For immediate release 30 September 2021

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 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended) ("UK MAR"). 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 – interim results for the six months ended 31 August 2021
"Leading the fashion eCommerce market"

Record first half sales of £976 million and Investing for the Future

- **Doubled market share in the UK and US over the last two years. Total group sales +73% since 1H20**
- **Significantly enhanced target addressable market, with up to 500 million potential customers in key markets**
- **Integration and relaunch of four new brands in the first half, including Debenhams marketplace**
- **Increased warehousing and distribution capacity, capable of supporting over £4 billion of net sales**
- **£85 million of Adjusted EBITDA, down 5% vs. exceptional levels of profitability last year, and up +40% since 1H20, despite £26 million of freight and logistics cost inflation**
- **Record capital expenditure of £172 million in H1, putting in place the platform for future growth**
- **Opening a new distribution centre in North America in 2023, significantly strengthening our proposition**

	6 months to 31 August 2021 (1H22) £ million	6 months to 31 August 2020 (1H21) £ million	Change 2021 on 2020	6 months to 31 August 2019 (1H20) £ million	Change 2021 on 2019[1]
Revenue	**975.9**	816.5	+20%	564.9	+73%
Gross profit	**533.3**	449.2	+19%	306.6	+74%
Gross margin	***54.6%***	*55.0%*	*-40bps*	*54.3%*	*+30bps*
Adjusted EBITDA[2]	**85.1**	89.8	-5%	60.8	+40%
% of revenue	***8.7%***	*11.0%*	*-230bps*	*10.8%*	*-210bps*
Adjusted EBIT[3]	**64.2**	79.0	-19%	51.3	+25%
% of revenue	**6.6%**	9.7%	*-310bps*	9.1%	*-250bps*
Adjusted profit before tax[4]	**63.8**	79.4	-20%	51.9	+23%
Adjusted diluted earnings per share[5]	**3.84p**	4.53p	-15%	2.91p	32%
Net cash[6] at period end	**98.4**	344.9	-246.5m	207.3	-108.9m

John Lyttle, Group CEO, commented:

"Looking back over the last 18 months the Group has delivered an excellent operational and robust financial performance, and that is a testament to all who have helped deliver this. We are delighted to have doubled our market share in key markets such as the UK and US, have significantly expanded our target addressable market through selective acquisitions and are excited about the global potential for all of our brands. In the first half of this financial year, our teams have yet again delivered: integrating four new brands, launching two new warehouses and strengthening our infrastructure in a manner that will allow our multi-brand platform to scale as planned. Entering the second half of the year, the Group is well-positioned to accelerate its growth and our confidence in the Group's medium term targets remain unchanged. We will continue to invest across our platform, people and technology as we look to further cement our position as a leader in global fashion ecommerce."

Summary of H1 2022 performance

The Group has made significant progress in the first half, generating strong revenue growth, and a robust EBITDA performance, all whilst heavily investing into key growth enablers such as our brands, infrastructure and platform to support the Group's future growth ambitions.

Revenues have increased 73% vs. the corresponding period in 1H20, and grew 20% year on year in the first half. Performance in the second quarter was impacted by UK returns rates returning to pre-pandemic levels, physical stores reopening, consumer uncertainty in markets that we operate in resulting in the loss of key events and holidays, as well as continued COVID-19 related disruption across the Group's key international markets, which has impacted international delivery timeframes.

Adjusted EBITDA at £85m, remains robust and represents an increase of 40% since 1H20. This is however slightly lower than the exceptional levels of profitability achieved in the first half of the prior financial year. Profitability was impacted by a number of cost headwinds driven by short-term factors largely relating to the pandemic and our investment as we scale our newly acquired brands. These include: increased marketing investments in key markets and our new acquisitions, two warehouse operational moves, returns rates normalising and materially higher shipping costs. COVID-19-related distribution cost increases totalled approximately £26 million in the first half, or 270 basis points of margin.

Financial highlights

- Revenue £976 million, up 20% on 1H21 (up 20% CER(7)) and up 73% on 1H20
- Avoiding comparatives against the exceptional growth in 1H21 due to the effect of the pandemic on consumer behaviour, revenue across two years from 1H20 reveals consistent high growth across geographies, with UK +81% and international +63%, including US +126%
- Adjusted EBITDA £85 million, 5% lower compared to exceptional levels of profitability achieved in the first half of the prior financial year and an increase of 40% compared to 1H20
- Adjusted EBITDA includes volume-adjusted shipping costs £26 million higher than pre-pandemic levels
- Robust balance sheet with net cash of £98 million (1H21: £345 million), healthy operating cash flow of £21 million (1H21: £147 million) and net cash outflow of £128 million, after capital expenditure of £172 million (1H21: inflow £100 million)

Operational highlights

- Relaunch of Debenhams, adding a new dimension of a digital department store to the Group's portfolio and extending the Group's target addressable market
- Integration and relaunch of the Dorothy Perkins, Wallis and Burton brands, complementary additions to the Group's scalable, multi-brand platform
- Additional distribution centres in Wellingborough and Daventry in operational use, supporting the next phase of growth
- Purchase of new offices in the heart of London's West End, housing our London-based brands

Sustainability and governance highlights

- Further progress of Agenda for Change, with publication of UK and international supplier lists and new responsible sourcing team delivering enhanced supplier audits and compliance
- Publication of the Group's sustainability strategy and significant progress made against our 2021 goals
- More sustainable clothing ranges added across our brands
- Economic impact assessment conducted, highlighting the significant contribution we make to the UK economy, and a commitment to invest over £500 million and create in excess of 5,000 jobs over the next five years
- Announcing PLT marketplace, a resale platform launching in 2022

Demand accelerating in September

Consumer demand has been improving through August, principally in the UK but also in key overseas markets such as Ireland and France, where there has been a re-acceleration in the rate of growth. This has again improved in September, where the rate of gross sales growth has increased compared to that achieved in the second quarter of the financial year.

Full year outlook

Our expectation is for full year sales growth of 20% to 25%, implying sales growth of 20% to 30% in the second half of the financial year. As we have indicated above, we have seen a re-acceleration in the rate of growth compared to that achieved in the second quarter. Adjusted EBITDA margins are expected to remain robust, and the Group will continue to invest in its existing and new brands in order to facilitate the long-term growth opportunity. Elevated short-term cost headwinds experienced in the first half are expected to continue in H2 alongside recent freight inflation in our supply chain and wage inflation within our distribution centres. Consequently, adjusted EBITDA margins are now expected to be 9% to 9.5%, compared to 9.5% to 10% as previously guided. Reflecting ongoing investments across our technology, offices and infrastructure (including the initial phase of the international distribution centre), capex is now expected to be around £275million for the year, slightly above the top end of previous guidance of approximately £250 million.

The COVID-19 factors impacting EBITDA this financial year are expected to normalise over the medium term. Recent inflation in freight, logistics, and labour costs are expected to reduce from elevated levels in time, particularly as the Group invests in its own infrastructure through implementing more advanced automation in its existing distribution centres, global travel capacity increases and our first global distribution centre opens in North America.

Longer-term competitive positioning and opportunity to take market share unchanged

The Group expects to emerge from the pandemic in a far stronger position compared to two years ago. Reflecting significant investments in its platform, brands and people, the Group has:

- A broader portfolio of brands and a significantly larger target addressable market with 500 million potential customers in key markets
- Greater infrastructure capacity capable of supporting in excess of £4 billion of net sales, with automation investments driving future efficiencies
- Committed to opening a new distribution centre in North America, significantly strengthening our customer proposition
- Significantly improved supply chain visibility
- 19 million customers globally
- Numerous growth opportunities through our direct to consumer offer and strategic partnerships.

We remain extremely confident in the Group's future growth prospects, and as short-term demand uncertainty and material cost headwinds as a result of the pandemic unwind, we believe that the Group continues to be capable of executing its strategy aimed at leading the fashion ecommerce market with medium term guidance of sales growth of 25% per annum and adjusted EBITDA margin of 10% remaining unchanged.

Investor and analyst webcast

boohoo group plc will today host a presentation video webcast for analysts and investors at 9.15am (UK time) via the following link: https://webcasting.buchanan.uk.com/broadcast/6152263c19e5bc59de7ba56f

A replay will subsequently be available the same day via the same link.

boohoo group plc's interim results are available at www.boohooplc.com .

Enquiries

boohoo group plc
Neil Catto, Chief Financial Officer Tel: +44 (0)161 233 2050

Alistair Davies, Investor Relations | Tel: +44 (0)161 233 2050
Clara Melia, Investor Relations | Tel: +44 (0)20 3289 5520
Mark Mochalski, Investor Relations | Tel: +44 (0)20 3239 6289

Zeus Capital - Nominated adviser and joint broker
Nick Cowles / Andrew Jones | Tel: +44 (0)161 831 1512
Benjamin Robertson | Tel: +44 (0)20 3829 5000

Jefferies - Joint broker
Philip Noblet / Max Jones | Tel: +44 (0)20 7029 8000

Buchanan - Financial PR adviser | boohoo@buchanan.uk.com
Richard Oldworth / Kim Looringh-van Beeck / Toto Berger / Sophie Wills | Tel: +44 (0)20 7466 5000

Notes:

(1) Change on 2019 (1H20) is more representative of the medium-term business growth as it smooths out the exceptional growth in 1H21 due to the onset of the pandemic, when new customer acquisition was exceptional, and the effect of international shipping costs increasing materially.
(2) Adjusted EBITDA is calculated as profit before tax, interest, depreciation, amortisation, share-based payments charges and exceptional items.
(3) Adjusted EBIT is calculated as profit before tax, interest, share-based payments charges, amortisation of acquired intangible assets and exceptional items.
(4) Adjusted profit before tax is calculated as profit before tax, excluding share-based payments charges, amortisation of acquired intangible assets and exceptional items.
(5) Adjusted diluted earnings per share is calculated as diluted earnings per share, adding back amortisation of acquired intangible assets, share-based payments charges and exceptional items.
(6) Net cash is cash less bank borrowings.
(7) 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.

About boohoo group plc

“Leading the fashion eCommerce market”

Founded in Manchester in 2006, boohoo is an inclusive and innovative global brand targeting young, value-orientated customers, pushing boundaries to bring its customers up-to-date and inspirational fashion, 24/7.

In 2017, the group extended its customer offering through the acquisitions of the vibrant fashion brand PrettyLittleThing and free-thinking brand Nasty Gal. In March 2019, the group acquired the MissPap brand, in August 2019 the Karen Millen and Coast brands and in June 2020 the Warehouse and Oasis brands, all complementary to the group's scalable, multi-brand platform. In January 2021, the group acquired the intellectual property assets of Debenhams, with the goal of transforming a leading UK fashion and beauty retailer into a digital department store and marketplace through a new capital-light and low-risk operating model. In February 2021, the group acquired the intellectual property assets of UK brands Dorothy Perkins, Wallis and Burton. As at 31 August 2021, the boohoo group had 19 million active customers 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 20% (20% CER) on the first half of the previous year to £975.9 million (2020: £816.5 million, 2019: £564.9 million) and by 73% on the first half of two years ago. Revenue growth in the prior year was exceptional due to the onset of the pandemic, when the high street was closed and consumers were drawn to online retail in large numbers. Looking at the growth rate over two years removes the comparative effect of an extraordinary prior year and highlights the progress the group has made as it continues its strong growth trajectory of recent years.

The pandemic is still adversely affecting consumer demand globally, both online and on the high street. We are pleased all our brands have continued to grow robustly across the two-year period, with growth being strongest in the UK and USA, the rest of Europe being less strong and the rest of world declining slightly. The weaker international growth, the group believes, is driven by COVID-related factors, such as continued lockdowns and significantly extended delivery times. Overall return rates have increased on the prior year, driven by increased rates in the UK, whereas international return rates are broadly the same as in the prior year. The increase in the UK return rates has therefore impacted profitability when compared to the prior year. The geographic performance is discussed in more detail below.

Gross margin in the first half was 54.6%, which is broadly similar to the margin in both the prior year and two years ago, which is a good achievement considering the impact of the continuing pandemic on consumer demand. Marketing expenditure in the first half is considerably more than in the same period last year as we have invested in revitalising the newly acquired brands as well as capitalising on the opportunities presented by the existing brands.

Selling and distribution expenses are also similar to the prior year as a percentage of revenue at 23.9% due to country and brand mix. However, compared to two years ago, distribution costs have remained much higher. International shipping costs have increased by £26 million, volume-adjusted, over the rates we experienced two years ago, due to the effects of the pandemic on airfreight capacity and pricing. These increased shipping costs are likely to continue until airfreight capacity is restored and pricing normalises. In addition, the two new warehouses we have acquired to provide for the next phase of growth are not operating at full capacity and are not therefore as efficient as the existing warehouses. This is a drag on profitability in the short term until revenue matches their capacity.

The overhead expenses associated with the brands acquired towards the end of the previous financial year are not as fully absorbed in revenue as the more established brands, and the effect on profitability is that the new brands' overheads are running at a rate of £11 million more than that of the established brands in the first half of the year. As revenues increase, these overheads will become a smaller percentage of revenue and hence profitability will increase.

On the acquisition of Dorothy Perkins, Wallis and Burton earlier in the year, we continued to operate the warehouses from the same site as the former owners and as such incurred additional running costs, as well as some restructuring costs. These costs have been removed from adjusted EBITDA, are classified as exceptional costs, and include redundancy costs, dual warehouse operational and relocation costs, administration and legal expenses, are considered non-recurring, and amount to £20 million. This figure also includes £4.4 million of disruption costs associated with the commissioning of two new warehouses in the period, as well as inefficiencies incurred as a result of the automation project in Sheffield for PrettyLittleThing.

Adjusted EBITDA was £85.1 million (2020: £89.8 million, 2019: £60.8 million), a decrease of 5% on the first half of the previous year. Compared to two years ago, however, adjusted EBITDA has increased by 40%. Gross margins are very similar to last year at 54.6%. Adjusted EBITDA margin reduced to 8.7% (2020: 11.0%, 2019: 10.8%). Profit before tax was £24.6 million (2020: £68.1 million, 2019: £45.2 million). Adjusted diluted earnings per share was 3.84p, down 15% on the prior half-year. Basic earnings per share was 1.44p, a decrease of 65% (2020: 4.08p, 2019: 2.88p).

Cash generation, ahead of a substantial inventory build for peak trading, was strong, with operating cash flow of £21.3 million (2020: £147.2 million, 2019: £55.9 million). Net cash flow was £127.6 million outflow (2020: £99.5 million inflow, 2019: £15.5 million inflow), following significant capital expenditure of £172.2 million. Our net cash balance (cash less bank debt) at the period end decreased to £98.4 million (2020: £344.9 million, 2019: £207.3 million), whilst the actual cash balance was £148.4 million.

Technology

The technology team has been exceptionally busy in the first half of the year, delivering the digital platforms for the four newly-acquired brands, with the Debenhams brand built from scratch on to a new industry-leading headless solution that will cater for greater customisation agility in the future as we refine the customer experience. This platform also included new functionality to accommodate concessions via a marketplace model and on-boarding of beauty brands, which will facilitate longer-term strategic growth.

All four brands required significant integration with new warehouses and warehouse management systems and we are immensely proud to have achieved the successful re-launches of the four brands in the first half. Optimisation and additional functionality will continue to be added in the second half of the year to support the brands' ambitions and growth.

As a group, we continue to invest into technology to drive operational efficiencies and provide a stronger infrastructure to allow for greater scalability in the future. Notable projects being delivered include customs warehousing, an order app for buyers, a new on-boarding tool for suppliers, the simplification of our finance systems, resulting in a virtual ERP and the creation of new systems to support our wholesale operations that will launch in the coming months. We are also improving the visibility of end-to-end shipping and the full product lifecycle as well as implementing a new product information management system.

Distribution centres

The group is now operational in four warehouses: the long-established Burnley site, which serves boohoo, boohooMAN, MissPap and Debenhams; the Sheffield facility for PrettyLittleThing; Wellingborough, which now houses Nasty Gal, Karen Millen, Coast, Oasis and Warehouse; and Daventry, from which the new brands Dorothy Perkins, Burton and Wallis operate. An enormous amount of effort and expenditure has been poured into these projects, which secure for the group an enviable platform for the rapid growth of the business. Naturally, building such a substantial new platform does not come cheaply, nor does it bring immediate cost efficiencies – in fact, a significant amount of disruption costs have been incurred during transition and, of course, the new facilities are not operating at full capacity, which will impact profitability in the very short term. The additional cost of these facilities in the half year is around £4.4 million higher than the run rate in our other facilities and is included in exceptional costs.

We operated the brands Dorothy Perkins, Wallis and Burton out of the former Arcadia offices and warehouses for nearly six months under a transition services agreement. This was necessary to ensure continuation of sales during the period before our new facilities became operational, but the cost of running the operations was greater than, and in addition to, that of our own facilities. The additional costs of running the former sites was around £8.5 million. In addition, we were required to take on the employees under TUPE and when the transition period ended, we incurred redundancy costs of £3.6 million. These costs are included in exceptional costs.

The project to automate the Sheffield warehouse is now well under way, with significant capital expenditure of £50 million incurred. During the works needed to build the automation equipment whilst the facility remains operational, additional costs of working of £1.9 million have been incurred, which are included in exceptional costs. This disruption will continue into the second half of the year before the efficiency savings rapidly re-claw the expense.

Debenhams

Our acquisition of the Debenhams brand out of administration provides us with an exceptional opportunity to develop a digital department store with a wide range of products across fashion, beauty and home, extending the group's target addressable market. We are going to accomplish this through a capital light business model, using a combination of owned inventory and the marketplace solution, where selected third parties provide the product and fulfilment services in return for a commission for selling their products on the Debenhams platform. This offering, we believe, will give customers unparalleled choice and gives the brands increased visibility over their inventory and channels to market.

Through the first half of the year, we have consistently added to the Debenhams platform, starting with a small clothing offering on launch in April and have gradually built shortly thereafter with the addition of home and beauty ranges. In June we launched our marketplace and have recently added a growing number of partner brands onto the Debenhams website. All of this, as well as a programme of continuous improvement in the site and user experience, has driven strong month-on-month improvements in conversion and General Merchandise Value.

In July, Debenhams announced a strategic partnership with Alshaya Group, that will leverage the existing Debenhams presence and brand awareness in the Middle East. In addition, this will provide other brands within the group the opportunity to build brand awareness in the region through a wholesale approach.

By August of this year, we had agreements in place for our marketplace offering in excess of 50 brands, offering a diverse range of products from lingerie to homeware and electrical goods, in addition to our own large beauty store, and anticipate a doubling of marketplace partners in the next 12 months.

In the second half of this year, we will continue to upgrade site functionality, user experience and offering, all of which are aimed at driving conversion, order frequency and share of wallet.

Performance by market

UK

The group's largest market continues to be the UK, accounting for 58% of group revenues (2020: 53%). Growth was 32% on last year and 81% on two years ago. The six brands acquired since June 2020 contributed 20 percentage points to the growth on the prior year and 28 percentage points on two years ago. This highlights the resilient performance in our more established brands and the opportunity to underpin future market share gains as we invest in and scale the more recently acquired brands. Return rates have increased this year to pre-pandemic levels as consumer behaviour normalises. Our multi-brand strategy continues to enable us to gain market share in the UK through our compelling proposition and the future UK opportunity remains significant, with the group having significantly increased its target addressable market over the course of the past two years.

Gross margin decreased slightly from 52.1% to 51.7%.

USA

Growth in the USA has been resilient at 24% on the prior year against tough comparatives, with an exceptional 126% growth being delivered over the last two years, notwithstanding the impact of the pandemic on consumer demand and the disruption to shipping times. The growth, in spite of these pressures, has been encouraging in the circumstances and we believe it bodes well for when the recovery takes hold and lead times improve. Return rates have continued to remain lower than in the pre-pandemic period.

Gross margin improved from 59.3% to 61.5%, with decreased promotional activity offset by increased marketing expenditure. Distribution costs have remained high due to the ongoing airfreight capacity restraints.

Rest of Europe

The continuing impact of the pandemic on customer demand in Europe has been very pronounced. It is also probable that disruption at EU entry ports caused by changing COVID-19 testing requirements throughout the period and the subsequent delays to delivery times across the continent have weighed on customer demand. Overall, growth was negative at 15% on the prior year, but up +20% on two years ago. Return rates have remained at a similar level to last year.

The imposition of duties on certain products over €150 from the end of the Brexit transition period, together with customs clearance costs and irrecoverable sales tax on returns have eroded margins. Gross margin declined from 57.8% to 53.6%. Further changes in EU legislation and customs processes from 1 July 2021 will be beneficial to margin in the second half of the year, reducing customs clearance costs and irrecoverable sales taxes on returns.

Rest of world

Rest of the world comprises mainly Australia, New Zealand and Canada, with the former countries greatly impacted by airfreight availability and longer shipping times, and this has dampened consumer demand. Revenues consequently reduced by 16% on the prior year and by 1% on two years ago. Gross margin increased slightly from 55.3% to 55.7% with profitability continuing to be impacted by the high distribution costs.

Agenda for Change

One year on from launching our Agenda for Change programme, we are delighted with the progress made to date. Since publishing the Independent Review of our supply chain last September, our teams have worked tirelessly to embed new ways of working. Of the 17 recommendations from the review, we have broken these down into 34 deliverables as part of our Agenda for Change. To date the programme has completed 28 of these items, which are governed by a KPMG review cycle. The remainder are expected to be completed in the coming months. In addition, the group has published two further progress reports from Sir Brian Leveson on Agenda for Change; the Garment and Textile Workers Trust has been formally established and the names of the founding Trustees published; and the recruitment of 150 staff for the new manufacturing facility in Leicester is underway, which is expected to open in the coming months. We have started an NVQ training pilot with suppliers to provide garment workers with accredited qualifications and, in line with our commitment, the group has published its global factory list. We have completed 1,142 audits of overseas factories in addition to on-going audits of the Leicester manufacturers. We are working with other retailers, brands, local government organisations, enforcement bodies and NGOs within the apparel general merchandisers public private protocol (AGM PPP) to collaboratively transform the UK garment manufacturing industry.

Sustainability

We published our sustainability strategy in May 2021, which is a comprehensive document outlining how we intend to play our part in the global effort to improve sustainability and reduce the negative impacts we have on the environment.

Across our brands, we have launched 'Ready for the Future' product ranges, which are collections of clothing made with recycled, organic materials or other more sustainable materials, offering our customers the ability to make more sustainable choices in their purchases. Our aim is for these product ranges to account for 20% of our product range by the end of the year and our focus is to continue to increase this percentage.

We are also working with CottonConnect and one of our strategic suppliers in Pakistan and have trained 2,500 farmers in more sustainable cotton farming methods. The cotton is being harvested and will be available in our products in early 2022.

We have been working with suppliers and other external partners to eliminate waste in the UK supply chain going to landfill, we have piloted a more comprehensive textile waste collection programme and are working to develop resale and takeback propositions in the near future, such as PLT marketplace, a resale platform launching in 2022.

Other sustainability initiatives now operating include our despatch bags made from at least 80% recycled content, the use of renewable energy in all our facilities and the commencement of installation of solar panels on our Burnley and Manchester sites, with a completion date of November this year. We have signed up to the BRC Climate Action Roadmap and Textiles 2030 and we are engaging with suppliers on renewable energy and textile waste management issues as we drive our sustainability objectives.

Financial review

Group revenue by geographical market

	6 months to 31 August 2021	6 months to 31 August 2020	Change 2021 on 2020	Change	6 months to 31 August 2019	Change 2021 on 2019
	£ million	£ million		CER	£ million	
UK	**569.6**	430.2	+32%	+32%	315.0	+81%
Rest of Europe	**104.7**	123.7	-15%	-14%	87.5	+20%
USA	**250.6**	202.2	+24%	23%	110.7	+126%
Rest of world	**51.0**	60.4	-16%	-14%	51.7	-1%
	975.9	816.5	+20%	+20%	564.9	+73%

KPIs

Group

	6 months to 31 August 2021	6 months to 31 August 2020	Change 2021 on 2020	6 months to 31 August 2019	Change 2021 on 2019
Active customers(1)	**18.9 million**	17.4 million	+9%	13.0 million	+46%
Number of orders	**30.7 million**	26.6 million	+15%	20.3 million	+51%
Order frequency(2)	**3.09**	2.85	9%	2.87	8%
Conversion rate to sale (3)	**3.26%**	3.09%	+17bps	3.26%	0bps
Average order value(4)	**£45.41**	£46.11	-2%	£43.26	+5%
Number of items per basket	**3.21**	3.46	-7%	3.15	+2%

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 website orders taken to internet sessions
4. Calculated as gross sales including sales tax divided by the number of orders

Consolidated summary income statement

	6 months to 31 August 2021 £ million	6 months to 31 August 2020 £ million	Change 2021 on 2020	6 months to 31 August 2019 £ million	Change 2021 on 2019
Revenue	**975.9**	816.5	+20%	564.9	+73%
Cost of sales	**(442.6)**	(367.3)		(258.3)	
Gross profit	**533.3**	449.2	+19%	306.6	+74%
Gross margin %	***54.6%***	*55.0%*	*-40bps*	*54.3%*	*+30bps*
Operating costs	**(448.2)**	(359.5)		(245.9)	
Other income	**-**	0.1		0.1	
Adjusted EBITDA	**85.1**	89.8	-5%	60.8	+40%
Adjusted EBITDA margin %	***8.7%***	*11.0%*	*-230bps*	*10.8%*	*-210bps*
Depreciation	**(17.5)**	(9.3)		(7.9)	
Amortisation of other intangible assets	**(3.4)**	(1.5)		(1.6)	
Adjusted EBIT	**64.2**	79.0	-19%	51.3	+25%
Adjusting items:					
Amortisation of acquired intangible assets	**(6.3)**	(2.5)		(2.3)	
Equity-settled share-based payments charges	**(12.9)**	(8.8)		(4.4)	
Exceptional costs	**(20.0)**	-		-	
Operating profit	**25.0**	67.7	-63%	44.6	-44%
Finance income	**0.2**	0.6		0.8	
Finance expense	**(0.6)**	(0.2)		(0.2)	
Profit before tax	**24.6**	68.1	-64%	45.2	-46%
Tax	**(6.8)**	(16.1)		(9.1)	
Profit after tax for the period	**17.8**	52.0	-66%	36.1	-51%
Basic earnings per share	**1.44p**	4.08p	-65%	2.88p	-50%
Diluted earnings per share	**1.38p**	3.99p	-65%	2.80p	-51%

Adjusted profit after tax for the period	**49.5**	61.2	-19%	41.5	+19%
Amortisation of acquired intangible assets	**(6.3)**	(2.5)		(2.3)	
Equity-settled share-based payments charges	**(12.9)**	(8.8)		(4.4)	
Exceptional costs	**(20.0)**	-		-	
Adjustment for tax	**7.5**	2.1		1.3	
Profit after tax for the period	**17.8**	52.0		36.1	
Adjusted profit for the period attributable to shareholders of the company	**49.5**	55.9	-11%	34.7	+43%
Adjusted diluted earnings per share	**3.84p**	4.53p	-15%	2.91p	+32%

Exceptional costs	£ million
Dual warehouse operating costs	9.2
Dual administrative costs under TSA	3.7
Redundancy costs	3.6
Sheffield automation disruption costs	1.9
Restructuring costs	1.6
	20.0

Taxation

The effective rate of tax for the half-year was 27.6% (2020: 23.6%, 2019: 20.1%), which is more than the blended UK statutory rate of tax for the year of 19%, due to disallowable expenses and depreciation of buildings in excess of capital allowances.

Earnings per share

Basic earnings per share for the first half of the year decreased by 65% from 4.08p to 1.44p. Adjusted diluted earnings per share was 3.84p, down 15% on the first half of the prior year.

Consolidated statement of financial position

	6 months to 31 August 2021 £ million	6 months to 31 August 2020 £ million	6 months to 31 August 2019 £ million
Intangible assets	**121.6**	47.8	43.8
Property, plant and equipment	**287.9**	135.3	108.5
Right-of-use assets	**53.6**	11.9	15.7
Financial assets	**7.3**	7.9	0.3
Deferred tax asset	**2.3**	4.8	4.1
Non-current assets	**472.7**	207.7	172.4
Working capital	**(47.1)**	(121.1)	(58.7)
Lease liabilities	**(54.6)**	(13.5)	(17.7)
Net financial assets/(liabilities)	**12.8**	(5.0)	(27.2)
Cash and cash equivalents	**148.4**	344.9	213.3
Interest bearing loans and borrowings	**(50.0)**	-	(6.0)
Deferred tax liability	**(3.8)**	(3.8)	(2.0)
Current tax asset/(liability)	**3.0**	(1.8)	(6.8)
Net assets	**481.4**	407.4	267.3

Working capital has increased due to increased trading activity largely due to higher inventory levels supporting the new brands less the associated accruals for goods in transit. The rolling capital facility of £100 million was drawn down by £50 million to provide sufficient buffer for intra-month trading and investment activity.

Liquidity and financial resources

Operating cash flow was £21.3 million (2020: £147.2 million, 2019: £55.9 million), with high levels of trading activity driving increases in inventory and payables and accruals for inventory and goods in transit. Net cash flow was an outflow of £127.6 million compared to inflows of £99.5 million in the previous financial half-year and £15.5 million in 2019. We invested a substantial £172.2 million in capital expenditure, providing the warehousing and office facilities and IT systems infrastructure for future growth. The closing cash balance for the group was £148.4 million.

Consolidated cash flow statement

	6 months to 31 August 2021 £ million	6 months to 31 August 2020 £ million	6 months to 31 August 2019 £ million
Profit for the period	**17.8**	52.0	36.1
Share-based payments charge	**12.9**	8.8	4.4
Depreciation charges and amortisation	**27.2**	13.3	11.8
Finance income	**(0.2)**	(0.6)	(0.8)
Finance expense	**0.6**	0.2	0.2
Tax expense	**6.8**	16.1	9.1
Increase in inventories	**(110.3)**	(68.9)	(27.1)
Increase in trade and other receivables	**(6.9)**	(0.7)	(16.5)
Increase in trade and other payables	**73.4**	127.0	38.7
Operating cash flow	**21.3**	147.2	55.9
Capital expenditure and intangible asset purchases	**(172.2)**	(27.1)	(6.4)
Acquisition of new brands (intangible assets)	**-**	(5.2)	(19.4)
Acquisition of non-controlling interest in PrettyLittleThing	**-**	(161.9)	-
Tax paid	**(6.4)**	(20.1)	(3.8)
Free cash (out)/inflow after tax	**(157.3)**	(67.1)	26.3
Net proceeds from the issue of ordinary shares	**4.7**	199.3	0.8
Purchase of own shares by EBT	**(19.2)**	(25.7)	(4.8)
Finance income received	**0.2**	0.7	0.7
Finance expense paid	**(0.6)**	(0.1)	(0.1)
Dividend paid to non-controlling interests	**-**	-	(3.4)
Lease payments	**(5.4)**	(2.8)	(2.8)
Proceeds from new loan/(repayment of borrowings)	**50.0**	(4.8)	(1.2)
Net cash (out)/inflow	**(127.6)**	99.5	15.5
Cash and cash equivalents at beginning of period	**276.0**	245.4	197.8
Cash and cash equivalents at end of period	**148.4**	344.9	213.3

Outlook

Demand accelerating in September

Consumer demand has been improving through August, principally in the UK but also in key overseas markets such as Ireland and France, where there has been a re-acceleration in the rate of growth. This has again improved in September, where the rate of gross sales growth has increased compared to that achieved in the second quarter of the financial year.

Full year outlook

Our expectation is for full year sales growth of 20% to 25%, implying sales growth of 20% to 30% in the second half of the financial year. As we have indicated above, we have seen a re-acceleration in the rate of growth compared to that achieved in the second quarter. Adjusted EBITDA margins are expected to remain robust, and the Group will continue to invest in its existing and new brands in order to facilitate the long-term growth opportunity. Elevated short-term cost headwinds experienced in the first half are expected to continue in H2 alongside recent freight inflation in our supply chain and wage inflation within our distribution centres. Consequently, adjusted EBITDA margins are now expected to be 9% to 9.5%, compared to 9.5% to 10% as previously guided. Reflecting ongoing investments across our technology, offices and infrastructure (including the initial phase of the international distribution centre), capex is now expected to be £275million, slightly above the top end of previous guidance of approximately £250 million.

The COVID-19 factors impacting EBITDA this financial year are expected to normalise over the medium term. Recent inflation in freight, logistics, and labour costs are expected to reduce from elevated levels in time, particularly as the Group invests in its own infrastructure through implementing more advanced automation in its existing distribution centres, global travel capacity increases and our first global distribution centre opens in North America.

Longer-term competitive positioning and opportunity to take market share unchanged

The Group expects to emerge from the pandemic in a far stronger position compared to two years ago. Reflecting significant investments in its platform, brands and people, the group has:

- A broader portfolio of brands and a significantly larger target addressable market with 500 million potential customers in key markets
- Greater infrastructure capacity capable of supporting in excess of £4 billion of net sales, with automation investments driving future efficiencies
- Committed to opening a new distribution centre in North America, significantly strengthening our customer proposition
- Significantly improved supply chain visibility
- 19 million customers globally
- Numerous growth opportunities through our direct to consumer offer and strategic partnerships.

We remain extremely confident in the Group's future growth prospects, and as short-term demand uncertainty and material cost headwinds as a result of the pandemic unwind, we believe that the Group continues to be capable of executing its strategy aimed at leading the fashion ecommerce market with medium term guidance of sales growth of 25% per annum and adjusted EBITDA margin of 10% remaining unchanged.

John Lyttle	**Neil Catto**
Chief Executive	Chief Financial Officer

30 September 2021

Unaudited consolidated statement of comprehensive income

for the period ended 31 August 2021

	Note	**6 months to 31 August 2021 (unaudited) £ million**	6 months to 31 August 2020 (unaudited) £ million	Year to 28 February 2021 (audited) £ million
Revenue	3	**975.9**	816.5	1,745.3
Cost of sales		**(442.6)**	(367.3)	(800.1)
Gross profit		**533.3**	449.2	945.2
Distribution costs		**(247.3)**	(198.6)	(422.0)
Exceptional costs		***(14.2)***	-	-
Other distribution costs		***(233.1)***	*(198.6)*	*(422.0)*
Administrative expenses		**(261.0)**	(183.0)	(400.1)
Amortisation of acquired intangibles		***(6.3)***	*(2.5)*	*(5.5)*
Exceptional expenses		***(5.8)***	-	-
Other administrative expenses		***(248.9)***	*(180.5)*	*(394.6)*
Other income		**-**	0.1	1.0
Operating profit		**25.0**	67.7	124.1
Finance income		**0.2**	0.6	0.9
Finance expense		**(0.6)**	(0.2)	(0.3)
Profit before tax	4	**24.6**	68.1	124.7
Taxation		**(6.8)**	(16.1)	(31.3)
Profit for the period		**17.8**	52.0	93.4
Profit for the period attributable to:				
Owners of the parent company		**17.8**	49.3	90.7
Non-controlling interests		**-**	2.7	2.7
		17.8	52.0	93.4
Other comprehensive income/(expense) for the period				
(Gain)/loss reclassified to profit and loss during the year		**(7.8)**	(6.8)	9.0
Fair value gain/(loss) on cash flow hedges during the year [1]		**2.2**	14.2	21.2
Total comprehensive income for the period		**12.2**	59.4	123.6
Total comprehensive income attributable to:				
Equity attributable to owners of the parent company		**12.2**	56.7	120.9
Non-controlling interests		**-**	2.7	2.7
		12.2	59.4	123.6
Earnings per share	6			
Basic		**1.44p**	4.08p	7.43p
Diluted		**1.38p**	3.99p	7.25p

1. Net fair value gains/losses on cash flow hedges will be reclassified to profit or loss during the three years to 31 August 2024.

Unaudited consolidated statement of financial position

at 31 August 2021

	Note	**6 months to 31 August 2021 (unaudited) £ million**	6 months to 31 August 2020 (unaudited) £ million	Year to 28 February 2021 (audited) £ million
Assets				
Non-current assets				
Intangible assets	*6*	**121.6**	47.8	118.3
Property. plant and equipment	*7*	**287.9**	135.3	141.6
Right-of-use assets	*8*	**53.6**	11.9	16.7
Financial assets		**7.3**	7.9	13.1
Deferred tax	*9*	**2.3**	4.8	3.2
Total non-current assets		**472.7**	207.7	292.9
Current assets				
Inventories		**255.2**	168.0	144.9
Trade and other receivables	*10*	**47.5**	32.5	40.6
Financial assets		**15.9**	5.6	17.1
Current tax asset		**3.0**	-	4.4
Cash and cash equivalents		**148.4**	344.9	276.0
Total current assets		**470.0**	551.0	483.0
Total assets		**942.7**	758.7	775.9
Liabilities				
Current liabilities				
Trade and other payables	*11*	**(295.5)**	(247.2)	(222.9)
Provisions	*12*	**(54.3)**	(74.4)	(53.5)
Interest bearing loans and borrowings	*13*	**(50.0)**	-	-
Lease liabilities		**(8.1)**	(5.0)	(6.7)
Financial liabilities		**(1.4)**	(5.7)	(2.6)
Current tax liability		**-**	(1.8)	-
Total current liabilities		**(409.3)**	(334.1)	(285.7)
Non-current liabilities				
Lease liabilities		**(46.5)**	(8.5)	(11.6)
Financial liabilities		**(1.7)**	(4.9)	(1.9)
Deferred tax	*9*	**(3.8)**	(3.8)	(4.2)
Total liabilities		**(461.3)**	(351.3)	(303.4)
Net assets		**481.4**	407.4	472.5
Equity				
Share capital	*14*	**12.7**	12.6	12.6
Shares to be issued	*15*	**31.9**	31.9	31.9
Share premium		**920.8**	914.1	916.2
Hedging reserve		**20.1**	2.9	25.7
EBT reserve		**(75.7)**	(42.8)	(56.5)
Other reserves	*16*	**(795.3)**	(795.5)	(795.2)
Retained earnings		**366.9**	284.2	337.8
Total equity		**481.4**	407.4	472.5

Unaudited consolidated statement of changes in equity

	Share capital	Shares to be issued	Share premium	Hedging reserve	EBT reserve	Other reserves	Non-controlling interest	Retained earnings	Total equity
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Balance at 28 February 2021	12.6	31.9	916.2	25.7	(56.5)	(795.2)	-	337.8	472.5
Profit for the period	-	-	-	-	-	-		17.8	17.8
Other comprehensive income/(expense):									
Gain reclassified to profit and loss in revenue	-	-	-	(7.8)	-	-	-	-	(7.8)
Fair value gain on cash flow hedges during the year	-	-	-	2.2	-	-	-	-	2.2
Total comprehensive income for the period	-	-	-	(5.6)	-	-	-	17.8	12.2
Issue of shares	0.1	-	4.6	-	(19.2)	-	-	-	(14.5)
Share-based payments credit	-	-	-	-	-	-	-	12.9	12.9
Excess taxation on share-based payments	-	-	-	-	-	-	-	(1.6)	(1.6)
Translation of foreign operations	-	-	-	-	-	(0.1)	-	-	(0.1)
Balance at 31 August 2021	**12.7**	**31.9**	**920.8**	**20.1**	**(75.7)**	**(795.3)**	**-**	**366.9**	**481.4**

	Share capital	Shares to be issued	Share premium	Hedging reserve	EBT reserve	Other reserves	Non-controlling interest	Retained earnings	Total equity
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Balance at 29 February 2020	11.7	-	608.4	(4.5)	(17.1)	(515.2)	17.3	227.3	327.9
Profit for the period	-	-	-	-	-	-	2.7	49.3	52.0
Other comprehensive income/(expense):									
Gain reclassified to profit and loss in revenue	-	-	-	(6.8)	-	-	-	-	(6.8)
Fair value gain on cash flow hedges during the period	-	-	-	14.2	-	-	-	-	14.2
Total comprehensive income for the period	-	-	-	7.4	-	-	2.7	49.3	59.4
Issue of shares	0.6	-	167.7	-	(25.7)	1.0	(0.2)	-	143.4
Share-based payments credit	-	-	-	-	-	-	0.5	8.3	8.8
Excess tax on share-based payments	-	-	-	-	-	-	0.1	(0.7)	(0.6)
Acquisition of non-controlling interest	0.3	31.9	138.0	-	-	(281.3)	(20.4)	-	(131.5)
Translation of foreign operations	-	-	-	-	-	-	-	-	-
Balance at 31 August 2020	12.6	31.9	914.1	2.9	(42.8)	(795.5)	-	284.2	407.4

	Share capital	Shares to be issued	Share premium	Hedging reserve	EBT reserve	Other reserves	Non-controlling interest	Retained earnings	Total equity
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Balance at 29 February 2020	11.7	-	608.4	(4.5)	(17.1)	(515.2)	17.3	227.3	327.9
Profit for the year	-	-	-	-	-	-	2.7	90.7	93.4
Other comprehensive income/(expense):									
Loss reclassified to profit and loss in revenue	-	-	-	9.0	-	-	-	-	9.0
Fair value gain on cash flow hedges during the year	-	-	-	21.2	-	-	-	-	21.2
Total comprehensive income for the year	-	-	-	30.2	-	-	2.7	90.7	123.6
Issue of shares	0.6	-	169.8	-	(39.4)	0.8	(0.2)	-	131.6
Share-based payments credit	-	-	-	-	-	-	0.5	19.2	19.7
Excess taxation on share-based payments	-	-	-	-	-	-	0.1	0.6	0.7
Acquisition of non-controlling interest	0.3	31.9	138.0	-	-	(281.3)	(20.4)	-	(131.5)
Translation of foreign operations	-	-	-	-	-	0.5	-	-	0.5
Balance at 28 February 2021	12.6	31.9	916.2	25.7	(56.5)	(795.2)	-	337.8	472.5

Unaudited consolidated cash flow statement

for the period ended 31 August 2021

	Note	**6 months to 31 August 2021 (unaudited)**	6 months to 31 August 2020 (unaudited)	Year to 28 February 2021 (audited)
		£ million	£ million	£ million
Cash flows from operating activities				
Profit for the period		**17.8**	52.0	93.4
Adjustments for:				
Share-based payments charge		**12.9**	8.8	19.7
Depreciation charges and amortisation		**27.2**	13.3	29.8
Finance income		**(0.2)**	(0.6)	(0.9)
Finance expense		**0.6**	0.2	0.3
Tax expense		**6.8**	16.1	31.3
		65.1	89.8	173.6
Increase in inventories		**(110.3)**	(68.9)	(45.8)
Increase in trade and other receivables	*10*	**(6.9)**	(0.7)	(8.8)
Increase in trade and other payables	*11*	**73.4**	127.0	82.1
Cash generated from operations		**21.3**	147.2	201.1
Tax paid		**(6.4)**	(20.1)	(38.3)
Net cash generated from operating activities		**14.9**	127.1	162.8
Cash flows from investing activities				
Acquisition of intangible assets		**(13.0)**	(9.5)	(85.7)
Acquisition of property, plant and equipment		**(159.2)**	(22.8)	(37.0)
Acquisition of non-controlling interest in PrettyLittleThing		**-**	(161.9)	(161.9)
Finance income received		**0.2**	0.7	1.2
Net cash used in investing activities		**(172.0)**	(193.5)	(283.4)
Cash flows from financing activities				
Proceeds from the issue of ordinary shares		**4.7**	202.8	204.9
Share issue costs written off to share premium		**-**	(3.5)	(3.5)
Purchase of own shares by EBT		**(19.2)**	(25.7)	(39.4)
Finance expense paid		**(0.6)**	(0.1)	(0.1)
Lease payments		**(5.4)**	(2.8)	(5.9)
Proceeds from new loan/(repayment of borrowings)		**50.0**	(4.8)	(4.8)
Net cash generated from financing activities		**29.5**	165.9	151.2
(Decrease)/increase in cash and cash equivalents		**(127.6)**	99.5	30.6
Cash and cash equivalents at beginning of period		**276.0**	245.4	245.4
Cash and cash equivalents at end of period		**148.4**	344.9	276.0

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 to 31 August 2021 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 Financial Statements for the year ended 28 February 2021, 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 Financial Statements for the year ended 28 February 2021 has been filed with the Jersey Companies Registry. The auditors' report 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 30 September 2021.

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 Financial Statements for the year ended 28 February 2021.

Significant estimates and judgements

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for when such information becomes available. The judgements, estimates and assumptions that are the most subjective or complex are discussed below:

Exceptional items

Exceptional items are those of significant size and of a non-recurring nature that require disclosure in order that the underlying business performance can be identified. The exceptional costs in these interim statements include: redundancy costs in temporary warehouse facilities that were operated in the period between acquisition of the new brands and integration into new warehouses; the costs of moving inventory from one warehouse to another; additional costs associated with the automation project in the Sheffield facility; legal expenses associated with the acquisitions; and additional costs of working during transitional administrative and warehousing operations. The latter additional costs have been calculated as the difference between the medium-term operating costs expected to be incurred in the new warehouse facilities and the current set-up and initial operating costs. Such additional costs do require estimation by management.

Exceptional costs	£ million
Dual warehouse operating costs	9.2
Dual administrative costs under TSA	3.7
Redundancy costs	3.6
Sheffield automation disruption costs	1.9
Restructuring costs	1.6
	20.0

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 2022 to be unchanged from those set out in the group's Annual Report and Financial Statements for the year ended 28 February 2021, which in summary are: on-going COVID-19 impact on trading; competition risk; fashion and consumer demands risk; systems and technical risk; supply chain risk; loss of key facilities; people risk; negative perception of the brands; and financial risk. These are set out in detail on pages 34 to 38 of the group's Annual Report and Financial Statements for the year ended 28 February 2021, a copy of which is available on the group's website, www.boohooplc.com.

3 Segmental analysis

			6 months to 31 August 2021		
	UK	**Rest of Europe**	**USA**	**Rest of world**	**Total**
	£ million	**£ million**	**£ million**	**£ million**	**£ million**
Revenue	**569.6**	**104.7**	**250.6**	**51.0**	**975.9**
Cost of sales	**(275.0)**	**(48.6)**	**(96.4)**	**(22.6)**	**(442.6)**
Gross profit	**294.6**	**56.1**	**154.2**	**28.4**	**533.3**
Distribution costs	-	-	-	-	**(247.3)**
Administrative expenses - other	-	-	-	-	**(254.7)**
Amortisation of acquired intangibles	-	-	-	-	**(6.3)**
Other income	-	-	-	-	-
Operating profit	-	-	-	-	**25.0**
Finance income	-	-	-	-	**0.2**
Finance expense	-	-	-	-	**(0.6)**
Profit before tax	-	-	-	-	**24.6**

			6 months to 31 August 2020		
	UK	Rest of Europe	USA	Rest of world	Total
	£ million	£ million	£ million	£ million	£ million
Revenue	430.2	123.7	202.2	60.4	816.5
Cost of sales	(205.9)	(52.2)	(82.2)	(27.0)	(367.3)
Gross profit	224.3	71.5	120.0	33.4	449.2
Distribution costs	-	-	-	-	(198.6)
Administrative expenses - other	-	-	-	-	(180.5)
Amortisation of acquired intangibles	-	-	-	-	(2.5)
Other income	-	-	-	-	0.1
Operating profit	-	-	-	-	67.7
Finance income	-	-	-	-	0.6
Finance expense	-	-	-	-	(0.2)
Profit before tax	-	-	-	-	68.1

			Year ended 28 February 2021		
	UK	Rest of Europe	USA	Rest of world	Total
	£ million	£ million	£ million	£ million	£ million
Revenue	945.1	244.7	435.1	120.4	1,745.3
Cost of sales	(464.2)	(107.1)	(174.5)	(54.3)	(800.1)
Gross profit	480.9	137.6	260.6	66.1	945.2
Distribution costs	-	-	-	-	(422.0)
Administrative expenses - other	-	-	-	-	(394.6)
Amortisation of acquired intangibles	-	-	-	-	(5.5)
Other income	-	-	-	-	1.0
Operating profit	-	-	-	-	124.1
Finance income	-	-	-	-	0.9
Finance expense	-	-	-	-	(0.3)
Profit before tax	-	-	-	-	124.7

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 is considered to be the executive board, which has determined that the primary segmental reporting format of the group for the year ending 28 February 2022 is by geographic region.

4 Profit before tax

Profit before tax is stated after charging:	**6 months to 31 August 2021 £ million**	6 months to 31 August 2020 £ million	Year to 28 February 2021 £ million
Short-term operating lease rentals for buildings	**0.4**	-	0.2
Equity-settled share-based payments charges	**12.9**	8.8	19.7
Acquisition and restructuring costs (exceptional in 2021)	**20.0**	-	0.3
Depreciation of property, plant and equipment	**12.9**	6.6	14.4
Depreciation of right-of-use assets	**4.6**	2.7	5.7
Amortisation of intangible assets	**3.4**	1.5	4.2
Amortisation of acquired intangible assets	**6.3**	2.5	5.5

5 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 2021	6 months to 31 August 2020	Year to 28 February 2021
Weighted average shares in issue for basic earnings per share (million)	**1,238.0**	1,207.5	1,220.7
Dilutive share options (million)	**50.9**	27.3	31.4
Weighted average shares in issue for diluted earnings per share (million)	**1,288.9**	1,234.8	1,252.1
Earnings attributable to owners of the parent company (£ million)	**17.8**	49.3	90.7
Basic earnings per share	**1.44p**	4.08p	7.43p
Diluted earnings per share	**1.38p**	3.99p	7.25p
Earnings attributable to owners of the parent company (£ million)	**17.8**	49.3	90.7
Adjusting items:			
Amortisation of intangible assets arising on acquisitions	**6.3**	2.5	5.5
Share-based payments charges	**12.9**	8.8	19.7
Share based payment charge adjustment for non-controlling interests	**-**	(0.7)	(0.7)
Exceptional costs	**20.0**	-	-
Adjustment for tax	**7.5**	(2.1)	(4.8)
Pro-forma non-controlling interest adjustment to 34%	**-**	(1.9)	(1.9)
Adjusted earnings	**49.5**	55.9	108.5
Adjusted basic earnings per share	**4.00p**	4.63p	8.89p
Adjusted diluted earnings per share	**3.84p**	4.53p	8.67p

6 Intangible assets

	Patents and licences £ million	Trademarks £ million	Customer lists £ million	Computer software £ million	Total £ million
Cost					
Balance at 28 February 2021	0.6	115.6	8.1	23.5	147.8
Additions	-	-	-	13.0	13.0
Disposals	-	-	-	-	-
Balance at 31 August 2021	**0.6**	**115.6**	**8.1**	**36.5**	**160.8**
Accumulated amortisation					
Balance at 28 February 2021	0.5	13.9	6.1	9.0	29.5
Amortisation	0.1	5.9	0.4	3.3	9.7
Disposals	-	-	-	-	-
Balance at 31 August 2021	**0.6**	**19.8**	**6.5**	**12.3**	**39.2**
Net book value					
At 28 February 2021	0.1	101.7	2.0	14.5	118.3
At 31 August 2021	**-**	**95.8**	**1.6**	**24.2**	**121.6**

7 Property, plant and equipment

	Short leasehold alterations £ million	Fixtures and fittings £ million	Computer equipment £ million	Motor vehicles £ million	Land & buildings £ million	Total £ million
Cost						
Balance at 28 February 2021	19.3	102.4	9.1	1.0	47.6	179.4
Additions	7.8	75.9	2.5	0.1	72.9	159.2
Exchange differences	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance at 31 August 2021	**27.1**	**178.3**	**11.6**	**1.1**	**120.5**	**338.6**
Accumulated depreciation						
Balance at 28 February 2021	4.7	24.5	4.8	0.6	3.2	37.8
Depreciation charge	0.9	9.5	1.3	0.1	1.1	12.9
Disposals	-	-	-	-	-	-
Balance at 31 August 2021	**5.6**	**34.0**	**6.1**	**0.7**	**4.3**	**50.7**
Net book value						
At 28 February 2021	14.6	77.9	4.3	0.4	44.4	141.6
At 31 August 2021	**21.5**	**144.3**	**5.5**	**0.4**	**116.2**	**287.9**

8 Right-of-use assets

	Short leasehold properties £ million
Cost	
Balance at 28 February 2021	34.9
Additions	41.5
Balance at 31 August 2021	**76.4**
Accumulated depreciation	
Balance at 28 February 2021	18.2
Depreciation	4.6
Balance at 31 August 2021	**22.8**
Net book value	
At 28 February 2021	16.7
At 31 August 2021	**53.6**

9 Deferred tax

Assets

	Depreciation in excess of capital allowances £ million	Share-based payments £ million	Total £ million
At 29 February 2020	0.3	5.7	6.0
Recognised in statement of comprehensive income	-	0.2	0.2
Debit in equity	-	(1.4)	(1.4)
At 31 August 2020	0.3	4.5	4.8
At 28 February 2021	0.6	2.6	3.2
Recognised in statement of comprehensive income	(0.6)	1.3	0.7
Debit in equity	-	(1.6)	(1.6)
At 31 August 2021	**-**	**2.3**	**2.3**

Liabilities

	Capital allowances in excess of depreciation £ million	Business combinations £ million	Total £ million
At 29 February 2020	(2.4)	(1.2)	(3.6)
Recognised in statement of comprehensive income	(0.3)	0.1	(0.2)
At 31 August 2020	(2.7)	(1.1)	(3.8)
At 28 February 2021	(3.2)	(1.0)	(4.2)
Recognised in statement of comprehensive income	0.3	0.1	0.4
At 31 August 2021	**(2.9)**	**(0.9)**	**(3.8)**

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. Deferred tax is likely to increase from 19% as enacted to 25% from April 2023 as announced by the UK Government.

10 Trade and other receivables

	6 months to 31 August 2021 £ million	6 months to 31 August 2020 £ million	Year to 28 February 2021 £ million
Trade receivables	**36.9**	11.7	18.3
Prepayments	**9.5**	7.7	10.4
Accrued income	**1.1**	0.3	0.3
Taxes and social security receivable	**-**	12.8	11.6
	47.5	32.5	40.6

Where specific trade receivables are not considered to be at risk and requiring a provision, the trade receivables impairment provision is calculated using the simplified approach to the expected credit loss model, based on the following percentages:

Age of trade receivable	**6 months to 31 August 2021 %**	6 months to 31 August 2020 %	Year to 28 February 2021 %
60 - 90 days past due	**1**	1	1
91 - 120 days past due	**5**	5	5
Over 121 days past due	**90**	90	90

Trade receivables represent amounts due from wholesale customers and advance payments to suppliers.

The fair value of trade and other receivables is not materially different from the carrying value.

	6 months to 31 August 2021 £ million	6 months to 31 August 2020 £ million	Year to 28 February 2021 £ million
Due within 30 days	**12.8**	6.3	18.3
Provision for impairment	**(2.4)**	(1.4)	(2.4)
Due in 31 to 90 days	**22.4**	8.1	3.6
Provision for impairment	**(1.0)**	(1.7)	(1.4)
Past due	**5.1**	1.2	0.2
Provision for impairment	**-**	(0.8)	-
Total amounts due and past due	**40.3**	15.6	22.1
Total provision for impairment	**(3.4)**	(3.9)	(3.8)
	36.9	11.7	18.3

11 Trade and other payables

	6 months to 31 August 2021 £ million	6 months to 31 August 2020 £ million	Year to 28 February 2021 £ million
Trade payables	**63.9**	41.6	47.9
Other creditors	**12.2**	4.4	6.4
Accruals	**196.5**	172.1	144.0
Deferred income	**6.2**	8.4	10.2
Taxes and social security payable	**16.7**	20.7	14.4
	295.5	247.2	222.9

12 Provisions

	Dilapidations £ million	**Returns £ million**	**Claims £ million**	**Total £ million**
Provision at 28 February 2021	5.9	24.2	23.4	53.5
Movements in provision charged/(credited) to income statement:				
Prior year provision utilised	-	(24.2)	(4.3)	(28.5)
Increase in provision in period	-	29.3	-	29.3
Provision at 31 August 2021	**5.9**	**29.3**	**19.1**	**54.3**
Provision at 29 February 2020	4.2	25.1	-	29.3
Movements in provision charged/(credited) to income statement:				
Prior year provision utilised	-	(25.1)	-	(25.1)
Increase in provision period	-	55.6	14.6	70.2
Provision at 31 August 2020	4.2	55.6	14.6	74.4

13 Interest-bearing loans and borrowings

	6 months to 31 August 2021 £ million	6 months to 31 August 2020 £ million	Year to 28 February 2021 £ million
Non-current liabilities			
Rolling credit facility	**-**	-	-
Current liabilities			
Current portion of rolling credit facility	**50.0**	-	-

Movement in financial liabilities

	6 months to 31 August 2021 £ million	6 months to 31 August 2020 £ million	Year to 28 February 2021 £ million
Opening balance	**-**	4.8	4.8
Drawdown on rolling credit facility	**50.0**	-	-
Interest accrued	**0.1**	0.1	0.1
Interest paid	**(0.1)**	(0.1)	(0.1)
Capital paid	**-**	(4.8)	(4.8)
Closing balance	**50.0**	-	-

The group has obtained a £100 million rolling capital facility that is secured on the assets of the group. The facility was £50 million drawn down as at 31 August 2021.

14 Share capital

	6 months to 31 August 2021 £ million	6 months to 31 August 2020 £ million	Year to 28 February 2021 £ million
At start of period	**12.6**	11.7	11.7
Share issues	**0.1**	0.9	0.9
At end of period	**12.7**	12.6	12.6

Share capital at period end: 1,267,266,218 authorised and fully paid ordinary shares of 1p each *(2020: 1,261,276,479).* No dividends have been paid or are payable by the parent company for the period ended 31 August 2021 *(2020: £nil)*.

15 Shares to be issued

	6 months to 31 August 2021 £ million	6 months to 31 August 2020 £ million	Year to 28 February 2021 £ million
	31.9	31.9	31.9

The shares to be issued represents the fair value of the contingent shares to be issued to the non-controlling interests of PrettyLittleThing.com Limited, in accordance with the acquisition agreement entered into and announced on 28 May 2020. Under this agreement, 16,112,331 Ordinary Shares in boohoo group plc are to be issued subject to the group's share price averaging 491 pence per share over a six-month period, up until a longstop date of 14 March 2024. If this condition is not met, the consideration will lapse.

16 Reserves

	6 months to 31 August 2021 £ million	6 months to 31 August 2020 £ million	Year to 28 February 2021 £ million
Translation reserve	**0.4**	0.2	0.5
Capital redemption reserve	**0.1**	0.1	0.1
Reconstruction reserve	**(515.3)**	(515.3)	(515.3)
Acquisition of non-controlling interest in PrettyLittleThing.com Limited	**(281.3)**	(281.3)	(281.3)
Proceeds from issue of growth shares in boohoo holdings Limited	**0.8**	0.8	0.8
	(795.3)	(795.5)	(795.2)

The translation reserve arises from the movement in the revaluation of subsidiary balance sheets in foreign currencies; the capital redemption reserve arose from a capital reconstruction in 2014; the reconstruction reserve arose on the impairment of the carrying value of the subsidiary company in 2014 at that date; and the acquisition of the non-controlling interest in PrettyLittleThing is the excess of consideration paid over the carrying value of the non-controlling interest as at the date of acquisition in May 2020, written off to reserves.

17 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 2021 £ million	6 months to 31 August 2020 £ million	Year to 28 February 2021 £ million
Property, plant and equipment	**58.2**	2.3	5.5

The capital commitment relates largely to automation equipment in the Sheffield warehouse.

18 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 2021, there are no contingent liabilities, which in the opinion of the directors are expected to have a material adverse effect on its liquidity or operations.

Appendices

Growth rates on prior period revenue by region

Revenue by period for the 3 months to 31 August 2021 (FY22)

£m	3m to 31 May				3m to 31 August				**6m to 31 August**			
	FY22	FY21	yoy %	yoy % CER	**FY21**	FY20	yoy %	yoy % CER	**FY21**	FY20	yoy %	yoy % CER
Total	**486.1**	367.8	32%	32%	**489.8**	448.7	9%	10%	**975.9**	816.5	20%	20%
Revenue by region												
UK	**274.6**	183.0	50%	50%	**295.0**	247.2	19%	19%	**569.6**	430.2	32%	32%
ROE	**54.7**	63.4	-14%	-12%	**50.0**	60.3	-17%	-16%	**104.7**	123.7	-15%	-14%
USA	**131.9**	92.0	43%	40%	**118.7**	110.2	8%	9%	**250.6**	202.2	24%	23%
ROW	**24.9**	29.4	-15%	-10%	**26.1**	31.0	-16%	-18%	**51.0**	60.4	-16%	-14%

Revenue by period for the year to 28 February 2021 (FY21)

£m	4m to 31 December				2m to 28 February				**12m to 28 February**			
	FY21	FY20	yoy %	yoy % CER	**FY21**	FY20	yoy %	yoy % CER	**FY21**	FY20	yoy %	yoy % CER
Total	**660.8**	473.7	40%	40%	**268.0**	196.3	37%	36%	**1,745.3**	1,234.9	41%	41%
Revenue by region												
UK	**356.7**	255.8	39%	39%	**158.2**	108.5	46%	46%	**945.1**	679.4	39%	39%
ROE	**90.4**	69.6	30%	32%	**30.6**	31.4	(3)%	(1)%	**244.7**	188.4	30%	30%
USA	**168.2**	110.6	52%	51%	**64.7**	42.3	53%	46%	**435.1**	263.6	65%	63%
ROW	**45.5**	37.7	20%	24%	**14.5**	14.1	3%	11%	**120.4**	103.5	16%	19%

£m	3m to 31 May				3m to 31 August				**6m to 31 August**			
	FY21	FY20	yoy %	yoy % CER	**FY21**	FY20	yoy %	yoy % CER	**FY21**	FY20	yoy %	yoy % CER
Total	**367.8**	254.3	45%	45%	**448.7**	310.5	44%	44%	**816.5**	564.9	45%	44%
Revenue by region												
UK	**183.0**	140.6	30%	30%	**247.2**	174.4	42%	42%	**430.2**	315.0	37%	37%
ROE	**63.4**	38.2	66%	65%	**60.3**	49.2	23%	21%	**123.7**	87.5	41%	40%
USA	**92.0**	51.3	79%	83%	**110.2**	59.4	86%	83%	**202.2**	110.7	83%	83%
ROW	**29.4**	24.2	22%	22%	**31.0**	27.5	12%	14%	**60.4**	51.7	17%	18%

CER in this appendix for the year ended 28 February 2021 is calculated using exchange rates prevailing during the year ending 28 February 2021. Nomenclature: ROE – rest of Europe; ROW – rest of world; yoy – year-on-year; CER – constant exchange rate

Revenue by period for the year to 29 February 2020 (FY20)

£m	4m to 31 December				2m to 28/29 February				**12m to 28/29 February**			
	FY20	FY19	yoy %	yoy % CER	**FY20**	FY19	yoy %	yoy % CER	**FY20**	FY19	yoy %	yoy % CER
Total	**473.7**	328.2	44%	44%	**196.3**	133.4	47%	48%	**1,234.9**	856.9	44%	44%
UK	**255.8**	180.0	42%	42%	**108.5**	74.2	46%	46%	**679.4**	488.2	39%	39%
ROE	**69.6**	44.4	57%	54%	**31.4**	19.4	61%	58%	**188.4**	115.1	64%	62%
USA	**110.6**	70.4	57%	57%	**42.3**	27.7	53%	62%	**263.6**	166.3	59%	61%
ROW	**37.7**	33.4	13%	13%	**14.1**	12.1	17%	14%	**103.5**	87.3	19%	19%

£m	3m to 31 May				3m to 31 August				**6m to 31 August**			
	FY20	FY19	yoy %	yoy % CER	**FY20**	FY19	yoy %	yoy % CER	**FY20**	FY19	yoy %	yoy % CER
Total	**254.3**	183.6	39%	39%	**310.5**	211.7	47%	47%	**564.9**	395.3	43%	43%
Revenue by region												
UK	**140.6**	110.7	27%	27%	**174.4**	123.3	41%	41%	**315.0**	234.1	35%	35%
ROE	**38.2**	22.3	72%	71%	**49.2**	29.0	70%	68%	**87.5**	51.2	71%	69%
USA	**51.3**	31.4	64%	66%	**59.4**	36.8	61%	64%	**110.7**	68.2	62%	65%
ROW	**24.2**	19.2	26%	28%	**27.5**	22.6	22%	23%	**51.7**	41.8	24%	25%