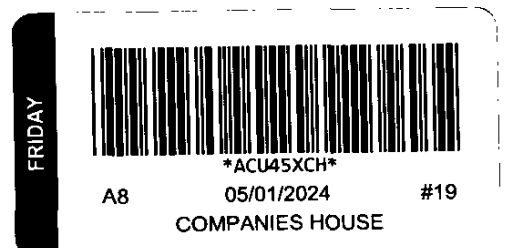


# **boohoo Holdings Limited**

Annual report and financial statements

Registered number 11941376

For the year ended 28 February 2023



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## Company information

### Directors

Mahmud Kamani  
Carol Kane  
John Lyttle  
Shaun McCabe (appointed 3 October 2022)  
Neil Catto (resigned 31 March 2023)

### Company secretary

Thomas Kershaw

### Registered office

49-51 Dale Street  
Manchester  
M1 2HF

### Registered number

11941376 (England and Wales)

### Independent auditors

PKF Littlejohn LLP  
15 Westferry Circus  
London  
E14 4HD  
United Kingdom

## Strategic report

The Directors present their strategic report for the year ended 28 February 2023.

### Description of the business model

The group owns a portfolio of brands and designs, sources, markets and sells clothing, shoes, accessories and beauty products targeted at consumers globally. The group's vision is to lead the global fashion e-commerce market. What started as one brand, growing extensively in the UK and internationally, is today a platform of multiple brands servicing over 18 million customers globally, generating more than £1.7bn of sales.

<p><b><u>boohoo</u></b> boohoo offers the most up-to-date fashion at incredible prices with unbeatable choice, great quality and excellent service. The brand's core values are fun, fashion, social and inclusive. This translates into a product range for every young woman around the world.</p>	<p><b><u>boohooMAN</u></b> Combining cutting-edge design with an affordable price tag, boohooMAN brings young men the latest styles and looks in a youthful package, 24/7.</p>	<p><b><u>PrettyLittleThing</u></b> PrettyLittleThing is a youthful trend leader in online women's fashion, offering a wide range of products at great prices, supported by an engaging global social media presence. The brand aims to help every girl feel like a celebrity with her clothes.</p>
<p><b><u>Nasty Gal</u></b> Rooted in LA, Nasty Gal is a bold and distinctive brand for fashion-forward, free-thinking young women, offering limited edition clothing and vintage pieces to a global audience. The brand's largest market so far has been in the USA, giving them a global reach with enormous potential for growth.</p>	<p><b><u>MissPap</u></b> MissPap is aimed at fashion-conscious young women who love fashion and want to create looks that are worth sharing with friends.</p>	<p><b><u>Karen Millen</u></b> Karen Millen is known globally for creating beautifully crafted fashion for confident women who know their own style. Targeted at driven and career-minded women in their 30s and 40s, the brand offers high-quality clothes for that modern, polished and feminine look.</p>
<p><b><u>Coast</u></b> Coast believes that life is for living, fashion should be fun and dressing up is for every day. The brand produces versatile pieces that are easy to wear and are an effortless addition to a woman's own style.</p>	<p><b><u>Oasis</u></b> Oasis creates hard-working easy pieces that are made for modern life and non-stop schedules. The brand's collection of crafted silhouettes, beautiful shapes and pretty detailing breathes life into faithful staples.</p>	<p><b><u>Warehouse</u></b> Warehouse is a British-born fashion brand with a city state of mind. With trending pieces designed for every moment, an urban edge and essence of tough femininity, the brand captures the spirit of club culture in styles that look good now and even better later.</p>
<p><b><u>Dorothy Perkins</u></b> Dorothy Perkins is a feminine, versatile and affordable brand with rich British heritage. The brand has been inspiring and dressing women for over 100 years, striving to provide flattering fits across all pieces with the mantra; if you feel good, you should wear it.</p>	<p><b><u>Wallis</u></b> "We understand real women and design clothes to help them look and feel great." Wallis is a British brand offering exclusive, modern styles aimed at women in their 30s and 40s.</p>	<p><b><u>Burton</u></b> Burton is a British brand offering menswear clothing and accessories that combine heritage tailoring with modern style. Burton's exclusive collection includes everything from suits to casuals.</p>
<p><b><u>Debenhams</u></b> A digital department store offering fashion, beauty, sport, and homeware to our customers. The Debenhams marketplace provides its customers with a unique, differentiated, and exclusive mix of brands, extending the group's target addressable market through its capital-light, low risk marketplace model.</p>		

## How we operate

We design, source, market and sell fashion clothing, shoes, accessories and beauty products to 16–45-year-old consumers globally. We implement a 'test and repeat' model that brings the latest trends and fashion inspiration in a matter of days or weeks to our consumers across the world.

### Design and inspiration

Our skilled designers and buyers have their fingers on the pulse of fashion around the world to spot the latest trends.

### Sourcing and production

Buyers tap into a global network of approved suppliers to find the best mix of quality and price to deliver outstanding value to our customers.

### Marketing and customer engagement

We connect with our consumers through social media and innovative advertising, supported by influencers and celebrities, and through our engaging websites and apps, offering the customer the very best online shopping experience.

### Delivery and customer care

Great customer service is provided by a comprehensive choice of delivery options, payment methods, and a highly rated customer service centre takes care of the entire customer journey.

### Engagement and repeat

Sophisticated monitoring of marketing and product success enables us to respond rapidly to consumer demand and optimise customer reach.

## Relationships and Resources

### Relationships

#### Employees

Our employees are our greatest asset, delivering a truly awesome package of skills and knowledge that enables us to tackle the most challenging feats.

#### Suppliers

We have developed a comprehensive network of suppliers from all corners of the world, and we continue to work with them to bring us the product and services that drive our success.

#### Customers and partners

Our customers and partners are our lifeblood. We engage, listen, learn, create and repeat successfully. Our partners help us reach customers globally.

### Resources

#### Brands

A portfolio of diverse brands, with a rich heritage and consumer loyalty, renewed and developed for today, enables us to grow market share.

#### Infrastructure

We have invested millions in state-of-the-art, automated distribution centres and great office facilities for our talented teams.

#### Technology

Our formidable technology platform comprises best-of-kind systems and enables us to operate a huge volume business with efficiency and accuracy.

#### Financial

Financial resources from our shareholders have been boosted by retained profits that have enabled us to build a business with the capacity for investment and acquisitions.

#### Environment

The group's economic health is dependent on the use of our planet's natural resources. The group recognises that managing and maintaining these resources is critical for the long-term sustainable growth.

### **Value generated for stakeholders**

#### Employees

We provide our employees with the opportunity to develop their skills and experience in a dynamic business and give them a share in its success through share ownership plans and bonuses.

#### Suppliers

We operate with our suppliers in a transparent way, enabling suppliers to participate in our success as we grow and working to improve factory standards. We have invested in building a more visible, more sustainable supply chain of approved partners.

#### Customers

We provide our customers with great product and value at prices below those of the high street and with a service that is convenient and safe at home.

#### Community

We engage with the wider community through our charitable work, the Leicester Garment and Textile Workers' Trust and through the provision of jobs in our offices and distribution centres that benefit the local area and our suppliers.

#### Environment

We are determined to play our part in reducing the environmental impact of clothing and our operations through our increased focus on sustainability and with the ambitious environmental targets we have set for ourselves.

## Financial review

### Revenue by geographical market

	2023	2022	2023 change on 2022	2023 change on 2022 CER
	£ million	£ million		
UK	1,091.5	1,202.8	(9%)	(9%)
Rest of Europe	206.5	219.2	(6%)	(8%)
USA	363.7	451.6	(19%)	(24%)
Rest of World	107.0	109.2	(2%)	(8%)
	1,768.7	1,982.8	(11%)	(13%)

### KPIs

	2023	2022	2023 change on 2022
Active customers <sup>(1)</sup>	18.0 million	19.9 million	(10%)
Number of orders	55.5 million	62.4 million	(11%)
Order frequency <sup>(2)</sup>	3.08	3.14	(2)%
Conversion rate to sale <sup>(3)</sup>	3.74%	3.56% <sup>(5)</sup>	5%
Average order value <sup>(4)</sup>	£53.32	£48.16	11%
Number of items per basket	2.82	3.04	(7%)

(1) Defined as having shopped in the last 12 months on the website and app, including marketplace.

(2) Defined as number of website and app orders in last 12 months divided by number of active customers.

(3) Defined as the percentage of website and app orders taken to internet sessions.

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

(5) FY22 conversion rate to sale restated due to improved data gathering

## Consolidated income statement

	2023	2022	2023 change on 2022
	£ million	£ million	
Revenue	1,768.7	1,982.8	(11%)
Cost of sales	(873.5)	(941.7)	(7%)
<b>Gross profit</b>	<b>895.2</b>	<b>1,041.1</b>	<b>(14%)</b>
<i>Gross margin</i>	<i>50.6%</i>	<i>52.5%</i>	<i>(190bps)</i>
Distribution costs	(447.9)	(516.5)	
Administrative expenses	(522.0)	(510.1)	
Other income	0.2	0.1	
<b>Operating (loss)/profit</b>	<b>(74.5)</b>	<b>14.6</b>	<b>(610%)</b>
Finance expense (net)	(9.0)	(2.4)	
<b>(Loss)/profit before taxation</b>	<b>(83.5)</b>	<b>12.2</b>	<b>(784%)</b>

Group revenue for the year declined by 11% (13% CER) when compared to the previous year to £1,768.7 million (2022: £1,982.8 million). Gross sales before returns were flat year on year, however, with returns higher than in the pandemic period, net revenues declined.

Operating costs, comprising distribution costs and administrative expenses excluding depreciation and amortisation due to the operational deleverage from a decline in net sales year-on-year, coupled with inflationary cost pressures as a result of the macro-economic backdrop. Marketing and distribution costs have declined as a % of revenue year on year with tighter brand spend and the successful go-live of automation in our Sheffield distribution centre in the second half of the financial year.

The group recognised a total expense of £32.0 million during the year (2022: £26.1 million) relating to equity-settled share-based payment transactions. During the year the 2019 Growth Share Plan (introduced for the CEO in 2019) and the 2020 Management Incentive Plan (introduced in 2020) were cancelled. The charge for the year and the remaining expense on these schemes totalling £15.8m has therefore been recognised in these financial statements in accordance with IFRS 2.

A tax credit of £14.5m has been recognised, which represents an effective rate of tax for the year of 17.4% (2022: 103.3%). This is lower than the tax credit calculated when multiplying the loss before tax at the blended UK statutory rate of tax for the year of 19.0% (2022: 19.0%), due to the revaluation of deferred tax liabilities in line with the increase in corporation tax rates to 25%, expenditure not deductible for tax purposes, being principally depreciation on buildings and fit-out, disallowable legal claims and share-based payment charges on growth shares.



## Consolidated statement of financial position

	2023 £ million	2022 £ million
Intangible assets	131.5	128.5
Property, plant and equipment	371.6	349.2
Right-of-use assets	136.4	49.7
Financial assets	0.3	2.8
Deferred tax asset	23.5	7.5
<b>Non-current assets</b>	<b>663.3</b>	<b>537.7</b>
Working capital	(119.2)	(56.1)
Lease liabilities	(138.6)	(51.9)
Net financial assets/(liabilities)	(16.8)	7.4
Cash and cash equivalents	330.8	101.2
Interest-bearing loans and borrowings	(325.0)	(100.0)
Deferred tax liability	(24.2)	(25.3)
Net current tax asset/(liability)	-	7.8
<b>Net assets</b>	<b>370.3</b>	<b>420.8</b>

There has been a substantial investment in property and distribution centres to facilitate our next phase of growth, funded out of cash resources and partly from the £325m revolving credit facility (which is fully drawn). Balance sheet strength is maintained with £136.1 million of unencumbered freehold assets. Working capital has improved primarily due to tighter inventory levels, with inventory declining 36% year on year at the end of February 2023.

## Intangible and fixed asset additions

	2023 £ million	2022 £ million
<b>Purchased intangible and fixed assets</b>		
<i>Intangible assets</i>		
Trademarks and customer lists	-	-
Software and licenses	32.1	32.0
	<b>32.1</b>	<b>32.0</b>
<i>Tangible fixed assets</i>		
Distribution centres	46.8	120.3
Offices, office equipment, fixtures and fit-outs	12.3	109.0
Motor vehicles	-	0.2
	<b>59.1</b>	<b>229.5</b>
<b>Total intangible and fixed asset additions</b>	<b>91.2</b>	<b>261.5</b>

## Liquidity and financial resources

Operating cash flow was £109.5 million compared to £4.9 million in the previous year and free cash inflow after tax was £24.0 million compared to an outflow of £257.4 million in the previous financial year. Capital expenditure and intangible asset purchases were £90.7 million, which includes a £46.8 million investment in our distribution centres to support future growth. The closing cash balance for the group was £330.8 million and the net cash balance £5.8 million.

### Consolidated cash flow statement

	2023 £ million	2022 £ million
<b>Loss after tax for the year</b>	<b>(69.0)</b>	<b>(0.4)</b>
Share-based payments charge	32.0	26.0
Depreciation charges and amortisation	68.6	53.8
Impairment charges	27.7	-
Finance income	(3.5)	-
Finance expense	12.5	2.4
Tax (credit)/expense	(14.5)	12.6
Decrease/(increase) in inventories	101.3	(134.5)
Decrease/(increase) in trade and other receivables	19.5	(17.8)
Increase/(decrease) in trade and other payables	(65.1)	62.8
<b>Operating cash inflow</b>	<b>109.5</b>	<b>4.9</b>
Capital expenditure and intangible asset purchases	(90.7)	(261.5)
Tax repaid/(paid)	5.2	(0.8)
<b>Free cash in/(out)flow after tax</b>	<b>24.0</b>	<b>(257.4)</b>
Finance income received	2.7	-
Finance expense paid	(10.1)	(1.7)
Lease payments	(12.0)	(10.2)
Increase in borrowings	225.0	100.0
<b>Net cash in/(out)flow</b>	<b>229.6</b>	<b>(169.3)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>101.2</b>	<b>270.5</b>
<b>Cash and cash equivalents at end of year</b>	<b>330.8</b>	<b>101.2</b>

### Trends and factors likely to affect future performance

The global market for online fashion is forecast to continue to grow, which provides a favourable backdrop for the group. Customers throughout the world are seeking a wide choice of quality fashion forward products at value prices, with the convenience of home delivery. The group's target market has a high propensity to spend on fashion and the market has proven to be quite resilient to external macroeconomic factors.

The pandemic has impacted our business and is most significantly seen in the unpredictability of customer demand, the rate of customer returns, the increase in shipping times and the cost of shipping on both inbound and outbound products. Some of these factors, such as the rate of customer returns, have already reverted from the low rates during the pandemic to rates seen before the pandemic. Previous cost increases in relation to inbound freight have moved back towards pre-pandemic levels, with supply chains speeding up, allowing for the group to look to reinforce its USPs and value credentials for its fashion-conscious customers globally.

While trading conditions have remained challenging due to cost inflation, uncertain consumer demand and normalisation of the channel shift online, the group has a strong business model and clear strategy with which it is focussed on executing to unlock market share, which will allow it to build on its existing strengths of:

- Test and repeat sourcing model that allows our brands to utilise our diverse sourcing base with agility and flexibility whilst minimising excess inventory risk
- Attractive brand portfolio that combines the latest trends with outstanding value for consumers
- 17 million unique active customers and over 65 million followers across social media
- A broad target addressable market of up to 500 million potential customers in key global markets
- Well-invested infrastructure that offers best-in-class, efficient logistics and a strong customer proposition with our first international distribution centre now live, with significant capacity for future growth
- Strong balance sheet with significant liquidity headroom; and
- Numerous growth opportunities through our brands' direct-to-consumer proposition, Debenhams and other routes to market, including strategic partnerships with select partners globally

## Outlook and Guidance

For the year ending 28 February 2024 ("FY24"), the group continues to plan for a challenging external environment. The group's focus remains on executing its back to growth strategy through disciplined investments across product, price and proposition. Given the slower volume recovery than previously anticipated and the continued targeting of more profitable sales within our labels, revenues for the year ending 28 February 2024 ("FY24") are now expected to decline by 12% to 17%. Over the medium term the group is targeting continued improvements in profitability building towards a 6% to 8% EBITDA margin through: investing in our product, price and proposition, unlocking input cost deflation, reducing returns, delivering volume growth, leveraging overheads and achieving growth internationally.

## Risk management

The company's ultimate parent undertaking, boohoo group plc manages the liquidity and risks associated with the whole group as disclosed in the financial statements of that company, which are publicly available.

The following are considered to be the principal risks and uncertainties of both the company and the group as at the period ending 28 February 2023

Strategic Risks	
Risk Heading ( <i>Risk Owner</i> ) ( <i>Movement in year</i> )	Risk Factors
	Mitigation
Supply chain ethics <i>Director of Responsible Sourcing &amp; Group Product Operations</i> ( <i>Level</i> )	As a result of complexity inherent within the supply chain there is a risk that inappropriate, unethical or illegal practices go undetected which could lead to investigations from regulatory bodies and may cause reputational damage.
	<ul style="list-style-type: none"> <li>• UK and EMEA (Turkey, Italy, Paris) sourcing and compliance function now in place and plans in place for sourcing and compliance functions in China and Morocco.</li> <li>• Global supply chain published Jan 2022, Aug 2022, Nov 2022 and March 2023.</li> <li>• Bureau Veritas nominated audit partner and auditing programme in place, non-compliance correction process managed through UK ethical compliance team.</li> <li>• UK manufacturing supply chain under-going Fast Forward audit programme.</li> <li>• Responsible Purchasing Practices built by brands and part of brand buying practices. Modern Slavery, Anti-bribery and ethical compliance training programmes and plans in place in all areas of boohoo business.</li> </ul>

	<ul style="list-style-type: none"> <li>During the financial year the Agenda of Change programme came to a close and was successfully transitioned to in-house teams, overseen by the Governance and Ethical Sourcing Committee and Board.</li> </ul>
<b>Competition risk</b> CEO and CFO <b>(Level)</b>	<p>The business operates in a broad and open market, with many competitors. There are many factors that influence customers' choices, including service, fashion, price and brand.</p> <p>As a result of the above factors there is a risk that market share may not grow or could decline.</p> <ul style="list-style-type: none"> <li>Operating a differentiated business model, across brand and geographies insulates against specific brand competitors as a group.</li> <li>Investment in brands, both at an individual level and through acquisition.</li> <li>Competitor activity and offerings are reviewed regularly to remain abreast of market developments and identify competitive advantages.</li> <li>Consumers' changing preferences are monitored internally and by market research to ensure product and service is relevant to demand.</li> <li>Developments in e-commerce trends are monitored to keep abreast of the latest developments and innovations.</li> <li>Performance targets control key deliverables (product quality, customer service and traffic).</li> </ul>
<b>Sustainability – Climate Transition</b> Director of Responsible Sourcing & Group Product Operations <b>(Increased)</b>	<p>As a result of the global transition to a lower carbon economy a number of factors cause risk to our business. These are considered in further detail in our TCFD report, but include:</p> <ul style="list-style-type: none"> <li>Liability risk – The risk of litigation brought by plaintiffs against companies for their liabilities in causing harm from climate change.</li> <li>Market risk – The risk of market disruption, cost of capital and valuation changes as investors prioritize returns from low carbon companies.</li> <li>Policy risk – The risk of legislation enacted by national and local governments to price and penalise GHG emissions</li> <li>Technology risk – The risk of disruptive technology changes in key sectors of the economy responding to changing energy needs</li> <li>Customer risk – The risk of market disruption, changes in consumer preference trends and demand projections</li> </ul> <p>Mitigations are provided in detail with the TCFD report in page 40 of boohoo group plc's annual report.</p>
<b>Sustainability – Climate Physical</b> Director of Responsible Sourcing & Group Product Operations <b>(Level)</b>	<p>As a result of climate change there is a risk of acute perils (such as flood, wind and extreme rainfall) and chronic perils (such as drought, heat stress and water stress). The impact of these is considered in more detail within our TCFD report and include:</p> <ul style="list-style-type: none"> <li>Risks to own facilities</li> <li>Risk to raw material availability and cost</li> <li>Risks to revenue</li> </ul> <p>Mitigations are provided in detail with the TCFD report in page 40 of boohoo group plc's annual report.</p>
<b>Governance</b> General Counsel and Company Secretary <b>(Increased)</b>	<p>As a result of operating in an increasingly regulated and international market there is a risk of not meeting stakeholder / shareholder governance expectations resulting in regulatory or market impacts.</p> <ul style="list-style-type: none"> <li>Increased levels of board oversight have been driven by Agenda for Change and embedded within governance practices.</li> <li>Governance is a constant board agenda item.</li> </ul>

	<ul style="list-style-type: none"> <li>• Strong board including suitable mix of non-executive directors.</li> <li>• Panel of external advisors utilised to provide advice on emerging matters and in overseas territories.</li> <li>• Committee structure established including new standalone governance Committees relating to Supplier Compliance, Treasury, Health and Safety and ESG.</li> <li>• See Corporate Governance section on page 70 of boohoo group plc's annual report for further details.</li> </ul>
<b>Ethos and Culture</b> <i>Chief People Officer</i> <b>(Level)</b>	<p>As a result of business change, developing and implementing new systems, controls and significant acquisitions, there is a risk that culture is impacted, which could lead to a decrease in brand ethos and morale, impacting operations.</p> <ul style="list-style-type: none"> <li>• Board commitment to positive change, increased Senior Leadership presence on the floors of the business and increased communication from Senior Leadership.</li> <li>• Bi-monthly town halls that include a business update at the start of every townhall. Open to each and every employee to dial in or see a recording.</li> <li>• Continued time investment in listening forums including improved exit interview process, new starter focus groups, instant polls and pulse surveys.</li> <li>• Investment in Senior Leadership Development. Talent Development programmes now in place for both Director and Head of level.</li> <li>• Investment in Management capability – launched Learning Lab – behavioural development for all levels of the business – entry level to Senior Manager.</li> <li>• PACCT Organisation Values now weaved through all employee communications.</li> <li>• Enhanced Performance review process that enables personal check-ins with every employee.</li> <li>• D&amp;I Plan developed for the business. D&amp;I Workshops held for the Board and all Senior Leadership (Top 150). D&amp;I Mission Statement created. D&amp;I Family created – internal committee to enable and drive change. Members of DIR and Inclusive Employers, accredited status.</li> <li>• Pride 365 recognition and accreditation.</li> <li>• Teambuilding sessions and Away Days.</li> <li>• Enhance data capturing has enabled the development of people metrics for the business with a focus on improving e.g., labour turnover, employee stability etc.</li> <li>• Employee Appreciation. A calendar of events to recognise and acknowledge our colleague's commitment and hard work in the business.</li> </ul>
<b>Regulatory Compliance</b> <i>General Counsel and Company Secretary</i> <b>(Increased)</b>	<p>As a result of operating in many international markets and variations in local regulation in those different markets there is a risk of non-compliance risks.</p> <p>As a result of complex data privacy regulations and continuous increase in threats to data, there is a risk of a regulatory breach which could lead to regulatory investigation and financial penalties.</p> <p>As a result of emerging regulations there is a risk that additional compliance costs are incurred in the future.</p> <p>As a result of increased regulation on buy-now-pay-later businesses there is a risk of increased customer friction in this settlement method.</p> <p>As a result of global pricing and promotion regulation and compliance activities there is a risk of increased regulatory focus on the groups promotional strategy.</p>

	<ul style="list-style-type: none"> <li>• Comprehensive and refreshed training of colleagues on the importance of GDPR and data security.</li> <li>• Advice sought and acted upon from experts in Data Privacy to provide guidance on mitigating the risk to the group – with regular updates on progress presented to the Executive Risk Group, Risk Committee and Board.</li> <li>• Privacy policies and procedures reviewed and updated regularly.</li> <li>• Understanding and compliance with legislation and regulatory guidance including in developing areas such as those relating to green claims in the UK, EU and US.</li> <li>• Impact reduced by skilled legal team in house and utilising specific expert advice from external lawyers in territories concerned</li> <li>• Corporate Affairs team in place which monitors emerging regulations to ensure the business is best placed for any new compliance requirements.</li> </ul>
<b>Taxation and duties</b> CFO (Increased)	<p>Governments may impose additional corporation taxes on online businesses.</p> <p>Governments are increasingly reducing duty and tax-free thresholds on imports and imposing tax collection responsibility on sellers, thereby increasing prices to consumers.</p> <p>As a result of increased political and trade tension product sourced from China for sale in the US may be subject to increased duties.</p> <ul style="list-style-type: none"> <li>• Impact of potential future corporation tax rates is considered in future plans.</li> <li>• Sales taxes are already imposed in all major markets and the group believes that its products will remain competitive due to its online proposition and with customs warehousing, the impact of duty costs can be minimised.</li> <li>• The group's agile sourcing model allows it to shift production to quickly take advantage of favourable duty rates.</li> </ul>
<b>Supply Chain Costs</b> CEO & CFO (Decreased)	<p>Freight costs and delays have broadly returned to pre-covid levels and as such this risk has changed year on year.</p> <p>As a result of increased passenger aircraft flying and therefore capacity for air shipments increasing the group has been able to move back towards air freight for key territories, resulting in reduced lead times.</p> <ul style="list-style-type: none"> <li>• Dedicated sourcing team and inbound team which looks to identify market opportunities for keeping costs down.</li> <li>• Differentiated supply chain mechanisms so as to not be wholly reliant on one form of transport.</li> <li>• Procurement team focused on ensuring cost benefits from falling freight prices are realised.</li> <li>• Approximately 20% of products are sourced from the UK which limits macro exposure.</li> <li>• Work ongoing to establish US Distribution centre to improve market offering in US, including US sourcing opportunities to keep lead times low.</li> </ul>

Operational risks	
Risk Heading	
	Mitigation
IT and Cyber Security	There is a risk of a cyber-attack which could lead to application, system and operational downtime, which may impact trading and operations across the group.

<b>CTO</b> <i>(Level)</i>	<ul style="list-style-type: none"> <li>• Board engagement in cyber risks, mitigations and plans. Regular updates at Executive Risk Group and Risk Committee.</li> <li>• Perimeter security regularly updated and tested</li> <li>• Industry leading tooling to prevent and detect attacks</li> <li>• 24/7 security operations centre.</li> <li>• Continued and expanding investment in IT tools and security teams</li> <li>• Investment in replacing the Enterprise Resource Planning (ERP) system and connective infrastructure.</li> <li>• Training of both technical and non-technical teams regarding cyber security</li> <li>• Prioritisation of IT and security controls within the group's controls standardisation and attestation programme.</li> </ul>
<b>Change</b> <b>CTO</b> <i>(Increased)</i>	<p>As a result of a high number of critical projects running in parallel, including the new US distribution centre, there is a risk that delivery is not completed in line with proposed timelines and business as usual activities are not appropriately established, thereby not meeting the expectations of both internal and external stakeholders, which could lead to reputational damage.</p> <ul style="list-style-type: none"> <li>• Growth of projects capability including head of delivery &amp; project function, business analysts and project managers.</li> <li>• The Change Advisory Board (CAB) consisting of senior leadership and executive directors, ensures that approvals are obtained in advance of changes being implemented.</li> <li>• Established project methodology including the right level of governance for each project.</li> <li>• Resourcing managed and reviewed to ensure key projects are prioritised.</li> <li>• Material projects go through full Boohoo risk management methodology.</li> </ul>
<b>Third Parties</b> <b>CFO &amp; CTO</b> <i>(Level)</i>	<p>As a result of reliance placed on third parties, there is a risk that key third parties are not performing in line with expectations, which could lead to operational and technological disruption.</p> <ul style="list-style-type: none"> <li>• A defined supplier framework and governance structure, which outlines the relationship owners.</li> <li>• Supplier security assessments are conducted.</li> <li>• Diversification of the service providers where appropriate to spread risk.</li> <li>• Technology suppliers managed through regular cadence of meetings.</li> </ul>
<b>Business Continuity / Disaster Recovery</b> <b>CFO / CTO/ Supply Chain Director</b> <i>(Level)</i>	<p>As a result of an unplanned business continuity incident/event there is a risk that warehouses and key operations facilities are required to close, which could lead to reduced productivity and operations across the group.</p> <p>As a result of a critical IT failure, when enforcement of disaster recovery is required, there is a risk that key recovery objectives are not met, which could lead to data or financial loss.</p> <ul style="list-style-type: none"> <li>• Warehouses are protected by 24-hour security, access control, fire protection and sprinkler systems.</li> <li>• Head office is protected by security alarm, access control, fire protection and sprinkler systems.</li> <li>• Electric power continuity is protected by back-up generators</li> <li>• Consideration has been given to location diversification, resulting in more options to move sites in the event that a BCP incident occurs at one site.</li> <li>• Business Continuity Plans are in place for all sites.</li> <li>• ITDR covers critical applications and 3rd party contracts with appropriate SLAs.</li> <li>• Investment on monitoring and alerting, governance, change management.</li> </ul>

	<ul style="list-style-type: none"> <li>Technology colleagues can work 24/7 as apt from anywhere.</li> </ul>
<b>People risk</b> <i>Chief People Officer</i> <b>(Level)</b>	<p>Competitors are inclined to poach key staff and talented individuals.</p> <p>Employees may leave the company for better pay and prospects elsewhere.</p> <p>Macro-environmental changes resulting in increased staff turnover across industries.</p> <p>As a result of these risk factors there is a risk that the group's ability to recruit and retain staff affects its ability to operate as a market leader.</p> <ul style="list-style-type: none"> <li>A new careers website and Employee Value Proposition developed to showcase the world of boohoo.</li> <li>Invested in Global Grading Framework.</li> <li>A new rewards platform that will provide a one stop shop for all things reward.</li> <li>Evolvement of our employee share scheme incentive schemes. Improved communication practices of said scheme.</li> <li>Investment in enhanced employee benefits – cycle to work, season ticket loans, life assurance etc.</li> <li>Best of boohoo – recognition and long service awards introduced</li> <li>Listening groups – learning from feedback and taking action on feedback.</li> <li>Improved People process – evolved policies, interview frameworks, new performance review process and talent mapping.</li> <li>Enhanced social media presence – Insta; LinkedIn showcasing our people proposition.</li> </ul>
<b>Product risk</b> <i>Director of Responsible Sourcing &amp; Group Product Operations</i> <b>(Increased)</b>	<p>As a result of ethical and health and safety regulations in relation to products, there is a risk of product liability costs, shipping delays and potential legal implications. This risk increases as bulk shipments to the US commence due to the introduction of the US distribution centre.</p> <p>As a result of product quality issues there is a risk of a decline in customer satisfaction.</p> <ul style="list-style-type: none"> <li>boohoo product performance lab opened.</li> <li>Programme to test suppliers' products and educate suppliers and buying teams on product compliance in place.</li> <li>Product performance manuals in place, continuous training seminars underway on categories like cosmetics, kids, footwear with buyers and suppliers.</li> <li>All brands now operating on a 2.5 AQL (Acceptable Quality Level).</li> <li>Product compliance and quality checks in place within the UK distribution centres.</li> <li>Product compliance and quality checks have commenced in Turkey, and due to begin in Italy and Morocco and plans in place to roll out in the other international sourcing origins. This increases the efficiency and effectiveness of the check, by bring them closer to product origin.</li> </ul>

<b>Financial risks</b>	
<b>Financial risk</b> <i>CFO</i> <b>(Increased)</b>	<p>As a result of macro-economic conditions there is a risk of exchange rate and interest rate fluctuations that may impact margins.</p> <ul style="list-style-type: none"> <li>Treasury policies are in place to manage both interest rate and exchange rate volatility</li> <li>The Treasury Committee oversees treasury matters and adherence to the treasury policies.</li> <li>Regular budgeting and forecasting ensure working capital is sufficient for business requirements and rapid reaction to adverse business performance</li> </ul>



	<ul style="list-style-type: none"><li>• Uncertainty due to fluctuating exchange rates is reduced by appropriate <i>forward looking hedging policies</i></li><li>• Uncertainty due to fluctuating interest rates is managed through monitoring and management of the net interest rate</li><li>• Investment in expertise within the in-house Treasury function</li></ul>
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### Carbon reporting

We are aware of the reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, we will continue to calculate and publish our energy and carbon reporting transparently to our stakeholders in line with these guidelines. We have calculated our emissions across all three scopes for every calendar reporting year from 2019 onwards and have made the results publicly available.

Full details of these disclosures can be found in the boohoo group plc Annual Report and Accounts on pages 40 to 65. The boohoo group plc annual report and financial statements are publicly available and can be found at [www.boohooplc.com](http://www.boohooplc.com).

On behalf of the board



**Shaun McCabe**

Director

24 November 2023

## Directors' report

The directors present their directors' report and the audited financial statements for the year ended 28 February 2023.

### Principal activities

The principal activity of the company is that of a holding company. The principal activity of its subsidiary undertakings is that of online clothing retailers.

### Results and dividends

Group loss after tax for the year to 28 February 2023 was £69.0 million (2022: £0.4 million loss). The audited financial statements for the year for the group and company are set out on pages 25 to 80.

The directors do not recommend the payment of a dividend (2022: no dividend) so that cash is retained in the group for capital expenditure projects that are required for the rapid growth and efficiency improvements of the business and for suitable business acquisitions and capital expenditure.

### Directors

The directors who held office during the year and up to the date of signing these financial statements were as follows:

Mahmud Kamani

Carol Kane

John Lyttle

Shaun McCabe (appointed 3 October 2022)

Neil Catto (resigned 31 March 2023)

The company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against the directors. The company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of section 234 of the Companies Act 2006 and was in place during the year and up to the date of approval of the financial statements.

### Corporate governance

For the year ended 28 February 2023 boohoo group plc, of which the company is a member, has adopted the 2018 Quoted Companies Alliance Corporate Governance Code ("QCA Code"). Further details of the group's approach to corporate governance can be found at [www.boohooplc.com](http://www.boohooplc.com) and on pages 70-85 of the group's annual report, which does not form part of this report.

### Assessment of prospects and viability

The group's business activities together with the factors that are likely to affect the future development, performance, position and risks of the group are set out in the review of the business on pages 4 to 17. The directors considered the prospects of the group through an analysis of the markets for the group's product offering online in the UK and overseas and concluded that potential growth rates remain strong as the markets continue to develop as more customers become comfortable with online shopping. This provides great opportunities for future expansion. There is a diverse supply chain with no key dependencies, enabling sourcing to be dynamic. Major expense categories relate to carriage and marketing services, which are widely diversified amongst suppliers. The business model affords a great deal of flexibility in responding to demand and economic changes: the wide range of products and relatively low buy quantities reduce inventory risk; a large customer base across many countries reduces specific economic and fashion dependencies; retail customers pay at the time of order with a small risk of default; and the high marketing expenditure is very controllable over a short time period.

The group operates a regular budgeting, forecasting and long-range planning cycle, which is integrated with strategic plans and objectives. This planning cycle, in which the board is substantively involved, ensures, as far as is possible, that the profitability, cash flow and capital requirements of the business are sufficient to ensure its ongoing viability. Annual budgets, against which performance is compared, are prepared in advance of the next

financial year. A cadence of weekly, monthly and quarterly forecasts is operated to monitor, control and report on performance in the current financial year. These forecasts form the basis upon which the board satisfies its requirements to update stakeholders with relevant financial performance and prospects. Twice a year, five-year financial plans are prepared to assess the medium and longer-term prospects of the group and its finance requirements, based on its strategic plans.

The directors have reviewed the group's profitability in the five-year plans, the annual budgets and medium-term forecasts, including assumptions concerning capital expenditure and expenditure commitments and their impact on cash flow. The directors consider that a five-year plan is the appropriate period to project financial plans with a reasonable level of certainty in line with their current strategic objectives.

A sensitivity analysis was performed on the five-year plan in which revenue was assumed to grow at 10% less than the most reasonable base case. The results of this test showed that the facilities and cash generation were sufficient for the group to continue trading with a comfortable margin of error.

Based on their assessment of prospects and viability, the directors confirm that they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due in the five-year period ending February 2028.

#### Going concern

Having considered the prospects and viability as detailed above, the directors considered it appropriate to prepare the financial statements on the going concern basis, as explained in the basis of preparation in note 1 to the financial statements.

#### Financial risk management

Financial risk management is detailed in note 25 to the consolidated financial statements.

#### Engagement with stakeholders – employees, suppliers and customers and community and environment

The board has responsibilities to promote the success of the company under section 172 of the Companies Act 2006, as modified by the Companies (Miscellaneous Reporting) Regulations 2018.

Below we have mapped out our key stakeholder groups, the material issues that they have raised throughout the year and how the board has responded.

Full details of these policies can be found in the boohoo group plc Annual Report and Accounts on pages 66 to 69. The boohoo group plc annual report and financial statements are publicly available and can be found at [www.boohooplc.com](http://www.boohooplc.com).

Stakeholders	What are their priorities	How boohoo engages	How the board engages
Employees	<ul style="list-style-type: none"> <li>A fair and inclusive workplace and culture</li> <li>Opportunities for career growth and development</li> <li>Fair pay and reward</li> <li>A strong culture in the workplace which fosters good wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>We have introduced two leadership programmes for selected senior directors and managers, in conjunction with external training suppliers, as well as a learning lab for our general employee base.</li> <li>Continued to run townhalls with our employees, to cascade the group's strategy and improve communication across the employee base.</li> <li>We have introduced a new salary grading structure to ensure</li> </ul>	<ul style="list-style-type: none"> <li>John Lyttle and Shaun McCabe attended a townhall with employees to discuss the group's strategy for the forthcoming year.</li> <li>The Board regularly input on remuneration policy and share incentive proposals, which this year included the introduction of a new growth plan to</li> </ul>

		<p>greater transparency and understanding of career development.</p> <ul style="list-style-type: none"> <li>• We have launched a new reward platform, Beyond, which gives our employees benefit options tailored to their lifestyle.</li> <li>• Our people team arrange "listening sessions" with employee groups to discuss topics which are important to them. Previous topics have included supporting mental health at work, personal development and financial wellbeing.</li> </ul>	<p>incentivise certain senior management.</p> <ul style="list-style-type: none"> <li>• The Board received a session from our external training provider, PDT Global, on diversity and inclusion which was also rolled out to senior management.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Fair payment and treatment</li> <li>• A transparent and ethically compliant supply chain</li> <li>• Sustainable sourcing</li> <li>• Future business growth and long-term collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• We have partnered with Reconomy and Yellow Octopus to support our suppliers in upcycling textile waste and diverting it from landfill.</li> <li>• Our teams provided lots of training seminars for suppliers to provide training on product performance and safety as well as sourcing and ethical compliance.</li> <li>• Our product compliance team developed and issued testing manuals consolidating the group's way of working with suppliers.</li> <li>• The group opened an internal product performance lab to test products in order to educate brand teams and suppliers in product testing and performance.</li> <li>• Continuing to review new regions for on-boarding new suppliers, with a particular focus on.</li> <li>• Co-funded over 150 NVQ worker qualifications in Leicester with KTL Ltd.</li> <li>• We continue to work with our suppliers to improve working conditions through our global ethical auditing programme.</li> </ul>	<ul style="list-style-type: none"> <li>• The board held one of its meetings in Turkey where it engaged with suppliers to the group.</li> <li>• John Lyttle attends bi-weekly meetings to discuss the group's supply chain compliance matters.</li> <li>• The board regularly receives updates on supply chain matters and discusses ways to drive long-term value and relationships with suppliers.</li> </ul>

Customers	<ul style="list-style-type: none"> <li>• Good quality product</li> <li>• Affordable and available on-trend fashion</li> <li>• Sustainable options</li> <li>• Good customer end to end experience</li> </ul>	<ul style="list-style-type: none"> <li>• Continued use of customer feedback to formulate product development and improve customer journeys.</li> <li>• There has been considerable growth of the number of concessions on the Debenhams marketplace, giving more availability to customers.</li> <li>• The group continues to hold 'Voice of the Customer' sessions, across multiple stakeholder groups including supply chain, product and finance.</li> <li>• The group held a number of events and competitions aimed at existing and potential new customers.</li> <li>• Partnered with Kourtney Kardashian in a new range of more sustainable and affordable clothing range.</li> <li>• We run customer focus groups, inviting our customers into the business to share their opinions on topics as diverse as sustainability, social media and suiting among others.</li> </ul>	<ul style="list-style-type: none"> <li>• The board regularly receives updates on consumer engagement and discusses ways in which it could be improved.</li> <li>• The board have been instrumental in the process to opening our Atlantic distribution centre, which aims to service consumers the US, Canada and the surrounding area.</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Our charitable contributions</li> <li>• Fair payment and treatment</li> <li>• A transparent and ethically compliant supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Following the group's donation of £1m, the Garment and Textile Workers' Trust (GTWT) published research identifying the needs of garment workers in Leicester and made the first grants to support garment workers in Leicester in April 2023</li> <li>• Launched a group community programme, Be You. The programme is broken into three pillars, show your colours, find your place and charitable giving. We have launched our first schools outreach programme and agreed new partnerships with multiple charities and community organisations.</li> </ul>	<ul style="list-style-type: none"> <li>• The board regularly receives updates from the Group's ESG Committee and inputs into the group's ESG strategy.</li> <li>• We have incorporated ESG targets into executive remuneration awards and incentive plans.</li> </ul>

Shareholders	<ul style="list-style-type: none"> <li>• Transparent reporting and communication</li> <li>• Effective management of financial and ESG risks</li> <li>• Strong leadership and clear strategy</li> </ul>	<ul style="list-style-type: none"> <li>• The management team conducted investor roadshows in May and October coinciding with publication of the group's annual and half year results.</li> </ul>	<ul style="list-style-type: none"> <li>• The board reviewed shareholder feedback following publication of results and ongoing regular Investor Relations feedback from investors on key topics.</li> <li>• The board undertook a consultation with shareholders in respect of executive remuneration for FY2023.</li> <li>• The board undertook a consultation with its key investors with regard to its new growth share plan.</li> <li>• The board published the 2022 Sustainability Report, charting the progress against the Group's sustainability strategy.</li> </ul>
Planet	<ul style="list-style-type: none"> <li>• Use of sustainable practices</li> <li>• Impacts of our products on the environment</li> </ul>	<ul style="list-style-type: none"> <li>• Launch of the PLT Marketplace enabling individuals and small business to re-sell products.</li> <li>• We continue to invest into the Cotton Connect programme and have expanded investment into another country, in collaboration with other UK based retailers. The programme also ties in with our Be You community programme by educating farm workers about the benefits of more sustainable cotton production and good business practice.</li> <li>• Continued engagement with Textiles 2030, microfibre consortium and sustainable apparel coalition.</li> <li>• We constituted a voluntary employee "Sustainable Champions" programme where</li> </ul>	<ul style="list-style-type: none"> <li>• The Board regularly receives updates from the Group's ESG Committee and inputs into the group's ESG strategy.</li> <li>• We have incorporated ESG targets into executive remuneration awards and incentive plans.</li> </ul>

		employees work together to improve sustainable workplace practices.	
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## Health and safety

The company is committed to providing a safe place of work for employees. Company policies are reviewed on a regular basis to ensure that policies regarding training, risk assessment, safe working and accident management are appropriate. There are designated officers responsible for health and safety and issues are reported at each board and executive meeting.

## Greenhouse gas emissions

The company recognises that its global operations have an environmental impact and we have a responsibility to understand, manage and minimise such impacts. That is why we have chosen to set our goal aligned with science-based targets and reduce our carbon emissions year-on-year in line with the Paris Agreement.

We are also aware of the UK reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year we have enhanced our energy and carbon reporting to meet these new requirements and to increase the transparency with which we communicate our environmental impact to our stakeholders. Full details of these policies can be found in the boohoo group plc Annual Report and Accounts on pages 40 to 65.

## Matters covered elsewhere in the annual report

Information on the company's business review, financial review, financial performance and position, key performance indicators, financial risk management, principal risks and uncertainties and future outlook are included in the strategic report on page 4.

## Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

## Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.


#### **Statement on disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Independent auditors**

The auditors, PKF Littlejohn LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

On behalf of the board



**Shaun McCabe**  
*Director*

24 November 2023



## ***Independent auditors' report to the members of boohoo Holdings Limited***

### **Opinion**

We have audited the group financial statements of boohoo Holdings Limited (the 'group') for the year ended 28 February 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 28 February 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included obtaining directors' assessment of going concern and associated budgets for a minimum period of 12 months from the date of approval of the financial statements. We have reviewed the key inputs to the forecast financial information for reasonableness, checked the mathematical accuracy of management's going concern model, compared to historic financial information, assessed whether all relevant information and forecast expenditures noted from reviews of other financial information, were included in the forecasts, challenged management over the key underlying assumptions and stress-tested where appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the group financial statements are prepared is consistent with the group financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and the internal legal team. We also selected a specific audit team with experience of auditing entities within this industry, facing similar audit and business risks.
- We determined the principal laws and regulations relevant to the group in this regard to be those arising from:
  - Companies Act 2006;
  - UK employment law;
  - Local tax laws and regulations;
  - Competition law; and

- Commercial law and consumer protection legislation in relevant jurisdictions where the group operates.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to:
  - Making enquiries of management;
  - A review of board minutes;
  - A review of legal ledger accounts;
  - A review of RNS announcements of boohoo group plc;
  - Discussions with internal legal personnel, and liaising with external legal consultants;
  - Discussions with internal audit personnel and review of key reports issued to the Audit Committee;
  - Review of internal and external reports on key practices, including supply chain and payroll reviews; and
  - Discussions with management and the Audit Committee including consideration of known or suspected instances of non-compliance with laws and regulations or fraud.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that a potential management bias was identified in relation to the valuation of inventory provisioning, provision for returns, legal provisions, impairment of intangible, and valuation of share-based payments. We addressed the risk of bias by challenging the key assumptions and judgements made by management in this area.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Joseph Archer (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

24 November 2023

## Consolidated statement of comprehensive income

for the year ended 28 February 2023

	Note	2023 £ million	2022 £ million
Revenue	2	1,768.7	1,982.8
Cost of sales		(873.5)	(941.7)
<b>Gross profit</b>		<b>895.2</b>	<b>1,041.1</b>
Distribution costs		(447.9)	(516.5)
Administrative expenses		(522.0)	(510.1)
Other income	3	0.2	0.1
<b>Operating (loss) / profit</b>		<b>(74.5)</b>	<b>14.6</b>
Finance income	4	3.5	-
Finance costs	4	(12.5)	(2.4)
Finance costs – net	4	(9.0)	(2.4)
<b>(Loss) / profit before taxation</b>	6	<b>(83.5)</b>	<b>12.2</b>
Taxation	9	14.5	(12.6)
<b>Loss for the financial year</b>		<b>(69.0)</b>	<b>(0.4)</b>
<b>Total other comprehensive (loss)/income for the year</b>			
Loss/(gain) on cash flow hedges reclassified to profit or loss during the year		16.2	(14.8)
Fair value loss on cash flow hedges during the year <sup>(1)</sup>		(28.7)	(0.7)
Income tax relating to these items		2.4	2.9
<b>Total comprehensive loss for the year</b>		<b>(79.1)</b>	<b>(13.0)</b>

1. Net fair value gains on cash flow hedges will be reclassified to profit or loss during the three years to 28 February 2026.

All activities relate to continuing operations.

The notes 1 to 29 on pages 32 to 63 are an integral part of these financial statements.

**Consolidated statement of financial position**  
**at 28 February 2023**

	Note	2023 £ million	2022 £ million
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	131.5	128.5
Property, plant and equipment	11	371.6	349.2
Right-of-use assets	12	136.4	49.7
Financial assets	25	0.3	2.8
Deferred tax	14	23.5	7.5
		<b>663.3</b>	<b>537.7</b>
<b>Current assets</b>			
Inventories	15	178.1	279.4
Trade and other receivables	16	36.9	58.0
Financial assets	25	1.1	14.2
Current tax asset		-	7.8
Cash and cash equivalents	17	330.8	101.2
<b>Total current assets</b>		<b>546.9</b>	<b>460.6</b>
<b>Total assets</b>		<b>1,210.2</b>	<b>998.3</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	(274.5)	(340.0)
Provisions	19	(49.7)	(53.5)
Interest-bearing loans and borrowings	20	-	(100.0)
Lease liabilities	21	(12.1)	(7.9)
Financial liabilities	25	(15.7)	(3.7)
<b>Total current liabilities</b>		<b>(352.0)</b>	<b>(505.1)</b>
<b>Non-current liabilities</b>			
Provisions	19	(10.0)	-
Interest-bearing loans and borrowings	20	(325.0)	-
Lease liabilities	21	(126.5)	(44.0)
Financial liabilities	25	(2.2)	(3.1)
Deferred tax	14	(24.2)	(25.3)
<b>Total liabilities</b>		<b>(839.9)</b>	<b>(577.5)</b>
<b>Net assets</b>		<b>370.3</b>	<b>420.8</b>
<b>Equity</b>			
Share capital	22	-	-
Share premium		-	-
Hedging reserve		(2.3)	10.2
Other reserves	23	(191.6)	(190.6)
Retained earnings		564.2	601.2
<b>Total equity</b>		<b>370.3</b>	<b>420.8</b>

Notes 1 to 29 form part of these financial statements.

These financial statements of boohoo group plc, registered number 114397, on pages 28 to 63 were approved by the board of directors on 24 November 2023 and were signed on its behalf by:



**Shaun McCabe**  
Director

## Consolidated statement of changes in equity

	Share capital £ million	Share premium £ million	Hedging reserve £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 28 February 2021	-	-	25.7	(190.3)	577.7	413.1
Loss for the year	-	-	-	-	(0.4)	(0.4)
<i>Other comprehensive income/(expense):</i>						
Gain reclassified to profit or loss	-	-	(14.8)	-	-	(14.8)
Fair value loss on cash flow hedges during the year	-	-	(0.7)	-	-	(0.7)
Total comprehensive income for the year	-	-	(15.5)	-	(0.4)	(15.9)
Issue of shares	-	-	-	-	-	-
Share-based payments credit	-	-	-	-	26.0	26.0
Excess taxation on share-based payments	-	-	-	-	(2.1)	(2.1)
Translation of foreign operations	-	-	-	(0.3)	-	(0.3)
Balance at 28 February 2022	-	-	10.2	(190.6)	601.2	420.8
Loss for the year	-	-	-	-	(69.0)	(69.0)
<i>Other comprehensive income/(expense):</i>						
Loss reclassified to profit or loss	-	-	16.2	-	-	16.2
Fair value loss on cash flow hedges during the year	-	-	(28.7)	-	-	(28.7)
Total comprehensive income for the year	-	-	(12.5)	-	(69.0)	(81.5)
Issue of shares	-	-	-	-	-	-
Share-based payments credit	-	-	-	-	32.0	32.0
Translation of foreign operations	-	-	-	(1.0)	-	(1.0)
<b>Balance at 28 February 2023</b>	-	-	<b>(2.3)</b>	<b>(191.6)</b>	<b>564.2</b>	<b>370.3</b>

Notes 1 to 29 form part of these financial statements.

**Consolidated cash flow statement**  
*for the year ended 28 February 2023*

	<i>Note</i>	<b>2023</b> <b>£ million</b>	<b>2022</b> <b>£ million</b>
<b>Cash flows from operating activities</b>			
Loss for the year		<b>(69.0)</b>	(0.4)
<i>Adjustments for:</i>			
Share-based payments charge		<b>32.0</b>	26.0
Depreciation charges and amortisation		<b>82.0</b>	53.8
Impairment of financial assets		<b>14.3</b>	-
Finance income		<b>(3.5)</b>	-
Finance expense		<b>12.5</b>	2.4
Tax (credit)/expense		<b>(14.5)</b>	12.6
		<b>53.8</b>	94.4
Decrease/(increase) in inventories	15	<b>101.3</b>	(134.5)
Decrease/(increase) in trade and other receivables	16	<b>19.5</b>	(17.8)
(Decrease)/increase in trade and other payables	18	<b>(65.1)</b>	62.8
Cash generated from operations		<b>109.5</b>	4.9
Tax repaid/(paid)		<b>5.2</b>	(0.8)
<b>Net cash generated from operating activities</b>		<b>114.7</b>	4.1
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	10	<b>(32.1)</b>	(32.0)
Acquisition of property, plant and equipment	11	<b>(58.6)</b>	(229.5)
Finance income received		<b>2.2</b>	-
<b>Net cash used in investing activities</b>		<b>(88.5)</b>	(261.5)
<b>Cash flows from financing activities</b>			
Finance expense paid		<b>(9.6)</b>	(1.7)
Lease payments		<b>(12.0)</b>	(10.2)
Increase in borrowings	20	<b>225.0</b>	100.0
<b>Net cash generated from financing activities</b>		<b>203.4</b>	88.1
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>229.6</b>	(169.3)
Cash and cash equivalents at beginning of year		<b>101.2</b>	270.5
<b>Cash and cash equivalents at end of year</b>		<b>330.8</b>	101.2

Notes 1 to 29 form part of these financial statements.

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

### 1 Accounting policies

#### General information

These consolidated financial statements pertain to boohoo Holdings Limited and its subsidiaries (the “group”). The group operates as a multi-brand online retailer, based in the UK.

boohoo Holdings Limited is incorporated and domiciled in England, registered number 11941376 and is a private company limited by shares. Its registered office is 49-51 Dale Street, Manchester, M1 2HF. It was incorporated on 11 April 2019.

The subsidiaries consolidated in these accounts are detailed in note 13.

Under section 479C of the Companies Act 2006, boohoo Holdings Limited has given a parental guarantee to the following subsidiaries for the year ended 28 February 2023:

Name of company	Principal activity	Country of incorporation	Address	Percentage ownership
<b>Direct investment</b>				
boohoo.com UK Limited	Trading	UK	49–51 Dale St, Manchester	100%
Boohoo Property Holdings 2 Limited	Property	UK	49–51 Dale St, Manchester	100%
Burton Online Limited	Trading	UK	49–51 Dale St, Manchester	100%
CoastLondon.com Limited	Trading	UK	49–51 Dale St, Manchester	100%
Debenhams.com Online Limited	Trading	UK	49–51 Dale St, Manchester	100%
Dorothy Perkins Online Limited	Trading	UK	49–51 Dale St, Manchester	100%
Karenmillen.com Limited	Trading	UK	49–51 Dale St, Manchester	100%
MissPap UK Limited	Trading	UK	49–51 Dale St, Manchester	100%
NastyGal.com Limited	Trading	UK	49–51 Dale St, Manchester	100%
Oasis Fashions Online Limited	Trading	UK	49–51 Dale St, Manchester	100%
PrettyLittleThing.com Limited	Trading	UK	Wellington Mill, Pollard Street East, Manchester	100%
Wallis Online Limited	Trading	UK	49–51 Dale St, Manchester	100%
Warehouse Fashions Online Limited	Trading	UK	49–51 Dale St, Manchester	100%

Under this parental guarantee boohoo Holdings Limited guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full. Furthermore boohoo Holdings Limited affirms that the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

Under section 479A of the Companies Act 2006 the subsidiaries listed above are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts for the financial year ending 28 February 2023.

The ultimate parent undertaking of the group is boohoo group plc, which 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.

#### Basis of preparation

The consolidated financial statements of the group have been approved by the directors and prepared on a going concern basis in accordance with UK-adopted international accounting standards and the Companies Act 2006.

The financial statements have been approved on the assumption that the group and company remain a going concern as explained on page 18 of the directors’ report. The group has cash resources and credit facilities sufficient to continue solvent trading in the face of an unforeseen downturn in demand.



### **New and amended statements adopted by the group**

The following new standards and amendments to standards have been adopted by the group for the first time during the year commencing 1 March 2022.

- Amendments to IFRS 3: Business Combinations
- Amendments to IAS 16: Property, Plant and Equipment
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

### **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group.**

The following standards have been published for accounting periods beginning after 1 March 2023 but have not been adopted by the UK and have not been early adopted by the group and could have an impact on the group financial statements.

- Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

### **Measurement convention**

The consolidated financial statements have been prepared under the historical cost convention, excluding financial assets and financial liabilities (including derivative instruments) held at either fair value through profit or loss or fair value through other comprehensive income, and excluding assets and liabilities acquired through acquisitions and held at fair value. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **Basis of consolidation**

The group financial statements consolidate those of its subsidiaries. All intercompany transactions between group companies are eliminated.

Subsidiaries are entities controlled by the group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In assessing control, the group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. Subsidiary undertakings acquired during the year are accounted for using the acquisition method of accounting. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The cost of the acquisition is the aggregate of the fair values of the assets and liabilities and equity instruments issued on the acquisition date. The excess of the cost of acquisition over the group's share of the fair values of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the assets, the difference is recognised directly in the statement of comprehensive income.

### **Business combinations**

The group uses the acquisition method of accounting for business combinations of entities not under common control. Separable identifiable assets and liabilities are measured initially at their fair values on the acquisition date. Any non-controlling interest is measured at either fair value or at the non-controlling interest's share of the acquiree's net assets. Acquisition costs are expensed as incurred. The excess of any consideration paid over the fair value of the net assets is recognised as goodwill and any shortfall of consideration paid against the fair value of net assets is recognised directly in the statement of comprehensive income.

### **Intangible assets**

Trademark and licences are stated at cost less accumulated amortisation and impairment losses and are amortised over their expected lives of ten years and charged to administrative expenses. Customer lists are amortised over expected customer lifetime value of three years. If the cash flows or profits from the use of the assets are negative over the expected useful life, the assets are impaired and charged to administration expenses.

The costs of acquiring or developing software are recorded as intangible assets and stated at cost less accumulated amortisation and impairment losses. The costs include the payroll costs of employees directly associated with the project and other direct external material and service costs. Costs are capitalised only where there is an identifiable project that will bring future economic benefit. Other website development and maintenance costs are expensed in the statement of comprehensive income. Software costs are amortised over three-to-five years based on their estimated useful lives and charged to administrative expenses in the statement of comprehensive income.

### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses and, where assets are acquired through the acquisition of an entity, they are accounted for at fair value. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate property, plant and equipment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of each item of property, plant and equipment is written off evenly over its estimated remaining useful life. Assets under construction are held at cost until they are brought into use, whereupon depreciation is charged. Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, as follows:

Short leasehold alterations	Life of lease or between 3 and 10 years
Fixtures and fittings	Between 3 and 15 years
Computer equipment	3 years
Motor vehicles	Between 3 and 5 years
Land and buildings	Buildings – 50 years. Land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

### **Leases**

The group assesses whether a contract is, or contains, a lease at the inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (less than £0.1 million p.a., which are considered immaterial), which fall out of IFRS 16 scope and are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate. The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is, subsequently, measured by increasing the carrying amount to reflect interest on the lease liability based on the effective interest method, and by reducing the carrying amount to reflect the lease payments made.

### **Right-of-use assets**

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at, or before, the commencement date, and any initial direct costs. They are, subsequently, measured at cost less accumulated depreciation and impairment losses. Where the group has an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset unless those costs are incurred to produce inventories. The right-of-use asset is presented as a separate line in the balance sheet. For subsequent measurement, right-of-use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

### ***Financial instruments***

Financial instruments are recognised at fair value and, subsequently, remeasured at fair value at the end of each reporting date or at amortised cost.

Further details are shown in note 25.

### ***Derivative financial instruments and cash flow hedges***

The group holds derivative financial instruments to hedge its foreign currency exposures. These derivatives, classified as cash flow hedges, are initially recognised at fair value and then re-measured at fair value at the end of each reporting date. Hedging instruments are documented at inception and effectiveness is tested throughout their duration. Changes in the value of cash flow hedges are recognised in other comprehensive income and any ineffective portion is immediately recognised in the income statement. If the firm commitment or forecast transaction, which is the subject of a cash flow hedge, results in the recognition of a non-financial asset or liability, then, at the time the asset is recognised, the associated gains or losses on the derivative that had been previously recognised in other comprehensive income are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in other comprehensive income are recognised in the statement of comprehensive income in the same period in which the hedged item affects net profit.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that hedging relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually uses to hedge that quantity of hedged item.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

Hedge ineffectiveness may occur due to:

- Fluctuation in volume of hedged items caused due to operational changes
- Index basis risk of hedged items vs hedging instrument
- Credit risk as a result of deterioration of credit profile of the counterparties

The effective element of any gain or loss from remeasuring the derivative is recognised directly in other comprehensive income and accumulated in the hedging reserve. Ineffective hedging instruments are rebalanced by adjusting the designated quantities of either the hedged items or the hedging instrument of an existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements. Where rebalancing is not applicable the ineffective element is recognised immediately in the statement of comprehensive income. Hedge accounting is discontinued when the hedging relationship no longer meets the risk management objective, when the hedging instrument is sold or terminated or where there is no longer an economic relationship between the hedged item and the hedging instrument. The cumulative gain or loss in the hedging reserve remains until the forecast transaction occurs or the original hedged item affects the statement of comprehensive income. However, if that amount is a loss, and it is expected that all or a portion of that loss will not be recovered, then the amount that is not expected to be recovered is reclassified immediately into the statement of comprehensive income. If a forecast hedged transaction is no longer expected to occur, the cumulative gain or loss in the hedging reserve, and the cost of the hedging reserve, is also reclassified to the statement of comprehensive income.

In the year ended 28 February 2023, hedge accounting has been discontinued on ineffective cash flow hedge contracts, and a total of £14.3m has been reclassified to the statement of comprehensive income. Hedge ineffectiveness in relation to designated hedges was negligible during the year ended 28 February 2023 and year ended 28 February 2022.

Further details of derivative financial instruments, including fair value measurements, are disclosed in note 25.

#### ***Trade and other receivables***

Trade receivables (including supplier advances) are recognised, initially, at fair value and are, subsequently, measured at amortised cost using the effective interest method, less provision for impairment. Under IFRS 9, the group elected to use the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, and contract assets that result from transactions that are within the scope of IFRS 15, irrespective of whether they contain a significant financing component or not. The group establishes a provision for impairment of trade receivables when there is objective evidence that the group will not be able to collect all amounts due, according to the original terms of the receivables. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy, or financial reorganisation and default in (or delinquency in) payments, are considered indicators that the trade receivable is impaired. In addition, IFRS 9 requires the group to consider forward-looking information and the probability of default when calculating expected credit losses. The measurement of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The group considers reasonable and supportable customer-specific and market information about past events, current conditions and forecasts of future economic conditions when measuring expected credit losses. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows of the asset, discounted, where material, at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

#### ***Trade and other payables***

Trade and other payables are recorded initially at fair value. Subsequent to this, they are measured at amortised cost.

#### ***Provisions***

Provisions are accounted for where there is a liability of uncertain timing or amount, such as legal or constructive obligations, where it is probable that an outflow of cash or other economic resource will be required to settle the provision. Certain provisions that require significant estimates and judgements are discussed in the significant estimates and judgements section below.

#### ***Inventories***

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Where provision requires estimates and judgement, these are discussed in the significant estimates and judgements section below. Inventories are valued on a first in, first out basis. Inventory includes the cost price of estimated returns.

#### ***Cash and cash equivalents***

Cash and cash equivalents, for the purpose of the cash flow statement and the statement of financial position, comprises cash in bank.

#### ***Revenue***

Revenue is attributable to the one principal activity of the business. Revenue represents net invoiced sales of goods, including carriage receipts, and commission income from marketplace sales, excluding value added tax. Revenue from the sale of goods is recognised when the customer has received the products, which is when it is considered that the performance obligations have been met, and is adjusted for actual returns and a provision for expected returns. Internet sales are paid by customers at the time of ordering using a variety of payment methods and the proceeds remitted to the company by payment service providers within a few days. Wholesale sales are paid in accordance with agreed credit terms with business customers. Commission income on the sale of third-party products on marketplace websites is recognised when the order is placed and paid by the customer. A provision for returns, based on historical customer return rates, is deducted from revenue and included in

provisions within trade and other payables. Returns provisions are discussed in the significant estimates and judgements section below.

#### **Rebates**

Retrospective rebates from suppliers are accounted for in the period to which the rebate relates to the extent that it is reasonably certain that the rebate will be received. Early-settlement discounts are taken when payment is made.

#### **Finance costs**

Interest payable is recognised in the statement of comprehensive income as it accrues in respect of the effective interest rate method.

#### **Finance income**

Interest receivable is recognised in the statement of comprehensive income as it is earned.

#### **Pension costs**

The group contributes to Group Personal Pension Schemes for certain employees under a defined contribution scheme. The costs of these contributions are charged to the statement of comprehensive income on an accruals basis as they become payable under the scheme rules.

#### **Share-based payments**

The group issues equity-settled share-based payments in the parent company to certain employees in exchange for services rendered. These awards are measured at fair value on the date of the grant using an option pricing model and expensed in the statement of comprehensive income on a straight-line basis over the vesting period after making an allowance for the number of shares that are estimated will not vest. The level of vesting is reviewed and adjusted annually. Free shares awarded are expensed immediately.

#### **Taxation**

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is provided for on the fair value of intangible assets acquired in subsidiaries.

#### **Foreign currency translation**

The results and cash flows of overseas subsidiaries are translated at the average monthly exchange rates during the period. The statement of financial position of each overseas subsidiary is translated at the year-end rate. The resulting exchange differences are recognised in a translation reserve in equity and are reported in other comprehensive income.

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the year-end rate and exchange differences are recognised in the statement of comprehensive income.

### ***Significant estimates and judgements***

The preparation of financial statements in conformity with UK-adopted international accounting standards as adopted by the UK, 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:

#### ***Returns provision***

The provision for sales returns is estimated based on prior months' historical returns and trends, including seasonal variations, on a country-by-country basis, and is allocated to the period in which the revenue is recorded. This is considered by management as the most appropriate method, which is applied to every set of monthly management accounts and is constantly checked for accuracy and reliability. Actual returns could differ from these estimates. The historic difference between the provision estimate and the actual results, known at a later stage, has never been, nor is expected to be, material. A difference of 1%pt in the percentage of sales returns rate would have an impact of +/- £3.0 million on reported revenue and +/- £1.4 million on operating profit. The choice of a 1%pt change for the determination of sensitivity represents a reasonable, but not extreme, variation in the return rate.

#### ***Claims provision***

Management makes judgements in respect of the likelihood of the realisation of a claim. The provision for claims is then estimated from the settlement amount of similar claims in the relevant jurisdiction, with assistance from legal counsel, or from agreed settlements. Factors taken into account are the degree of loss to the appealing party, the likelihood of success in defence and the possible bases of the amount of the settlement claims. Where there are settlements involving class actions and compensation provided to beneficiaries through vouchers, the redemption rates are based on the rates that have been observed in similar instances.

#### ***Inventory valuation***

Inventory is carried at the lower of cost or net realisable value. Net realisable value is estimated by management on the basis of a number of factors: the historic rate of sell through; the product size fragmentation; the continuing fashionability and likely continuing popularity with reference to fashion and seasonal trends; and the volume of a particular style. The judgement of net realisable value may be different from the future actual value realised, but that difference is not expected ever to be material. A difference of 1%pt in the provision as a percentage of gross inventory would give rise to a difference of +/- £2.0 million in gross margin. The choice of a 1%pt change for the determination of sensitivity represents a reasonable, but not extreme, variation in the provision.

#### ***Intangible assets – impairment testing***

Acquired trademarks and customer list intangible assets are impaired if the projected cash flows over the expected lives are negative. Sensitivity testing is performed on the cash flow calculations to verify that impairment is not required with a reasonable range of downside scenarios. Further details of the sensitivities performed are disclosed in note 10.

#### ***Discontinuation of hedge accounting on ineffective financial instruments***

In the year ended 28 February 2023, hedge accounting has been discontinued on ineffective cash flow hedge contracts and a total of £14.3m has been reclassified to the statement of comprehensive income. Under IFRS 9, an entity must assess hedge effectiveness using a method that captures the relevant characteristics of the hedging relationship. The assessment is only forward looking to be performed at each reporting date or on a significant change in circumstances, whichever comes first. Ineffectiveness was assessed by reference to two-year management cash flow forecasts with ineffectiveness arising due to the acceleration of the opening of the warehousing facility in the USA. As the forecast hedged transactions are a loss, which is not expected to be recovered, the cumulative gain or loss in the hedging reserve has been reclassified to the statement of comprehensive income.

***Recognition of deferred tax assets***

Deferred tax assets are recognised and carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable by reference to five year management forecasts. The carrying amount of deferred tax assets is reviewed at each reporting date by reference to five-year management forecasts and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates and in accordance with laws that are expected to apply in the period/jurisdiction when/where the liability is settled or the asset is realised.

## 2 Segmental analysis

IFRS 8, 'Operating Segments', requires operating segments to be determined based on the group's internal reporting to the chief operating decision maker. The chief operating decision maker is considered to be the executive board, which has determined that the primary segmental reporting format of the group is by geographic region. The group strategy is to increase market share in each territory using the optimum mix of brands that is appropriate for each market, taking into account factors such as consumer preference, established presence and brand appeal.

	Year ended 28 February 2023				Total £ million
	UK £ million	Rest of Europe £ million	USA £ million	Rest of world £ million	
Revenue	1,091.5	206.5	363.7	107.0	1,768.7
Cost of sales	(569.1)	(99.1)	(152.6)	(52.7)	(873.5)
Gross profit	522.4	107.4	211.1	54.3	895.2
Distribution costs	-	-	-	-	(447.9)
Administrative expenses	-	-	-	-	(522.0)
Other income	-	-	-	-	0.2
Operating loss	-	-	-	-	(74.5)
Finance income	-	-	-	-	3.5
Finance expense	-	-	-	-	(12.5)
Loss before tax	-	-	-	-	(83.5)

	Year ended 28 February 2022				Total £ million
	UK £ million	Rest of Europe £ million	USA £ million	Rest of world £ million	
Revenue	1,202.8	219.2	451.6	109.2	1,982.8
Cost of sales	(608.6)	(99.7)	(181.5)	(51.9)	(941.7)
Gross profit	594.2	119.5	270.1	57.3	1,041.1
Distribution costs	-	-	-	-	(516.5)
Administrative expenses	-	-	-	-	(510.1)
Other income	-	-	-	-	0.1
Operating profit	-	-	-	-	14.6
Finance income	-	-	-	-	-
Finance expense	-	-	-	-	(2.4)
Profit before tax	-	-	-	-	12.2

Due to the nature of its activities, the group is not reliant on any individual customers.

No analysis of the assets and liabilities of each operating segment is provided to the chief operating decision maker in the monthly management accounts; therefore, no measure of segmental assets or liabilities is disclosed in this note. Non-current assets located outside the UK comprise a right-of-use asset, warehouse fixtures and fittings and offices in the USA with a net book value of £107.4 million.



### 3 Other income

	2023 £ million	2022 £ million
Property rental income	0.1	0.1
R&D expenditure tax credit	0.1	-
	0.2	0.1

### 4 Finance income and expense

	2023 £ million	2022 £ million
Finance income: Bank interest received	3.5	-
Finance expense: RCF interest paid	(9.6)	(0.8)
Finance expense: IFRS 16 lease interest	(1.7)	(0.8)
Finance expense: RCF arrangement and facility fees	(0.7)	-
Finance expense: Ultimate parent undertaking loan interest	(0.5)	(0.8)
	(12.5)	(2.4)

### 5 Auditors' remuneration

	2023 £ million	2022 £ million
Audit of these financial statements	0.6	0.5
<b><i>Disclosure below based on amounts receivable in respect of services to the group</i></b>		
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	-	-
	0.6	0.5

### 6 Profit before tax

Profit before tax is stated after charging:	2023 £ million	2022 £ million
Short-term operating lease rentals for buildings	0.1	0.6
Equity-settled share-based payment charges	32.0	26.0
Depreciation of property, plant and equipment	26.7	22.0
Impairment of property, plant and equipment	9.8	-
Depreciation of right-of-use assets	12.8	10.0
Impairment of right-of-use assets	3.6	-
Amortisation of intangible assets	16.9	9.0
Amortisation of acquired intangible assets	12.2	12.8

## 7 Staff numbers and costs

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

	Number of employees	
	2023	2022
Administration	2,475	2,462
Distribution	3,715	2,888
	<b>6,190</b>	<b>5,350</b>

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£ million	£ million
Wages and salaries	176.3	174.8
Social security costs	19.0	14.3
Post-employment benefits	4.4	3.8
Equity-settled share-based payment charges	32.0	26.0
	<b>231.7</b>	<b>218.9</b>

## 8 Directors' and key management compensation

	2023	2022
	£ million	£ million
Short-term employee benefits	21.8	25.3
Post-employment benefits	0.3	0.3
Equity-settled share-based payment charges	4.5	3.3
	<b>26.6</b>	<b>28.9</b>

Directors' and key management compensation comprises the group directors and executive committee members. Directors' emoluments and pension payments of boohoo group plc are detailed in the directors' remuneration report on page 88 of boohoo group plc's consolidated financial statements.

9 Taxation

	2023 £ million	2022 £ million
<b>Analysis of (credit)/charge in year</b>		
Current tax on income for the year	0.8	(1.3)
Adjustments in respect of prior year taxes	1.8	0.1
Deferred taxation (note 14)	(17.1)	13.8
<b>Tax (credit)/charge</b>	<b>(15.1)</b>	<b>12.6</b>

Income tax expense computations are based on the jurisdictions in which taxable profits were earned at prevailing rates in those jurisdictions. The reconciliation below relates to tax incurred in the UK where the group is tax resident. The total tax charge differs from the amount computed by applying the UK rate of 19.0% for the year (2022: 19.0%) to profit before tax as a result of the following:

	2023 £ million	2022 £ million
(Loss)/profit before tax	(83.5)	12.2
(Loss)/profit before tax multiplied by the standard rate of corporation tax of the UK of 19.0% (2022: 19.0%)	(15.9)	2.3
<i>Effects of:</i>		
Expenses not deductible for tax purposes	4.0	3.3
Change in deferred tax rate	(5.9)	5.9
Adjustments in respect of prior year taxes	1.8	0.1
Overseas tax differentials	0.5	0.5
R&D tax credits	-	0.1
Depreciation on ineligible assets	1.0	0.4
<b>Tax (credit)/charge</b>	<b>(14.5)</b>	<b>12.6</b>

**Tax recognised in the statement of changes in equity**

Deferred tax debit on movement in tax base of share options	-	(3.0)
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No current tax was recognised in other comprehensive income (2022: £nil). The UK corporation tax rate will change effective April 2023 from 19% to 25% as enacted by the UK Government.

10 Intangible assets

	Patents and licences £ million	Trademarks £ million	Customer lists £ million	Computer software £ million	Total £ million
<b>Cost</b>					
Balance at 28 February 2021	0.6	115.6	8.1	23.5	147.8
Additions	-	-	-	32.0	32.0
Disposals	-	-	-	(2.3)	(2.3)
Balance at 28 February 2022	0.6	115.6	8.1	53.2	177.5
Additions	0.4	-	-	31.7	32.1
Disposals	-	-	-	(1.7)	(1.7)
<b>Balance at 28 February 2023</b>	<b>1.0</b>	<b>115.6</b>	<b>8.1</b>	<b>83.2</b>	<b>207.9</b>
<b>Accumulated amortisation</b>					
Balance at 28 February 2021	0.5	13.9	6.1	9.0	29.5
Amortisation for year	0.1	12.1	0.7	8.9	21.8
Disposals	-	-	-	(2.3)	(2.3)
Balance at 28 February 2022	0.6	26.0	6.8	15.6	49.0
Amortisation for year	-	11.5	0.7	16.9	29.1
Disposals	-	-	-	(1.7)	(1.7)
<b>Balance at 28 February 2023</b>	<b>0.6</b>	<b>37.5</b>	<b>7.5</b>	<b>30.8</b>	<b>76.4</b>
<b>Net book value</b>					
At 28 February 2021	0.1	101.7	2.0	14.5	118.3
At 28 February 2022	-	89.6	1.3	37.6	128.5
<b>At 28 February 2023</b>	<b>0.4</b>	<b>78.1</b>	<b>0.6</b>	<b>52.4</b>	<b>131.5</b>

Within the statement of comprehensive income, amortisation of acquired intangible assets (trademarks and customer lists) of £12.2 million (2022: £12.8 million) is shown separately. The amount of amortisation of the other intangible assets included in distribution costs is £0.3 million (2022: £0.2 million) and in administrative expenses is 16.6 million (2022: £8.8 million).

The group tests the carrying amount of trademarks and customer lists annually for impairment or, more frequently, if there are indications that their carrying value might be impaired. The carrying amounts of other intangible assets are reviewed for impairment if there is an indication of impairment.

Impairment is calculated by comparing the carrying amounts to the value in use derived from discounted cash flow projections for each cash-generating unit ("CGU") to which the intangible assets are allocated. A CGU is deemed to be an individual brand.

Value-in-use calculations are based on five-year management forecasts with a terminal growth rate applied thereafter, representing management's estimate of the long-term growth rate of the sector served by the CGUs. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used in the value-in-use calculations are as follows:

Sales growth and forecast contribution margin

This is based on past performance and management's expectations of market development over the five-year forecast period, plus perpetuity. The directors have reviewed the group's profitability in the five-year plans, the annual budgets and medium-term forecasts, including assumptions concerning capital expenditure and expenditure commitments and their impact on cash flow. The directors consider that a five-year plan is the

appropriate period to project financial plans with a reasonable level of certainty in line with their current strategic objectives.

Other operating costs

These are the fixed costs of the CGU, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases, and these do not reflect any future restructurings or cost-saving measures.

Long-term growth rate 2%

*This growth rate is based on a prudent assessment of past experience and future estimations of market expectations.*

Discount rate 9.5%

The pre-tax discount rate applied to the cash flow forecasts for the CGU is derived from the estimated pre-tax weighted average cost of capital ("WACC") for the Group.

Sensitivity to changes in assumptions

*There is sufficient headroom for each of the CGUs, such that management believes no reasonable change in any of the above assumptions would cause the carrying value of the intangible asset to exceed its recoverable amount. If the long-term growth rate was reduced to zero, there would still be sufficient headroom. If the discount rate was increased by 25% from a rate of 9.5% to 12%, there would still be sufficient headroom. For the CGU with the lowest headroom, the breakeven point for impairment is a reduction in the long-term growth rate to -11% or an increase in the WACC to 16%, neither of which is considered a reasonable scenario.*

11 Property, plant and equipment

	Short leasehold alterations £ million	Fixtures and fittings £ million	Computer equipment £ million	Motor vehicles £ million	Land & buildings £ million	Total £ million
<b>Cost</b>						
Balance at 28 February 2021	19.3	102.4	9.1	1.0	47.6	179.4
Additions	7.3	129.0	4.4	0.2	88.6	229.5
Exchange differences	-	-	-	-	0.1	0.1
Disposals	(0.1)	(0.9)	(1.2)	(0.2)	-	(2.4)
Balance at 28 February 2022	26.5	230.5	12.3	1.0	136.3	406.6
Additions	5.5	50.6	3.0	-	-	59.1
Exchange differences	-	-	-	-	0.3	0.3
Disposals	(0.2)	(1.8)	(0.5)	-	(0.5)	(3.0)
<b>Balance at 28 February 2023</b>	<b>31.8</b>	<b>279.3</b>	<b>14.8</b>	<b>1.0</b>	<b>136.1</b>	<b>463.0</b>
<b>Accumulated depreciation</b>						
Balance at 28 February 2021	4.7	24.5	4.8	0.6	3.2	37.8
Depreciation charge for the year	2.1	14.4	2.9	0.2	2.4	22.0
Disposals	(0.1)	(0.9)	(1.2)	(0.2)	-	(2.4)
Balance at 28 February 2022	6.7	38.0	6.5	0.6	5.6	57.4
Depreciation charge for the year	2.2	18.2	3.5	0.2	2.6	26.7
Impairment of assets	1.6	8.2	-	-	-	9.8
Disposals	(0.2)	(1.8)	(0.5)	-	-	(2.5)
<b>Balance at 28 February 2023</b>	<b>10.3</b>	<b>62.6</b>	<b>9.5</b>	<b>0.8</b>	<b>8.2</b>	<b>91.4</b>
<b>Net book value</b>						
At 28 February 2021	14.6	77.9	4.3	0.4	44.4	141.6
At 28 February 2022	19.8	192.5	5.8	0.4	130.7	349.2
<b>At 28 February 2023</b>	<b>21.5</b>	<b>216.7</b>	<b>5.3</b>	<b>0.2</b>	<b>127.9</b>	<b>371.6</b>

The amounts of depreciation included in the statement of comprehensive income in distribution costs is £16.0 million (2022: £13.1 million) and in administrative expenses is £10.7 million (2022: £8.9 million). The amounts of impairment included in the statement of comprehensive income in distribution costs is £3.3 million (2022: £nil) and in administrative expenses is £6.5 million (2022: £nil).

The assets impaired relate to leasehold alterations and fixtures and fittings located in facilities, which are either no longer in use or at loss-making operations, where the assets' value in use has been determined to be lower than the carrying value. Assets have been impaired to their estimated recoverable amount, being fair value less costs of disposal. The residual value of the impaired assets is £nil.

12 Right-of-use assets

	Short leasehold properties £million
<b>Cost</b>	
Balance at 28 February 2021	34.9
Additions	43.0
Balance at 28 February 2022	77.9
Additions	103.1
<b>Balance at 28 February 2023</b>	<b>181.0</b>
<b>Accumulated depreciation</b>	
Balance at 28 February 2021	18.2
Depreciation for year	10.0
Balance at 28 February 2022	28.2
Depreciation for year	12.8
Impairment of assets	3.6
<b>Balance at 28 February 2023</b>	<b>44.6</b>
<b>Net book value</b>	
At 28 February 2021	16.7
At 28 February 2022	49.7
<b>At 28 February 2023</b>	<b>136.4</b>

The amounts of depreciation included in the statement of comprehensive income in distribution costs is £4.6 million (2022: £6.9 million) and in administrative expenses is £8.2 million (2022: £3.1 million). The amounts of impairment included in the statement of comprehensive income in distribution costs is £3.6 million (2022: £nil) and in administrative expenses is £nil (2022: £nil).

The assets impaired relate to short leasehold properties at facilities that are no longer in use. The residual value of the impaired assets is £nil.

Some leases contain break clauses or extension options to provide operational flexibility. Potential future undiscounted lease payments not included in the reasonably certain lease term and, hence, not included in right-of-use assets or lease liabilities, total £2.3 million (2022: £2.3 million).

### 13 Investments

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

Name of company	Principal activity	Country of incorporation	Address	Percentage ownership
<b>Direct investment</b>				
21Three Clothing Company Limited	Dormant	UK	Wellington Mill, Pollard Street East, Manchester	100%
Acraman 1880 Limited	Dormant	UK	49–51 Dale St, Manchester	100%
Boo Who Limited	Dormant	UK	49–51 Dale St, Manchester	100%
boohoo France SAS	Marketing office	France	15, Rue Bachaumont, Paris	100%
boohoo Germany GmbH	Marketing office	Germany	Tucholskystrasse 13, Berlin	100%
boohoo Italy srl	Admin office	Italy	Via Sant'Antonio n. 30, Prato	100%
boohoo.com Australia Pty Ltd	Marketing office	Australia	468 St Kilda Road, Melbourne	100%
boohoo.com UK Limited	Trading	UK	49–51 Dale St, Manchester	100%
boohoo.com USA Inc	Marketing office	USA	8431 Melrose Pl, Los Angeles	100%
boohoo.com USA Limited	Dormant	UK	49–51 Dale St, Manchester	100%
boohooMAN.com UK Limited	Dormant	UK	49–51 Dale St, Manchester	100%
BoohooPLC.com Inc	Warehouse	USA	49–51 Dale St, Manchester	100%
Boohoo Property Holdings Limited	Property	Jersey	44 Esplanade, St Helier, Jersey	100%
Boohoo Property Holdings 2 Limited	Property	UK	49–51 Dale St, Manchester	100%
Boohoo Turkey	Sourcing office	Turkey	20 Bahcelievler, Istanbul 34197	100%
Burton Online Limited	Trading	UK	49–51 Dale St, Manchester	100%
CoastLondon.com Limited	Trading	UK	49–51 Dale St, Manchester	100%
Debenhams.com Online Limited	Trading	UK	49–51 Dale St, Manchester	100%
Dorothy Perkins Online Limited	Trading	UK	49–51 Dale St, Manchester	100%
Faith.com Online Limited	Dormant	UK	49–51 Dale St, Manchester	100%
Karenmillen.com Limited	Trading	UK	49–51 Dale St, Manchester	100%
Maine.com Online Limited	Dormant	UK	49–51 Dale St, Manchester	100%
Mantaray.com Online Limited	Dormant	UK	49–51 Dale St, Manchester	100%
MissPap UK Limited	Trading	UK	49–51 Dale St, Manchester	100%
NastyGal.com Limited	Trading	UK	49–51 Dale St, Manchester	100%
NastyGal.com USA Inc	Marketing office	USA	2135 Bay Street, Los Angeles	100%
Oasis Fashions Online Limited	Trading	UK	49–51 Dale St, Manchester	100%
Pancorp1 Limited	Dormant	UK	49–51 Dale St, Manchester	100%
PGBH Limited	Dormant	UK	49–51 Dale St, Manchester	100%
PrettyLittleThing.com France SAS	Marketing office	France	81 Rue Reaumur, 75002, Paris	100%
PrettyLittleThing.com Limited	Trading	UK	Wellington Mill, Pollard Street East, Manchester	100%
PrettyLittleThing.com USA Inc	Marketing office	USA	1209 Orange Street, Wilmington	100%
Principles.com Online Limited	Dormant	UK	49–51 Dale St, Manchester	100%
RedHerring.com Online Limited	Dormant	UK	49–51 Dale St, Manchester	100%
Shanghai Wasabi Frog Trading Co Limited	Trading	China	828–838 Zhangyang Rd., Shanghai, China	100%
Wallis Online Limited	Trading	UK	49–51 Dale St, Manchester	100%
Warehouse Fashions Online Limited	Trading	UK	49–51 Dale St, Manchester	100%



## 14 Deferred tax

### Assets

	Unused tax losses	Depreciation in excess of capital allowances	Share-based payments	Total
	£ million	£ million	£ million	£ million
Asset at 28 February 2021		0.6	2.6	3.2
Recognised in statement of comprehensive income	7.5	(0.6)	(0.1)	6.8
Debit in equity	-	-	(2.5)	(2.5)
Asset at 28 February 2022	7.5	-	-	7.5
Recognised in statement of comprehensive income	15.0	-	1.0	16.0
Debit in equity	-	-	-	-
<b>Asset at 28 February 2023</b>	<b>22.5</b>	<b>-</b>	<b>1.0</b>	<b>23.5</b>

### Liabilities

	Business combinations	Capital allowances in excess of depreciation	Share-based payments	Total
	£ million	£ million	£ million	£ million
Liability at 28 February 2021	(1.0)	(3.2)	-	(4.2)
Recognised in statement of comprehensive income	0.2	(19.3)	(1.5)	(20.6)
Debit in equity	-	-	(0.5)	(0.5)
Liability at 28 February 2022	(0.8)	(22.5)	(2.0)	(25.3)
Recognised in statement of comprehensive income	0.1	(1.0)	2.0	1.1
Debit in equity	-	-	-	-
<b>Liability at 28 February 2023</b>	<b>(0.7)</b>	<b>(23.5)</b>	<b>-</b>	<b>(24.2)</b>

Recognition of the deferred tax assets is based upon the expected generation of future taxable profits. The deferred tax liability will reverse in more than one year's time as the intangible assets are amortised. Deferred tax is calculated at 25% as enacted from April 2023 by the UK Government.

## 15 Inventories

	2023 £ million	2022 £ million
Finished goods	160.2	262.4
Finished goods – returns	17.9	17.0
	<b>178.1</b>	<b>279.4</b>

The value of inventories included within cost of sales for the year was £872.0 million (2022: £939.1 million). The finished goods returns is the estimated value of stock at customers but expected to be returned. An impairment provision of £21.6 million (2022: £18.4 million) was charged to the statement of comprehensive income. There were no write-backs of prior period provisions during the year. The inventory balance has reduced during the year as a result of tighter stock management.

**16 Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>£ million</b>	<b>£ million</b>
Trade receivables	<b>17.6</b>	34.6
Prepayments	<b>13.8</b>	21.3
Accrued income	<b>5.5</b>	2.1
	<b>36.9</b>	58.0

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.

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:

	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Age of trade receivable		
60–90 days past due	<b>1</b>	1
91–120 days past due	<b>5</b>	5
Over 121 days past due	<b>90</b>	90

The provision for impairment of receivables is charged to administrative expenses in the statement of comprehensive income. The maturing profile of unsecured trade receivables and the provisions for impairment are as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ million</b>	<b>£ million</b>
Due within 30 days	<b>16.0</b>	25.1
Provision for impairment	-	(0.1)
Due in 31 to 90 days	<b>4.3</b>	10.7
Provision for impairment	<b>(2.8)</b>	(2.4)
Past due	<b>0.1</b>	1.3
Provision for impairment	-	-
Total amounts due and past due	<b>20.4</b>	37.1
Total provision for impairment	<b>(2.8)</b>	(2.5)
	<b>17.6</b>	34.6

**17 Cash and cash equivalents**

	<b>2023</b>	<b>2022</b>
	<b>£ million</b>	<b>£ million</b>
At start of year	<b>101.2</b>	270.5
Net movement during year	<b>227.9</b>	(169.1)
Effect of exchange rates	<b>1.7</b>	(0.2)
At end of year	<b>330.8</b>	101.2

There is no material credit risk associated with the cash at bank due to the healthy credit ratings of the banks of BBB+ and higher.

**18 Trade and other payables**

	<b>2023</b>	<b>2022</b>
	<b>£ million</b>	<b>£ million</b>
Trade payables	<b>82.0</b>	97.5
Related creditors	<b>20.2</b>	52.3
Other creditors	<b>17.0</b>	6.6
Accruals	<b>119.6</b>	143.5
Deferred income	<b>15.9</b>	16.7
Taxes and social security payable	<b>19.8</b>	23.4
	<b>274.5</b>	340.0

The fair value of trade payables is not materially different from the carrying value.

**19 Provisions**

	<b>Dilapidations</b>	<b>Returns</b>	<b>Claims</b>	<b>Total</b>
	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>	<b>£ million</b>
Provision at 28 February 2022	3.7	32.0	17.8	53.5
<i>Movements in provision charged/(credited) to income statement:</i>				
Prior year provision utilised	-	(32.0)	(5.7)	(37.7)
Increase in provision in current year	6.3	37.6	-	43.9
<b>Provision at 28 February 2023</b>	<b>10.0</b>	<b>37.6</b>	<b>12.1</b>	<b>59.7</b>

The dilapidation provision represents the estimated exit cost of leased premises and is expected to unwind in more than ten years. The dilapidations provision has increased during the year due to the acquisition of a leasehold warehousing premises in the USA. The returns provision represents the revenue reduction of estimated customer returns, which occur over the two-to-three months after the date of sale; and the claims represents the estimate of claims against the group that are expected to settle in the period within nine-to-twelve months after the year end.

## 20 Interest-bearing loans and borrowings

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

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2023 £ million	2022 £ million
Revolving credit facility	GB£	SONIA CIA	2026	325.0	100.0

During the year, the previous RCF facility of £100.0 million was repaid and replaced with a new facility of £325.0 million, which is fully drawn down. The RCF is unsecured against the company's assets and includes financial covenants relating to interest cover and adjusted leverage.

Movement in interest-bearing loans and borrowings

	2023 £ million	2022 £ million
Opening balance	100.0	-
Increase of borrowings	225.0	100.0
Interest accrued	9.6	0.8
Interest paid	(9.6)	(0.8)
Capital paid	-	-
Closing balance	325.0	100.0

Reconciliation of movements in cash flows from financing activities to movements in liabilities:

	Balance 28 February 2022 £ million	Cash flow from financing activities £ million	Additions £ million	Statement of comprehen sive income £ million	Movement in retained earnings and other reserves £ million	Balance at 28 February 2023 £ million
Equity	420.8	-	-	(81.5)	31.0	370.3
Leases	51.9	(12.0)	97.0	1.7	-	138.6
Bank borrowings	100.0	215.4	-	9.6	-	325.0
	572.7	203.4	97.0	(70.2)	31.0	833.9

## 21 Lease liabilities

Minimum lease payments due	Within 1 year	1–2 years	2–5 years	5–10 years	More than 10 years	Total
	£ million	£ million	£ million	£ million	£ million	£ million
28 February 2023						
Lease payments	14.9	12.4	38.6	54.3	37.7	<b>157.9</b>
Finance charges	(2.8)	(2.5)	(6.2)	(6.0)	(1.8)	<b>(19.3)</b>
Net present value	12.1	9.9	32.4	48.3	35.9	<b>138.6</b>

	2023 £ million	2022 £ million
Current lease liability	12.1	7.9
Non-current lease liability	126.5	44.0
Total	138.6	51.9

### Movement in lease liabilities:

	2023 £ million	2022 £ million
Opening balance	51.9	18.3
Interest accrued	1.7	0.8
Cash flow lease payments	(12.0)	(10.2)
Additions	97.0	43.0
Closing balance	138.6	51.9

The lease liabilities relate to leasehold properties.

## 22 Share capital

	2023 £ million	2022 £ million
1 authorised and fully paid ordinary shares of £1 each (2022: 1)	-	-

The directors do not recommend the payment of a dividend so that cash is retained in the group for capital expenditure projects that are required for the rapid growth and efficiency improvements of the business and for suitable business acquisitions (2022: £nil).

## 23 Reserves

	2023 £ million	2022 £ million
Translation reserve	(0.8)	0.2
Capital redemption reserve	0.1	0.1
Reconstruction reserve	(191.7)	(191.7)
Proceeds from issue of growth shares in boohoo holdings Limited	0.8	0.8
	(191.6)	(190.6)

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.

## 24 Related party disclosures

Related party	Company transacting with the related party	Nature of relationship	2023 £ million	2022 £ million
<b><u>Amounts included in the statement of financial position</u></b>				
<b>Related creditors</b>				
boohoo group plc	boohoo Holdings Limited	Ultimate parent undertaking	20.2	52.3
<b>Lease liabilities</b>				
Kamani Commercial Property Limited	boohoo.com UK Limited	Common directors and shareholders	0.6	1.4
Kamani Commercial Property Limited	PrettyLittleThing.com Limited	Common directors and shareholders	0.4	0.5
<b><u>Amounts included in the statement of comprehensive income</u></b>				
<b>Administrative expenses</b>				
The Pinstripe Property Investment Co. Limited	boohoo.com UK Limited	Common directors and shareholders	-	0.1
The Pinstripe Property Investment Co. Limited	PrettyLittleThing.com Limited	Common directors and shareholders	0.1	-
Pinstripe Hong Kong Limited	boohoo.com UK Limited	Common directors and shareholders	-	0.1
<b>Depreciation – right-of-use assets</b>				
Kamani Commercial Property Limited	boohoo.com UK Limited	Common directors and shareholders	0.8	0.7
Kamani Commercial Property Limited	PrettyLittleThing.com Limited	Common directors and shareholders	0.1	0.2
<b>Finance costs</b>				
boohoo group plc	boohoo.com UK Limited	Ultimate parent undertaking	0.5	0.8

Kamani Commercial Property Limited has been the lessor of boohoo's and PrettyLittleThing's head office buildings in Manchester since 2014.

Related party transactions are considered to be on arm's length commercial terms.

## 25 Financial instruments

### (a) Fair values of financial instruments

#### *Trade and other receivables*

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date if the effect is material.

#### *Trade and other payables*

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date if the effect is material.

#### *Cash and cash equivalents*

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand, then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date.

#### *Interest-bearing borrowings*

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

#### *Cash flow hedges*

Fair value is calculated using forward interest rate points to restate the hedge to fair market value.

#### *Foreign exchange rates*

The key currency exchange rates used in the financial statements are:

	2023	2022
USD closing rate	1.20945	1.34182
USD year average rate	1.21444	1.37225
EUR closing rate	1.14074	1.19563
EUR year average rate	1.16249	1.17309
AUD closing rate	1.79328	1.84808
AUD year average rate	1.75793	1.84875

The impact of any reasonable fluctuations in the exchange rates used to translate assets and liabilities at the year-end is not considered to be material and has, therefore, not been disclosed.

#### *Fair values*

	2023 £ million	2022 £ million
<b>Financial assets</b>		
<b>At amortised cost:</b>		
Cash and cash equivalents	330.8	101.2
Trade receivables	17.6	34.6
Accrued income	5.5	2.1
<b>At fair value through profit or loss:</b>		
Cash flow hedges	0.2	-
<b>At fair value through other comprehensive income:</b>		
Cash flow hedges	1.2	17.0
	<b>355.3</b>	<b>154.9</b>

	2023 £ million	2022 £ million
<b>Financial liabilities</b>		
<b>At amortised cost:</b>		
Trade payables	82.0	97.5
Related creditors	20.2	52.3
Other creditors	17.0	6.6
Accruals	119.6	143.5
Provisions	59.7	53.5
Interest-bearing loans and borrowings	325.0	100.0
Lease liabilities	138.6	51.9
<b>At fair value through profit or loss:</b>		
Cash flow hedges	14.5	-
<b>At fair value through other comprehensive income:</b>		
Cash flow hedges	3.4	6.8
	<b>780.0</b>	<b>512.1</b>

**Fair value hierarchy**

Financial instruments carried at fair value are required to be measured by reference to the following levels under IFRS 13 "Fair Value Measurement":

Hierarchy level	Inputs	Financial instruments	Valuation methodology
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Derivative financial instruments – cash flow hedges	Valuation techniques include forward pricing and swap models using net present value calculation of future cash flows. The model inputs include the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves.

**(b) Credit risk**

*Financial risk management*

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises, principally, from the group's receivables from customers and hedging and other financial activities.

The group has no significant concentration of credit risk, as exposure is spread over a large number of counterparties and customers. The group faces minimal credit risk from trade receivables as customers pay for their orders in full at the time of purchase and third-party sales are to a small number of large established corporations with which the group has long-standing relationships. The risk of default from related party undertakings is considered low.

**(c) Liquidity risk**

*Financial risk management*

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.



The group manages its exposure to liquidity risk by continuously monitoring short- and long-term forecasts and actual cash flows and ensuring it has the necessary banking and reserve borrowing facilities available to meet the requirements of the business. The maturity profile of the group's borrowings is included in note 20, of the group's lease liabilities is included in note 21, and of derivative liabilities included within the foreign currency risk section of this note.

**(d) Capital risk**

*Financial risk management*

Capital risk is the risk that the group will not be able to continue as a going concern. The group's approach to managing capital risk is to safeguard the group's ability to continue as a going concern by securing an appropriate mix of debt and equity funding, a strong credit rating and sufficient headroom. The capital structure is regularly reviewed to ensure it is appropriate to the group's strategic objectives. The funding requirements of the group are ascertained by regular cash flow forecasts and projections. At 28 February 2023, the group had capital of £376.1 million (2022: £422.0 million), comprising equity of £370.3 million (2022: £420.8 million) and net cash of £5.8 million (2022 net cash: £1.2 million).

**(e) Foreign currency risk**

*Financial risk management*

The group trades internationally and is exposed to exchange rate risk on purchases and sales, primarily in Australian dollars, euros and US dollars. The group's results are presented in sterling and are exposed to exchange rate risk on translation of foreign currency assets and liabilities. The group's approach to managing foreign currency risk is to use financial instruments in the form of forward foreign exchange contracts to hedge foreign currency cash flows. The primary use of forward exchange and option contracts for sales, and inventory purchases per the group's hedging policy, is to layer hedges up to ten quarters into the future, with up to 100% coverage of the net unmatched exposure for the first quarter and coverage decreasing to a maximum of 10% between quarters four to ten. These forward foreign exchange contracts are classified as Level 2 derivative financial instruments under IFRS 13 'Fair Value Measurement'.

The fair value of forward foreign exchange contracts recognised in the statement of financial position within financial assets at 28 February 2023 was £1.4 million (2022: £17.0 million) and within financial liabilities was £17.9 million (2022: £6.8 million). The non-current element of the financial assets is £0.3 million (2022: £2.8 million) and of financial liabilities is £2.2 million (2022: £3.1 million). Cash flows related to these contracts will occur during the three years to 28 February 2026.

Hedge effectiveness is determined at inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The derivatives have been fair valued at 28 February 2023 with reference to forward exchange rates and option pricing models that are quoted in an active market, with the resulting value discounted back to present value. Hedge ineffectiveness may occur due to:

- Fluctuation in volume of hedged item caused due to operational changes
- Index basis risk of hedged item vs hedging instrument
- Credit risk as a result of deterioration of credit profile of the counterparties

In the year ended 28 February 2023, hedge accounting has been discontinued on ineffective cash flow hedge contracts and a total of £14.3m has been reclassified to the statement of comprehensive income. Hedge ineffectiveness in relation to designated hedges was negligible during the year ended 28 February 2023 and year ended 28 February 2022.

The total amount recognised in other comprehensive income during the year is a loss of £28.7 million (2022: £0.7 million loss) and the amount reclassified from other comprehensive income to profit and loss in revenue during the year is a loss of £16.2 million (2022: £14.8 million gain).

**Maturity of forward currency hedging instruments – notional amount £ million**

<b>Currency</b>	<b>1–6 months</b>	<b>7–12 months</b>	<b>13–18 months</b>	<b>19–24 months</b>	<b>More than 2 years</b>	<b>Total</b>
USD	59.3	38.5	20.2	13.0	1.6	132.6
EUR	61.3	45.3	23.7	14.6	-	144.9
AUD	20.7	15.0	11.9	3.0	-	50.6
CAD	2.6	1.8	1.3	1.0	-	6.7
SEK	2.3	0.8	0.8	0.1	-	4.0
NZD	1.5	1.0	0.7	0.2	-	3.4
DKK	0.3	0.3	0.2	0.1	-	0.9
	<b>148.0</b>	<b>102.7</b>	<b>58.8</b>	<b>32.0</b>	<b>1.6</b>	<b>343.1</b>

**Average rate of forward currency hedging instruments – GBP: currency**

<b>Currency</b>	<b>1–6 months</b>	<b>7–12 months</b>	<b>13–18 months</b>	<b>19–24 months</b>	<b>More than 2 years</b>	<b>Average</b>
USD	1.3828	1.3766	1.2871	1.2308	1.2500	1.3499
EUR	1.1436	1.1479	1.1435	1.1301	-	1.1435
AUD	1.8116	1.8133	1.8319	1.8333	-	1.8182
CAD	1.7308	1.7222	1.6923	1.6000	-	1.7015
SEK	11.8696	12.8750	11.8750	15.0000	-	12.1500
NZD	2.0000	2.0000	2.1429	2.0000	-	2.0294
DKK	8.3333	7.3333	7.5000	12.0000	-	8.2222

## 26 Share-based payments

### Summary of movements in awards

Number of shares	ESOP	LTIP	SIP	SAYE	Total	Weighted average exercise price
Outstanding at 28 February 2021	32,811,966	6,369,216	6,711,070	4,743,566	50,635,818	171.50
Granted during the year	17,157,606	2,411,240	15,441,664	6,058,423	41,068,933	143.78
Lapsed during the year	(3,398,019)	(416,870)	(494,182)	(2,407,895)	(6,716,966)	212.26
Exercised during the year	(3,008,759)	(652,329)	(528,546)	(306,225)	(4,495,859)	125.51
Outstanding at 28 February 2022	43,562,794	7,711,257	21,130,006	8,087,869	80,491,926	156.75
Exercisable at 28 February 2022	6,016,398	1,142,928	1,361,328	796,332	9,316,986	134.09
Granted during the year	13,291,981	24,359,225	-	32,160,360	69,811,566	13.80
Lapsed during the year	(15,100,235)	(2,573,565)	(6,657,142)	(9,529,902)	(33,860,844)	147.48
Exercised during the year	(2,549,311)	(536,899)	(1,143,415)	-	(4,229,625)	5.68
<b>Outstanding at 28 February 2023</b>	<b>39,205,229</b>	<b>28,960,018</b>	<b>13,329,449</b>	<b>30,718,327</b>	<b>112,213,023</b>	<b>74.70</b>
<b>Exercisable at 28 February 2023</b>	<b>9,987,670</b>	<b>1,697,995</b>	<b>1,447,611</b>	<b>91,434</b>	<b>13,224,710</b>	<b>125.01</b>

Shares are issued by the ultimate parent undertaking, boohoo.com plc. The weighted average share price at date of exercise of shares exercised during the year was 40.2 pence (2022@ 300.0 pence) The weighted average remaining of contractual life of outstanding options at the end of the year was 6.7 years (2022: 8.0 years).

The group recognised a total expense of £32.0 million during the year (2022: £26.1 million) relating to equity-settled share-based payment transactions. During the year, the 2019 Growth Share Plan (introduced for the CEO in 2019) and the 2020 Management Incentive Plan (introduced in 2020) were cancelled. The charge for the year, and the remaining expense on these schemes totalling £15.8m, has, therefore, been recognised in these financial statements in accordance with IFRS 2. For further details on the Growth Share Plan, refer to the Directors' Remuneration Report on page 88 of boohoo group plc's consolidated financial statements.

### Employee Stock Ownership Plan ("ESOP")

The 2014 ESOP allows the grant of options to selected employees and executive directors of the group, based on a predetermined aggregate EBITDA target for the three financial years 2015 to 2017. The 2015 ESOP allows the grant of options to selected employees and executive directors of the group. With the exception of Neil Catto (CFO), there are no performance criteria. Neil Catto's options are subject to achieving performance criteria based on a predetermined aggregate EBITDA target and a measure of Total Shareholder Return for the four financial years 2016 to 2020. The 2016 to 2023 ESOPs allow the grant of options to selected employees of the group, without any performance criteria. Options may be granted by either the board or the trustees of the Employee Benefit Trust.

Date of grant	28 February 2022 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	28 February 2023 no. of shares	Exercise price pence	Exercise period
14/03/14	478,510	-	(3,520)	(43,190)	431,800	50.00	14/03/17-13/03/24
22/05/15	233,636	-	(20,000)	(42,140)	171,496	25.75	22/05/18-21/05/25
09/06/16	261,507	-	(5,000)	(17,500)	239,007	57.75	09/06/19-08/06/26
13/06/17	1,048,443	-	(141,047)	(27,731)	879,665	244.50	13/06/20-12/06/27
28/06/18	3,994,302	-	(1,196,317)	(50,000)	2,747,985	201.95	28/06/21-28/06/28
30/04/19	79,154	-	(54,876)	-	24,278	266.95	30/04/22-30/04/29
23/07/19	7,934,379	-	(2,440,940)	-	5,493,439	219.65	23/07/22-23/07/29
03/11/20	13,365,257	-	(4,775,931)	-	8,589,326	272.95	03/11/23-03/11/30
13/07/21	16,167,606	-	(5,314,111)	-	10,853,495	289.45	13/07/24-13/07/31
17/05/22	-	7,854,855	(669,047)	(2,368,750)	4,817,058	1.00	17/05/25-17/05/32
01/07/22	-	5,437,126	(479,446)	-	4,957,680	1.00	01/07/25-01/07/32
	<b>43,562,794</b>	<b>13,291,981</b>	<b>(15,100,235)</b>	<b>(2,549,311)</b>	<b>39,205,229</b>		

The ESOP options were valued using the Black–Scholes model. The inputs into the model were as follows:

Grant date	14/03/14	22/05/15	09/06/16	13/06/17	28/06/18	30/04/19
Share price at grant date	50.00	25.75	57.75	244.50	201.95	245.70
Exercise price	50.00	25.75	57.75	244.50	201.95	266.95
Number of employees	8	9	16	45	125	4
Shares under option	431,800	171,496	239,007	879,665	2,747,985	24,278
Vesting period (years)	3	3	3	3	3	3
Expected volatility	33.33%	36.33%	36.75%	40.85%	44.17%	43.14%
Option life (years)	10	10	10	10	10	10
Expected life (years)	3	3	3	3.5	3.5	3.5
Risk-free rate	0.976%	0.966%	0.523%	0.192%	0.723%	0.787%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%	0%
Possibility of ceasing employment before vesting	26%	16%	30%	33%	38%	19%
Expectations of meeting performance criteria	78%	100%	100%	100%	100%	85%
Fair value per option (pence)	11.93	6.64	14.76	73.35	66.47	72.39

Grant date	23/07/19	03/11/20	13/07/21	17/05/22	01/07/22
Share price at grant date	219.65	272.95	289.45	79.66	54.92
Exercise price	219.65	272.95	289.45	1.00	1.00
Number of employees	212	312	436	658	178
Shares under option	5,493,439	8,589,326	10,853,495	4,817,058	4,957,680
Vesting period (years)	3	3	3	1	3
Expected volatility	41.85%	36.56%	36.56%	64.98%	69.99%
Option life (years)	10	10	10	10	10
Expected life (years)	3.5	3.5	3.5	1.5	3.5
Risk-free rate	0.434%	0.075%	0.175%	1.456%	1.653%
Expected dividends expressed as a dividend yield	0%	0%	0%	0.0%	0.0%
Possibility of ceasing employment before vesting	43%	47%	47%	18%	40%
Expectations of meeting performance criteria	100%	100%	100%	100%	100%
Fair value per option (pence)	68.06	73.31	78.11	78.68	53.98

Expected volatility was found using a historical volatility calculator with reference to the share price of competitors over a three-year period for grant dates up to 2016 and from the company's share price volatility from 2017.

#### Long-Term Incentive Plan ("LTIP")

LTIPs allow the grant of options to executive directors and senior management of the group, based on a predetermined aggregate Earnings per Share and Total Shareholder Return targets for three financial years. Options may be granted by either the board or the trustees of the Employee Benefit Trust. The vesting conditions are disclosed in the Directors Remuneration Report.

Date of grant	28 February 2022 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	28 February 2023 no. of shares	Exercise price pence	Exercise period
30/06/16	414,971	-	-	(10,149)	404,822	1.00	30/06/19–29/06/26
13/06/17	190,132	-	-	(30,349)	159,783	1.00	13/06/20–12/06/27
28/06/18	443,558	-	(75,761)	(22,651)	345,146	1.00	28/06/21–28/06/28
03/10/18	94,267	-	-	-	94,267	1.00	03/10/21–03/10/28
11/12/19	1,783,909	-	(709,832)	(380,100)	693,977	1.00	21/04/22–21/04/29
03/11/20	2,468,603	-	(372,631)	-	2,095,972	1.00	03/11/23–03/11/30
06/07/21	93,650	-	-	(93,650)	-	1.00	06/07/24–06/07/31
15/07/21	2,222,167	-	(423,096)	-	1,799,071	1.00	13/07/24–13/07/31
01/03/22	-	896,555	-	-	896,555	1.00	01/03/25–01/03/32
01/07/22	-	23,462,670	(992,245)	-	22,470,425	1.00	01/07/25–01/07/32
	7,711,257	24,359,225	(2,573,565)	(536,899)	28,960,018		

The LTIP options were valued using the Black–Scholes model. The inputs into the model were as follows:

Grant date	30/06/16	13/06/17	28/06/18	03/10/18	30/04/19
Share price at grant date	57.25	244.50	201.95	239.00	245.70
Exercise price	1.00	1.00	1.00	1.00	1.00
Number of employees	1	2	5	2	11
Shares under option	404,822	159,783	345,146	94,267	693,977
Vesting period (years)	3	3	3	3	3
Expected volatility	37.06%	40.85%	44.17%	43.37%	43.14%
Option life (years)	10	10	10	10	10
Expected life (years)	3	3.5	3.5	3.5	3.5
Risk-free rate	0.173%	0.192%	0.723%	0.869%	0.787%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%
Possibility of ceasing employment before vesting	42%	32%	29%	27%	28%
Expectations of meeting performance criteria	100%	67%	75%	75%	85%
Fair value per option (pence)	56.26	243.51	200.97	238.03	244.73

Grant date	03/11/20	06/07/21	13/07/21	01/03/22	01/07/22
Share price at grant date	272.95	317.10	289.45	89.44	54.92
Exercise price	1.00	1.00	1.00	1.00	1.00
Number of employees	25	-	30	2	49
Shares under option	2,095,972	-	1,799,071	896,555	22,470,425
Vesting period (years)	3	3	3	1.3	3
Expected volatility	36.56%	36.56%	36.56%	54.08%	69.99%
Option life (years)	10	10	10	10	10
Expected life (years)	3.5	3.5	3.5	1.8	3.5
Risk-free rate	0.075%	0.142%	0.175%	0.746%	1.653%
Expected dividends expressed as a dividend yield	0%	0%	0%	0.0%	0.0%
Possibility of ceasing employment before vesting	35%	0%	39%	20%	35%
Expectations of meeting performance criteria	75%	50%	50%	100%	50%
Fair value per option (pence)	271.95	316.10	288.46	88.45	53.98

Expected volatility was found using a historical volatility calculator with reference to the share price of competitors over a three-year period for grant dates up to 2016 and from the company's share price volatility from 2017.

### Share Incentive Plan ("SIP")

Under the terms of the SIP, the board or the trustees of the Employee Benefit Trust grant free shares to every employee under an HMRC-approved SIP. Awards must be held in trust for a period of at least three years after grant date and become exercisable at this date. There are no performance criteria.

Date of grant	28 February 2022 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	28 February 2023 no. of shares	Exercise price pence	Exercise period
14/03/14	97,325	-	-	(18,000)	79,325	nil	14/03/17–13/03/24
02/04/14	5,479	-	-	-	5,479	nil	02/04/17–01/04/24
19/06/15	234,977	-	(28,568)	(37,152)	169,257	nil	19/06/18–18/06/25
27/09/18	1,023,547	-	(312,354)	(266,523)	444,670	nil	27/09/21–27/09/28
25/07/19	1,468,324	-	(274,924)	(444,520)	748,880	nil	25/07/22–25/07/29
18/02/21	2,858,690	-	(1,051,920)	(44,804)	1,761,966	nil	18/02/24–18/02/31
13/01/22	15,441,664	-	(4,989,376)	(332,416)	10,119,872	nil	13/01/25–13/01/32
	21,130,006	-	(6,657,142)	(1,143,415)	13,329,449		

The SIP options were valued using the Black–Scholes model. The inputs into the model were as follows:

	14/03/14	02/04/14	19/06/15	27/09/18	25/07/19	18/02/21	13/01/22
Grant date							
Share price at grant date	50.00	54.75	28.00	213.10	226.00	369.40	111.55
Exercise price	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of employees	15	1	53	478	853	1,809	3,227
Shares under option	79,325	5,479	169,257	444,670	748,880	1,761,966	10,119,872
Vesting period (years)	3	3	3	3	3	3	3
Expected volatility	33.33%	33.20%	35.89%	42.75%	41.77%	36.56%	36.56%
Option life (years)	10	10	10	10	10	10	10
Expected life (years)	3	3	3	3.5	3.5	3.5	3.5
Risk-free rate	0.976%	1.143%	0.979%	0.883%	0.462%	0.004%	0.896%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%	0%	0%
Possibility of ceasing employment before vesting	44%	37%	31%	40%	38%	45%	49%
Expectations of meeting performance criteria	100%	100%	100%	100%	100%	100%	100%
Fair value per option (pence)	50.00	54.75	28.00	213.10	226.00	369.40	111.55

Expected volatility was found using a historical volatility calculator with reference to the share price of competitors over a three-year period up to 2016 and from the company's share price volatility from 2017.

### Save As You Earn (SAYE) scheme

Under the terms of the SAYE scheme, the board or the trustees of the Employee Benefit Trust grants options to purchase ordinary shares in the company to employees who enter into an HMRC-approved SAYE scheme for a term of three years. Options are granted at up to a 20% discount to the market price of the shares on the day preceding the date of offer and are exercisable for a period of six months after completion of the SAYE contract.

Date of grant	28 February 2020 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	28 February 2023 no. of shares	Exercise price pence	Exercise period
06/11/17	13,206	-	(13,206)	-	-	169.00	06/11/20–06/05/21
31/10/18	783,126	-	(782,937)	-	189	189.88	31/10/21–30/04/22
30/10/19	902,889	-	(811,644)	-	91,245	216.92	30/10/22–30/04/23
03/11/20	772,347	-	(640,246)	-	132,101	268.96	03/11/23–03/05/24
01/12/21	5,616,301	-	(4,839,389)	-	776,912	154.58	01/12/24–01/06/25
07/11/22	-	32,160,360	(2,442,480)	-	29,717,880	30.00	01/12/25–01/06/26
	8,087,869	32,160,360	(9,529,902)	-	30,718,327		

The SAYE options were valued using the Black–Scholes model. The inputs into the model were as follows:

	06/11/17	31/10/18	30/10/19	03/11/20	01/12/21	07/11/22
Grant date						
Share price at grant date	209.25	212.90	265.00	272.95	165.20	45.20
Exercise price	169.00	189.88	216.92	268.96	154.58	30.00
Number of employees	-	1	48	93	269	1062
Shares under option	-	189	91,245	132,101	776,912	29,717,880
Vesting period (years)	3	3	3	3	3	3
Expected volatility	41.67%	43.36%	40.39%	36.56%	36.56%	78.50%
Option life (years)	3.5	3.5	3.5	3.5	3.5	3.5
Expected life (years)	3.0	3.0	3.0	3.0	3.0	3.0
Risk-free rate	0.513%	0.760%	0.463%	0.075%	0.592%	3.275%
Expected dividends expressed as a dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Possibility of ceasing employment before vesting	44%	45%	76%	93%	87%	54%
Expectations of meeting performance criteria	100%	100%	100%	100%	100%	100%
Fair value per option (pence)	76.86	72.90	93.94	69.56	46.39	28.27

Expected volatility was found using a historical volatility calculator with reference to the share price of competitors over a three-year period for grant dates up to 2016 and from the company's share price volatility from 2017.

## 27 Capital commitments

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

	2023 £ million	2022 £ million
Property, plant and equipment at warehousing facilities	17.0	21.8

## 28 Contingent liabilities

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

## 29 Controlling parties

The immediate parent undertaking, ultimate parent undertaking and controlling party is boohoo group plc incorporated in Jersey, registered number 114397.

The financial statements of boohoo group plc are the smallest and largest group to consolidate these financial statements. Copies of boohoo group plc consolidated financial statements can be obtained from the website [www.boohooplc.com](http://www.boohooplc.com) or from the Company Secretary at 49-51 Dale Street, Manchester, M1 2HF.

## ***Independent auditors' report to the members of boohoo Holdings Limited***

### **Opinion**

We have audited the financial statements of boohoo Holdings Limited (the 'parent company') for the year ended 28 February 2023 which comprise the Company Income Statement, the Parent Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 28 February 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the parent company's ability to continue to adopt the going concern basis of accounting included a review of forecast financial information for a minimum period of 12 months from the date of approval of the financial statements, providing challenge to key assumptions used and considering the impact of reasonably possible changes in circumstances. We have also obtained and reviewed the letter of support received by the company from its parent undertaking, boohoo group plc, including consideration of its ability to provide such support.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a



material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the parent company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and the internal legal

team. We also selected a specific audit team based on experience with auditing entities within this industry facing similar audit and business risks.

- We determined the principal laws and regulations relevant to the parent company in this regard to be those arising from:
  - UK employment law
  - UK tax laws and regulations
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
  - Making enquiries of management;
  - A review of Board minutes;
  - A review of legal ledger accounts;
  - Discussions with internal legal personnel, and liaising with external legal consultants; and
  - Review of internal and external reports on key practices, including supply chain and payroll reviews.
- We also identified the risks of material misstatement of the financial statements due to fraud. Aside from the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals, reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

*Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.*

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Joseph Archer (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

24 November 2023

## Company income statement

for the year ended 28 February 2023

	<i>Note</i>	<b>2023 £000</b>	<b>2022 £000</b>
Administrative expenses		<b>(16,258)</b>	(11,179)
<b>Operating loss</b>	<b>3</b>	<b>(16,258)</b>	(11,179)
Finance income	<b>4</b>	<b>736</b>	889
<b>Loss before taxation</b>		<b>(15,522)</b>	(10,290)
Income tax expense	<b>7</b>	<b>(140)</b>	(169)
<b>Loss for the financial year</b>		<b>(15,662)</b>	(10,459)

All activities relate to continuing operations.

The company had no other comprehensive income / expense in the year and therefore no separate statement of comprehensive income has been presented.


The notes 1 to 16 on pages 70 to 80 are an integral part of these financial statements.

**Company statement of financial position**  
**As at 28 February 2023**

	Note	2023 £000	2022 £000
<b>Fixed assets</b>			
Investments	8	379,865	379,865
<b>Total fixed assets</b>		<b>379,865</b>	<b>379,865</b>
<b>Current assets</b>			
Trade and other receivables	9	42,669	42,101
Cash and cash equivalents		-	-
<b>Total current assets</b>		<b>42,669</b>	<b>42,101</b>
<b>Total assets</b>		<b>422,534</b>	<b>421,966</b>
<b>Creditors – amounts falling due within one year</b>			
Trade and other payables	10	-	-
Current tax liability		(140)	(169)
<b>Net current assets</b>		<b>42,529</b>	<b>41,932</b>
<b>Net assets</b>		<b>422,394</b>	<b>421,797</b>
<b>Equity</b>			
Ordinary shares	11	-	-
Share premium		309,236	309,236
Retained earnings		113,158	112,561
<b>Total equity</b>		<b>422,394</b>	<b>421,797</b>

The notes 1 to 16 on pages 70 to 80 are an integral of these financial statements.

These financial statements of boohoo Holdings Limited, registered number 11941376, on pages 67 to 80 were authorised for issue by the board of directors on 24 November 2023 and were signed on its behalf by:



**Shaun McCabe**  
Director

## Company statement of changes in equity

	Share capital (note 12) £000	Share premium £000	Retained earnings £000	Total equity £000
Balance as at 28 February 2021	-	309,236	111,841	421,077
Loss for the year	-	-	(10,459)	(10,459)
Share-based payments credit	-	-	11,179	11,179
Balance as at 28 February 2022	-	309,236	112,561	421,797
Loss for the year	-	-	(15,662)	(15,662)
Share-based payments credit	-	-	16,259	16,259
<b>Balance as at 28 February 2023</b>	<b>-</b>	<b>309,236</b>	<b>113,158</b>	<b>422,394</b>

The notes 1 to 16 on pages 70 to 80 are an integral of these financial statements.

## Notes to the company financial statements

### 1 Accounting policies

#### *General information*

boohoo Holdings Limited is incorporated and domiciled in England, registered number 11941376 and is a private company limited by shares. Its registered office is 49-51 Dale Street, Manchester, M1 2HF. It was incorporated on 11 April 2019.

#### *Basis of preparation*

The financial statements of boohoo Holdings Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - iii. Paragraph 79(a)(iv) of IAS 1;
  - iv. Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - v. Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the year).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

### ***Going concern***

These financial statements are prepared on a going concern basis as explained on page 18 of the directors' report, under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

### **New and amended statements adopted by the group**

The following new standards and amendments to standards have been adopted by the group for the first time during the year commencing 1 March 2022.

- Amendments to IFRS 3: Business Combinations
- Amendments to IAS 16: Property, Plant and Equipment
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

### **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group.**

The following standards have been published for accounting periods beginning after 1 March 2023 but have not been adopted by the UK and have not been early adopted by the group and could have an impact on the group financial statements.

- Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

### ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company.***

The following standards have been published and are mandatory for accounting periods beginning after 1 March 2021 but have not been early adopted by the company and could have an impact on the company financial statements:

- Amendments to IAS 16 property, plant and equipment
- Amendments to IAS 37 provisions, contingent liabilities and contingent assets

### ***Investments***

Investments are initially measured at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised in the profit and loss account and the value of the investment is reduced accordingly.

### ***Financial instruments***

Financial instruments are recognised at fair value and subsequently re-measured at fair value at the end of each reporting date or at amortised cost. Further details are shown in note 13.

### ***Trade and other receivables***

Trade and other receivables are recorded initially at fair value. Subsequent to this they are measured at amortised cost less any impairment losses. Movements in impairment provisions are charged to the income statement.

### ***Trade and other payables***

Trade and other payables are recorded initially at fair value. Subsequent to this, they are measured at amortised cost.

### ***Cash and cash equivalents***

Cash and cash equivalents, for the purpose of the statement of financial position, comprises cash in bank.

### ***Pension costs***

The company contributes to a Group Personal Pension Scheme for certain employees under a defined contribution scheme. The costs of these contributions are charged to the statement of comprehensive income on an accruals basis as they become payable under the scheme rules.

### ***Share-based payments***

The company issues equity-settled share-based payments in the parent company to certain employees in exchange for services rendered. These awards are measured at fair value on the date of the grant using an option pricing model and expensed in the statement of comprehensive income on a straight-line basis over the vesting period after making an allowance for the estimated number of shares that are estimated will not vest. The level of vesting is reviewed and adjusted annually. Free shares awarded are expensed immediately.

### ***Taxation***

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

### ***Significant estimates and judgements***

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### ***Investments – impairment testing***

The carrying value of Investments are impaired if the projected cash flows over the expected lives are negative. Sensitivity testing is performed on the cash flow calculations to verify that impairment is not required with a reasonable range of downside scenarios. Further details are shown in note 8.

#### ***Recoverability of intercompany receivables***

The company assesses the recoverability of intercompany receivables on an annual basis. The financial results and expected future cash flows of intercompany receivables are used as part of this assessment. Further details are shown in note 9.



## 2 Auditors' remuneration

	2023 £000	2022 £000
Audit of these financial statements	15	10

The auditors' remuneration for 2023 and 2022 was charged to and paid by the ultimate parent undertaking and was not recharged.

## 3 Profit before taxation

Profit before taxation is stated after charging:	2023 £000	2022 £000
Share-based payments	16,259	11,179

## 4 Finance income

	2023 £000	2022 £000
Interest received from subsidiary undertaking (note 12)	736	889

## 5 Staff numbers and costs

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

	Number of employees	
	2023	2022
Directors	4	4

The directors did not earn any remuneration in the year in respect of their services to the company.

## 6 Directors' remuneration

Directors' and key management compensation are borne by the ultimate parent undertaking of the company, boohoo group plc. No element of directors' pay is directly attributable to the company.

Further details on director's remuneration can be found at [www.boohooplc.com](http://www.boohooplc.com) and on pages 88-111 of the group's annual report, which does not form part of this report.

## 7 Taxation

	2023 £000	2022 £000
<b>Analysis of charge in year</b>		
Current tax on income for the year	140	169
Deferred taxation	-	-
<b>Tax on loss</b>	<b>140</b>	<b>169</b>

The total tax charge differs (2022: differs) from the amount computed by applying the blended UK rate of 19% (2022: 19%) for the year to loss before taxation as a result of the following:

	2023 £000	2022 £000
Loss before taxation	(15,522)	(10,290)
Loss before taxation multiplied by the standard blended rate of corporation tax of the UK of 19% (2022: 19%)	(2,949)	(1,955)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3,089	2,124
Income not subject to taxation	-	-
<b>Tax on loss</b>	<b>140</b>	<b>169</b>

No current tax was recognised in other comprehensive income (2022: *Nil*).

Deferred tax is calculated at 25% as enacted from April 2023 by the UK Government. A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

## 8 Investments

	Investments £000
<b>Cost</b>	
Balance at 28 February 2021	308,413
Additions	71,452
Balance at 28 February 2022	379,865
Additions	-
<b>Balance at 28 February 2023</b>	<b>379,865</b>
<b>Impairment</b>	
Balance at 29 February 2021	-
Balance at 28 February 2022	-
<b>Balance at 28 February 2023</b>	<b>-</b>
<b>Net book value</b>	
At 28 February 2021	308,413
At 28 February 2022	379,865
<b>At 28 February 2023</b>	<b>379,865</b>

The company's direct subsidiaries are listed in note 13 of the consolidated financial statements.

## 9 Trade and other receivables

	2023 £000	2022 £000
Amounts due from related party undertakings (note 12)	42,669	42,101

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

Amounts due from related party undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at commercial rates.

## 10 Trade and other payables

	2023 £000	2022 £000
Trade payables	-	-

The fair value of trade payables is not materially different from the carrying value.

## 11 Ordinary shares

	2023 £000	2022 £000
1 authorised and fully paid ordinary shares of £1 each (2022: 1)	-	-

The directors do not recommend the payment of a dividend so that cash is retained in the wider group for capital expenditure projects that are required for the rapid growth and efficiency improvements of the business and for suitable business acquisitions.

**12 Related party disclosures**

<b>Related party</b>	<b>Nature of relationship</b>	<b>2023 £000</b>	<b>2022 £000</b>
<b><u>Amounts included in the statement of financial position</u></b>			
<b>Amounts due from related party undertakings</b>			
boohoo.com UK Limited	Subsidiary	<b>42,669</b>	42,101
<b><u>Amounts included in the statement of comprehensive income</u></b>			
<b>Finance income</b>			
boohoo.com UK Limited	Subsidiary	<b>736</b>	889

## 13 Financial instruments

### (a) Fair values of financial instruments

#### *Trade and other receivables*

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date if the effect is material.

#### *Trade and other payables*

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date if the effect is material.

#### *Fair values*

	2023 £000	2022 £000
<b>Financial assets</b>		
Trade and other receivables	42,669	42,101

### (b) Credit risk

#### *Financial risk management*

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers and hedging and other financial activities.

The risk of default from related party undertakings is considered low.

### (c) Liquidity risk

#### *Financial risk management*

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The company's approach to managing liquidity is to use both short-term and long-term cash forecasts to assist in monitoring cash flow requirements.

### (d) Capital risk

#### *Financial risk management*

Capital risk is the risk that the company will not be able to continue as a going concern.

The company is financed by its parent company which has indicated its willingness to continue to fund the company's operations. The capital structure is regularly reviewed to ensure it is appropriate to the company's strategic objectives. The funding requirements of the company are ascertained by regular cash flow forecasts and projections.

### (e) Foreign currency risk

#### *Financial risk management*

The company's results are presented in sterling and are exposed to exchange rate risk on translation of foreign currency assets and liabilities.

Foreign currency hedges are managed by a related company on behalf of the company and used to convert foreign currency cash into sterling.

## 14 Share-based payments

### Growth Share Plan

During the year the 2019 Growth Share Plan (introduced for the CEO in 2019) and the 2020 Management Incentive Plan (introduced in 2020) were cancelled. The charge for the year and the remaining expense on these schemes totalling £15.8m has therefore been recognised in these financial statements in accordance with IFRS 2.

On 8 March 2023 John Lyttle, Carole Kane and Shaun McCabe subscribed for Growth Plan awards of 14,668, 4,528 and 7,334 C ordinary shares of 0.1p each ("C Ordinary Shares") respectively in the company.

#### Eligibility

The awards granted to the Executive Directors are as follows:

Name	Role	Share of Executive Director portion of total award size (as at the date of the performance conditions being achieved)
John Lyttle	CEO	28.6% (up to £50.0m)
Shaun McCabe	CFO	14.3% (up to £25.0m)
Carol Kane	Co-founder	11.4% (up to £20.0m)

#### Vesting hurdles and award sizes

The Growth Plan awards will be divided into five distinct tranches, each subject to a performance condition whereby a distinct 90-day average share price hurdle must be achieved within an overall five year measurement period from the date of grant as set out below:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Hurdle boohoo share price	95p	158p	237p	316p	395p
Implied market cap	£1.2bn	£2.0bn	£3.0bn	£4.0bn	£5.0bn
Award size as at the date of the performance condition being achieved <sup>1</sup>	£17.5m	£25.0m	£37.5m	£40.0m	£55.0m
Implied shareholder value created over the term of the plan <sup>1</sup>	£0.6bn	£1.4bn	£2.4bn	£3.4bn	£4.4bn

<sup>(1)</sup> Assuming the whole tranche is awarded and subsisting.

<sup>(2)</sup> Calculated using the hurdle boohoo share price based on the issued share capital

<sup>(3)</sup> Carol Kane will not participate in any award either from Tranche 1 or Tranche 2.

#### Holding period

Once the performance condition for each tranche has been achieved, the awards will vest on a subsequent anniversary, in each case, subject to an individual participant's continued employment (or an individual participant having become a "Good Leaver") over the intervening period of time, and assuming no earlier change of control of the Company, as set out below:

- Tranches 1 and 2 will vest on the first anniversary of the achievement of the relevant share price performance condition.
- Each of tranches 3, 4 and 5 will vest on the third anniversary of the achievement of the relevant share price performance condition.

- Any vesting periods which have not come to an end by the fifth anniversary of the date of grant will continue for a maximum of a further 12 months

#### *Leaving employment*

“Good Leavers” are defined as those who cease to be an employee of a Group Company as a result of death, ill health, injury or disability, a relevant transfer within the meaning of the Transfer of Undertakings 10 (Protection of Employment) Regulations 2006 or the company in which the participant is employed ceasing to be under the control of the Company.

Awards held by participants who are Good Leavers prior to a vesting date will vest on the normal vesting date and will be pro-rated for time to reflect the proportion of time between acquisition and the date on which the relevant performance condition is/was satisfied during which the Good Leaver was an employee. Awards for all other leavers prior to a vesting date will lapse in full.

#### *Malus and clawback*

The Growth Plan provides customary clawback and malus provisions, which allow the Remuneration Committee discretion to require repayment in defined circumstances.

#### *Change of control of the Company*

The vesting periods set out above will end sooner than these dates upon a change of control of the Company by virtue of a takeover or statutory scheme of arrangement. The price per share at which any relevant change of control occurs will be deemed to have been the 90-day average for the purpose of determining vesting against applicable tranche hurdles. Where that price per share is between two hurdles, awards will be treated as vesting at the level of the higher hurdle but with the award size scaled back pro-tanto.

The option was valued using a Monte-Carlo simulation model. The inputs into the model were as follows:

Share price	£0.546
Strike price	n/a
Expected life (years)	5
Performance measurement period (years)	5
Expected volatility	53.1%
Risk free rate	3.70%
Expected dividends expressed as a dividend yield	0.00%
<b>Total option fair value</b>	<b>£16,960,000</b>

For further details on the Growth Share Plan refer to the directors’ remuneration report on page 88 of the boohoo group plc consolidated financial statements.

## **15 Contingent liabilities**

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

*As at 28 February 2023, there are no pending claims or proceedings against the company which are expected to have material adverse effect on its liquidity or operations.*

## **16 Controlling parties**

The immediate parent undertaking, ultimate parent undertaking and controlling party is boohoo group plc incorporated in Jersey, registered number 114397.

Copies of boohoo group plc consolidated financial statements can be obtained from the website [www.boohooplc.com](http://www.boohooplc.com) or from the Company Secretary at 49-51 Dale Street, Manchester, M1 2HF.