

Investing for
the future

Final results

For the twelve months ended 28 February 2022

Introduction

- **Mahmud Kamani** - Investing For The Future
- **John Lytle** - Strategic Update
- **Neil Catto** - Financial Review
- **Carol Kane** - Our Product & Our Customer



Strategic *update*

John Lyttle, Group CEO

2 Year Highlights

Industry leading growth

- 61% growth in revenue to £1.98bn
- 43% growth in active customer numbers to 19.9 million
- Over 80% market share growth in UK and US
- Huge addressable market of 500 million people

Investing to capture future opportunities

- Increased warehouse capacity
- Driving efficiency and automation
- Supply chain optimisation
- New brand integration



Building on *existing foundations*

Short term headwinds

- International delivery proposition continues to be impacted by Covid related delays
- Freight cost inflation impact on EBITDA totalling £60 million
- Annualising increased returns rates as product mix normalises

Strong UK performance

- Great product, price, and proposition driving market share gains
- Strong customer economics demonstrate strength of business model

Wholesale partnerships

- Developing wholesale partnerships to drive strategic growth

Investing in multi-brand platform

- £125 million automation project in Sheffield, targeting a 5 year pay back
- New London office
- 5,000 new jobs to be created over 5 years
- Invested in marketing and teams, with the platform to scale acquisitions

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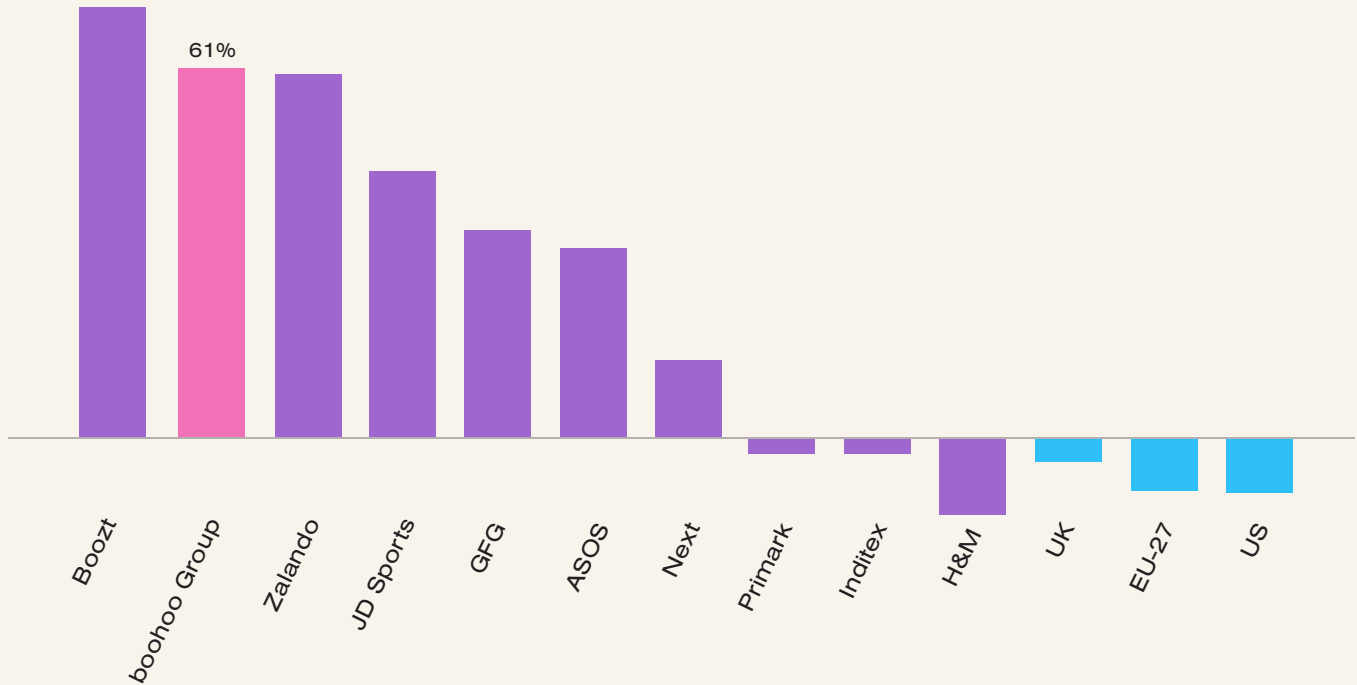
International focus for next 12 months

- Accelerating US opportunity through opening of US DC in 2023, driving a step change in proposition
- Strategic wholesale partnerships to build awareness and complement D2C offering
- Marketing focus back to driving engagement through key influencers and physical events such as Coachella in the US, with more to come later this year
- Scaling with focussed investment in key territories



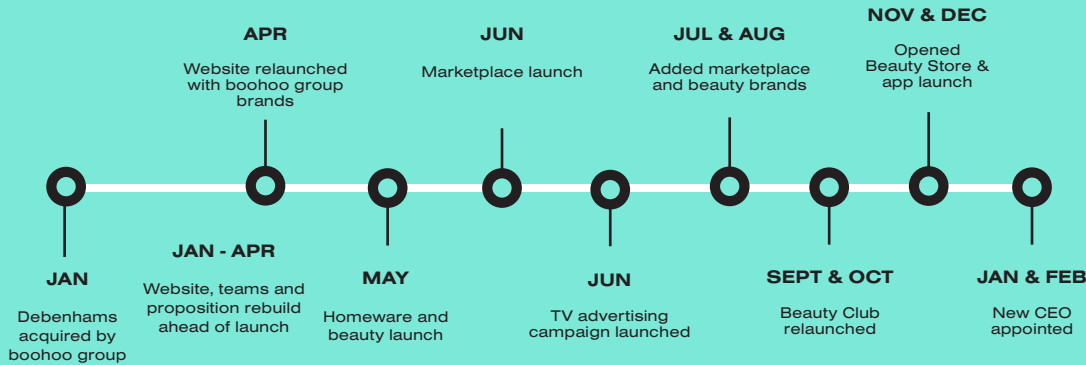
STRONG 2 YEAR GROWTH SIGNIFICANTLY AHEAD OF COMPETITORS AND MARKETS THAT WE OPERATE IN

STRUCTURAL GROWTH WINNERS



Debenhams

Delivered to your door



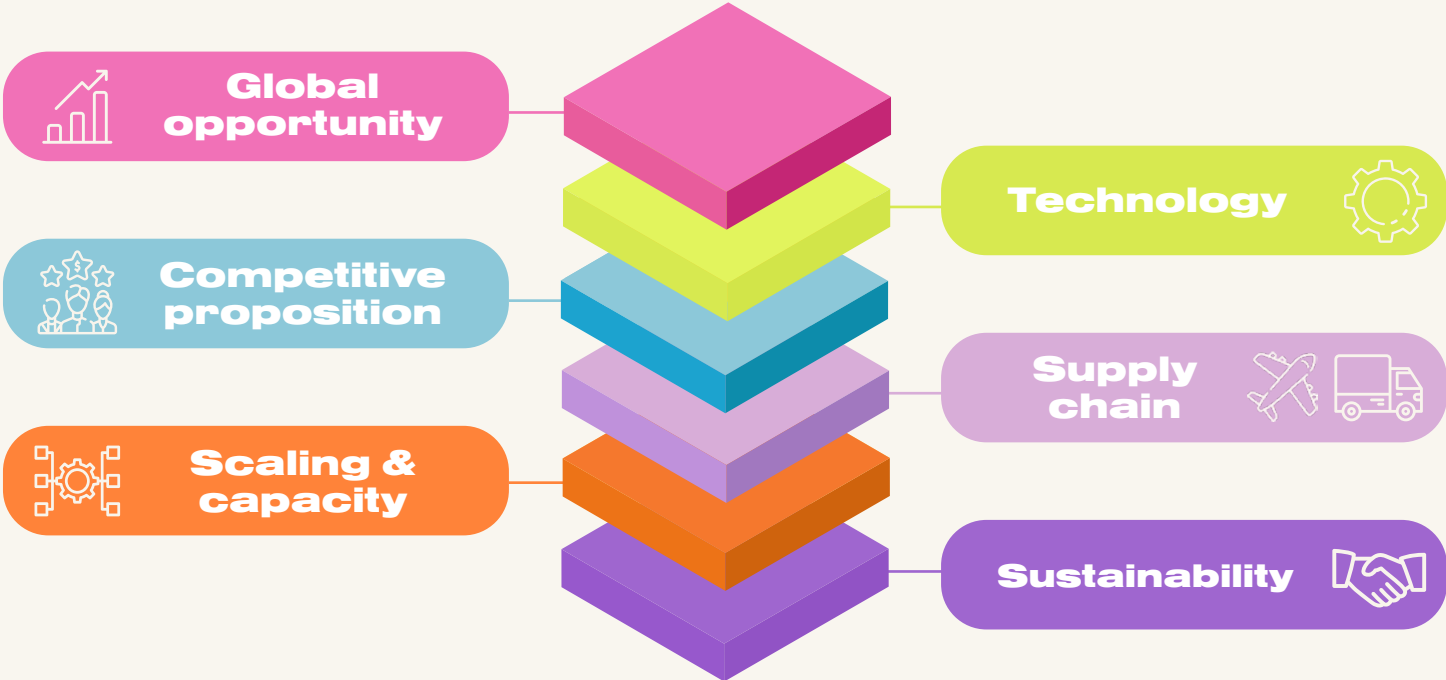
The year ahead:

- Upgrade and optimise the Debenhams platform
- Expand marketplace with more brands
- Branching out into new geographies, with further wholesale partnerships
- Focusing on customer journey

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Strategic *update*



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Global opportunity



Total 2022 sales

£1,203m

£452m

£328m

**Total market
vs 2 years ago**

-3% ↓

-9% ↓

-10% ↓

**Group growth
vs 2 years ago**

77% ↑

71% ↑

13% ↑

**Net sales
retention - FY22**

99%

54%

52%

**Net sales
retention - FY20**

106%

71%

76%

- UK revenue retention consistently at 100%
- International retention has been impacted by service proposition
- Investments into proposition targeting a rebuilding of retention towards pre-pandemic, and subsequently, UK levels

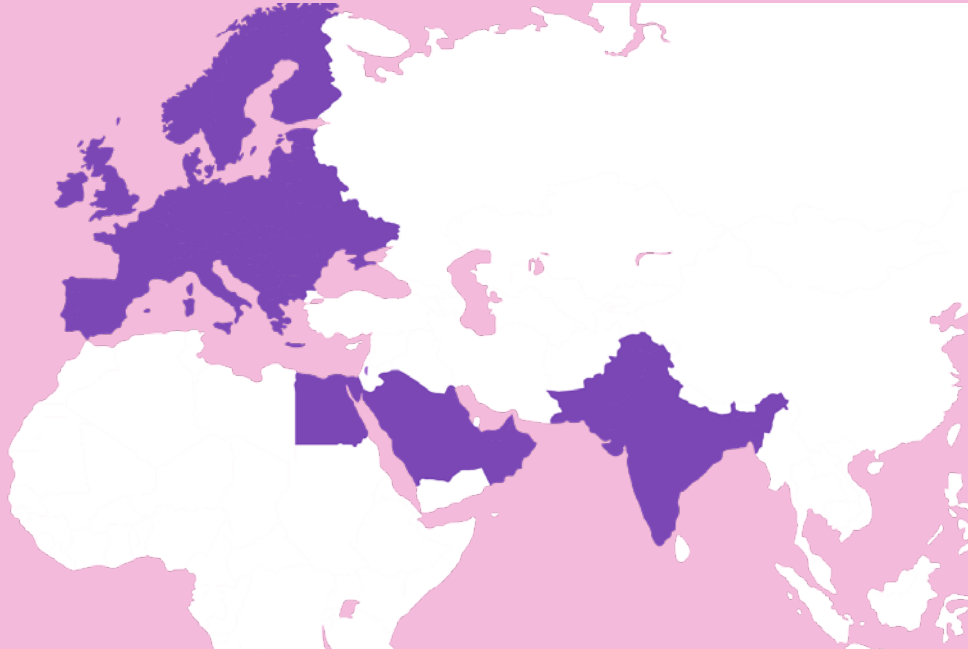
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Source: company data, Statista
Net sales retention defined as percentage of total prior year net sales repeated in the following year.



Global **opportunity**

Expanding wholesale partnerships with significant further opportunity



Territories covered by our wholesale partnerships

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Leveraging our diverse *supply chain*

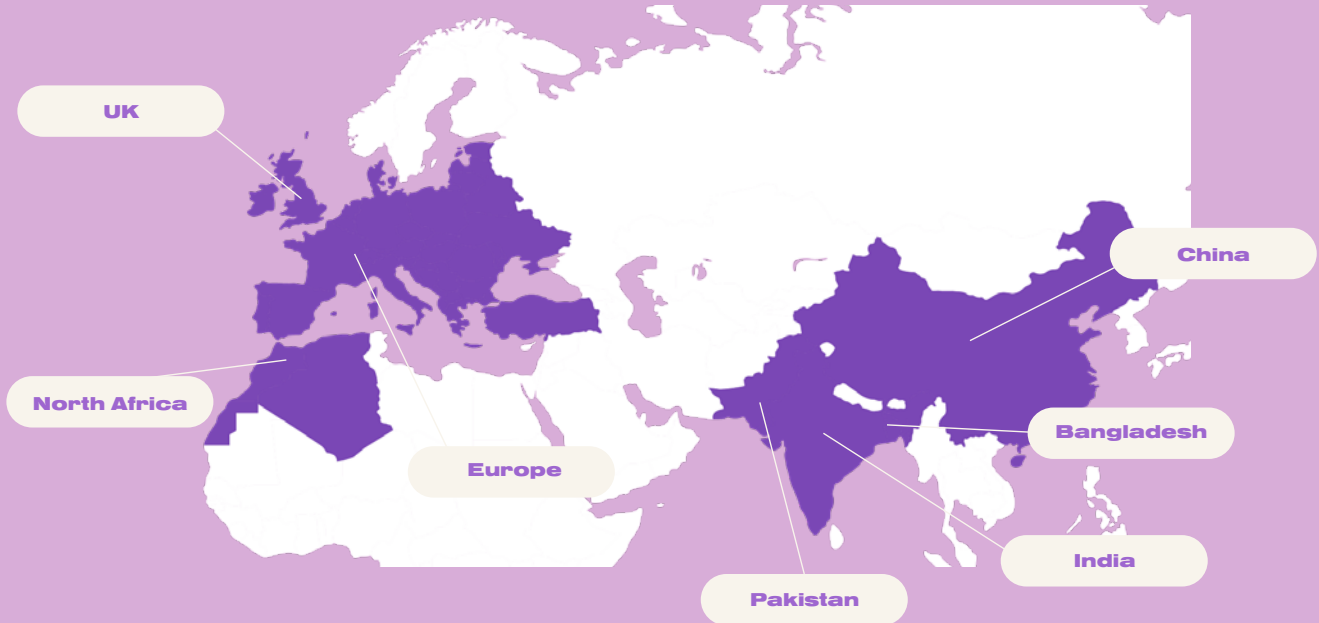
Increased emphasis on near shore sourcing to drive flexibility, improve visibility and shorten lead time

March 21:

Short Lead mix: 42%
Long Lead mix: 58%

March 22:

Short Lead mix: 51%
Long Lead mix: 49%



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Scaling & capacity

- Significant scale in the UK with four locations
- Investment in further efficiencies through automation and scale through expansion
- Capacity in place to support over £4bn net sales from the UK
- US DC expected to go live in 2023, step-changing proposition

Location	Description	Completion Date	Stockholding Capacity	Net sales (£ Billion)
Burnley	Extension & Automation	Apr-19	17m units	£1.2bn
Burnley	Future Expansion	CY 2023-24	6m units	£0.4bn
Sheffield	Mezzanine Fit-out & Flooring	Aug-20	12m units	£0.8bn
Sheffield	Automation	CY 2022-23	9m units	£0.6bn
Wellingborough	3rd UK DC	May-21	5m units	£0.5bn
Daventry	4th UK DC	Jul-21	5m units	£0.3bn
Daventry	Expansion & Automation	CY 2024-25	8m units	£0.5bn
Total UK Capacity			62m units	£4.3bn
US	1st US DC (Phase 1)	CY 2023-24	11m units	£0.8bn
US	Expansion & Automation	CY 2023-24	7m units	£0.5bn
US Capacity			18m units	£1.3bn
Total Future Capacity			80m units	£5.5bn

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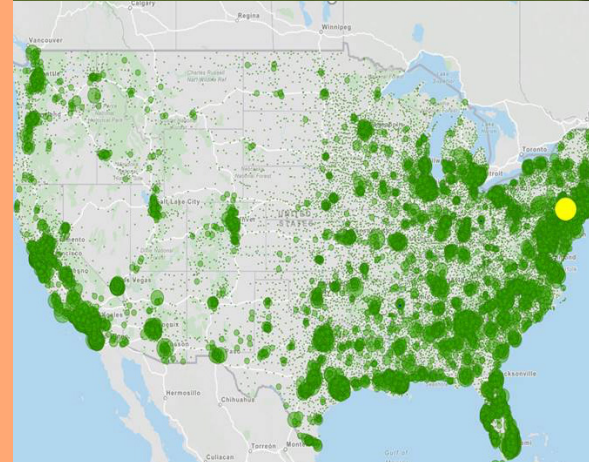


Scaling & capacity

US distribution centre

- Expected phase 1 go-live, mid-2023
- Potential for £1.3bn net sales capacity
- Located in Pennsylvania
- Step change in proposition with Next Day and two-day Express delivery options
- 95% US coverage within 3 days
- Significant headroom for growth

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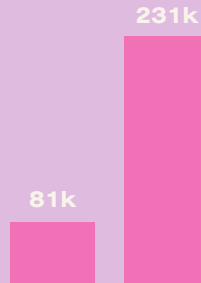
Competitive *proposition*

Online fashion stores



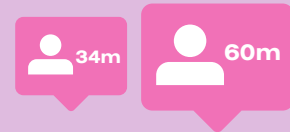
FY20 FY22

Total number of lines



FY20 FY22

Social media following



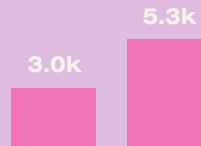
FY20 FY22

Number of websites and apps



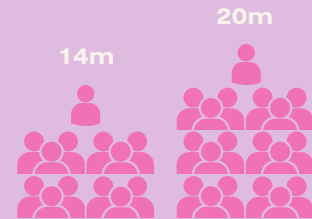
FY20 FY22

New lines per week



FY20 FY22

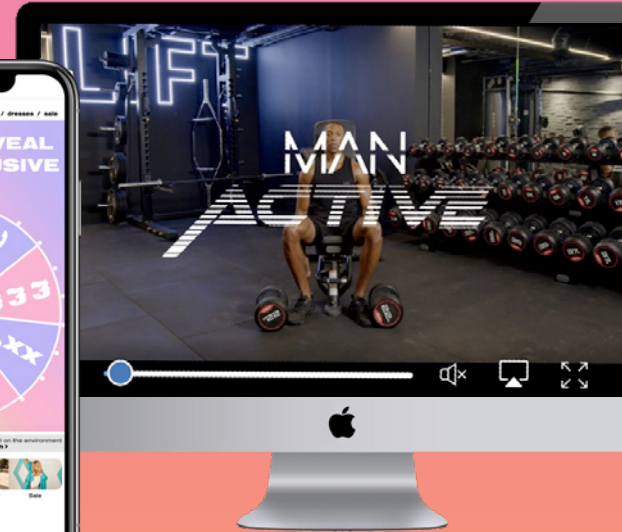
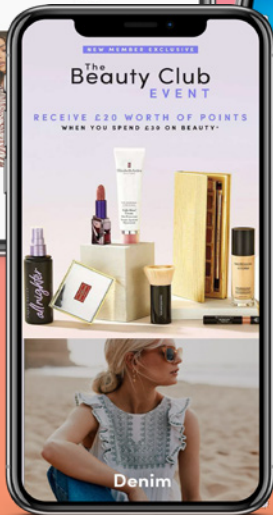
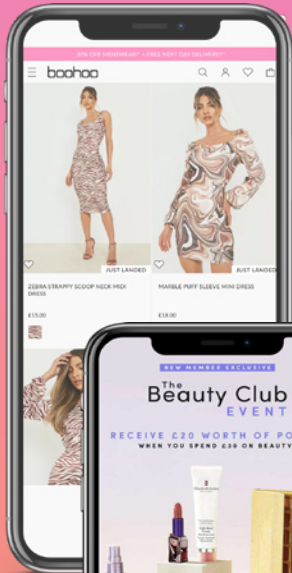
Active customers



FY20 FY22

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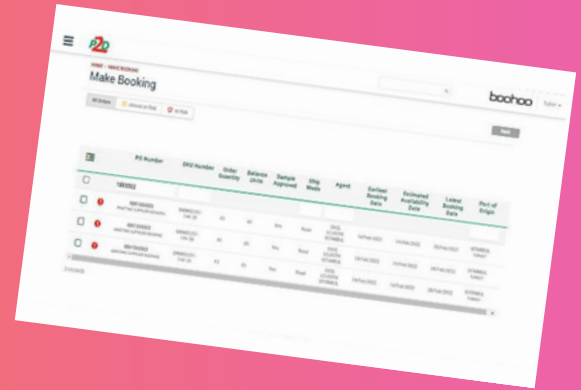
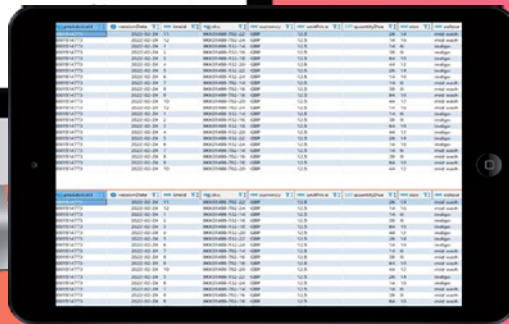
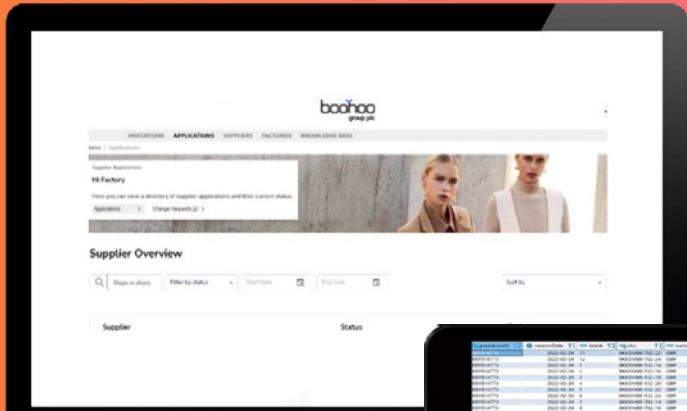
Upgrading our *front-end technology*



- Launched Debenhams with headless technology platform
- Re-platformed key websites
- Innovated content offering e.g. gamification, MAN Active

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Upgrading our *back-end systems*



- Digitising back office functions to support scaling of our platform
- Launched supplier hub, improving onboarding and engagement process
- PO tracking launched, driving improved visibility of goods in our supply chain

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Sustainability

- Completed Agenda for Change programme ahead of the timescale outlined from the Independent Review's recommendations
- Member of Better Cotton Initiative, with great progress made in sourcing of BCI cotton
- Working with Cotton Connect to grow responsible environment livelihood (REEL) cotton in Pakistan
- Set out science based targets as part of UP.Front sustainability strategy, verified by the Science Based Targets Initiative

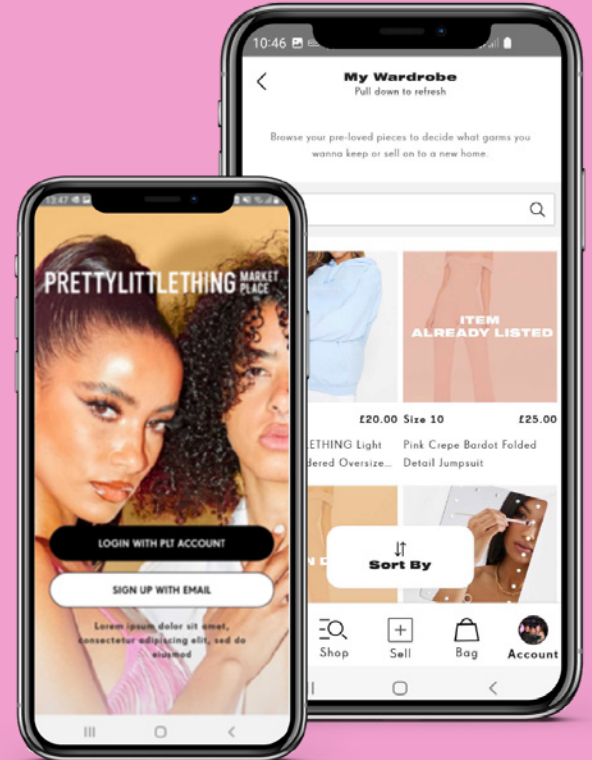




PRETTYLITTLETHING MARKET PLACE

resale site

- Developed resale platform with in-house technology
- Entry into rapidly growing resale market
- Further extending our target addressable market
- Leveraging brand awareness and reach to launch at scale



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Summary

Strong growth over last 2 years

- Sales +61% at £1.98bn
- Active Customers +43% to 19.9m
- Extended TAM to up to half a billion people through M&A

Strategic priorities in the year ahead

- Improving agility
- Control overhead
- Developing wholesale partnerships
- Landing projects to step change performance
- Laying foundations to return international to growth

We are investing to:

- Increase capacity
- Drive efficiency at scale
- Optimise our supply chain
- Integrate and scale our brands



Financial *review*

Neil Catto, Group CFO

Summary group *income statement*

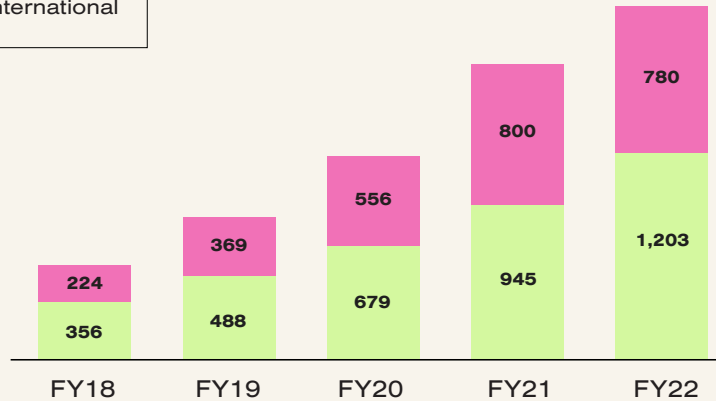
Twelve months End February (£m)	FY22	FY21	FY20	Change	2 Year Change
Group Sales	1,983	1,745	1,235	14%	61%
Gross Profit	1,041	945	666	10%	56%
Gross Margin	52.5%	54.2%	54.0%	(170)bps	(150)bps
Adjusted EBITDA	125	174	127	(28)%	(1)%
Adjusted EBITDA Margin	6.3%	9.9%	10.3%	(360)bps	(400)bps
Adjusted EBIT	84	149	107	(44)%	(21)%
Adjusted EBIT Margin	4.2%	8.6%	8.7%	(440)bps	(450)bps
Adjusted PBT	82	150	108	(45)%	(24)%
Adjusted Diluted EPS	4.39p	8.67p	5.88p	(49)%	(25)%

Twelve Months End February (£m)	FY22	FY21
Acquisition Intangibles	(12.8)	(5.5)
Share-based Payments	(26.1)	(19.7)
Integration & Restructuring Costs	(10.7)	-
Warehouse Commissioning & Disruption Costs	(25.1)	-
Adjusting Items	(74.7)	(25.2)

- Sales +14% YOY, and +61% vs. 2 years ago
- Adjusted EBITDA £125.1m broadly flat vs. pre-pandemic despite £60 million of pandemic-related costs
- One-off Restructuring and Warehousing transformation costs reflect acquisition integration and investments for future efficiencies and scale

Segmental *result*

Twelve Months End February	UK	USA	ROE	ROW	Total
Sales (£m)	1,203	452	219	109	1,983
Change (%)	27%	4%	(10)%	(9)%	14%
2 Yr Change (%)	77%	71%	16%	6%	61%



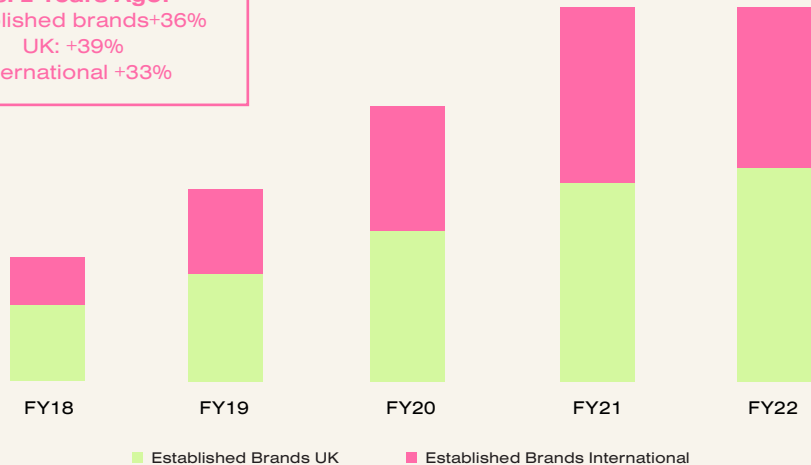
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Established brand

2 year growth is strong

Vs. 2 Years Ago:
Established brands+36%
UK: +39%
International +33%



- Established brands' growth robust in UK – consolidating and improving on significant market share gains made in FY21
- International performance more challenging in FY22 due to service impacts, with 2 year growth +33%

Defined as boohoo, PLT, Nasty Gal, MissPap and boohooMAN

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Group KPIs

- Growth in active customers remains high
- Gains delivered across all major KPIs on a 1 and 2 year view, with significant share of wallet captured
- Underpinning future growth potential

Twelve months to 28 February	FY22	FY21	Change (%)	2 Yr Change (%)
Active Customers	19.9m	18.0m	10%	43%
Number of Orders	62.4m	54.7m	14%	45%
Order Frequency	3.14x	3.03x	4%	1%
Average Order Value	£48.16	£44.59	8%	8%
Items/Basket	3.04x	3.34x	(9)%	0%

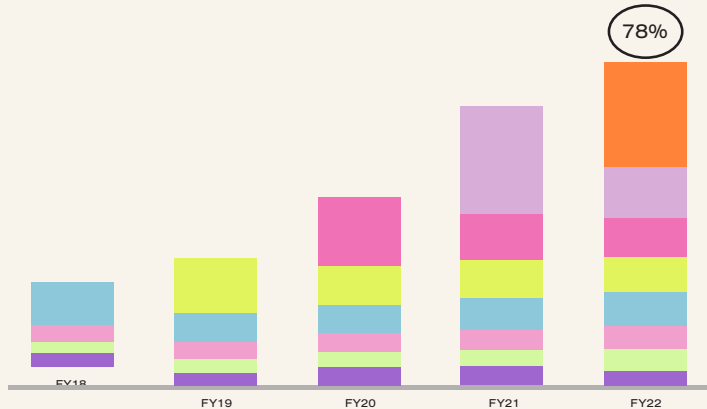
Source: boohoo group PLC, Group KPIs adjusted to account for multi-brand shoppers

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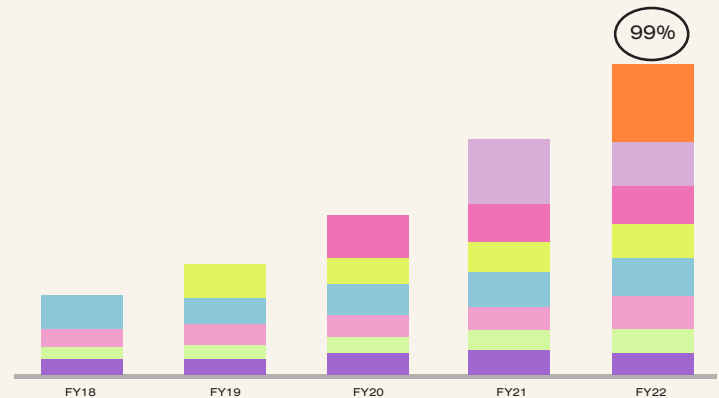
Customer *retention*

- Group growth continues to be driven by existing customers and new customer acquisition
- Retention in FY22 impacted by strong customer acquisition at onset of pandemic in FY21 and international proposition challenges
- Revenue retention in the UK remains robust, at approximately 100%, demonstrating strength of the business model
- International focus on improving revenue retention in future years

Group Net Sales Retention



GB Net Sales Retention



Pre FY20 FY16 FY17 FY18 FY19 FY20 FY21 FY22

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Note: Net sales retention defined as percentage of total prior year net sales repeated in the following year.

Group *operating* costs

Twelve months to 28 February As a % of net sales	FY22	FY21	FY20	1 Yr Change	2 Yr Change
Marketing	11.1%	9.1%	9.5%	200bps	160bps
Distribution	24.6%	24.2%	22.5%	40bps	210bps
Other Admin Costs	12.6%	12.4%	13.3%	20bps	(70)bps
Total	48.3%	45.7%	45.3%	260bps	300bps

Twelve months to 28 February (£m)	FY22	FY21	FY20	1 Yr Change	2 Yr Change
Marketing	219	159	117	38%	87%
Distribution	488	422	278	16%	76%
Other Admin Costs	250	216	164	16%	52%
Total	957	797	560	20%	71%

Overhead deleverage resulting from:

- Investments into new brands, teams and infrastructure
- Marketing deleverage from brand investments and uncertain demand
- Distribution impacted by elevated returns + pandemic related carriage surcharges

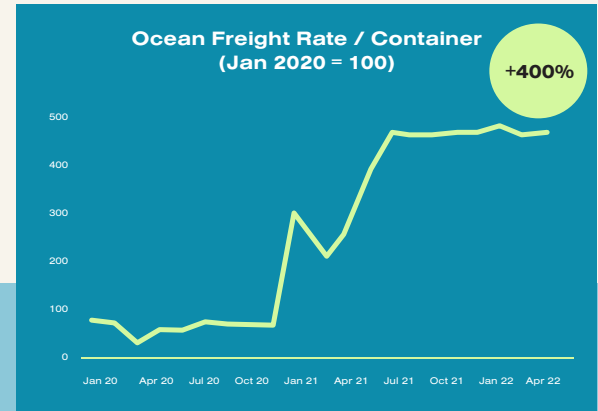
Year ahead focus on leveraging our costs:

- Cost control – leverage other admin costs
- Recapture marketing efficiencies as brands scale
- Land key projects and enablers to drive scale and efficiency

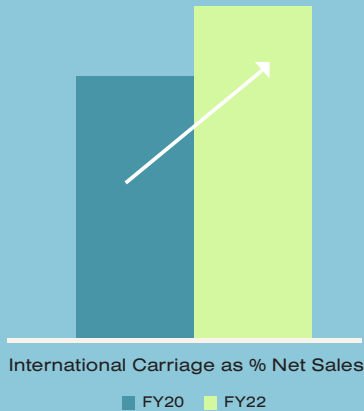
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Impact of short-term *freight cost headwinds*

	Amount
Outbound Carriage Inflation	£38 million
Inbound Freight Inflation	£22 million
Total Short-Term Cost Headwind	£60 million

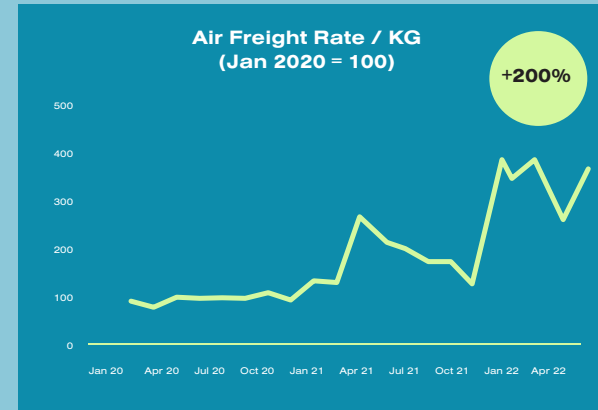


Outbound Carriage costs: FY22 vs. Pre-pandemic



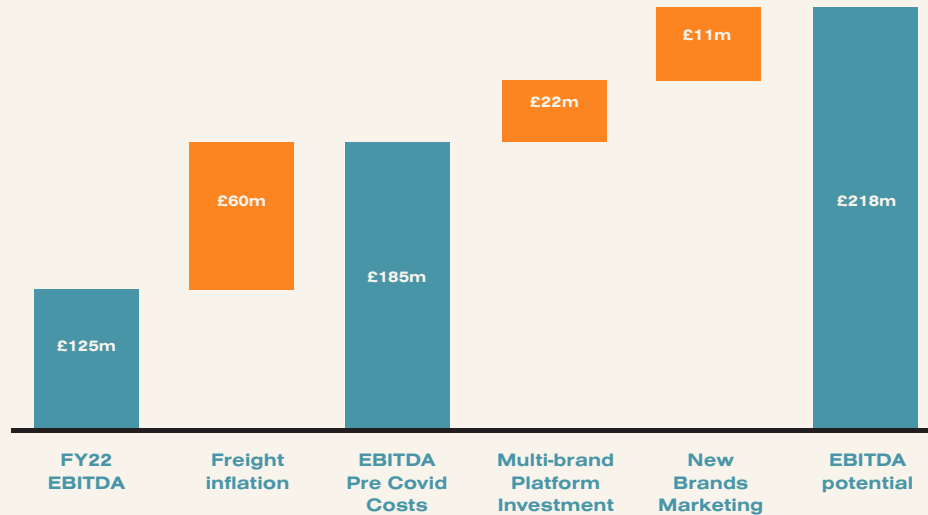
International carriage costs £38 million higher than pre pandemic levels

Equivalent to ~500 bps as % to International Net Sales



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Impact of transient headwinds and investments



- FY22 EBITDA includes £60 million of Covid-related costs
- Equivalent to 300 basis points of margin headwind compared to FY20

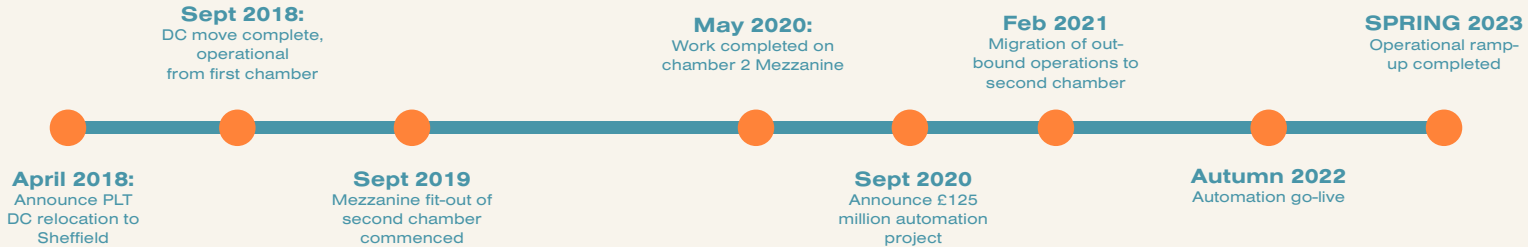
Summary group *cash flow statement*

Twelve months to 28 February (m)	FY22	FY21
Profit for the year	(4)	93
Shared based payments	26	20
Depreciation & Amortisation	54	30
Finance income	-	(1)
Finance expense	2	0
Tax expense	12	31
Change in working capital	(79)	28
Operating cash flow	10	201
Capital expenditure	(262)	(49)
Acquisitions	-	(235)
Tax paid	-	(38)
Free cash flow	(251)	(122)
Other cashflows	(76)	152
Net cashflow	(175)	31
Period end gross cash	101	276

- Operating cash flow of £10 million driven by working capital investments
- Elevated capital expenditure of £261.5m, including:
 - £88m on new London Office and studio facilities
 - £32m on technology infrastructure and platform
 - ~£120m on infrastructure and automation
- Post year end, replaced £100m RCF facility with £325m facility, underpinning future investment programme

Spotlight on Sheffield

automation



First Phase: Adding capacity in a capital light manner

- Capex: £17 million
- Stockholding Capacity: 12 million units
- Net Sales Capacity: £0.8 billion
- Pick KPI (69 units / hour average across first 3 years of operation)

Second phase: Scaling capacity and injecting efficiency

- Capex: £125 million
- Stockholding Capacity: 21 million units
- Net Sales Capacity: £1.3 billion
- Pick KPI increase: Five-fold increase
- Payback Period: 5 years

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FY23 financial *guidance*

FY23 SALES AND EBITDA GUIDANCE

- Focussed on retaining significant market share gains made over the last two years
- Revenue percentage growth expected to be low-single digit
- Adjusted EBITDA margins of 4% to 7%, reflecting elevated pandemic-related costs
- Growth in the first half expected to be broadly flat due to the annualisation of returns rate increases in H1
- Adjusted EBITDA margin in the first half expected to start rebuilding from the level achieved in the second half of FY22

OTHER FINANCIAL GUIDANCE

- Underlying depreciation and amortisation of approximately £60 million
- Net interest charge of £7 million to £8 million
- Effective tax rate of circa 28%, due to disallowable expenditure
- Capital expenditure of £100 million to £120 million; and
- Adjusting items of approximately £60 million, reflecting share-based pay, acquisition intangibles, automation pre go-live costs and warehouse commissioning costs, of which approximately £45 million relates to non-cash items

Summary

- Robust business model
- Performance in core UK market demonstrates strength of the offering
- Focussing on leveraging overheads, and landing strategic growth and efficiency initiatives
- As pandemic-related headwinds ease, positioning the group to rebound to:
 - normalised growth rates of 25% per annum; and
 - adjusted EBITDA margins rebuilding to 10%





Our product
& our customers

Carol Kane, Group Co-Founder & Executive Director



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Introduction

- **Product and market trends**
- **The evolving customer**
- **KM 2 years on**



Debenhams

AGE



PRICE



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Our *product*

Changing product mix

- Fashion is changing and as always we're adapting accordingly. In the second half of last year:
 - Dress sales up over 100% YOY
 - Soft tailoring and Jumpsuits both up over 250% YOY
 - Denim down 25% YOY, Jersey Casual down ~40%
- Returns impact borne out by
 - Consumer habits, ease of shopping online
 - A fashion trend, shifting into higher returning categories



Brand *Evolution*

**ADAPTING TO CHANGING
CUSTOMER DEMANDS**

— coast —



**BURTON
LONDON**
ESTABLISHED 1904



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Marketing *strategy*

- Optimising marketing spend across geographies
- Relevant collaborations across brands
- Driving engagement through physical events
- Entering the metaverse



Karen Millen

2 years on

How the story has evolved

- Strong growth in the UK
- Successful launch into the US
- Added additional categories, over 4k options available on site
- Sales up ~70% on last year
- One-third of sales are international



Summary

- Phenomenal growth over the past two years
- Continued strong growth in the UK where we have the right product, price and proposition
- Focus on building infrastructure to be well positioned to take advantage of future growth opportunities
 - Increase capacity
 - Transform delivery proposition
 - Optimise supply chain network



Appendices



Reported revenue

FY21 & FY22

Reported Sales Breakdown (£m)	3 Mths to 31st May				3 Mths to 31 August				4m to 31 December				2m to 28 February			
	FY22	FY21	% CHG	% CER	FY22	FY21	% CHG	% CER	FY22	FY21	% CHG	% CER	FY22	FY21	% CHG	% CER
Total	486.1	367.8	+32%	+32%	489.8	448.7	+9%	+10%	714.5	660.8	+8%	+9%	292.5	268.0	9%	9%
By Region																
UK	274.5	183.0	+50%	+50%	294.9	247.2	+19%	+19%	451.0	356.7	+26%	+26%	182.3	158.3	15%	15%
ROE	54.4	63.4	-14%	-12%	50.0	60.3	-17%	-16%	79.9	90.3	-11%	-11%	34.9	30.5	14%	13%
USA	131.9	92.0	+43%	+40%	118.6	110.2	+8%	+9%	145.8	168.2	-13%	-12%	55.4	64.6	-14%	-13%
ROW	25.2	29.4	-15%	-10%	26.3	31.0	-15%	-18%	37.8	45.6	-17%	-16%	19.8	14.6	+36%	+34%



Group *balance sheet*

Twelve Months End February (£m)	FY22	FY21
Assets		
Intangible assets	128.5	118.3
Property, plant and equipment	349.2	141.6
Right-of-use assets	49.7	16.7
Financial assets	2.8	13.1
Deferred tax	7.5	3.2
Non-Current Assets	537.7	292.9
Working capital	(12.7)	(90.9)
Lease liabilities	(51.9)	(18.3)
Net financial assets	7.4	12.6
Cash	101.3	276.0
Interest bearing loans and borrowings	(100.0)	-
Deferred tax liability	(25.3)	(4.2)
Current tax asset / (liability)	7.8	4.4
Net Assets	464.3	472.5

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Financial calendar

— **FY21 & FY22**

DATE	EVENT
16 June 2022 (TBC)	1Q 23 TRADING UPDATE
September / October 2022 (TBC)	1H 23 RESULTS ANNOUNCEMENT
January 2023 (TBC)	P3 23 TRADING UPDATE
May 2023 (TBC)	FY23 RESULTS ANNOUNCEMENT



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Glossary **FY21 & FY22**

ADJUSTED EBITDA	Calculated as PBT, interest, depreciation, amortisation, share-based payment charges and exceptional items
ADJUSTED EBIT	Calculated as EBIT excluding share-based payment charges, amortisation of acquired intangible assets and exceptional items
ADJUSTED PBT	Calculated as PBT, excluding share-based payment charges, amortisation of acquired intangible assets and exceptional items
ADJUSTED DILUTED EPS	Calculated as Diluted EPS, excluding share-based payment charges, amortisation of acquired intangible assets and exceptional items
NET CASH	Net cash is cash less borrowings
ACTIVE CUSTOMERS	Defined as having shopped in the last 12 months
NUMBER OF ORDERS	Defined as number of orders in the period
ORDER FREQUENCY	Defined as number of orders in last 12 months divided by number of active customers
CONVERSION RATE	Defined as the percentage of orders taken to internet sessions
AVERAGE ORDER VALUE	Calculated as gross sales including sales tax divided by the number of orders

Forward looking statements & disclaimer

Forward looking statements

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