


boohoo.com plc - results for the year ended 29 February 2016
“The Global Fashion Leader for a Social Generation”

| £000 | Year ended 29 February 2016 | Year ended 28 February 2015 | Change |
|--------------------------------|--------------------------------|--------------------------------|----------------|
| Revenue | 195,394 | 139,851 | +40% |
| Gross profit | 112,911 | 85,045 | +33% |
| <i>Gross margin</i> | 57.8% | 60.8% | -300bps |
| Operating profit | 15,046 | 10,578 | +42% |
| Adjusted EBITDA ⁽¹⁾ | 18,711 | 14,126 | +32% |
| Profit before tax | 15,674 | 11,068 | +42% |
| Cash at year end | 58,281 | 54,146 | +\$4.1m |
| Basic earnings per share | 1.11p | 0.75p | +48% |

(1): Adjusted EBITDA is pre-exceptional costs (2016: £nil; 2015: £1.3m) and share-based payment costs (2016: £0.6m; 2015: £0.3m)

Financial Highlights

- Revenue up 40% (42% CER⁽¹⁾)
 - UK up 38%, rest of Europe up 25% (35% CER), rest of world up 56% (63% CER)
 - 33% of revenue generated outside the UK
- Gross margin 57.8% (retail gross margin 58.8%)
- Adjusted EBITDA £18.7 million, up 32%
- Strong balance sheet with cash of £58.3 million and no debt

Operational Highlights

- Over 4.0 million active customers⁽²⁾, up 34% on prior year
- UK, USA and Australian apps launched and responsive websites introduced for European sites, improving mobile and tablet offering (now 66% of sessions)
- International growth accelerated through focus on key markets
- Warehouse extension completed and in use, following £7.7m investment
- Expansion of product range driving growth and brand appeal

(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:

“We are pleased to report a year of strong revenue growth across all geographic regions. Active customer numbers, order frequency and conversion have all increased on last year as we continue to invest in building customer lifetime value. By refining the mix of promotional and marketing expenditure in each of our key markets, we have achieved growth ahead of our plans.

The expansion of our product range has been very well received by our customers and contributed to the strong growth, with the new petite range performing very well along with plus-size which was introduced last year and continues to grow rapidly.

We have enhanced the mobile experience through new apps in UK, USA and Australia as well as introducing more flexible delivery and return options and later next day delivery cut off times.

The warehouse extension has enabled us to operate smoothly through the peak period this year and will provide sufficient capacity for future growth. We have also secured additional office premises adjacent to our head office in central Manchester which will be developed during 2016.

The worldwide market for internet fashion sales continues to expand as shopping preferences lean towards the convenience and price advantage afforded by internet retailers. We have built a brand and infrastructure to capitalise upon this opportunity and we will continue to grow our market share globally by focussing on key markets.

We have had an encouraging start to the 2017 financial year and we currently anticipate sales growth of c.25% for the financial year, in line with current market expectations. We will continue to look at opportunities to invest in incremental growth, which may impact margins on a short term basis, although we will look to maintain EBITDA margins at similar levels to the financial year just ended (in line with current market expectations)."

Investor and Analyst Meeting

A meeting for analysts will be held today at the office of Buchanan, 107 Cheapside, London, EC2V 6DN commencing at 9.00am. boohoo.com plc's results 2016 are available at www.boohooplc.com.

Enquiries

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About boohoo.com

"24/7 Global Fashion"

Keeping one step ahead of the trends or making a subtle style change is easy with boohoo.com and with up to 100 pieces hitting the site every day and a new collection each week, boohoo.com never stops - it's 24/7 fashion at its best.

From the UK's best kept fashion secret to one of the fastest growing own-brand, international retailers, boohoo.com has quickly evolved into a global fashion leader of its generation. Combining cutting-edge, aspirational design with an affordable price tag, boohoo.com has been pushing boundaries since 2006 to bring its customers all the latest looks for less.

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Appendix – prior period revenues

Revenue by period for the year to 29 February 2016

| £'000s | 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% |
| ROW | 10,106 | 6,082 | 66% | 70% | 11,147 | 6,791 | 64% | 81% | 21,253 | 12,873 | 65% | 75% |

| £'000s | 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% |
| ROW | 15,403 | 10,150 | 52% | 63% | 6,012 | 4,400 | 37% | 33% | 42,668 | 27,423 | 56% | 63% |

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

boohoo.com plc – final results for the year ended 29 February 2016

“The Global Fashion Leader for a Social Generation”

Performance during the year

Revenue for the year increased to £195.4 million, up 40% (42% CER) on the previous year.

Growth in the UK, our largest market, was 38%, with revenue reaching £130.1 million.

Revenue growth in the rest of Europe was 25% (35% CER), impacted by the weak euro. Rest of the world revenue growth of 56% (63% CER) was very encouraging, driven by strong performances in the Australian and US markets. The proportion of international revenues has grown from 32.5% to 33.4% of total revenue, despite the adverse exchange rates.

In the second half of the year we trialled selling to third party internet retailers, which has proven to be successful. We intend to expand the number of third party partners in order to build our brand internationally and broaden our customer reach.

We have refined the mix of marketing expenditure and price and delivery promotions to optimise profitability and sales growth. This has resulted in a decrease in marketing spend as a percentage of sales, offsetting a reduction in gross margin. Gross margin was 57.8% (2015: 60.8%) in spite of adverse exchange rate movements and the impact of lower margin third party sales, the latter reducing margin by 100bps compared to the previous year. Marketing expenditure was 10.2% of revenue compared to 13.2% in the previous year. Adjusted EBITDA was £18.7 million (2015: £14.1 million), an increase of 32% on the prior year and profit before tax was £15.7 million (2015: £11.1million), an increase of 42%.

Fashion

Our customers are offered the very latest fashion trends through our “new in” updates on our websites, with up to 100 new styles launched every day. The combination of high fashion, great value prices and effective marketing encourages customers to shop for every occasion on a regular basis from a choice of around 20,000 styles. Our test-and-repeat model reduces stock holding risk, whilst rapid response enables us to reorder strong selling lines to quickly satisfy demand.

Our core womenswear ranges of dresses, tops, jackets and footwear have continued to perform strongly. A key factor in the high growth we have experienced in the year has been the expanded range of clothing, with Plus-size, Petite, swimwear and denim growing very strongly. We also introduced a broader lingerie range, which has performed very well.

In the spring, we launched boohoo brands, which has made shopping for a chosen look or occasion much easier and more enjoyable, collating similar styles and co-ordinates in categories, such as boohoo Nights and boohoo Blue. Not only is searching time reduced, but complementary items are also easier to find. The “inspire me” and Stylefix pages ensure our customer sees the latest trends and receives the latest fashion tips as well as an engaging lifestyle and social interest media stream. Menswear continues to grow and from early 2016 has been presented on its own website, separate to women’s, in order to enhance its identity and appeal to men.

Marketing

Our “#WeAreUs” 2015 marketing campaign featured an innovative approach providing us a platform to demonstrate our inclusivity and connect with customers on different levels. We used product stories and customer sentiment to create seasonal campaigns based around “WeAre” such as Stylists, Free, Hot, Dreamers, Ready, Now and Family. These created touch points around which to create content and open up conversations with our customers. Our young, social customer base spend significant amounts of time developing connections with their interest groups and this campaign gave us the opportunity to engage with them by tapping into those interests. Our aim was to promote loyalty through building a greater emotional connection with our customers, expressing our brand personality and the core values of fun, inclusivity and individuality.

Marketing activity focussed on our key markets and included TV advertising, press and out-of-home, media events, college ambassador programmes and influencer partnerships. In our key markets we have also engaged local

bloggers and personalities with significant social reach to promote the brand. Our most recent celebrity signing was hit singer/song writer Charli XCX, who has entered into an exclusive design collaboration for a series of ranges over the next 12 months. Charli XCX has a following of 2.8 million Facebook fans and is hugely popular amongst our targeted demographic. Other initiatives included a UK student ambassador programme launched at key universities, whilst in France we sponsored Secret Story, the reality TV series.

Next year will see us refocusing on the “#WeAreUs” message by creating communities to put the customer’s voice at the centre of each campaign using social media feeds within our content hub Stylefix. We will focus on improving our customer contact strategy, which will encompass a holistic targeting approach aimed at engaging, rewarding and creating ambassadors for our brand. The introduction of our app has enabled us to employ push messaging to keep customers informed of the latest promotions, offers and trends and the roll-out of the app to other markets will extend the reach of this media.

Customer interaction

In the 12 months to 29 February 2016, over 4.0 million customers shopped with us, an increase of 34% on the same period a year ago, whilst order frequency has also increased. Website traffic growth was strong, up 30% on the previous 12 months to 206 million sessions. Conversion rate to sale improved from 3.6% to 4.0% of sessions. On social media we have 0.5 million followers on Twitter and a reach of 9.6 million, 1.4 million followers on Instagram, 2.3 million Facebook likes and a reach of 4.3 million and 1.0 million views recorded on YouTube. We also feature on other social media sites including Vine, Snapchat and Pinterest.

Our customer services team is multi-lingual and responds to customer queries from a variety of media and aims for excellence in response time and problem resolution. We constantly measure our performance internally and monitor external customer review websites such as Trustpilot to ensure we maintain best-in-class standards.

boohoo.com 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+ in the UK. In 2015 we reduced the shipping time to Australia by one day and have plans to introduce more collection and return options via third party stores and distribution networks. Customers in the UK are able to use a website portal to choose their preferred return option from April 2016.

Technology

In the first half of the financial year, we converted the remaining European websites, including France and Germany, to fully responsive sites (meaning the website layout responds to the size of the device being used by the customer). Now all our websites are responsive, improving viewing and ease of use.

Android and iPhone Apps have been introduced in the UK, USA and Australia and will be rolled out to other territories later in 2016. Mobile and tablet use continues to rise and now accounts for 66% of sessions.

Warehouse

The new warehouse extension entered service in August 2015, following a further £7.7 million capital expenditure investment, with 270,000 additional square feet made available from three mezzanine floors. Work has started to expand capacity by another 275,000 square feet from three more mezzanine floor layers to cater for planned future growth. Total warehouse capacity now stands at 525,000 square feet, equivalent in size to over six football pitches.

We have converted a large number of warehouse operatives’ contracts from agency to permanent and revised our pay structure to attract and retain capable and experienced teams to meet the demands of our expanding business. The new pay structure is closely aligned with the National Living Wage such that this will not drive any material increase in costs next year. Agency staff are engaged to support the operation in peak periods, optimising the efficient use of labour resources.

People

In the previous financial year, our senior management team was strengthened with a number of new positions, to provide the expertise we needed for the growth of the business. In 2015 we added two more senior positions: International Director, which we see as a key appointment in the execution of our international growth strategy; and Customer Services Director, which will help us fulfil our objective of maintaining the best and most efficient customer service. Sara Murray, who has considerable experience in the technology sector, joins as a non-executive

director in April 2016. The rate of growth in revenue has required an increase in personnel in the volume-related functions in customer service and warehousing. The total workforce now stands at 1,015, up from 784 at 28 February 2015.

Financial review

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

Sales revenue by geographical market

| | 2016 £000 | 2015 £000 | Change % |
|----------------|----------------|--------------|-------------|
| UK | 130,096 | 94,342 | +38% |
| Rest of Europe | 22,630 | 18,086 | +25% |
| Rest of world | 42,668 | 27,423 | +56% |
| | 195,394 | 139,851 | +40% |

Sales revenue at constant exchange rate

| | 2016 £000 | 2015 £000 | Change % |
|----------------|----------------|--------------|-------------|
| UK | 130,096 | 94,342 | +38% |
| Rest of Europe | 22,630 | 16,721 | +35% |
| Rest of world | 42,668 | 26,097 | +63% |
| | 195,394 | 137,160 | +42% |

Growth in sterling terms has been impacted by currency headwinds across our international business, especially in Europe and Australia.

KPIs (retail)

| | 2016 | 2015 | Change |
|--|-------------|-------------|--------|
| Active customers ⁽¹⁾ | 4.0 million | 3.0 million | +34% |
| Number of orders | 8.3 million | 5.8 million | +44% |
| Conversion rate to sale ⁽²⁾ | 4.0% | 3.6% | +40bps |
| Average order value ⁽³⁾ | £33.59 | £35.28 | -4.8% |
| Number of items per basket | 2.62 | 2.56 | +2.3% |

(1) Defined as having shopped in the last year

(2) Defined as the percentage of orders taken to internet sessions

(3) Calculated as gross sales including sales tax divided by the number of orders

Active customer numbers have increased by 33.8% compared to the previous twelve month period as we continue to grow our customer base and retain existing customers. Conversion rates have increased to 4.0%. Average order value has seen a small decline of 4.8% to £33.59 as we have sought to keep our prices highly competitive and target product and delivery offerings at price points most appealing to our young customers. This has been partially offset by the number of items per basket increasing by 2.3% to 2.62.

Consolidated income statement

| | 2016 £000 | 2015 £000 | Change |
|---------------------------------------|----------------|--------------|----------------|
| Revenue | 195,394 | 139,851 | +40% |
| Cost of sales | (82,483) | (54,806) | +50% |
| Gross profit | 112,911 | 85,045 | +33% |
| <i>Gross margin</i> | <i>57.8%</i> | <i>60.8%</i> | <i>-300bps</i> |
| Distribution costs | (45,501) | (30,653) | |
| Administrative expenses | (53,756) | (43,814) | |
| Other income | 1,392 | - | |
| Operating profit | 15,046 | 10,578 | +42% |
| Finance income | 628 | 490 | |
| Profit before tax | 15,674 | 11,068 | +42% |
| Adjusted EBITDA | 18,711 | 14,126 | +32% |
| Calculation of adjusted EBITDA | | | |
| Operating profit | 15,046 | 10,578 | |
| Depreciation and amortisation | 3,058 | 2,002 | |
| Share-based payments | 607 | 292 | |
| Exceptional items | - | 1,254 | |
| Adjusted EBITDA | 18,711 | 14,126 | |

Gross margin reduced from 60.8% to 57.8%, driven by the growth in third party sales, the shift from marketing expenditure to promotions to drive sales growth and the effect of adverse exchange rates. The growth in third party sales had the effect of reducing the blended gross margin percentage by 100 bps.

Distribution costs have increased in line with revenue growth whilst 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.

The exceptional items of £1.3m in the previous year, included in administrative expenses, related to IPO expenses.

EBITDA (adjusted) increased by 32% from £14.1m to £18.7m.

Taxation

The effective rate of tax for the year was 20.6% (2015: 24.1%), which is marginally higher than the blended UK statutory rate of tax for the year of 20.1% (2015: 21.1%) principally due to depreciation in excess of capital allowances.

Earnings per share

Basic underlying earnings per share (calculated before exceptional items) increased by 29% from 0.86p to 1.11p. Basic earnings per share increased by 48% from 0.75p to 1.11p.

Statement of financial position

| | 2016 | 2015 |
|-------------------------------|----------------|---------|
| | £000 | £000 |
| Intangible assets | 4,542 | 4,561 |
| Property, plant and equipment | 21,426 | 10,854 |
| Financial assets | 28 | - |
| Deferred tax | 231 | 46 |
| Non-current assets | 26,227 | 15,461 |
| Working capital | (4,248) | (2,882) |
| Net financial assets | (4,866) | 821 |
| Cash and cash equivalents | 58,281 | 54,146 |
| Current tax liability | (1,967) | (1,173) |
| Net assets | 73,427 | 66,373 |

Net assets have increased by £7.1 million, driven by profitability during the year. Working capital has reduced primarily due to an increase in payables and accruals relating to our increased trading activity.

Liquidity and financial resources

Free cash flow was £12.1m compared to £5.8m in the previous financial year. Working capital requirements decreased: inventories increased due to the requirement to hold more products to serve our growing customer base; receivables, payables and accruals increased in line with trading activity. Capital expenditure was increased to £13.6m as we have continued to invest in our warehouse and IT systems to support projected growth in trade. The closing cash balance was £58.3m.

Consolidated cash flow statement

| | 2016 | 2015 |
|---|-----------------|---------|
| | £000 | £000 |
| Profit for the year | 12,438 | 8,405 |
| Depreciation charges and amortisation | 3,058 | 2,002 |
| Share-based payments charge | 607 | 292 |
| Tax expense | 3,236 | 2,663 |
| Finance income | (628) | (490) |
| Increase in inventories | (7,481) | (1,393) |
| Increase in trade and other receivables | (2,452) | (523) |
| Increase in trade and other payables | 16,968 | 3,053 |
| Capital expenditure | (13,611) | (8,166) |
| Free cash flow | 12,135 | 5,843 |
| Net proceeds raised from IPO | - | 47,515 |
| Purchase of own shares by Employee Benefit Trust | (331) | (401) |
| Finance income | 619 | 368 |
| Tax paid | (2,627) | (2,650) |
| Non-cash changes and exchange differences | (5,661) | 802 |
| Repayment of borrowings | - | (2,742) |
| Net cash flow | 4,135 | 48,735 |
| Cash and cash equivalents at beginning of year | 54,146 | 5,411 |
| Cash and cash equivalents at end of year | 58,281 | 54,146 |

AIM listing

At the time of the company's admission to AIM the company set out that "It is the directors' intention that the company will apply for a listing on the Premium Segment of the Official List of the London Stock Exchange as soon as reasonably practicable following publication of the accounts for the period ending 28 February 2016." The board has considered this statement in the light of subsequent events and considers that AIM remains the more appropriate market for the company at this point in its development. The board has therefore agreed that boohoo.com will remain on the AIM market for the present and that the matter will be kept under periodic review.

Outlook

The worldwide market for internet fashion sales continues to expand as shopping preferences lean towards the convenience and price advantage afforded by internet retailers. We have built a brand and infrastructure to capitalise upon this opportunity and we will continue to grow our market share globally by focussing on key markets.

Our strategy will be to use a combination of marketing to drive new customer acquisition and promotions to secure sales, all the while supported by the most convenient delivery and return options and high level of customer service. We will continue to broaden the range of products and to refine the on-line shopping experience with the latest technologies to ensure we provide the most user-friendly website possible.

We have had an encouraging start to the 2017 financial year and we currently anticipate sales growth of c.25% for the financial year, in line with current market expectations. We will continue to look at opportunities to invest in incremental growth, which may impact margins on a short term basis, although we will look to maintain EBITDA margins at similar levels to the financial year just ended (in line with current market expectations).

Mahmud Kamani

Joint Chief Executive

Carol Kane

Joint Chief Executive

Neil Catto

Chief Financial Officer

Consolidated statement of comprehensive income

for the year ended 29 February 2016

| | <i>Note</i> | 2016 £000 | 2015 £000 |
|---|-------------|---------------------|--------------|
| Revenue | 2 | 195,394 | 139,851 |
| Cost of sales | | (82,483) | (54,806) |
| Gross profit | | 112,911 | 85,045 |
| Distribution costs | | (45,501) | (30,653) |
| Administrative expenses | | (53,756) | (43,814) |
| Other income | 3 | 1,392 | - |
| Operating profit | | 15,046 | 10,578 |
| Finance income | 4 | 628 | 490 |
| Profit before tax | | 15,674 | 11,068 |
| Taxation | 8 | (3,236) | (2,663) |
| Profit for the year | | 12,438 | 8,405 |
| Other comprehensive (expense)/income for the year, net of income tax | | | |
| Net fair value (loss)/gain on cash flow hedges ¹ | | (5,661) | 802 |
| Total comprehensive income for the year | | 6,777 | 9,207 |
| Earnings per share | 6 | | |
| Basic | | 1.11p | 0.75p |
| Diluted | | 1.10p | 0.74p |

Administrative expenses includes the following exceptional items: £nil (2015: IPO expenses £1,254,000).

1. Net fair value gains on cash flow hedges will be reclassified to profit or loss during the two years to 28 February 2018.

Consolidated statement of financial position

at 29 February 2016

| | Note | 2016 £000 | 2015 £000 |
|----------------------------------|------|-----------------|--------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 9 | 4,542 | 4,561 |
| Property, plant and equipment | 10 | 21,426 | 10,854 |
| Financial assets | | 28 | - |
| Deferred tax | 11 | 231 | 46 |
| | | 26,227 | 15,461 |
| Current assets | | | |
| Inventories | 12 | 18,669 | 11,188 |
| Trade and other receivables | 13 | 7,096 | 3,845 |
| Financial assets | | 35 | 852 |
| Cash and cash equivalents | | 58,281 | 54,146 |
| Total current assets | | 84,081 | 70,031 |
| Total assets | | 110,308 | 85,492 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | (30,013) | (17,915) |
| Financial liabilities | | (4,291) | (31) |
| Current tax liability | | (1,967) | (1,173) |
| Total current liabilities | | (36,271) | (19,119) |
| Non-current liabilities | | | |
| Financial liabilities | | (610) | - |
| Total liabilities | | (36,881) | (19,119) |
| Net assets | | 73,427 | 66,373 |
| Equity | | | |
| Share capital | | 11,233 | 11,231 |
| Share premium | | 551,666 | 551,612 |
| Capital redemption reserve | | 100 | 100 |
| Hedging reserve | | (4,839) | 822 |
| EBT reserve | | (761) | (430) |
| Translation reserve | | 1 | - |
| Reconstruction reserve | | (515,282) | (515,282) |
| Retained earnings | | 31,309 | 18,320 |
| Total equity | | 73,427 | 66,373 |

Consolidated statement of changes in equity

| | Share capital | Share premium | Capital redemption reserve | Hedging reserve | EBT reserve | Transla- tion reserve | Recon- struction reserve | Retained earnings | Total equity |
|------------------------------------|------------------|------------------|----------------------------------|--------------------|----------------|-----------------------------|--------------------------------|----------------------|-----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance as at 1 March 2014 | - | - | 100 | 20 | - | - | 17 | 9,623 | 9,760 |
| Issue of shares | 11,231 | 551,612 | - | - | - | - | (515,299) | - | 47,544 |
| Purchase of shares by EBT | - | - | - | - | (430) | - | - | - | (430) |
| Share-based payments credit | - | - | - | - | - | - | - | 292 | 292 |
| Profit for the year | - | - | - | - | - | - | - | 8,405 | 8,405 |
| Other comprehensive income | - | - | - | 802 | - | - | - | - | 802 |
| Balance at 28 February 2015 | 11,231 | 551,612 | 100 | 822 | (430) | - | (515,282) | 18,320 | 66,373 |
| Purchase of shares by EBT | - | - | - | - | (331) | - | - | - | (331) |
| Share-based payments | 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 |

Consolidated cash flow statement
for the year ended 29 February 2016

| | Note | 2016 £000 | 2015 £000 |
|--|------|-----------------|--------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 12,438 | 8,405 |
| <i>Adjustments for:</i> | | | |
| Share-based payments charge | | 607 | 292 |
| Depreciation charges and amortisation | | 3,058 | 2,002 |
| Gain on sale of property, plant and equipment | | (2) | - |
| Transfer from hedging reserves | | (5,661) | 802 |
| Finance income | | (628) | (490) |
| Tax expense | | 3,236 | 2,663 |
| | | 13,048 | 13,674 |
| Increase in inventories | 12 | (7,481) | (1,393) |
| Increase in trade and other receivables | | (2,452) | (523) |
| Increase in trade and other payables | | 16,968 | 3,053 |
| Cash generated from operations | | 20,083 | 14,811 |
| Tax paid | | (2,627) | (2,650) |
| Net cash generated from operating activities | | 17,456 | 12,161 |
| Cash flows from investing activities | | | |
| Acquisition of intangible assets | 9 | (1,488) | (2,442) |
| Acquisition of tangible property, plant and equipment | 10 | (12,123) | (5,724) |
| Proceeds from sale of property, plant and equipment | | 2 | - |
| Finance income | | 619 | 368 |
| Net cash used in investing activities | | (12,990) | (7,798) |
| Cash flows from financing activities | | | |
| Proceeds from the issue of ordinary shares | | - | 300,000 |
| Payment of convertible loan notes to shareholders of ABK Limited | | - | (239,899) |
| Share issue costs written off to share premium | | - | (12,586) |
| Purchase of own shares by EBT | | (331) | (401) |
| Repayment of borrowings | | - | (2,742) |
| Net cash (used in) /generated from financing activities | | (331) | 44,372 |
| Increase in cash and cash equivalents | | 4,135 | 48,735 |
| Cash and cash equivalents at beginning of year | | 54,146 | 5,411 |
| Cash and cash equivalents at end of year | | 58,281 | 54,146 |

Notes to the financial information *(forming part of the financial information)*

1 Preparation of the audited consolidated financial information

Basis of preparation

This condensed consolidated financial information for the year ended 29 February 2016 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 29 February 2016 and 28 February 2015 does not comprise the group’s statutory financial statements within the meaning of Companies (Jersey) Law 1991. Statutory accounts for the year ended 29 February 2016 will be filed with the Jersey Companies Registry in due course. The auditors’ report on the statutory accounts for each of the years ended 29 February 2016 and 28 February 2015 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.

Basis of consolidation

boohoo.com plc acquired the group on 14 March 2014 simultaneous with its flotation and admission to the AIM. The group financial statements consolidate those of its subsidiaries and the Employee Benefit Trust. All intercompany transactions between group companies are eliminated.

The directors have considered the accounting policy that should be applied in respect of the consolidation of the group formed upon acquisition of the group on 14 March 2014, the date of flotation and admission to AIM. They have concluded that the transaction described above represented a combination of entities under common control and in accordance with IAS 8 “Accounting policies, changes in accounting estimates and errors” have considered FRS 6, “Acquisitions and mergers”, under UK GAAP, which the directors believe reflects the economic substance of the transaction. Under this standard, assets and liabilities are recorded at book value, not fair value, intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the legal acquirer, no goodwill is recognised, any expenses of the combination are written off immediately to the income statement and comparative amounts, if applicable, are restated as if the combination had taken place at the beginning of the earliest accounting period presented. Therefore, although the group reconstruction did not take place until 14 March 2014, these consolidated financial statements are presented as if the group structure had always been in place, using merger accounting principles.

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 is geographical by customer location, based on the group's management and internal reporting structure.

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

| | Year ended 29 February 2016 | | | Total £000 |
|-------------------------|-----------------------------|-------------------|------------------|---------------|
| | UK | Rest of Europe | Rest of world | |
| | £000 | £000 | £000 | |
| Revenue | 130,096 | 22,630 | 42,668 | 195,394 |
| Cost of sales | (56,149) | (9,955) | (16,379) | (82,483) |
| Gross profit | 73,947 | 12,675 | 26,289 | 112,911 |
| Distribution costs | (27,838) | (5,711) | (11,952) | (45,501) |
| Segment result | 46,109 | 6,964 | 14,337 | 67,410 |
| Administrative expenses | | | | (53,756) |
| Other income | | | | 1,392 |
| Operating profit | | | | 15,046 |
| Finance income | | | | 628 |
| Profit before tax | | | | 15,674 |

| | Year ended 28 February 2015 | | | Total £000 |
|-------------------------|-----------------------------|-------------------|------------------|---------------|
| | UK | Rest of Europe | Rest of world | |
| | £000 | £000 | £000 | |
| Revenue | 94,342 | 18,086 | 27,423 | 139,851 |
| Cost of sales | (37,911) | (7,275) | (9,620) | (54,806) |
| Gross profit | 56,431 | 10,811 | 17,803 | 85,045 |
| Distribution costs | (19,078) | (3,953) | (7,622) | (30,653) |
| Segment result | 37,353 | 6,858 | 10,181 | 54,392 |
| Administrative expenses | - | - | - | (43,814) |
| Other income | - | - | - | - |
| Operating profit | | | | 10,578 |
| Finance income | - | - | - | 490 |
| Profit before tax | | | | 11,068 |

3 Other income

| | 2016 | 2015 |
|--|--------------|------|
| | £000 | £000 |
| Income from warehouse management services | 1,033 | - |
| Gift to group from director for benefit of employees | 359 | - |
| | 1,392 | - |

4 Finance income

| | 2016 | 2015 |
|------------------------|------|------|
| | £000 | £000 |
| Bank interest received | 628 | 490 |

5 Profit before tax

| Profit before tax is stated after charging: | 2016 | 2015 |
|---|-------|-------|
| | £000 | £000 |
| Operating lease rentals for buildings | 712 | 588 |
| Depreciation of property, plant and equipment | 1,551 | 1,069 |
| Amortisation of intangible assets | 1,507 | 933 |
| Exceptional items – IPO and capital reorganisation fees | - | 1,254 |

6 Earnings per share

Basic earnings per share is calculated by dividing profit after tax 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 by the weighted average number of shares in issue during the year, adjusted for potentially dilutive share options.

| | 2016 | 2015 |
|---|---------------|---------------|
| Weighted average shares in issue for basic earnings per share | 1,118,429,548 | 1,119,632,278 |
| Dilutive share options | 11,761,758 | 14,209,534 |
| Weighted average shares in issue for diluted earnings per share | 1,130,191,306 | 1,133,841,812 |
| Earnings (£000) | 12,438 | 8,405 |
| Basic earnings per share | 1.11p | 0.75p |
| Diluted earnings per share | 1.10p | 0.74p |

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 | |
|----------------|---------------------|------------|
| | 2016 | 2015 |
| Administration | 489 | 418 |
| Distribution | 419 | 270 |
| | 908 | 688 |

The aggregate payroll costs of these persons were as follows:

| | 2016 | 2015 |
|-----------------------------|---------------|---------------|
| | £000 | £000 |
| Wages and salaries | 23,461 | 15,861 |
| Social security costs | 2,224 | 1,446 |
| Pension costs | 325 | 249 |
| Share-based payment charges | 607 | 292 |
| | 26,617 | 17,848 |

8 Taxation

| | 2016 | 2015 |
|---|--------------|--------------|
| | £000 | £000 |
| Analysis of charge in year | | |
| Current tax on income for the year | 3,423 | 2,621 |
| Adjustments in respect of prior year taxes | (2) | 55 |
| Deferred taxation | (185) | (13) |
| Tax on profit on ordinary activities | 3,236 | 2,663 |

The total tax charge differs from the amount computed by applying the blended UK rate of 20.1% for the year (2015: 21.1%) to profit before tax as a result of the following:

| | | |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 15,674 | 11,068 |
| Profit before tax multiplied by the blended standard rate of corporation tax of the UK of 20.1% (2015: 21.1%) | 3,148 | 2,332 |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | 14 | 246 |
| Adjustments in respect of prior year taxes | (2) | 55 |
| Overseas tax differentials | 4 | - |
| Depreciation in excess of capital allowances | 72 | 30 |
| Tax on profit on ordinary activities | 3,236 | 2,663 |

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 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by an additional £35,000 and increase the tax expense by £35,000.

9 Intangible assets

| | Patents and licences £000 | Computer software £000 | Total £000 |
|------------------------------------|---------------------------------|------------------------------|---------------|
| Cost | | | |
| Balance at 1 March 2014 | 301 | 3,454 | 3,755 |
| Additions | 8 | 2,434 | 2,442 |
| Disposals/retirements | - | (93) | (93) |
| Balance at 28 February 2015 | 309 | 5,795 | 6,104 |
| Additions | - | 1,488 | 1,488 |
| Disposals/retirements | - | (208) | (208) |
| Balance at 29 February 2016 | 309 | 7,075 | 7,384 |
| Accumulated amortisation | | | |
| Balance at 1 March 2013 | 88 | 615 | 703 |
| Amortisation for year | 30 | 903 | 933 |
| Disposals/retirements | - | (93) | (93) |
| Balance at 28 February 2015 | 118 | 1,425 | 1,543 |
| Amortisation for year | 31 | 1,476 | 1,507 |
| Disposals/retirements | - | (208) | (208) |
| Balance at 29 February 2016 | 149 | 2,693 | 2,842 |
| Net book value | | | |
| At 28 February 2014 | 213 | 2,839 | 3,052 |
| At 28 February 2015 | 191 | 4,370 | 4,561 |
| At 29 February 2016 | 160 | 4,382 | 4,542 |

10 Property, plant and equipment

| | Short leasehold | Fixtures and fittings | Computer equipment | Motor vehicles | Land & buildings | Total |
|------------------------------------|--------------------|-----------------------------|-----------------------|-------------------|---------------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost | | | | | | |
| Balance at 1 March 2014 | 639 | 1,996 | 1,070 | 82 | 4,008 | 7,795 |
| Additions | 8 | 1,416 | 613 | 18 | 3,669 | 5,724 |
| Disposals/retirements | (4) | (89) | (372) | (9) | - | (474) |
| Balance at 28 February 2015 | 643 | 3,323 | 1,311 | 91 | 7,677 | 13,045 |
| Additions | 123 | 6,201 | 285 | 22 | 5,492 | 12,123 |
| Disposals/retirements | - | (26) | (31) | - | - | (57) |
| Balance at 29 February 2016 | 766 | 9,498 | 1,565 | 113 | 13,169 | 25,111 |
| Accumulated depreciation | | | | | | |
| Balance at 1 March 2013 | 236 | 644 | 567 | 24 | 125 | 1,596 |
| Depreciation charge for the year | 131 | 467 | 376 | 15 | 80 | 1,069 |
| Disposals/retirements | (4) | (89) | (372) | (9) | - | (474) |
| Balance at 28 February 2015 | 363 | 1,022 | 571 | 30 | 205 | 2,191 |
| Depreciation charge for the year | 116 | 819 | 454 | 21 | 141 | 1,551 |
| Disposals/retirements | - | (26) | (31) | - | - | (57) |
| Balance at 29 February 2016 | 479 | 1,815 | 994 | 51 | 346 | 3,685 |
| Net book value | | | | | | |
| At 28 February 2014 | 403 | 1,352 | 503 | 58 | 3,883 | 6,199 |
| 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 |

11 Deferred tax

| | Depreciation in excess of capital allowances | Share-based payments | Total |
|---|---|-------------------------|------------|
| | £000 | £000 | £000 |
| At 1 March 2014 | 33 | - | 33 |
| Recognised in statement of comprehensive income | (45) | 58 | 13 |
| At 28 February 2015 | (12) | 58 | 46 |
| Recognised in statement of comprehensive income | 74 | 111 | 185 |
| At 29 February 2016 | 62 | 169 | 231 |

Recognition of the deferred tax assets is based upon the expected generation of future taxable profits. The deferred tax is expected to be recovered in more than one year's time.

12 Inventories

| | 2016 | 2015 |
|----------------|--------|--------|
| | £000 | £000 |
| Finished goods | 18,669 | 11,188 |

The value of inventories included within cost of sales for the year was £82,187,000 (2015: £54,682,000). An impairment provision of £296,000 (2015: £124,000) was charged to the statement of comprehensive income.

13 Trade and other receivables

| | 2016 | 2015 |
|---|--------------|--------------|
| | £000 | £000 |
| Amounts due from related party undertakings | 613 | 13 |
| Trade and other receivables | 4,937 | 2,768 |
| Prepayments and accrued income | 1,546 | 1,064 |
| | 7,096 | 3,845 |

Trade and other receivables represent amounts due from wholesale customers and advance payments to suppliers. Receivables past due are £142,000 (2015: £nil). The provision for impairment of receivables is £318,000 (2015: £116,000).

14 Trade and other payables

| | 2016 | 2015 |
|--|---------------|---------------|
| | £000 | £000 |
| Trade payables | 11,255 | 8,037 |
| Amounts owed to related party undertakings | 17 | 9 |
| Other payables | 175 | 90 |
| Accruals and deferred income | 15,272 | 8,326 |
| Taxes and social security payable | 3,294 | 1,453 |
| | 30,013 | 17,915 |

15 Capital commitments

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

| | 2016 | 2015 |
|-------------------------------|------|-------|
| | £000 | £000 |
| Property, plant and equipment | - | 2,622 |

16 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 total of future minimum lease payments under non-cancellable operating leases due in each period are:

| | 2016 | 2015 |
|--------------------------|--------------|--------------|
| | £000 | £000 |
| Within one year | 734 | 690 |
| Within two to five years | 2,363 | 2,257 |
| In more than five years | 1,445 | 1,976 |
| | 4,542 | 4,923 |

