|---|---|
| **Financial liabilities** | | |
| Cash flow hedges | **12,306** | 4,901 |
| Trade and other payables | **53,681** | 26,719 |
| Interest bearing loans and borrowings | **11,910** | - |
| | **77,897** | 31,620 |

## 20 Capital commitments

Capital expenditure contracted for at the end of the reporting year but not yet incurred is as follows:

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Property, plant and equipment | **2,100** | - |

## 21 Operating Leases

The group has lease agreements in respect of properties, plant and equipment, for which the payments extend over a number of years. The totals of future minimum lease payments under non-cancellable operating leases due in each period are:

| | 2017 £000 | 2016 £000 |
|---|---|---|
| Within one year | **1,229** | 734 |
| Within two to five years | **2,785** | 2,363 |
| In more than five years | **916** | 1,445 |
| | **4,930** | 4,542 |

## 22 Contingent liabilities

From time to time, the group can be subject to various legal proceedings and claims that arise in the ordinary course of business which may include cases relating to the group's brand and trading name. All such cases brought against the group are robustly defended and a liability is recorded only when it is probable that the case will result in a future economic outflow and that the outflow can be reliably measured.

As at 28 February 2017, there are no pending claims or proceedings against the group which are expected to have material adverse effect on its liquidity or operations.

## Appendix – prior period revenues by region

### Revenue by period for the twelve months ended 28 February 2017

| £'000 | 3m to 31 May | | | | 3m to 31 August | | | | **6m to 31 August** | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **FY17** | FY16 | yoy % | yoy % CER | **FY17** | FY16 | yoy % | yoy % CER | **FY17** | FY16 | yoy % | yoy % CER |
| **Total** | **58,222** | 41,322 | 41% | 42% | **69,094** | 49,462 | 40% | 40% | **127,316** | 90,784 | 40% | 41% |
| **Sales by region** | | | | | | | | | | | | |
| UK | **37,396** | 26,273 | 42% | 42% | **44,300** | 32,855 | 35% | 35% | **81,696** | 59,128 | 38% | 38% |
| ROE | **6,938** | 4,943 | 40% | 43% | **7,775** | 5,460 | 42% | 40% | **14,713** | 10,403 | 41% | 41% |
| USA | **6,385** | 3,815 | 67% | 60% | **8,841** | 4,086 | 116% | 100% | **15,226** | 7,901 | 93% | 81% |
| ROW | **7,503** | 6,291 | 19% | 27% | **8,178** | 7,061 | 16% | 27% | **15,681** | 13,352 | 17% | 27% |

| £'000 | 4m to 31 December | | | | 2m to 28 February | | | | **12m to 28 February** | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **FY17** | FY16 | yoy % | yoy % CER | **FY17** | FY16 | yoy % | yoy % CER | **FY17** | FY16 | yoy % | yoy % CER |
| **Total** | **114,294** | 73,692 | 55% | 52% | **53,025** | 30,918 | 72% | 67% | **294,635** | 195,394 | 51% | 49% |
| **Sales by region** | | | | | | | | | | | | |
| UK | **65,465** | 49,701 | 32% | 32% | **34,820** | 21,267 | 64% | 64% | **181,981** | 130,096 | 40% | 40% |
| ROE | **13,963** | 8,588 | 63% | 54% | **6,059** | 3,639 | 67% | 47% | **34,735** | 22,630 | 53% | 47% |
| USA | **19,299** | 5,962 | 224% | 183% | **5,910** | 2,660 | 122% | 105% | **40,435** | 16,523 | 145% | 124% |
| ROW | **15,567** | 9,441 | 65% | 56% | **6,236** | 3,352 | 86% | 74% | **37,484** | 26,145 | 43% | 45% |

### Revenue by period for the year to 29 February 2016

| £'000 | 3m to 31 May | | | | 3m to 31 August | | | | **6m to 31 August** | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **FY16** | FY15 | yoy % | yoy % CER | **FY16** | FY15 | yoy % | yoy % CER | **FY16** | FY15 | yoy % | yoy % CER |
| **Total** | **41,322** | 30,659 | 35% | 37% | **49,462** | 36,538 | 35% | 40% | **90,784** | 67,197 | 35% | 39% |
| **Sales by region** | | | | | | | | | | | | |
| UK | **26,273** | 20,686 | 27% | 27% | **32,855** | 24,919 | 32% | 32% | **59,128** | 45,605 | 30% | 30% |
| ROE | **4,943** | 3,891 | 27% | 45% | **5,460** | 4,828 | 13% | 26% | **10,403** | 8,719 | 19% | 34% |
| USA | **3,815** | 1,485 | 157% | 143% | **4,086** | 1,382 | 196% | 181% | **7,901** | 2,867 | 176% | 161% |
| ROW | **6,291** | 4,597 | 37% | 48% | **7,061** | 5,409 | 31% | 55% | **13,352** | 10,006 | 33% | 52% |

| £'000 | 4m to 31 December | | | | 2m to 29 February | | | | **12m to 29 February** | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **FY16** | FY15 | yoy % | yoy % CER | **FY16** | FY15 | yoy % | yoy % CER | **FY16** | FY15 | yoy % | yoy % CER |
| **Total** | **73,692** | 50,793 | 45% | 49% | **30,918** | 21,861 | 41% | 40% | **195,394** | 139,851 | 40% | 42% |
| **Sales by region** | | | | | | | | | | | | |
| UK | **49,701** | 34,179 | 45% | 45% | **21,267** | 14,558 | 46% | 46% | **130,096** | 94,342 | 38% | 38% |
| ROE | **8,588** | 6,464 | 33% | 44% | **3,639** | 2,903 | 25% | 20% | **22,630** | 18,086 | 25% | 35% |
| USA | **5,962** | 2,639 | 126% | 116% | **2,659** | 1,504 | 77% | 63% | **16,523** | 7,009 | 136% | 123% |
| ROW | **9,441** | 7,511 | 26% | 41% | **3,353** | 2,895 | 16% | 17% | **26,145** | 20,414 | 28% | 42% |

CER in this appendix for the year ended 29 February 2016 is calculated using exchange rates prevailing during the year ending 29 February 2016.

Nomenclature: ROE – rest of Europe; ROW – rest of world; yoy – year-on-year; CER – constant exchange rate