

The information contained within this announcement is deemed by the company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

boohoo group plc CORRECTION: INTERIM RESULTS

CORRECTION: This replaces RNS number 9211B released at 7.00am on 26 September 2018. There was an error in the allocation of costs between distribution costs and administrative expenses. All profit and earnings measures are unaffected. Within the Statement of Comprehensive Income distribution costs of £91,840,000 should read £97,772,000 (an increase of £5,932,000), and administrative expenses of £100,434,000 should read £94,502,000 (a decrease of £5,932,000). These changes are also reflected within Note 3, Segmental Analysis.

boohoo group plc – interim results for the six months to 31 August 2018

“Leading the fashion eCommerce market”

	6 months to 31 August 2018 £ million	6 months to 31 August 2017 £ million	Change
Revenue	395.3	262.9	+50%
Gross profit	218.6	140.2	+56%
<i>Gross margin</i>	55.3%	53.3%	+200bps
Adjusted EBITDA ⁽¹⁾	39.6	27.8	+43%
<i>% of revenue</i>	10.0%	10.6%	-60bps
Adjusted EBIT ⁽²⁾	35.3	24.8	+42%
<i>% of revenue</i>	8.9%	9.4%	-50bps
Adjusted profit before tax ⁽³⁾	35.8	25.1	+43%
Profit before tax	24.7	20.3	+22%
Adjusted diluted earnings per share ⁽⁴⁾	1.99p	1.52p	+31%
Diluted earnings per share	1.39p	1.22p	+14%
Net cash ⁽⁵⁾ at period end	155.6	119.2	+£36.4 m

Highlights

Group

- Revenue £395.3 million, up 50% (49% CER⁽⁶⁾)
- Strong revenue growth across all geographies (UK: +43%; international: +62%). International now 41% of group revenue
- Strong balance sheet with net cash of £155.6 million (2018: £119.2 million) with robust operating cash flow of £55.7 million (2018: £33.0 million) and free cash flow of £24.5m (+93%)
- Distribution capabilities enhanced: PrettyLittleThing warehouse relocation completed; and automation of Burnley site to drive future efficiency is on schedule

- Revenue £209.0 million, up 15% with market share gains in all focus markets
- Gross margin 53.4%, up 110bps; retail gross margin 56.0%, up 160bps
- 6.7 million active customers⁽⁷⁾, up 15% on prior year
- Market share and brand awareness increasing, supported by proposition investments
- Next phase of fit-out and automation of distribution centre in Burnley on schedule for utilisation in 2019

PrettyLittleThing

- Revenue £168.6 million, up 132%
- Gross margin 57.3%, up 250bps; retail gross margin 59.0%, up 200bps
- 4.0 million active customers, up 99%
- Outstanding growth of market share and revenue in all markets
- Successful relocation of distribution centre to Sheffield with significant capacity that can service the brand's growth

Nasty Gal

- Revenue £17.7 million, up 111%
- Gross margin 59.0%, down 480bps driven by refinements to the customer proposition
- 0.6 million active customers, up 313%
- Strong revenue growth in the USA and international markets

Guidance

Group revenue growth for the year to 28 February 2019 is expected to be 38% to 43%, up from our previous guidance of 35% to 40%, with adjusted EBITDA margin between 9% and 10%. We reiterate our medium term guidance to deliver sales growth of at least 25% per annum and EBITDA margin of 10%.

Mahmud Kamani and Carol Kane, joint CEOs, commented:

“Our group results for the first half year show yet another strong performance, delivering record sales and profits. All of our brands performed extremely well across all territories as we continue to gain market share. We achieved market-leading growth in all markets, with Rest of Europe and the USA being particularly pleasing. Growth in the UK, our largest market, remains very strong.

We successfully executed a major relocation of the distribution centre for PrettyLittleThing, which represents a key milestone as we develop a distribution network capable of generating £3 billion of net sales globally, in line with our vision to lead the fashion eCommerce market. This relocation was carried out with a low level of disruption to the operations of PrettyLittleThing and is a credit to the project team. Our extended distribution centre in Burnley, which will have a significant element of automation to drive efficiency savings, is scheduled for operational use in 2019.”

Investor and Analyst Meeting

A meeting for analysts will be held at 9.30am on 26 September 2018 at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN. boohoo group plc's interim results 2019 are available at www.boohooplc.com.

A live audio webcast will be available at 9.30am via the following link:
<http://webcasting.buchanan.uk.com/broadcast/5b5882ccd3653708d12fdadf>

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

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Notes:

- (1) Adjusted EBITDA is calculated as profit before tax, interest, depreciation, amortisation, share-based payment charges and exceptional items.
- (2) Adjusted EBIT is calculated as profit before tax, interest, share-based payment charges, amortisation of acquired PrettyLittleThing and Nasty Gal intangible assets and exceptional items.
- (3) Adjusted profit before tax is calculated as profit before tax, excluding share-based payment charges, amortisation of acquired PrettyLittleThing and Nasty Gal intangible assets and exceptional items.
- (4) Adjusted diluted earnings per share is calculated as diluted earnings per share, adding back amortisation of acquired PrettyLittleThing and Nasty Gal intangible assets, share-based payment charges and exceptional items.
- (5) Net cash is cash less borrowings.
- (6) CER designates Constant Exchange Rate translation of foreign currency revenue, which gives a truer indication of the performance in international markets by removing year-to-year exchange rate movements when local currency sales are converted to sterling.
- (7) Active customers defined as having shopped in the last year.

About boohoo group 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 through boohooMAN.

In early 2017 the group 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 11 million customer accounts across all its brands around the world.

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

Group overview

Group revenue for the half year increased by 50% (49% CER) on the first half of the previous year to £395.3 million (2018: £262.9 million). Revenue growth across all territories and brands was strong.

Adjusted EBITDA was £39.6 million (2018: £27.8 million), an increase of 43% on the first half of the previous year, with planned investments in the customer proposition and marketing across the group leading to an adjusted EBITDA margin of 10.0% (2018: 10.6%). Adjusted profit before tax was £35.8 million (2018: £25.1 million), an increase of 43%. Profit before tax was £24.7 million (2018: £20.3 million), an increase of 22%. Adjusted diluted earnings per share was 1.99p, up 31% on the prior half year. Basic earnings per share rose to 1.42p, an increase of 14% (2018: 1.25p).

In the first half year, the group has again achieved outstanding growth with profitability in line with guidance. All of our brands have performed extremely well and the exceptional growth of PrettyLittleThing continues. The group has achieved gains in market share across its key focus territories and brand awareness has heightened through successful celebrity associations and influencer campaigns. The customer proposition has been refined, with faster delivery times, more delivery options, new payment methods and quicker refunds. Gross margin has improved as a result of stronger sell through, tighter control on stock cover and refinement of the customer proposition.

Cash flow generation was strong, with free cash flow up 93% to £24.5m. Capital expenditure was £31.2 million as we invest in our infrastructure ahead of our growth curve. Our net cash balance at the period end increased to £155.6 million (2018: £119.2 million).

Distribution centres

The construction of our latest distribution centre extension at Burnley is now complete and fit-out is underway with completion scheduled for 2019. Automation is a key component of the fit-out which will greatly improve picking efficiency. In addition to the new welfare facilities open to all employees, we now provide a bus service to the Burnley distribution centre from nearby towns. PrettyLittleThing's distribution centre relocation to Sheffield was completed successfully during July and August. Exceptional dual running expenses incurred during this period amounted to £6.4 million. The addition of the Sheffield facility greatly increases our sales capacity, will help underpin PLT's infrastructure needs and adds further operational flexibility for the group as we continue to invest in our future distribution network capable of generating £3 billion of net sales globally.

boohoo (including boohooMAN)

Performance

Revenue for the half year increased to £209.0 million, up 15% on the first half of the previous year, with growth in all our key focus markets.

International growth continues to be strong, especially in northern Europe, where we are rapidly gaining market share, whilst both UK and international growth accelerated in the second quarter alongside an improved gross margin performance. Gross margin increased by 110bps to 53.4%, driven by improved stock control and refinement of the customer proposition.

Product

New product introductions and comprehensive size range offerings have continued to drive growth. boohooMAN has performed strongly with an ever-extending product range and increasing customer reach. Our offering changes daily, with hundreds of new styles added and the very latest fashions appearing within days or weeks of trends being spotted by our fashion experts and offered to our customers at affordable prices. The breadth of the range makes boohoo a destination to which customers keep returning to find their desired items with ease.

Marketing

Marketing activity in the first half year included several high profile celebrity campaigns: Zendaya, Stefflon Don, French Montana, Dele Alli and Paris Hilton headed the cast and were instrumental in driving increased brand awareness. Other activities continued using a successful formula of a mix of media, including social media influencers, bloggers, TV, outdoor, email, student events and digital acquisition channels. Our social media presence continues to grow and we now have 5.0 million followers on Instagram, 2.9 million Facebook fans and 0.5 million followers on Twitter. We have opened marketing offices in Paris and Los Angeles, which will provide local knowledge and focal points for future campaigns and marketing initiatives as we continue to drive awareness of the boohoo brand worldwide.

Customer interaction

Active customer numbers over the last 12 months increased by 15% to 6.7 million. Conversion rate to sale decreased from 4.5% to 4.1% of sessions, when measured on website statistics alone. Order frequency increased 2%, with customers placing an order with us, on average, 2.15 times in 12 months, whilst the number of items per basket decreased 4% to 3.06.

We have continued to refine the customer proposition with free returns, next day delivery and collection points available in more overseas markets. In the UK, the cut-off time for next day delivery has been extended to 11pm and 12pm for next day evening delivery. SMS messaging has been introduced in the UK to keep customers informed of delivery status and we are trialling artificial intelligence in customer contact response. We have 17 country-specific websites and have plans to introduce more foreign language websites and more payment options in overseas markets during the year, in line with our aim to attain best-in-class customer service.

Technology

The principal technology projects completed in the first half year include new payment solutions and more country returns portals, which give more returns flexibility and enable us to refund customers immediately after the courier collects their parcel. We have also introduced social logins for UK customers. Projects underway include a new app with increased functionality and the warehouse automation project, which will drive significant efficiencies.

PrettyLittleThing

Performance

PrettyLittleThing (“PLT”) again achieved outstanding revenue growth of 132% over the first half of the previous year, despite some disruption to sales during the warehouse relocation. Growth across all territories was strong. Increased costs of working were incurred whilst the warehouse was relocated, which have been classified as exceptional within distribution costs and administrative expenses, and amount to £6.4 million. These comprise the extra costs of operating two sites in the pre go-live and migration periods, dual shipping of customer orders, physically moving stock between the two sites and increased customer service costs to deal with queries during the migration period. Gross margin has increased to 57.3% (2018: 54.8%), with stronger sell-through and refinements to the customer proposition.

Product

PLT brings the latest and most relevant celebrity looks at affordable prices to our customers, with a choice of over 13,000 styles and new items available daily. Our product range has continued to expand during the first half of the year with strong growth being seen in the “shape” ranges including Petite, Curve and Plus. During the first half year we continued to bring the latest celebrity looks to customers including collaborations with UK Radio presenter, Maya Jama, and American Hip-Hop stylist, Karl Kani.

Marketing

We have continued to extend our social media reach by increasing the number of social media influencers, combined with celebrity campaigns and collaborations. These include Maya Jama, Karl Kani and the recently-announced collaboration with Ashley Graham, one of America’s most successful models, all of which help the brand reach its target audience.

Customer interaction

We now support eight country-specific websites and have plans for further foreign language sites, following the success of the French language site, introduced in the previous financial year. For the UK market, we offer a wide range of free return options. We have also introduced new returns options in international markets, accelerating the point of refund to enhance the customer experience.

Active customer numbers over the last 12 months increased by 99% to 4.0 million. We have 1.4 million followers on Facebook (an increase of 40% in 12 months), 0.2 million followers on Twitter, 6.3 million Instagram followers (an increase of 200% in 12 months), as well as a presence on several other social media channels.

Technology

PLT operates iOS and android apps for the UK and US markets and the apps have been developed throughout the period to improve the customer experience and conversion rates. There have been continuous improvements to the performance and user experience of all customer-facing websites, with key highlights being the introduction of a new 'Contact Us' page to more effectively manage customer queries and enhance product information. We regularly review payment options offered to customers, adding new methods pertinent to each market.

Nasty Gal

Performance

Revenue growth across all territories has been very strong at 111%. The USA is the largest market for the brand and revenue growth there remains robust. The brand continues to see strong growth outside the US, albeit from a low base. Gross margin at 59.0% (2018: 63.8%) has remained at a pleasing level as the customer proposition is refined in each territory. Conversion and the number of items per basket have also risen.

Product

Our product range continues to broaden and targets price points higher than those of boohoo. The brand has its roots in Los Angeles and portrays a distinctive look for the confident girl who like to express her personality through the clothes she wears. Now, with over 6,000 styles in stock, the brand's appeal is rising and reaching a larger audience.

Marketing

The marketing strategy has focussed on building and extending the number of bloggers and influencers and staging key media events to re-engage customer interest and promote brand loyalty.

Customer interaction

Nasty Gal has six country and regional websites, developed since start-up in March 2017 and Android and iOS apps for the UK, US and the Australian markets.

On social media we have 2.8 million followers on Instagram, 1.2 million Facebook likes and 0.2 million followers on Twitter.

Financial review

Group revenue by brand

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000	Change	Change CER
boohoo	209,006	181,824	+15%	+13%
PrettyLittleThing	168,612	72,675	+132%	+134%
Nasty Gal	17,691	8,376	+111%	+118%
	395,309	262,875	+50%	+49%

Group revenue by geographical market

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000	Change	Change CER
UK	234,057	163,381	+43%	+43%
Rest of Europe	51,250	27,791	+84%	+72%
USA	68,171	39,596	+72%	+74%
Rest of world	41,831	32,107	+30%	+27%
	395,309	262,875	+50%	+49%

KPIs

boohoo

	6 months to 31 August 2018	6 months to 31 August 2017	Change
Active customers ⁽¹⁾	6.7 million	5.8 million	+15%
Number of orders	7.2 million	6.4 million	+13%
Order frequency ⁽²⁾	2.15	2.11	+2%
Conversion rate to sale ⁽³⁾	4.1%	4.5%	-40bps
Average order value ⁽⁴⁾	£40.56	£39.92	+2%
Number of items per basket	3.06	3.17	-4%

PrettyLittleThing

	6 months to 31 August 2018	6 months to 31 August 2017	Change
Active customers ⁽¹⁾	4.0 million	2.0 million	+99%
Number of orders	6.5 million	2.9 million	+127%
Order frequency ⁽²⁾	2.77	2.24 ⁽⁵⁾	+24%
Conversion rate to sale ⁽³⁾	3.2%	3.5% ⁽⁵⁾	-30bps
Average order value ⁽⁴⁾	£39.39	£36.68 ⁽⁵⁾	+7%
Number of items per basket	2.83	2.51 ⁽⁵⁾	+13%

Nasty Gal

	6 months to 31 August 2018	6 months to 31 August 2017	Change
Active customers ⁽¹⁾	0.6 million	0.2 million	+313%
Number of orders	0.5 million	0.2 million	+163%
Order frequency ⁽²⁾	1.45	1.24	+17%
Conversion rate to sale ⁽³⁾	2.3%	1.2%	+110bps
Average order value ⁽⁴⁾	£50.27	£55.46	-9%
Number of items per basket	3.01	2.77	+9%

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
5. PLT prior period numbers restated using corrected data and website only sessions

Consolidated summary income statement

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000	Change
Revenue	395,309	262,875	+50%
Cost of sales	(176,732)	(122,643)	
Gross profit	218,577	140,232	+56%
<i>Gross margin</i>	<i>55.3%</i>	53.3%	200 bps
Operating costs	(179,121)	(112,534)	
Other income	120	53	
Adjusted EBITDA	39,576	27,751	+43%
<i>Adjusted EBITDA margin %</i>	<i>10.0%</i>	10.6%	-60 bps
Depreciation	(3,090)	(1,715)	
Amortisation of other intangible assets	(1,163)	(1,242)	
Adjusted EBIT	35,323	24,794	+42%
<i>Adjusting items:</i>			
Amortisation of acquired PrettyLittleThing and Nasty Gal intangible assets	(2,224)	(2,224)	
Equity-settled share-based payment charges	(2,464)	(2,557)	
Exceptional costs – warehouse relocation	(6,436)	-	
Operating profit	24,199	20,013	+21%
Finance income	577	347	
Finance expense	(79)	(78)	
Profit before tax	24,697	20,282	+22%
Tax	(4,867)	(4,698)	
Profit after tax for the period	19,830	15,584	+27%
Diluted earnings per share	1.39p	1.22p	+14%
Adjusted profit after tax for the period	28,872	19,486	+48%
Amortisation of acquired PrettyLittleThing and Nasty Gal intangible assets	(2,224)	(2,224)	
Share-based payment charges	(2,464)	(2,557)	
Exceptional costs – warehouse relocation	(6,436)	-	
Adjustment for tax	2,082	879	
Profit after tax for the period	19,830	15,584	
Adjusted profit for the period attributable to shareholders of the company	23,361	17,658	+32%
Adjusted diluted earnings per share	1.99p	1.52p	+31%

Exceptional costs

Exceptional costs include the cost of relocating PrettyLittleThing's inventory from Burnley to a new distribution centre at Sheffield, including the element of dual running costs and additional carriage for split orders despatched from two sites.

Taxation

The effective rate of tax for the half-year was 19.7% (2018: 23.2%), which is more than the blended UK statutory rate of tax for the year of 19.0% due to disallowable items, principally share-based payment charges in PrettyLittleThing.com Limited.

Earnings per share

Basic earnings per share increased by 14% from 1.25p to 1.42p. Adjusted diluted earnings per share was 1.99p, up 31% on the prior year first half year.

Consolidated statement of financial position

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000
Intangible assets	29,074	33,385
Property, plant and equipment	98,505	49,116
Financial assets	585	175
Deferred tax asset	4,153	6,861
Non-current assets	132,317	89,537
Working capital	(53,597)	(17,068)
Net financial liabilities	(1,895)	(11,513)
Cash and cash equivalents	163,889	129,910
Interest bearing loans and borrowings	(8,337)	(10,719)
Deferred tax liability	(2,001)	(2,348)
Current tax liability	(4,707)	(5,738)
Net assets	225,669	172,061

Liquidity and financial resources

Free cash flow was £24.5 million compared to £12.8 million in the previous financial half-year. Capital expenditure was £31.2 million, which includes the following investments: IT £2.6 million, offices £4.9 million and distribution centre £23.7 million. The closing cash balance for the group was £163.9 million and the net cash balance, after deducting bank loans, was £155.6 million.

Consolidated cash flow statement

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000
Profit for the period	19,830	15,584
Depreciation charges and amortisation	6,477	5,181
Share-based payments charge	2,464	2,557
Tax expense	4,867	4,698
Finance income	(577)	(347)
Finance expense	79	78
Increase in inventories	(5,054)	(19,295)
Increase in trade and other receivables	(17,569)	(5,218)
Increase in trade and other payables	45,216	29,729
Operating cash flow	55,733	32,967
Capital expenditure and intangible asset purchases	(31,185)	(20,217)
Free cash flow	24,548	12,750
Proceeds from the issue of ordinary shares	2,087	50,944
Finance income received	495	253
Finance expense paid	(79)	(78)
Tax paid	(4,546)	(3,098)
Repayment of borrowings	(1,191)	(1,191)
Net cash flow	21,314	59,580
Cash and cash equivalents at beginning of period	142,575	70,330
Cash and cash equivalents at end of period	163,889	129,910

Outlook

We continue to maintain a highly positive outlook for on-line fashion globally. The group's multi-brand approach appeals to a wide consumer audience. The demand for affordable online fashion continues unabated and provides the opportunity for continued growth globally. Growth in the UK, our largest market, remains strong, whilst international growth continues at a higher rate.

Our focus is to maintain an outstanding customer proposition, with the latest fashion at great prices, combined with excellent customer service. To this end we have a plan of continuous investment in systems and technology to ensure we offer an optimal online shopping experience. International expansion will continue as we add more country-specific websites, refine our customer proposition and raise brand awareness through marketing and social media.

Group revenue growth for the year to 28 February 2019 is expected to be 38% to 43%, up from our previous guidance of 35% to 40%, with adjusted EBITDA margin between 9% and 10%. We reiterate our medium term guidance to deliver sales growth of at least 25% per annum and EBITDA margin of 10%.

Mahmud Kamani

Joint Chief Executive

Carol Kane

Joint Chief Executive

Neil Catto

Chief Financial Officer

26 September 2018

Unaudited consolidated statement of comprehensive income

for the period ended 31 August 2018

	Note	6 months to 31 August 2018 (unaudited) £000	6 months to 31 August 2017 (unaudited) £000	Year to 28 February 2018 (audited) £000
Revenue	3	395,309	262,875	579,800
Cost of sales		(176,732)	(122,643)	(273,445)
Gross profit		218,577	140,232	306,355
Distribution costs		(97,772)	(56,002)	(126,757)
Exceptional distribution costs		(5,932)	-	-
Other distribution costs		(91,840)	(56,002)	(126,757)
Administrative expenses		(94,502)	(62,046)	(132,623)
Exceptional administrative expenses		(504)	-	-
Other administrative expenses		(93,998)	(62,046)	(132,623)
Amortisation of acquired intangibles		(2,224)	(2,224)	(4,449)
Other income	4	120	53	159
Operating profit		24,199	20,013	42,685
Finance income		577	347	774
Finance expense		(79)	(78)	(146)
Profit before tax	5	24,697	20,282	43,313
Taxation		(4,867)	(4,698)	(7,313)
Profit for the period		19,830	15,584	36,000
Profit for the period attributable to:				
Owners of the parent company		16,309	14,146	31,652
Non-controlling interests		3,521	1,438	4,348
		19,830	15,584	36,000
Total other comprehensive income/(expense) for the year, net of income tax				
(Gain)/loss reclassified to profit and loss during the year		(1,518)	4,978	6,516
Fair value (loss)/gain on cash flow hedges during the year ⁽¹⁾		(7,703)	(4,729)	12,981
Total comprehensive income for the period		10,609	15,833	55,497
Total comprehensive income attributable to:				
Equity attributable to owners of the parent company		7,088	14,395	51,149
Non-controlling interests		3,521	1,438	4,348
Total equity		10,609	15,833	55,497
Earnings per share	6			
Basic		1.42	1.25p	2.78p
Diluted		1.39	1.22p	2.71p

1. Net fair value gains/losses on cash flow hedges will be reclassified to profit or loss during the two years to 31 August 2020.

Unaudited consolidated statement of financial position

at 31 August 2018

	Note	6 months to 31 August 2018 (unaudited) £000	6 months to 31 August 2017 (unaudited) £000	Year to 28 February 2018 (audited) £000
Assets				
Non-current assets				
Intangible assets		29,074	33,385	30,877
Property, plant and equipment		98,505	49,116	71,994
Financial assets		585	175	2,445
Deferred tax	7	4,153	6,861	6,479
Total non-current assets		132,317	89,537	111,795
Current assets				
Inventories		53,302	53,465	48,248
Trade and other receivables	8	35,149	17,258	17,499
Financial assets		1,871	1,123	6,770
Cash and cash equivalents		163,889	129,910	142,575
Total current assets		254,211	201,756	215,092
Total assets		386,528	291,293	326,887
Liabilities				
Current liabilities				
Trade and other payables	9	(142,048)	(87,791)	(96,670)
Interest bearing loans and borrowings		(2,382)	(2,382)	(2,382)
Financial liabilities		(1,605)	(8,576)	(837)
Current tax liability		(4,707)	(5,738)	(4,505)
Total current liabilities		(150,742)	(104,487)	(104,394)
Non-current liabilities				
Interest bearing loans and borrowings		(5,955)	(8,337)	(7,146)
Financial liabilities		(2,161)	(4,060)	(467)
Deferred tax	7	(2,001)	(2,348)	(2,101)
Total liabilities		(160,859)	(119,232)	(114,108)
Net assets		225,669	172,061	212,779
Equity				
Share capital	10	11,602	11,494	11,496
Share premium		604,555	601,994	602,578
Capital redemption reserve		100	100	100
Hedging reserve		(1,310)	(11,337)	7,911
EBT reserve		(347)	(352)	(351)
Translation reserve		6	(4)	168
Reconstruction reserve		(515,282)	(515,282)	(515,282)
Non-controlling interests		12,551	5,416	8,761
Retained earnings		113,794	80,032	97,398
Total equity		225,669	172,061	212,779

Unaudited consolidated statement of changes in equity

	Share capital	Share premium	Capital redemption reserve	Hedging reserve	EBT reserve	Translation reserve	Reconstruction reserve	Non-controlling interest	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 March 2018	11,496	602,578	100	7,911	(351)	168	(515,282)	8,761	97,398	212,779
Issue of shares	106	1,981	-	-	-	-	-	-	-	2,087
Issue of shares by EBT	-	(4)	-	-	4	-	-	-	-	-
Share-based payments credit	-	-	-	-	-	-	-	269	2,195	2,464
Excess deferred tax on share-based payment charge	-	-	-	-	-	-	-	-	(2,108)	(2,108)
Profit for the period	-	-	-	-	-	-	-	3,521	16,309	19,830
Translation of foreign operations	-	-	-	-	-	(162)	-	-	-	(162)
Gain reclassified to profit and loss	-	-	-	(1,518)	-	-	-	-	-	(1,518)
Fair value loss on cash flow hedges during the year	-	-	-	(7,703)	-	-	-	-	-	(7,703)
Balance at 31 August 2018	11,602	604,555	100	(1,310)	(347)	6	(515,282)	12,551	113,794	225,669
Balance at 1 March 2017	11,233	551,720	100	(11,586)	(761)	5	(515,282)	3,978	61,089	100,496
Issue of shares	261	50,683	-	-	-	-	-	-	-	50,944
Issue of shares by EBT	-	(409)	-	-	409	-	-	-	-	-
Share-based payments credit	-	-	-	-	-	-	-	-	2,557	2,557
Excess deferred tax on share-based payment charge	-	-	-	-	-	-	-	-	2,240	2,240
Profit for the period	-	-	-	-	-	-	-	1,438	14,146	15,584
Translation of foreign operations	-	-	-	-	-	(9)	-	-	-	(9)
Loss reclassified to profit and loss	-	-	-	4,978	-	-	-	-	-	4,978
Fair value loss on cash flow hedges during the year	-	-	-	(4,729)	-	-	-	-	-	(4,729)
Balance at 31 August 2017	11,494	601,994	100	(11,337)	(352)	(4)	(515,282)	5,416	80,032	172,061
Balance at 28 February 2017	11,233	551,720	100	(11,586)	(761)	5	(515,282)	3,978	61,089	100,496
Issue of shares	263	50,858	-	-	410	-	-	-	-	51,531
Share-based payments credit	-	-	-	-	-	-	-	435	2,834	3,269
Excess deferred tax on share-based payments	-	-	-	-	-	-	-	-	1,823	1,823
Profit for the year	-	-	-	-	-	-	-	4,348	31,652	36,000
Translation of foreign operations	-	-	-	-	-	163	-	-	-	163
Loss reclassified to profit and loss	-	-	-	6,516	-	-	-	-	-	6,516
Fair value gain on cash flow hedges during the year	-	-	-	12,981	-	-	-	-	-	12,981
Balance at 28 February 2018	11,496	602,578	100	7,911	(351)	168	(515,282)	8,761	97,398	212,779

Unaudited consolidated cash flow statement
for the period ended 31 August 2018

	Note	6 months to 31 August 2018 (unaudited) £000	6 months to 31 August 2017 (unaudited) £000	Year to 28 February 2018 (audited) £000
Cash flows from operating activities				
Profit for the period		19,830	15,584	36,000
<i>Adjustments for:</i>				
Share-based payments charge		2,464	2,557	3,269
Depreciation charges and amortisation		6,477	5,181	10,978
Finance income		(577)	(347)	(774)
Finance expense		79	78	146
Tax expense		4,867	4,698	7,313
		33,140	27,751	56,932
Increase in inventories		(5,054)	(19,295)	(14,078)
Increase in trade and other receivables	8	(17,569)	(5,218)	(5,393)
Increase in trade and other payables	9	45,216	29,729	38,780
Cash generated from operations		55,733	32,967	76,241
Tax paid		(4,546)	(3,098)	(7,227)
Net cash generated from operating activities		51,187	29,869	69,014
Cash flows from investing activities				
Acquisition of intangible assets		(1,584)	(1,405)	(2,412)
Acquisition of property, plant and equipment		(29,601)	(18,812)	(43,972)
Finance income received		495	253	612
Net cash used in investing activities		(30,690)	(19,964)	(45,772)
Cash flows from financing activities				
Proceeds from the issue of ordinary shares		2,087	51,694	52,281
Share issue costs written off to share premium		-	(750)	(750)
Finance expense paid		(79)	(78)	(146)
Repayment of borrowings		(1,191)	(1,191)	(2,382)
Net cash generated from financing activities		817	49,675	49,003
Increase in cash and cash equivalents		21,314	59,580	72,245
Cash and cash equivalents at beginning of period		142,575	70,330	70,330
Cash and cash equivalents at end of period		163,889	129,910	142,575

Notes

(forming part of the interim report and accounts)

1 Accounting policies

General information

boohoo group 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

The interim condensed financial statements for the six months ended 31 August 2018 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The interim financial statements should be read in conjunction with the group's Annual Report and Accounts for the year ended 28 February 2018, prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), IFRIC Interpretations and the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS.

The interim condensed financial statements contained in this report are not audited and do not constitute statutory accounts within the meaning of Companies (Jersey) Law 1991. The Annual Report and Accounts for the year ended 28 February 2018 has been filed with the Jersey Companies Registry. The auditors' reports on those accounts was unqualified and did not include reference to any matters on which the auditors were required to report by exception under Companies (Jersey) Law 1991.

The group's business activities together with the factors that are likely to affect its future developments, performance and position are set out in the Business and Financial Reviews. The Financial Review describes the group's financial position, cash flows and bank facilities.

The interim financial statements are unaudited and were approved by the board of directors on 25 September 2018.

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 interim announcement, the directors have also made reasonable and prudent judgements and estimates and prepared the interim announcement on the going concern basis. The interim 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.

Accounting policies

The interim financial statements have been prepared in accordance with the accounting policies set out in the group's Annual Report and Accounts for the year ended 28 February 2018. IFRS 9, "Financial instruments", is effective for the current accounting period, but will not have an effect on the accounts as foreign currency hedging contracts will continue to be accounted for as hedges under the standard. IFRS 15, "Revenue from contracts with customers", is effective for the current accounting period, but will not have an effect on the accounts, as revenue from online sales is already recognised when the customer is estimated to have received the goods and revenue from annual delivery service is already spread over the period of the service. IFRS 16, "Leases", is effective for accounting periods commencing 1 January 2019 and will have an effect in the accounts for the year ended 29 February 2020. Taking account of leases that exist at 31 August 2018, the effect is expected to be an increase in assets and liabilities of £5 million, additional depreciation charges and interest charges in the first year of application of the standard of £1 million and £0.1 million respectively per annum and a reduction on operating expenses of £1.1 million. The accounting treatment for elements of the cost of third party logistics service for PLT is under review with respect to IFRS 16.

2 Principal risks and uncertainties

The board considers the principal risks and uncertainties which could impact the group over the remaining six months of the financial year to 28 February 2019 to be unchanged from those set out in the group's Annual Report and Accounts for the year ended 28 February 2018, which in summary are: competition risk; fashion and consumer demands risk; systems and technical risk; supply chain risk; loss of key facilities; people risk; customer dissatisfaction; and financial risk. These are set out in detail on pages 22 to 24 of the group's Annual Report and Accounts for the year ended 28 February 2018, a copy of which is available on the group's website, www.boohooplc.com. In addition, the group is closely monitoring the potential impacts of the UK's leaving the EU.

3 Segmental analysis

	6 months ended 31 August 2018			
	boohoo £000	PrettyLittleThing £000	Nasty Gal £000	Total £000
Revenue	209,006	168,612	17,691	395,309
Cost of sales	(97,468)	(72,013)	(7,251)	(176,732)
Gross profit	111,538	96,599	10,440	218,577
Distribution costs	(46,671)	(46,534)	(4,567)	(97,772)
Segment result	64,867	50,065	5,873	120,805
Administrative expenses	-	-	-	(96,726)
Other income	-	-	-	120
Operating profit	-	-	-	24,199
Finance income	-	-	-	577
Finance expense	-	-	-	(79)
Profit before tax	-	-	-	24,697

	6 months ended 31 August 2017			
	boohoo £000	PrettyLittleThing £000	Nasty Gal £000	Total £000
Revenue	181,824	72,675	8,376	262,875
Cost of sales	(86,751)	(32,859)	(3,033)	(122,643)
Gross profit	95,073	39,816	5,343	140,232
Distribution costs	(38,514)	(15,636)	(1,852)	(56,002)
Segment result	56,559	24,180	3,491	84,230
Administrative expenses	-	-	-	(64,270)
Other income	-	-	-	53
Operating profit	-	-	-	20,013
Finance income	-	-	-	347
Finance expense	-	-	-	(78)
Profit before tax	-	-	-	20,360

	Year ended 28 February 2018			
	boohoo £000	PrettyLittleThing £000	Nasty Gal £000	Total £000
Revenue	374,115	181,269	24,416	579,800
Cost of sales	(182,394)	(81,175)	(9,876)	(273,445)
Gross profit	191,721	100,094	14,540	306,355
Distribution costs	(80,417)	(40,661)	(5,679)	(126,757)
Segment result	111,304	59,433	8,861	179,598
Administrative expenses	-	-	-	(137,072)
Other income	-	-	-	159
Operating profit	-	-	-	42,685
Finance income	-	-	-	774
Finance expense	-	-	-	(146)
Profit before tax	-	-	-	43,313

Revenue by geographic region

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000	Year to 28 February 2018 £000
UK	234,057	163,381	355,614
Rest of Europe	51,250	27,791	66,281
USA	68,171	39,596	92,690
Rest of world	41,831	32,107	65,215
	395,309	262,875	579,800

4 Other income

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000	Year to 28 February 2018 £000
Rental income	120	53	159

5 Profit before tax

Profit before tax is stated after charging:

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000	Year to 28 February 2018 £000
Operating lease rentals for buildings	988	523	1,509
Equity-settled share-based payment charges	2,464	2,557	3,269
Depreciation of property, plant and equipment	3,090	1,715	3,997
Amortisation of intangible assets	1,163	1,242	2,532
Amortisation of acquired intangible assets	2,224	2,224	4,449

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.

	6 months to 31 August 2018	6 months to 31 August 2017	Year to 28 February 2018
Weighted average shares in issue for basic earnings per share	1,149,311,146	1,132,106,923	1,138,722,751
Dilutive share options	24,897,209	26,154,173	27,108,839
Weighted average shares in issue for diluted earnings per share	1,174,208,355	1,158,261,096	1,165,831,590
Earnings attributable to owners of the parent company (£000)	16,309	14,146	31,652
Basic earnings per share	1.42p	1.25p	2.78p
Diluted earnings per share	1.39p	1.22p	2.71p
Earnings attributable to owners of the parent company (£000)	16,309	14,146	31,652
<i>Adjusting items:</i>			
Amortisation of intangible assets arising on acquisitions	2,224	2,224	4,449
Share-based payment charges	2,464	2,557	3,269
Exceptional costs – warehouse relocation	6,436	-	-
Adjustment for tax	(2,082)	(879)	(1,408)
Adjustment for non-controlling interests	(1,990)	(390)	(352)
Adjusted earnings	23,361	17,658	37,610
Adjusted basic earnings per share	2.03p	1.56p	3.30p
Adjusted diluted earnings per share	1.99p	1.52p	3.23p

7 Deferred tax

Assets

	Depreciation in excess of capital allowances £000	Share-based payments £000	Total £000
At 1 March 2017	232	4,262	4,494
At 1 September 2017	188	6,673	6,861
At 1 March 2018	160	6,319	6,479
Recognised in statement of comprehensive income	(160)	(58)	(218)
Credit in equity	-	(2,108)	(2,108)
At 31 August 2018	-	4,153	4,153

Liabilities

	Capital allowances in excess of depreciation £000	Business combinations £000	Total £000
At 1 March 2017	-	(2,597)	(2,597)
At 1 September 2017	-	(2,348)	(2,348)
At 1 March 2018	-	(2,101)	(2,101)
Recognised in statement of comprehensive income	(147)	247	100
At 31 August 2018	(147)	(1,854)	(2,001)

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.

8 Trade and other receivables

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000	Year to 28 February 2018 £000
Trade receivables	23,405	14,761	13,381
Prepayments	10,482	2,355	3,658
Accrued income	1,262	142	460
	35,149	17,258	17,499

9 Trade and other payables

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000	Year to 28 February 2018 £000
Trade payables	36,945	29,545	34,203
Amounts owed to related party undertakings	-	1	31
Other creditors	1,242	2,585	1,084
Accruals	91,215	43,543	50,399
Deferred income	6,927	8,189	5,556
Taxes and social security payable	5,719	3,928	5,397
	142,048	87,791	96,670

10 Share capital

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000	Year to 28 February 2018 £000
At start of period	11,496	11,233	11,233
Share issues	106	261	263
At end of period	11,602	11,494	11,496

Share capital at period end: 1,160,160,400 authorised and fully paid ordinary shares of 1p each (2018: 1,149,419,722). No dividends have been paid or are payable for the period ended 31 August 2018 (2018: £nil).

11 Capital commitments

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

	6 months to 31 August 2018 £000	6 months to 31 August 2017 £000	Year to 28 February 2018 £000
Property, plant and equipment	6,870	17,449	27,999

12 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 brands and trading names. 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 31 August 2018, there are no pending claims or proceedings against the group which in the opinion of the directors are expected to have a material adverse effect on its liquidity or operations.

Appendix – growth rates on prior period revenue by region

Revenue by period for the year to 28 February 2019 (FY19)

£'000	3m to 31 May				3m to 31 August				6m to 31 August			
	FY19	FY18	yoy %	yoy % CER	FY19	FY18	yoy %	yoy % CER	FY19	FY18	yoy %	yoy % CER
Total	183,561	120,077	53%	52%	211,748	142,798	48%	47%	395,309	262,875	50%	49%
Revenue by region												
UK	110,738	74,532	49%	49%	123,319	88,849	39%	39%	234,057	163,381	43%	43%
ROE	22,257	12,220	82%	71%	28,993	15,571	86%	73%	51,250	27,791	84%	72%
USA	31,389	17,906	75%	78%	36,782	21,690	70%	71%	68,171	39,596	72%	74%
ROW	19,177	15,419	24%	22%	22,654	16,688	36%	31%	41,831	32,107	30%	27%

Revenue by period for the year to 28 February 2018 (FY18)

£'000	4m to 31 December				2m to 28 February				12m to 28 February			
	FY18	FY17	yoy %	yoy % CER	FY18	FY17	yoy %	yoy % CER	FY18	FY17	yoy %	yoy % CER
Total	228,215	114,294	100%	93%	88,710	53,025	67%	65%	579,800	294,635	97%	92%
Revenue by region												
UK	135,642	65,465	107%	107%	56,592	34,820	63%	63%	355,614	181,981	95%	95%
ROE	28,232	13,963	102%	76%	10,258	6,059	69%	54%	66,281	34,735	91%	73%
USA	39,618	19,299	105%	102%	13,475	5,910	128%	133%	92,690	40,435	129%	122%
ROW	24,723	15,567	59%	46%	8,385	6,236	34%	29%	65,215	37,484	74%	64%

£'000	3m to 31 May				3m to 31 August				6m to 31 August			
	FY18	FY17	yoy %	yoy % CER	FY18	FY17	yoy %	yoy % CER	FY18	FY17	yoy %	yoy % CER
Total	120,077	58,222	106%	98%	142,798	69,094	107%	104%	262,875	127,316	106%	101%
Revenue by region												
UK	74,532	37,396	99%	99%	88,849	44,300	101%	101%	163,381	81,696	100%	100%
ROE	12,220	6,938	76%	61%	15,571	7,775	100%	92%	27,791	14,713	89%	77%
USA	17,906	6,385	180%	155%	21,690	8,841	145%	136%	39,596	15,226	160%	145%
ROW	15,419	7,503	105%	80%	16,688	8,178	104%	98%	32,107	15,681	105%	89%

CER in this appendix for the year ended 28 February 2018 is calculated using exchange rates prevailing during the year ending 28 February 2018. Nomenclature: ROE – rest of Europe; ROW – rest of world; yoy – year-on-year; CER – constant exchange rate