BOOHOO GROUP PLC
ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED 28 FEBRUARY 2023

BOOHOO GROUP PLC
A LEADING E-COMMERCE RETAIL GROUP

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

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OUR CULTURE AND VALUES
PASSIONATE
AGILE
CREATIVE
COMMERCIAL
TEAM
See page 16 for details.
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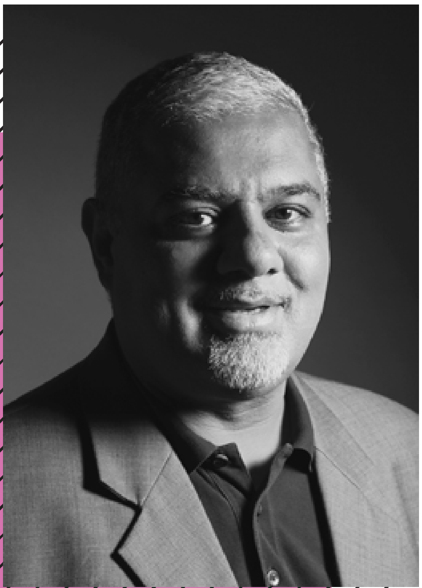
CHAIRMAN'S STATEMENT



REVENUE

£1.77BN

Up 43% over the last three years

ACTIVE CUSTOMERS

18.0M

+29% over the last three years

Dear shareholders,

Last year, I referenced the important progress we had made to complete our Agenda for Change programme and embed a new governance framework. Twelve months on, our dedication to strengthening every aspect of our group continues at pace. We remain extremely ambitious and confident in our ability to execute our growth strategy and deliver for our people, our shareholders, our suppliers and of course our growing customer base.

STRATEGIC INVESTMENT

Last year, we were delighted to appoint Shaun McCabe as our new CFO, following his two-year tenure as independent non-executive director. Shaun has vast experience in global online retailing and has held senior financial roles with Amazon and Asos, meaning he is perfectly placed to provide oversight and leadership in areas of both UK and international investment.

Our distribution centre investment programmes are designed to unlock capacity and increase our competitive edge. Notably, this year, we will open our first international distribution centre in Pennsylvania, USA. This 1.1m sq. ft. facility will enable us to regain our sector-leading customer proposition in the US, overcoming the challenges posed by macroeconomic and global supply chain issues. The opening of this facility will expedite delivery times to our US customers from upwards of ten days to a highly competitive three days for most American states.

The proximity of the facility to our extensive and growing US customer base will also see us, significantly, reduce our carbon footprint of servicing the American market.

We began the automation of our Sheffield distribution centre in 2021, and this is now fully operational and delivering to our customers. Post automation, the site is regularly processing around 860k units per day, an increase of 147% pre-investment, and is realising a 49% reduction in staff costs.

The acquisition of Debenhams in 2021 presented an unrivalled opportunity for the group to grow our target addressable market and increase the share of wallet through a much broader product offering. Over the past 12 months, we have focused investment on talent acquisition, acquiring the right brand partners, driving increased awareness and rebranding the business for the 21st century. This investment in Debenhams is beginning to unlock the brand's potential, with over 1,600 new brand partners now in place, including beauty and fragrance leader Estée Lauder. We are making good progress towards realising our ambition of making Debenhams the great British digital department store through its capital-light marketplace model.

"We remain extremely ambitious and confident in our ability to execute our growth strategy and deliver for our people, our shareholders, our suppliers and of course our growing customer base."

DRIVING EFFICIENCIES

In response to macroeconomic challenges affecting the entire retail sector, our focus in the second half of the financial year was the implementation of a transformational cost-reduction programme to drive the efficiencies necessary to guide the group back to growth. Following a strategic review and a period of reorganisation of our business and brands, we have positioned the right people in the right places to effectively drive us forward. This programme was completed before the year end and will begin to realise the benefits in the year ahead.

Technology is at the heart of everything that we do and is the platform upon which we have been able to rebuild the brands we have acquired over the last three years. In 2022, we began a programme to streamline our systems and reduce our reliance on external providers. Our project team is building a new proprietary Enterprise Resource Planning (ERP) system, which will revolutionise our operating systems, reduce costs and create greater efficiencies across the group.

BACK TO GROWTH

We have revisited our strategic priorities to guide the group back to growth within the next 12 months, as outlined on page 06. Collectively, we are motivated and determined to achieve our goals and will report on our progress over the coming months.

Our teams across the UK and beyond have been outstanding. Their commitment, loyalty and unrivalled talent is what sets us apart, and something we are very grateful for. I'd like to take this opportunity to thank each of them for their hard work and continued dedication. Their support mean that I am confident we will see a return to revenue growth as we exit the coming financial year.

MAHMUD KAMANI
Group Executive Chairman

2 May 2023

YEAR IN REVIEW

SUMMARY OF FY2023 PERFORMANCE

Twelve months ago, the group set out a number of priorities to focus on factors within its control, that would enable it to rebound strongly as external conditions improved. We have seen significant progress in areas that underpin the group's confidence in getting back to growth:

- Targeted reinvestment of supply chain savings into faster methods of freight, driving improved lead times
- Inventory has been tightly managed and reduced significantly, down 36% year on year as at the end of February, with increased emphasis on near(er)-shore sourcing which has helped manage supply chain lead times and free cash flow
- The group went live with a major automation installation in Sheffield in Q3, driving significant efficiencies and capacity
- New wholesale partnerships launched with partners across established markets such as the UK, Europe, the Middle East and India
- Substantial progress has been made with our US distribution centre, which is set to open with a phased approach later this year. This will transform delivery times to our US customers and presents a material growth opportunity in the group's largest international market

£1.77BN
SALES

18.0M
ACTIVE CUSTOMERS

£63M
ADJUSTED EBITDA

	2023 £ million	2022 £ million	Change on 2022	2020 £ million	Change on 2020[1]
Revenue	**1,768.7**	1,982.8	(11%)	1,234.9	43%
Gross profit	**895.2**	1,041.1	(14%)	666.3	34%
Gross margin	**50.6%**	52.5%	(190bps)	54.0%	(340bps)
Adjusted measures[3]:					
Adjusted EBITDA[4]	**63.3**	125.1	(49%)	126.6	(50%)
% of revenue	**3.6%**	6.3%	(270bps)	10.2%	(660bps)
Adjusted EBIT[5]	**6.9**	84.1	(92%)	107.0	(94%)
% of revenue	**0.4%**	4.2%	(380bps)	8.7%	(830bps)
Adjusted profit before tax[6]	**(1.6)**	82.5	(102%)	108.3	(101%)
Adjusted diluted earnings per share[7]	**(0.02)p**	4.39p	(100%)	5.88p	(100%)
Statutory measures:					
Profit/(loss) before tax	**(90.7)**	7.8	(1,263%)	92.2	(198%)
Diluted (loss)/earnings per share	**(6.13)p**	(0.32)p	(1,816%)	5.35p	(215%)
Net cash[2] at year-end	**5.9**	1.3	+4.6m	240.6	(234.7m)

Notes:

1 Change on 2020, three years ago, compares current trading to the pre-pandemic period to give a better understanding of performance when compared to the unusual growth and characteristics of trade in 2020.

2 Net cash is cash less borrowings, excluding lease liabilities.

3 Adjusted items, which are not statutory measures, show the underlying performance of the group, excluding large, non-cash and exceptional items (note 1).

4 Adjusted EBITDA is calculated as profit before tax, interest, depreciation, amortisation, share-based payment charges and exceptional items.

5 Adjusted EBIT is calculated as profit before tax, interest, amortisation of acquired intangible assets, share-based payment charges and exceptional items.

6 Adjusted profit before tax is calculated as profit before tax, excluding amortisation of acquired intangible assets, share-based payment charges and exceptional items.

7 Adjusted diluted earnings per share is calculated as diluted earnings per share, adding back amortisation of acquired intangible assets, share-based payment charges and exceptional items.

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- Revenue £1.769 billion, down 11% vs last year, and up 43% on 2020
  - UK revenues down 9% vs last year, and up 61% on 2020, demonstrating significant market share gains over 3 years
  - International revenues down 13% vs last year, and up 22% on 2020
- Gross margin 50.6%, down 190bps vs last year, reflecting Covid related cost pressures on raw materials and freight, and stock clearance
- Inventory has been reduced significantly, down 36% year on year or £101 million in absolute terms as at the end of February
- Adjusted EBITDA of £63.3 million, down 49%, with Adjusted EBITDA margin of 3.6%
- £91 million capital expenditure investment, building infrastructure for future growth, including Sheffield automation and US distribution centre
- Strong cash generation with free cash flow of £30.2 million as a result of significant inventory and working capital improvements (2022: -£251.2 million), and balance sheet strength maintained with £136.1 million of unencumbered freehold assets, £5.9 million net cash and a £325 million Revolving Credit Facility, giving £331 million of liquidity headroom

OPERATIONAL AND SUSTAINABILITY HIGHLIGHTS

- 18 million active customers, up from 13 million since 2020 through organic growth and an increased brand portfolio, with a target addressable market of up to 500 million+ potential customers in our key markets
- Developing a global infrastructure capable of supporting in excess of £4 billion of net sales, with automation driving significant efficiencies at our Sheffield warehouse, with an international distribution centre in the US enhancing our customer proposition
- Significant progress made with the Debenhams digital department store, with c.1,600 brands available on-site and a successful relaunch for Debenhams beauty
- Cost efficiency programme implemented, driving simplification of organisational structure and warehouse network, delivering material cost savings
- Further progress on our sustainability strategy with the PrettyLittleThing marketplace, a clothing resale platform, launched in August 2022, and implementation of industry leading Fast Forward audit programme across all UK suppliers, resulting in raised standards within our supply chain

BACK TO GROWTH

Over the last three years, the group has achieved significant market share gains across its brand portfolio, particularly in the UK where our price, product and proposition resonates strongly with customers. We now have 18 million active customers with the potential to reach 500 million+ globally across our key target markets.

Our confidence in the medium-term outlook is unchanged, as we continue to offer customers unrivalled choice in genuine fashion, inclusive ranges and great value pricing, giving them even more reasons to shop with us. For the year ahead, the priority and focus for the group is to get back to growth, and we have revisited our key areas of strategic focus.

01

CUSTOMER FIRST

Fashion and the customer are the lifeblood of our business. We offer our customers unrivalled choice, with up to 4,000 new lines added every week across our brand portfolio. As supply chain inflation headwinds ease, we will reinvest some of these savings to reinforce our value credentials. We deliver a great experience for our customer and will continue to invest to improve customer lifetime value through delivery of the latest trends, outstanding value and a great experience.

02

INVESTING FOR GROWTH

The opportunity for growth is significant. Our test & repeat model gives customers the latest fashion and great value, and our supply chain helps us deliver short lead times. Best-in-class logistics are being upgraded through extensive automation in our Sheffield distribution centre, with the opening of a local distribution centre in the US later in the year driving a step change in our customer proposition in our second largest market. Wholesale and marketplace offer a key opportunity in new markets, and investments to expand our brands' reach to a global social audience will build international awareness as we unlock the global opportunity for the group.

OUR COMMITMENT TO SUSTAINABILITY

We are determined to play our part in reducing the environmental impact of clothing and our operations through our increased focus on sustainability, to operate in a socially conscious manner, and endeavour to uphold the highest standards of governance.

For more information on our approach to ESG, go to pages 52 to 55 of the Strategic Report. Our Sustainability Strategy can also be found on the group's website www.boohooplc.com/sustainability.

03

DELIVERING SUSTAINABLE RETURN ON INVESTMENT (ROI)

Significant progress has been made on reducing overheads, with a cost base that is now reflective of the current operating environment and will be leveraged as growth returns. Inventory has been managed tightly, declining by 36% year on year or over £100 million in absolute terms. In the year ahead, the group will be investing in reducing inventory lead times as air capacity increases, supporting a leaner, lighter, faster inventory model that can very quickly put relevant fashion in front of our customers and unlock additional working capital.

Over the medium term we are planning to rebuild profitability back to a 6% to 8% adjusted EBITDA margin target and getting back to double digit growth through: investing in our product, price and proposition, unlocking input cost deflation, reducing returns, delivering volume growth, leveraging our operating model and delivering growth internationally through our wholesale and marketplace proposition as well as retail.

OUR GROUP

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 £1.7 billion of sales.

boohoo

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.

boohooMAN

Combining cutting-edge design with an affordable price tag, boohooMAN brings young men the latest styles and looks in a youthful package, 24/7.

PRETTYLITTLETHING

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.

NASTY GAL

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.

MISSPAP

MissPap is aimed at fashion-conscious young women who love fashion and want to create looks that are worth sharing with friends.

KAREN MILLEN

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.

coast

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.

OASIS

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.

WAREHOUSE

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.

DP.
dorothyperkins.com

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.

WALLIS
SINCE 1923

'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.

BURTON LONDON
ESTABLISHED 1904

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.

Debenhams

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.

WHAT SEPARATES BOOHOO GROUP FROM OTHER APPAREL RETAILERS?

01

A flexible and agile sourcing model, allowing the group to operate with speed, underpinning our fashion credentials and ability to disrupt, giving more choice, minimising risk, and great value for our customer.

02

A highly engaged global audience with more than 65 million followers globally and over 18 million active customers across our brands – giving unparalleled reach.

03

A scalable in-house platform, with proprietary technology offering e-commerce expertise, best-in-class logistics and great customer service.

WHAT WILL DRIVE OUR GROWTH?

Being closer to our customer

We currently operate a distribution network from the UK. The opening of a US distribution centre in 2023 drives a step change in our proposition and ability to disrupt and grow market share in North America.

Understanding our markets

Each brand has its own roadmap for growth. Through price, proposition, people and marketing investments across key territories, we will deliver growth and market share gains across key markets.

Multiple routes to market

Wholesale and marketplace offerings in new markets will allow us to test demand without significant marketing investment. As markets mature, we will work with our partners to give different customer cohorts complementary D2C (direct to consumer), wholesale and marketplace offerings.

Unlocking supply chain opportunities

As supply chains normalise, we will look to drive speed, turn inventory faster and utilise cost opportunities to reinvest into our proposition.

Using technology to help drive customer engagement

Continued technology investments will support better engagement, ensuring a shopping experience that matches our product offer.

Allowing our customers to grow with us

The group's brands include something for everyone – the boohoo customer of today is the Karen Millen customer of tomorrow. Continued investments across our brand portfolio in price, product and proposition to drive a great customer experience will help to drive lifetime value.

Debenhams: our digital department store

Unlocking Debenhams' significant potential presents upside for market share gains across fashion and new product areas including home, electronics and beauty, all through its capital-light, low-risk marketplace model.

Our platform and people

Our technology and infrastructure platform supports our brands' growth ambitions. Within the group, our colleagues embody our values: Passionate, Agile, Creative, Commercial, Team.

OUR BUSINESS MODEL

DELIVERING VALUE FOR OUR STAKEHOLDERS

Our relationships and resources combined with our insight and understanding of changing consumer demands has helped us to build a business platform that delivers value to all our stakeholders.

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.

01 DESIGN AND INSPIRATION

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

02 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.

03 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 customers the very best online shopping experience.

04 DELIVERY AND CUSTOMER CARE

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

05 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 natural resources. The group recognises that managing and maintaining these resources is critical for 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 work 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 products 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 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.

Shareholders

Investors have the opportunity for capital growth from the enlarged group and the potential 500 million addressable customer base across the key target markets of the UK, the US and Europe.

See page 66 for how we **engaged with our stakeholders** during the year.

OUR STRATEGY

Our focus is to deliver the latest fashion at great prices, with best-in-class customer proposition and service.

To this end, we have a plan of continuous investment in our systems, infrastructure and technology to ensure we offer an optimal online shopping experience as we look to build for the future and further cement our position as a leader in global fashion e-commerce. This strategy rests on five areas of strategic focus.

01 BRANDS

STRATEGIC FOCUS

Our group consists of 13 distinct brands, which represent the lifeblood of the group, collectively servicing over 18 million customers, globally. We continue to invest strategically to support and grow them, in markets where we believe each brand has opportunity to maximise its potential, with wholesale and marketplace channels supporting brand awareness.

PROGRESS IN THE YEAR

- boohoo partnered with Kourtney Kardashian Barker to launch a new range of more sustainable, affordable clothing
- There has been considerable growth of the number of concession partners on the Debenhams marketplace, giving more availability to customers
- The US distribution centre is on track to go live in summer 2023, offering step change in brand delivery proposition from ten days to three days and enabling next day delivery to key US and North American markets

02 PRODUCT

STRATEGIC FOCUS

The product is at the heart of what we do. Our teams take inspiration from the latest trends from around the world, launching hundreds of new products daily. Our extensive global sourcing network and focus on short lead time means we have a supply chain that is scalable and agile.

PROGRESS IN THE YEAR

- Investments to bring quality control and assurance closer to our suppliers, enabling improved quality and helping to improve lead times
- Ongoing focus on having ‘the right stock’, using nearshore sourcing to reduce lead times and stock covers and resulting in year-end stock holding being down 35% on the prior year

03 CUSTOMER EXPERIENCE

STRATEGIC FOCUS

With over 18 million customers across our brands and an extensive social media following, the group is focused on how we capture, use and optimise customer data. This will support decision making that can drive customer lifetime value and the channels through which we can understand and acquire our customers of the future.

PROGRESS IN THE YEAR

- We continue to use customer feedback to formulate product development and improve customer journeys
- The group continues to hold 'Voice of the Customer' sessions, across multiple stakeholder groups including supply chain, product and finance
- 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, amongst others

04 PLATFORM

STRATEGIC FOCUS

We have developed a unique platform through years of investment in technology and processes, supply chain relationships and with the expertise of a great team of people. This platform enables us to penetrate markets and expand rapidly, operating multiple brands as we progress with our ambition to lead the online fashion market.

PROGRESS IN THE YEAR

- Development of in-house purchase order and supply chain management applications, which now integrate with our third-party logistics providers, giving a seamless end-to-end view of our orders from placement through to fulfilment
- Working to move off our legacy financial systems onto a composable platform that enables international operations and has the flexibility for us to enhance our capabilities in key areas for the business – a virtual Enterprise Resource Planning (ERP) system

05 PEOPLE

STRATEGIC FOCUS

Our people are the fabric of our business. We want everyone who works with us, directly or indirectly, to be treated fairly, to have the opportunity to realise their full potential and to be proud to be part of the boohoo family. Our culture is our greatest USP as an employer. From the moment we welcome the best talent through the door, we work hard to help them meet their career aspirations.

PROGRESS IN THE YEAR

- In August, we received a Pride 365 award that marks our genuine efforts and intentions to support LBGTQ+ communities
- For the fourth year in a row, the median gender pay gap data for the group is in favour of females, and for the second year running, this is true for our mean gender pay gap
- The launch of our new collaborative hiring platform and careers site in April 2022 saw us attract more top talent, even during one of the most challenging talent markets in recent history

STRATEGY IN ACTION
PLATFORM

"This investment is part of the wider supply chain strategy to build capacity for the business and support long-term profitability."

AUTOMATION IN SHEFFIELD DISTRIBUTION CENTRE

Overview

To support the growth of the business, the supply chain team implemented a state-of-the-art automation solution in the Sheffield Fulfilment Centre (UK2). The total investment was £125 million and generated a payback of between four and five years based on improved productivity and a variety of efficiency savings. The capacity of the site has also increased with stockholding and throughput doubling. This investment is part of the wider supply chain strategy to build capacity for the business and support long-term profitability.

Timeline

The Sheffield site opened in 2018 as a manual pick and pack operation to support the rapid growth of PrettyLittleThing. In 2020, the business approved the case for automation following a comprehensive tender with SSI Schaeffer selected as the supplier based on the strength of their proposal and a track record of comparable installations. The build and implementation took place alongside a live operation during COVID-19 with the project and operations teams working closely to manage disruption, still achieving record volumes during peak 2021 at the height of the install. The first phase of around two-thirds of the automation went live successfully in September 2022 following a full migration from the incumbent system to a new warehouse management and control system, with the final third of the automation due to follow in September 2023.

Solution

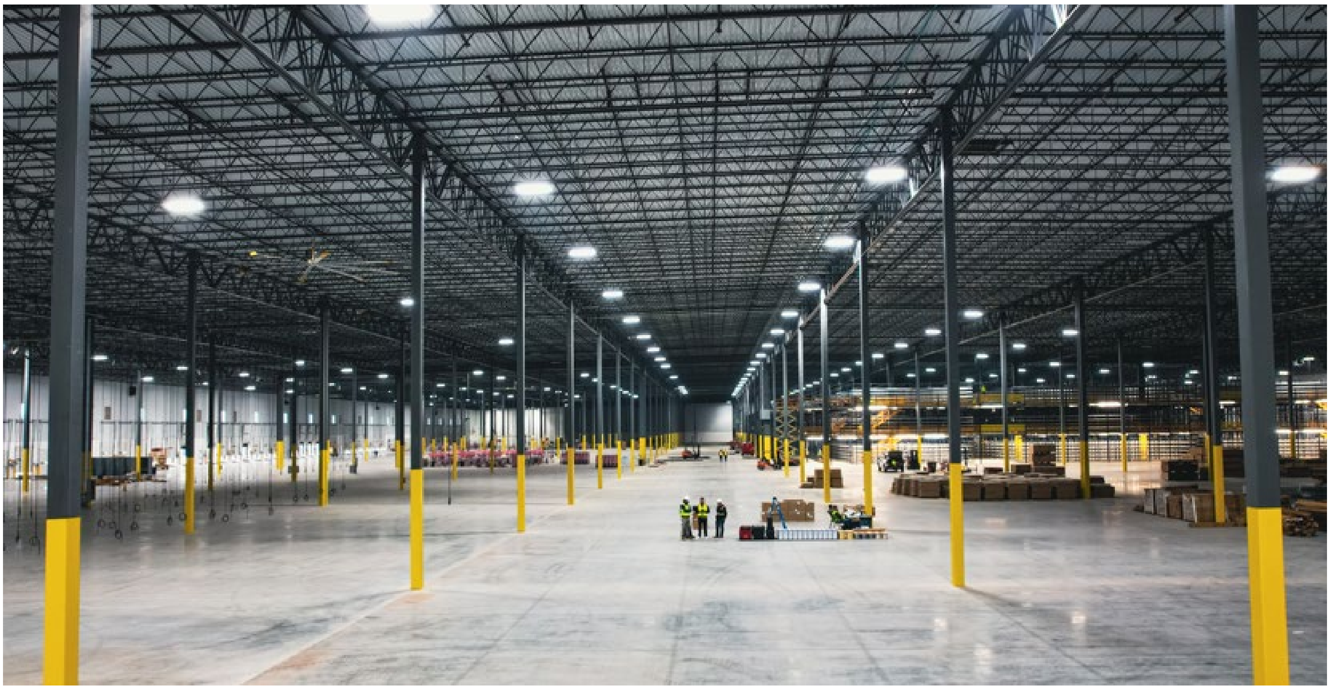
The solution brings together two major components in the form of a goods-to-person shuttle system that eliminates the lengthy pick walks associated with the previous manual operation and a pouch sortation system that allows products to be picked in efficient batches and sorted to customer orders for packing. The pouch sortation system also utilises a dynamic buffer to further increase pick efficiency with a concept known as 'predictive picking', which uses algorithms to pick items based on anticipated orders.

Benefits

- Increased productivities across all areas, most notably pick and pack
- Doubled output and stockholding capacity
- Improved customer proposition through shorter processing time enabling later cut off
- 70% reduction in accidents due to safer processes (site is 2+yrs RIDDOR free)
- 60% reduction in attrition
- Aligns with sustainability agenda as we progress with solar install

Strategic outlook

The automation investment in Sheffield was not the group's first. In 2018, the group implemented a pouch sortation system in the Burnley Fulfilment Centre (UK1), which continues to deliver benefits. Sheffield took this concept a stage further, and, as we look ahead to future developments, we see automation as a competitive advantage that we will continue to leverage in our key markets.



US DISTRIBUTION CENTRE

Overview

Our supply chain network strategy takes our long-term sales projections and maps out how we service this demand with the most efficient supply chain infrastructure. During this process, we identified an opportunity to create additional capacity while enabling us to serve our North American customers with faster carriage by developing a group fulfilment centre in the US. This is one of the largest transformations the group will have ever undertaken. This change impacts operations across all functions including product, business, supply chain and this investment will lay the foundation to support continued growth in our second biggest market.

Timeline

The business case for a US fulfilment centre was thoroughly evaluated throughout 2021 with approval by the group's board in Q2 2022. During this time, we completed a property search, a 3PL (third-party logistics) tender to operate the site, a solution design and a business impact assessment. We signed a lease on a property and selected a 3PL partner in Q2 2022 and commenced the site fit-out in Q3 2022 once the physical building was completed. Our first brand to go live is PrettyLittleThing planned in Q3 2023, followed by Nasty Gal with boohoo, boohooMAN and Karen Millen all planned to go live in early 2024.

Solution

The site is just over 1m square feet and is located in Elizabethtown, Pennsylvania in the North East of the US. This location was selected due to the favourable carriage lead times to the eastern coast where the majority of our customers are located. The location also supports a future second site on the western coast, which will further enhance service levels when we reach the appropriate scale. The solution will initially be a manual operation, which is proven in our UK sites and quicker to implement, with a view that, longer term, we will automate the site to increase capacity and drive efficiency. DHL were selected as the 3PL partner to operate the site due to their proven track record of e-commerce operations in North America, which gives us added security for such a significant strategic venture.

Benefits

- Improved service proposition by 5–7 days, which will enhance customer experience and drive increased sales
- Reduced carriage costs and carbon footprint due to despatching closer to end customer and additional capacity to support our growth in North America

Strategic outlook

Investing in our key markets is essential to deliver our growth ambitions. We have grown our US market into a significant business by servicing demand from our UK fulfilment centres on a longer lead time, and we are extremely excited to be able to offer our customers a step change in the level of service. Looking ahead, we will continue to invest in the US as scale dictates and are actively looking at where we can replicate this approach in other key international markets.

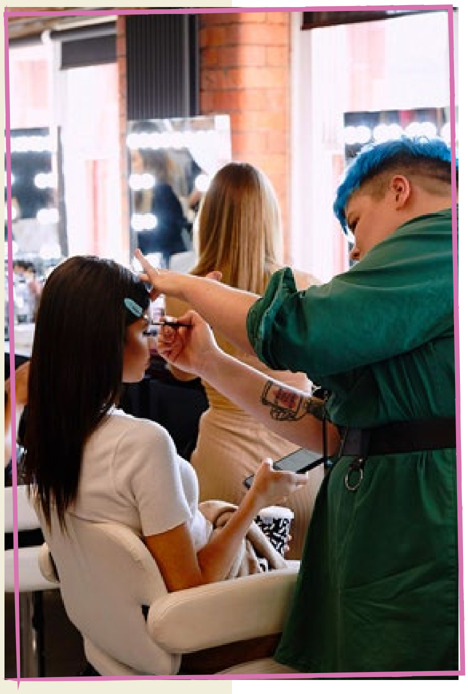
"We identified an opportunity to create additional capacity whilst enabling us to serve our North American customers with faster carriage by developing a group fulfilment centre in the US."

OUR CULTURE & PEOPLE

OUR CULTURE AND VALUES

We are proud of our unique culture, which is defined by our PACCT (Passion, Agile, Creative, Commercial and Team) values.

We have woven PACCT throughout our people journey at every touchpoint. Our people are the fabric of the business, and our PACCT values shape how we show up to work each day.



PACCT VALUES

PASSION

We love what we do. Believing in boohoo and believing in ourselves. Each day, we are inspired to be the best we can be. We are committed and focused on giving our customers the experience they want.

AGILE

We are constantly evolving to stay one step ahead. We embrace change and grab opportunities with both hands. We are lean, efficient and effective.

CREATIVE

We are unique, aspirational and always boohoo. We're not afraid to do things our way and dare to be different. We're creative in thinking and design.

COMMERCIAL

We are confident, decisive and entrepreneurial. We leverage data and our intuition to make bold choices. We always ensure that the customer experience and profit are integral to every decision.

TEAM

We listen and respond where everyone's contribution is valued. Building success through our people and sharing in it together. We always have fun along the way.

OUR PEOPLE

We recognise our colleagues are our biggest asset. From diversity and inclusion (D&I) to strategic talent management and development, we couldn't be prouder of the progress we have made over the last 12 months. We've increased our engagement and wellbeing activities, taken steps to see things from our colleagues' perspective, and focused on initiatives that will ensure our colleagues feel supported by the business.

All of our activity has been driven on the back of our people strategy which reflects our vision of 'celebrating, learning and supporting each other every day'. Our strategy contained five key pillars, which have shaped our thinking, interventions and where we have placed our focus over the last 12 months. We have laid the groundwork for even further progress in the year ahead, which will be delivered with our PACCT values at the forefront by our talented people team.

OUR D&I JOURNEY

The last 12 months have marked the most exciting chapter of our D&I story so far, with over 150 members of the senior leadership team attending training on the importance of D&I in the workplace. Our culture and values promote a diverse and inclusive workplace and we have seen significant positive change and engagement through our D&I programme.

Our D&I Committee offers guidance and counsel for creating the best experience for all our people. Our D&I Committee:

- Gives its views on boohoo policies and initiatives
- Sponsors and supports our Employee Network groups
- Writes content and communications linked to our D&I focuses
- Attends quarterly meetings and upskills sessions to broaden its knowledge
- Suggests learning content and educational activities
- Reviews materials and documents through a D&I lens

In August, we received a Pride 365 award that marks our genuine efforts and intentions to support LBGTQ+ communities. We undertook an engagement survey of our Manchester brands and talked to our teams about our current LBGTQ+ events, support and policies. Pride 365 also looked at the steps we had taken already on our D&I journey and our upcoming priorities for the next 12 months.

"We are very proud to have an organisation such as boohoo group join our other partners, as they are willing to walk the walk and be authentic in their support towards the LGBTQ+ community every day of the year, not just during Pride season."

JACK MIZEL
CEO of Pride 365

We have built a strong relationship with Diversity in Retail, who have equipped us with the knowledge to make bigger and bolder diversity commitments. This partnership is priceless in helping us navigate the evolving landscape and means we're part of a fantastic networking group with fellow retailers.

We also celebrate and observe significant dates across our multicultural calendar, and, for the third year in a row, we celebrated National Inclusion week with Inclusive Employers. Here's our D&I journey from the last 12 months:

- Pride 365 Certified due to our commitment to, and support of, the LGBTQ+ community. New regular podcast introduced that focuses on underrepresented groups and open discussions about D&I. Connects our teams and special guests
- Supply Chain 'lunch and learns' to celebrate our diverse workforce
- D&I statement added to our PACCT behaviours
- PLT hosted its first employee network group, which focused on working parents and celebrating how hard mums and dads work across our sites
- We introduced a D&I-focused question in our colleague survey
- We enrolled colleagues on our Senior Ethnic Future Leader Programme with Diversity In Retail
- Our D&I family represented the business at the Diversity In Retail summit

OUR CULTURE & PEOPLE

CONTINUED

THINK EQUALITY. THINK BELONGING.

Our pay frameworks are proudly gender-neutral. For the fourth year in a row, the group's median gender pay gap data is in favour of females, and for the second year running, this is true for our mean gender pay gap. As of the end of February 2023, female colleagues made up 48% of our workforce and currently hold 44% of senior management positions.

We're passionate about all talent, at all ages. The average age of a colleague working across the group is 34.

WE'RE ALWAYS THINKING ABOUT OUR TEAMS.

We take our colleagues' happiness and wellbeing seriously. They're the fabric of our business, so we've focused our time and passion on what will really make a difference, such as financial wellbeing and mental health support. These interventions don't just pay lip service to what big businesses should be doing. They are true to our PACCT values, and our actions speak louder than words.

Each year, we take time to openly, and honestly, discuss the topic of mental health with our people and the last 12 months have been no exception. Our managers have the opportunity to receive extra training so they can support their people through difficult moments. We have Mental Health First Aiders to spot, signpost and support when people need a listening ear. We continue to invest in our Employee Assistance Programme and proudly give our teams access to professional counselling thanks to a partnership with Calm and Mind.

Focusing on financial wellbeing is close to our hearts and we have offered our colleagues training on how to manage their budgets effectively. Our people notice the little things we do, and they love being surprised with free pizza, pancakes and other foodie treats.

The beauty of our culture and approach to colleague engagement is that we make sure everyone can join in. We give our people flexibility for how they want to chat and socialise. From ultimate pamper moments to crafty workshops and everything in between, our boohoo family and PLT Instagram accounts really showcase the creativity that goes into colleague engagement.

THINKING ABOUT WHAT OUR PEOPLE TELL US.

We recognise the importance of listening to our people and understanding how they feel. We utilise a variety of engagement methods to gain insights from our teams, so we can focus on what matters most.

LISTENING SESSIONS

These focus groups bring our teams together to talk about topics that matter to them most.

THIS OR THAT

Our teams love instant gratification and seeing their feedback immediately taken on board. This tool gives us an instant read for our team's morale and feelings whenever we need it. We use it to help identify quick wins, and so our team can vote for the quick perks that matter to them.

SURVEYS

Our colleague survey gives us insights into life at boohoo, and we mix the topics up depending on what's important to our colleagues right now.

THINK LEARNING. THINK FAST. THINK 2023.

Our Talent Development team has a sharp focus on nano learning and on-demand content, including through channels such as Spotify and our exclusive YouTube channel. Our people want to learn in a way that fits their day, so we have developed infographics and webinars built with busy people in mind. Unsurprisingly, some of our biggest wins have come from teams simply getting together across our sites and sharing real-life stories and experiences. In the last 12 months, we've delivered over 200 sessions across the business, each written directly for our people to help them be the best version of themselves. We love it when learning goes beyond a trainer talking at the front of a room. For us, it's all about learning from each other.

"Engaging and direct workshop pitched really well to the levels and teams present. A great mix of presenting and interaction."

"Really informative and practical tips that can easily be implemented into my day-to-day role."

"It was extremely helpful and realistic ways of working to help manage."

"Really helped offer a new perspective of how to view difficult conversations and the positive impact they can have on the team."

"Informative, interactive, new things haven't heard before."

"Really Informative and feel like I now have the confidence and knowledge of what it takes to be a good manager when the time comes for me to manage a team."

"Engaging and thought-provoking session."

WE THINK LEADERSHIP IS MORE THAN A BUZZWORD.

We have focused on developing leadership within our ranks. Our managers enjoy getting together to talk through their experiences, challenges and opportunities with the people they lead and each other. We're working on becoming even better leaders through our Learning Lab sessions, such as emotional intelligence and meeting colleagues' expectations.

Another highlight of last year was our mentor programme. There has been increased participation across our sites, and our mentors have been fantastic at helping their colleagues shine. By providing guidance, support and opportunities to grow, they've created an environment in which everyone can thrive and reach their full potential.

Leaders know that great team dynamics show up in people's performance and how much they engage with the business. We host team days and interventions, from psychometrics to team bonding events. This way, everyone can step away from a desk and reconnect with each other on a deeper level, which leads to even better work culture and productivity.

We have two flagship programmes that raise our leaders' ambitions and skill levels. LEAD is for 'Head of' top talent and takes some of our brightest stars on a journey of self-awareness and growth. LEAD is also focused on D&I, which we showcase in an immersive event run by the charity Common Purpose. Our learners agreed it was a pivotal moment in their leadership journey. Our boohoo Leadership Programme (BLP) also features the best facilitators, coaches and psychometrics in the business world to transform thinking and, ultimately, influence the wider business's point of view.

In March, we launched our new performance reviews. The new forms have been created directly with our people's ambitions and progression in mind. The new forms are built around our updated PACCT values, so if our teams want to progress and move up to the next level, they must embed our values into everything they do. Building PACCT into everyday activities allows us to go beyond just thinking or talking about values and to living and breathing them.

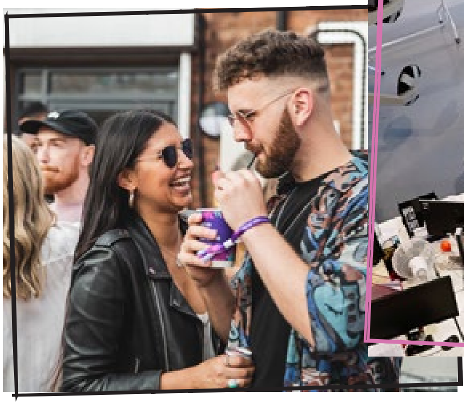
THINK NEXT-LEVEL EXPERIENCE. THINK EARLY CAREERS.

We have more than 120 dedicated learners working on apprenticeships across multiple departments These individuals have ambition and passion for what they do, and we couldn't be prouder. Now we've found our flow, we can't wait to bring on even more apprentices this year. Completing an apprenticeship with us means never being on your own; our learners always have a hotline to Talent Development if they need a hand or friendly advice.

The group's work placement programme is now in its fifth year, providing students with a taster of fashion industry life and helping them get on the career ladder. This year, our students were placed across the IT, Buying, Marketing and Merchandising teams. We are equally proud of our Graduate Programme, which provides graduates with development opportunities, responsibility and exposure that they won't find anywhere else.

OUR CULTURE & PEOPLE

CONTINUED



WE'VE REALLY THOUGHT ABOUT RECRUITMENT.

We have made significant improvements in our recruitment processes, with the launch of our new collaborative hiring platform and careers site in April 2022. This enabled us to attract top talent during one of the most challenging talent markets in recent history. We are always on the lookout for ways to improve, and have invested heavily in technology that streamlines the application journey and makes the most of automation. With data leading the way, we can make better, more inclusive, hiring decisions at every step of the hiring process.

Digital recruitment has received a lot of attention, and we have focused on giving candidates the experience they deserve, just like we give our customers. We have exceeded our previous record for job applications and made our hiring process lightning fast. It's a win-win situation for both our team and our applicants. Our people have played a huge role in this transformation. They're the ultimate megaphone of our culture, and because they love to shout about working here, talent can see why it's worth making a move and joining us.

During the year, we have also increased internal promotions and hires and filled 20% of vacancies from within our boohoo family.

We are also pushing boundaries in technology and data, with our teams leading the way in showcasing the group to new potential talent. We've teamed up with some key industry players to hear what top technology talent wants from their careers, so we can show what we're all about as a group and reach them in the right way. We've really stepped up our game to attract the best in the business, and the real game-changer was when our technology community hosted the first in-person meet-up since the pandemic hit. It was a highly effective way to connect with the community and get people excited about working with us. The PLT technology teams have also been busy with two new graduate programmes and hired their first round of people in September 2022.

We are always making sure that we find new talent with a D&I lens, and we focus on building teams that are as diverse as our customers. This means we can carry on delivering the authentic and unique culture the group is known for.

THINK RECOGNITION. THINK VALUED. THINK REWARDED.

The boohoo family is full of the best people in our industry and we love recognising our colleagues' hard work and efforts with awards. We recognise individual performance and group accolades, including prestigious titles such as Employee of the Year, Rising Star and Best Brand. Now the group is more established, we are also starting to reward long service. That means seasoned boohoo family members who complete five, ten and fifteen-year milestones get special recognition – just our way of giving heartfelt thanks from the top.

Our new benefits platform gives our people what they want when they want it. Benefits are tailored to each member of the boohoo family so our people can create their own personalised reward package. Some of our popular benefits include the annual Save As You Earn ("SAYE") scheme and staff discounts across each of our 13 brands. We have also introduced a new global grading framework that provides our people with consistency and transparency on their total reward package and career progression.

5,567

Colleagues worldwide

REVIEW OF THE BUSINESS

PERFORMANCE DURING THE YEAR

Overview	2023 £ million	2022 £ million	2023 change on 2022	2020 £ million	2023 change on 2020[1]
Revenue	**1,768.7**	1,982.8	(11%)	1,234.9	43%
Gross profit	**895.2**	1,041.1	(14%)	666.3	34%
Gross margin	**50.6%**	52.5%	(190bps)	54.0%	(340bps)
Profit/(loss) before tax	**(90.7)**	7.8	(1,263%)	92.2	(198%)
Diluted (loss)/earnings per share	**(6.13)p**	(0.32)p	(1,816%)	5.35p	(215%)
Net cash[2] at year-end	**5.9**	1.3	+4.6m	240.6	(234.7m)
Adjusted measures[3]:					
Adjusted EBITDA[4]	**63.3**	125.1	(49%)	126.6	(50%)
% of revenue	**3.6%**	6.3%	(270bps)	10.2%	(660bps)
Adjusted EBIT[5]	**6.9**	84.1	(92%)	107.0	(94%)
% of revenue	**0.4%**	4.2%	(380bps)	8.7%	(830bps)
Adjusted profit/(loss) before tax[6]	**(1.6)**	82.5	(102%)	108.3	(101%)
Adjusted diluted earnings per share[7]	**(0.02)p**	4.39p	(100%)	5.88p	(100%)

Notes:

1 Change on 2020, three years ago, compares current trading to the pre-pandemic period to give a better understanding of performance when compared to the unusual growth and characteristics of trade in 2020.

2 Net cash is cash less borrowings, excluding lease liabilities.

3 Adjusted items, which are not statutory measures, show the underlying performance of the group excluding large, non-cash and exceptional items (note 1).

4 Adjusted EBITDA is calculated as profit before tax, interest, depreciation, amortisation, share-based payment charges and exceptional items.

5 Adjusted EBIT is calculated as profit before tax, interest, amortisation of acquired intangible assets, share-based payment charges and exceptional items.

6 Adjusted profit before tax is calculated as profit before tax, excluding amortisation of acquired intangible assets, share-based payment charges and exceptional items.

7 Adjusted diluted earnings per share is calculated as diluted earnings per share, adding back amortisation of acquired intangible assets, share-based payment charges and exceptional items.

GROUP OVERVIEW

Group revenue for the year declined by 11% (13% Constant Exchange Rate = "CER") to £1.769 billion from £1.983 billion in 2022 reflecting the impact of the macro-economic and consumer backdrop. UK revenues declined 9%, softening through the second half of the year as inflation increased and consumer demand was impacted by cost-of-living pressures. International revenues declined 13%, with extended delivery times continuing to impact our customer proposition. Gross sales before returns were flat; however return rates climbed above pre-pandemic levels following the exceptionally low levels seen during the pandemic and in the early half of the previous year, which impacted net sales growth.

Adjusted EBITDA was £63.3 million (2022: £125.1 million; 2020: £126.6 million), a decrease of 49% on the previous year and a decrease of 50% on 2020. Gross profit margin was 50.6%, down 190bps on the prior year (2022: 52.5%) and down 340bps compared to 2020 (54.0%). Adjusted EBITDA margin was 3.6% (2022: 6.3%; 2020: 10.2%).

STRATEGIC REPORT

REVIEW OF THE BUSINESS
CONTINUED

Profitability has been impacted by the fall in sales, freight and logistics inflation related to the pandemic, and labour and energy cost inflation. In addition, ongoing strategic investments have continued across the platform from which the group will benefit over the medium term, most notably the US Distribution Centre. Loss before tax was £90.7 million (2022: £7.8 million profit; 2020: £92.2 million profit). Loss per share was 6.13p (2022: 0.32p loss; 2020: 5.35p diluted earnings). Adjusted diluted loss per share was 0.02p (2022: 4.39p earnings; 2020: 5.88p earnings).

Inefficiencies in acquired brands were addressed as part of the cost-reduction programme, but operated for much of the year with higher overheads as a percentage of revenue. Central overheads increased as a percentage of net sales due to the decline in net sales year on year, but the group did see an improvement in cost ratios in the second half of the year with the initial impacts of the cost-reduction programme. Distribution costs declined year on year because of lower volumes, but also cost efficiencies following the closure of a UK warehousing facility and the successful go-live of our automation project at our Sheffield distribution centre, which drove significant efficiencies in the second half of the financial year.

During the year, the group incurred significant, non-recurring costs, which are shown as exceptional items in the financial statements and have not been included in the adjusted performance measures. These items relate to:

- costs associated with the installation of the automation in the Sheffield facility;
- restructuring costs and impairment of assets associated with the closure of a UK warehousing facility and at loss-making operations;
- set-up costs associated with the opening of a warehousing facility in the USA;
- discontinuation of cash flow hedge contracts made ineffective due to cost profile of the warehousing facility in the USA; and
- redundancy costs.

These exceptional items amounted to £44.9 million and are detailed in note 1 of the financial statements. Additional exceptional costs associated with the opening of the warehousing facility in the USA will be incurred in the next financial year.

While the last 12 months have been challenging, over the last three years, the group has made tremendous progress towards achieving its long-term growth ambitions. Since FY2020, the group has:

- grown significantly with total revenue +43%, (UK: +61%, International: +22%), during a period in which clothing sales in key markets remain broadly flat;
- increased in its largest market, the UK, its share of spend online from 6.2% to 6.9%, with price, product and proposition resonating strongly with consumers;
- increased its active customer base to 18 million active customers, up from 13 million, through organic growth and an increased brand portfolio;
- extended target addressable market through acquisitions, with up to 500 million potential customers in key global markets;
- built infrastructure capable of supporting more than £4 billion of net sales, with automation driving efficiencies and an international distribution centre enhancing our proposition;
- developed numerous growth opportunities through its direct-to-consumer proposition, Debenhams and other routes to market, including strategic partnerships with select partners globally; and
- made progress on its sustainability strategy, including launching the PrettyLittleThing marketplace, a clothing resale platform.

KEY PERFORMANCE INDICATORS

Active customer numbers in the last 12 months decreased by 10% to 18.0 million, reflecting the switch back to offline following the pandemic. Despite this, they have increased 29% over the last three years, with organic growth from our brands and the extension of our target addressable market through brand acquisitions.

Average order frequency decreased marginally from 3.14 to 3.08 times p.a. Average order value increased by 11% to £53.32, while the number of items per basket decreased from 3.04 to 2.82, driven partly by the addition of the newer brands with lower basket sizes as well as changes in customer behaviour.

CASH AND WORKING CAPITAL MANAGEMENT

Cash generation improved because of tighter working capital management, particularly in relation to inventory. Operating cash flow was £130.9 million (2022: £10.3 million; 2020: £127.3 million). Inventory has been reduced significantly, down £101 million/36% year on year, as at the end of February.

Capital expenditure of £91.2 million included a substantial investment in property and distribution centres of £46.8 million, mainly around Sheffield automation. In addition, the group acquired 26.47% of the issued share capital of Revolution Beauty Group plc ("REVB") for £15.0 million. Net cash flow increased by £229.6 million (2022: £174.7 million decrease; 2020: £47.6 million increase). The net cash balance at the year end increased to £5.9 million (2022: £1.3 million; 2020: £240.6 million), with total liquidity of £330.9 million.

During the year, the group secured a new £325 million Rolling Capital Facility, increasing from the previous £100 million facility to facilitate our next growth phase.

The Group will continue to make selective investments to support its platform and brands, in line with its internal investment criteria and in a manner that reflects the current macro-economic environment.

PERFORMANCE BY MARKET

UK

The UK market continues to be the largest for the group, accounting for 62% of revenue (2022: 61%). Revenue was £1,091.5 million declining by 9% on 2022, although the pre-pandemic three-year growth remains robust at 61%. Return rates have increased above pre-pandemic levels. This is attributable to the change in the product mix post-pandemic (casual items to occasion wear) and to the introduction of the newer, higher-price point brands, which all have higher return rates – as well as macro consumer trends. In response to those consumer trends, during the year, chargeable returns for non-Premier/Royalty customers were introduced, which more closely align the UK market with other territories.

Gross margin reduced from 49.4% to 47.9% due to substantial increases in inbound shipping rates and product cost inflation. Prices were raised across some product lines to help offset increased costs; we were unable to change sourcing to alternative geographic regions to reduce the impact of these cost increases, but looked to ensure our offer remained competitive to consumers facing high inflation and other cost-of-living challenges.

We are encouraged by the sales performance of our more recently acquired brands and continued progression made by our Debenhams digital department store, as well as the significant gains in market share achieved across our brand portfolio over the last three years.

USA

Performance in the USA has been below expectations, with revenue declining 19% on the prior year, although revenue growth over the three-year period is strong at 38%. Delivery times to the USA are still elevated compared to pre-pandemic levels, and this is, undoubtedly, impacting demand, although the situation is improving slowly with growth returning in the final two months of the year. Return rates have increased above pre-pandemic levels. Gross margin is high, although lower than the prior year, reducing from 61.5% to 58.0%.

Distribution costs have remained high due to the ongoing elevated air freight costs and remain materially above pre-pandemic levels. The opening of our US warehouse in 2023/2024 will help to alleviate these going forward.

Rest of Europe

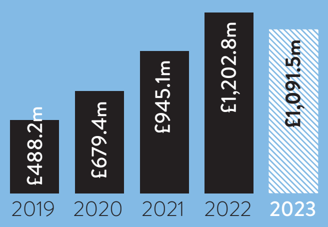
Our revenue in the rest of Europe decreased by 6% over 2022, although it increased by 10% compared to 2020, compared to a broader market, which continues to be broadly flat versus pre-pandemic levels. Return rates have increased above pre-pandemic levels, being 5.7%pts above the prior year at 27.6%. Encouragingly, our more recently acquired brands are making strong progress, albeit from a low base. Gross margin declined from 54.5% to 52.0% with profitability continuing to be impacted by elevated freight costs and high distribution costs.

Rest of world

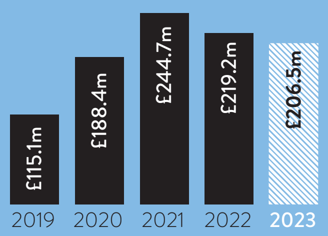
Revenue in the rest of the world has decreased by 2% on the prior year to £107.0 million (increased by 3% on 2020). We have seen successful growth of marketplace and wholesale sales to our partners in the Middle East. In addition, markets such as Australia are starting to see improvements from reduced delivery times. Gross margin declined from 52.5% to 50.7% with profitability continuing to be impacted by elevated freight costs and high distribution costs.

GEOGRAPHIC REVENUE GROWTH (M)

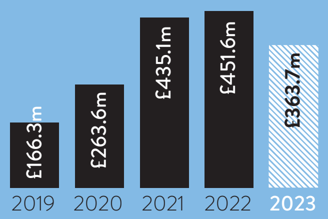
UK



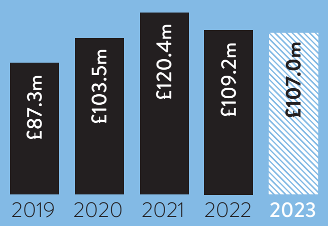
REST OF EUROPE



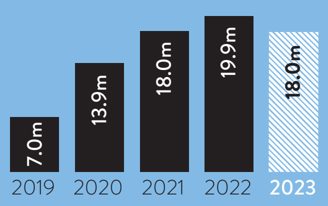
USA



REST OF WORLD



ACTIVE CUSTOMER GROWTH (M)



FINANCIAL REVIEW

Revenue by geographical market	2023 £ million	2022 £ million	2023 change on 2022	2023 change on 2022 CER	2020 £ million	2023 change on 2020
UK	**1,091.5**	1,202.8	(9%)	(9%)	679.4	61%
Rest of Europe	**206.5**	219.2	(6%)	(8%)	188.4	10%
USA	**363.7**	451.6	(19%)	(24%)	263.6	38%
Rest of world	**107.0**	109.2	(2%)	(8%)	103.5	3%
	1,768.7	1,982.8	(11%)	(13%)	1,234.9	43%

KPIs	2023	2022	2023 change on 2022	2020	2023 change on 2020
Active customers(1)	**18.0 million**	19.9 million	(10%)	13.9 million	29%
Number of orders	**55.5 million**	62.4 million	(11%)	42.2 million	32%
Order frequency(2)	**3.08**	3.14	(2%)	3.04	1%
Conversion rate to sale(3)	**3.74%**	3.56%(5)	5%	4.26%	(12%)
Average order value(4)	**£53.32**	£48.16	11%	£43.50	23%
Number of items per basket	**2.82**	3.04	(7%)	3.06	(8%)

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 £ million	2022 £ million	2023 change on 2022	2020 £ million	2023 change on 2020
Revenue	**1,768.7**	1,982.8	(11%)	1,234.9	43%
Cost of sales	**(873.5)**	(941.7)	(7%)	(568.6)	54%
Gross profit	**895.2**	1,041.1	(14%)	666.3	34%
Gross margin	**50.6%**	52.5%	(190bps)	54.0%	(340bps)
Operating costs	**(832.1)**	(916.1)		(539.9)	
Other income	**0.2**	0.1		0.2	
Adjusted EBITDA	**63.3**	125.1	(49%)	126.6	(50%)
Adjusted EBITDA margin %	**3.6%**	6.3%	(270bps)	10.2%	(660bps)
Depreciation	**(39.5)**	(32.0)		(16.6)	
Amortisation of other intangible assets	**(16.9)**	(9.0)		(3.0)	
Adjusted EBIT	**6.9**	84.1	(92%)	107.0	(94%)
Adjusted EBIT margin %	**0.4%**	4.2%	(380bps)	8.7%	(830bps)
Adjusting items:					
Amortisation of acquired intangible assets	**(12.2)**	(12.8)		(5.1)	
Equity-settled share-based payment charges	**(32.0)**	(26.1)		(11.0)	
Exceptional items and impairment	**(44.9)**	(35.8)		–	
Operating (loss)/profit	**(82.2)**	9.4	(974%)	90.9	(190%)
Finance income	**3.5**	–		1.7	
Finance expense	**(12.0)**	(1.6)		(0.4)	
(Loss)/profit before tax	**(90.7)**	7.8	(1263%)	92.2	(198%)
Tax	**15.1**	(11.8)		(19.3)	
(Loss)/profit after tax for the year	**(75.6)**	(4.0)	(1790%)	72.9	(204%)
(Loss)/diluted earnings per share	**(6.13)p**	(0.32)p	(1816%)	5.35p	(215%)
Adjusted profit/(loss) after tax for the year	**(0.2)**	56.3	(100%)	86.0	(100%)
Amortisation of acquired intangible assets	**(12.2)**	(12.8)		(5.1)	
Share-based payment charges	**(32.0)**	(26.1)		(11.0)	
Exceptional items and impairment	**(44.9)**	(35.8)		–	
Adjustment for tax	**13.7**	14.4		3.0	
(Loss)/profit after tax for the year	**(75.6)**	(4.0)		72.9	
Adjusted diluted (loss)/earnings per share	**(0.02)p**	4.39p	(100%)	5.88p	(100%)

Group revenue for the year declined by 11% (13% CER) when compared to the previous year at £1,768.7 million (2022: £1,982.8 million, 2020: £1,234.9 million) and has increased by 43% on three years ago, pre-pandemic. The comparison with three years ago demonstrates the growth of the business, excluding the exceptional growth and low returns during the pandemic periods. 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, have increased by 80bps to 47.0% of revenue, 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.

Adjusted EBITDA, which is not a statutory measure, represents earnings before interest, tax, depreciation, amortisation, non-cash share-based payments charges and exceptional items. It provides a useful measure of the underlying profitability of the business. Adjusted EBITDA decreased by 49% from £125.1 million to £63.3 million and, as a percentage of revenue, decreased from 6.3% to 3.6%.

Adjusted profit after tax, as with Adjusted EBITDA, provides another more consistent measure of the underlying profitability of the business by removing non-cash amortisation of intangible assets relating to the acquisition of new brands (being their trademarks and customer lists), share-based payment charges and exceptional items.

FINANCIAL REVIEW

CONTINUED

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 £15.8 million has, therefore, been recognised in these financial statements in accordance with IFRS 2.

Exceptional items amounted to £44.9 million and are shown in more detail in note 1 of the financial statements on page 125.

A tax credit of £15.1 million has been recognised, which represents an effective rate of tax for the year of 16.6% (2022: 151.3%). 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.

55.5M

ORDERS

3.08M

AVERAGE ORDER FREQUENCY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2023 £ million	2022 £ million	2020 £ million
Intangible assets	**131.5**	128.5	42.3
Property, plant and equipment	**371.6**	349.2	119.2
Right-of-use assets	**136.4**	49.7	14.6
Financial assets	**15.6**	2.8	4.5
Deferred tax asset	**23.5**	7.5	6.0
Non-current assets	**678.6**	537.7	186.6
Working capital	**(104.9)**	(12.7)	(63.9)
Lease liabilities	**(138.6)**	(51.9)	(16.2)
Net financial assets/(liabilities)	**(16.8)**	7.4	(9.0)
Cash and cash equivalents	**330.9**	101.3	245.4
Interest-bearing loans and borrowings	**(325.0)**	(100.0)	(4.8)
Deferred tax liability	**(24.2)**	(25.3)	(3.6)
Net current tax asset/(liability)	**–**	7.8	(6.6)
Net assets	**400.0**	464.3	327.9

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 £325 million 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.

During the year, 26.47% of the issued share capital of Revolution Beauty Group plc (“REVB”) was obtained for consideration of £15.0 million, with the investment building upon the existing relationship between boohoo and REVB, under which REVB products are sold through several of the group’s D2C brand websites and its online digital department store, Debenhams. On 1 September 2022, REVB was temporarily suspended from trading on the Alternative Investment Market pending publication of the company’s annual audited accounts. As at 28 February 2023, REVB shares remain suspended from trading, with the investment held at cost on the Group’s balance sheet due to the lack of an active market, currently, as well as the very short time for which the investment has been held at the balance sheet date.

Intangible and fixed-asset additions	2023 £ million	2022 £ million	2020 £ million
Purchased intangible and fixed assets			
Intangible assets			
Trademarks and customer lists	**–**	–	19.4
Software and licences	**32.1**	32.0	3.8
	32.1	32.0	23.2
Tangible fixed assets			
Distribution centres	**46.8**	120.3	15.4
Offices, office equipment, fixtures and fit-outs	**12.3**	109.0	6.6
Motor vehicles	**–**	0.2	0.4
	59.1	229.5	22.4
Total intangible and fixed-asset additions	**91.2**	261.5	45.6

LIQUIDITY AND FINANCIAL RESOURCES

Operating cash flow was £130.9 million compared to £10.3 million in the previous year and free cash inflow after tax was £30.2 million compared to an outflow of £251.2 million in the previous financial year. Capital expenditure and intangible asset purchases were £91.2 million, which includes a £46.8 million investment in our distribution centres to support future growth. The closing cash balance for the group was £330.9 million and the net cash balance £5.9 million.

Consolidated cash flow statement	2023 £ million	2022 £ million	2020 £ million
(Loss)/profit after tax for the year	**(75.6)**	(4.0)	72.9
Share-based payments charge	**32.0**	26.1	11.0
Depreciation charges and amortisation	**68.6**	53.8	24.7
Impairment charges	**27.7**	–	–
Finance income	**(3.5)**	–	(1.7)
Finance expense	**12.0**	1.6	0.4
Loss on sale of fixed assets	**–**	–	0.2
Tax (credit)/expense	**(15.1)**	11.8	19.3
Decrease/(increase) in inventories	**101.3**	(134.5)	(32.3)
Decrease/(increase) in trade and other receivables	**19.4**	(17.7)	(9.4)
Increase/(decrease) in trade and other payables	**(35.9)**	73.2	42.2
Operating cash inflow	**130.9**	10.3	127.3
Capital expenditure and intangible asset purchases	**(91.2)**	(261.5)	(26.2)
Acquisition of new brands	**–**	–	(19.4)
Investments in equity instruments	**(15.3)**	–	–
Tax repaid/(paid)	**5.8**	–	(11.6)
Free cash in/(out)flow after tax	**30.2**	(251.2)	70.1
Net proceeds from the issue of ordinary shares	**0.2**	6.8	2.7
Purchase of own shares by EBT	**(7.4)**	(19.2)	(14.9)
Proceeds from the sale of fixed assets	**0.5**	–	–
Finance income received	**2.7**	–	1.8
Finance expense paid	**(9.6)**	(0.9)	(0.3)
Dividend paid to non-controlling interests	**–**	–	(3.4)
Lease payments	**(12.0)**	(10.2)	(6.0)
Increase in/(repayment) of borrowings	**225.0**	100.0	(2.4)
Net cash in/(out)flow	**229.6**	(174.7)	47.6
Cash and cash equivalents at beginning of year	**101.3**	276.0	197.8
Cash and cash equivalents at end of year	**330.9**	101.3	245.4

FINANCIAL REVIEW

CONTINUED

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.

OUTLOOK AND GUIDANCE

The group's focus for the year ahead is on rebuilding profitability and getting back to growth. For the year ending 28 February 2024 ("FY24"), revenues are expected to be between flat and a decline of 5% vs. the prior year, with increased emphasis on driving profitable sales. In the first half, revenues are expected to decline by 10% to 15% as a result of this action being taken. In the second half of the year, the group expects to return to revenue growth as it benefits from the investments being made across price, product and proposition under the *back to growth* strategy.

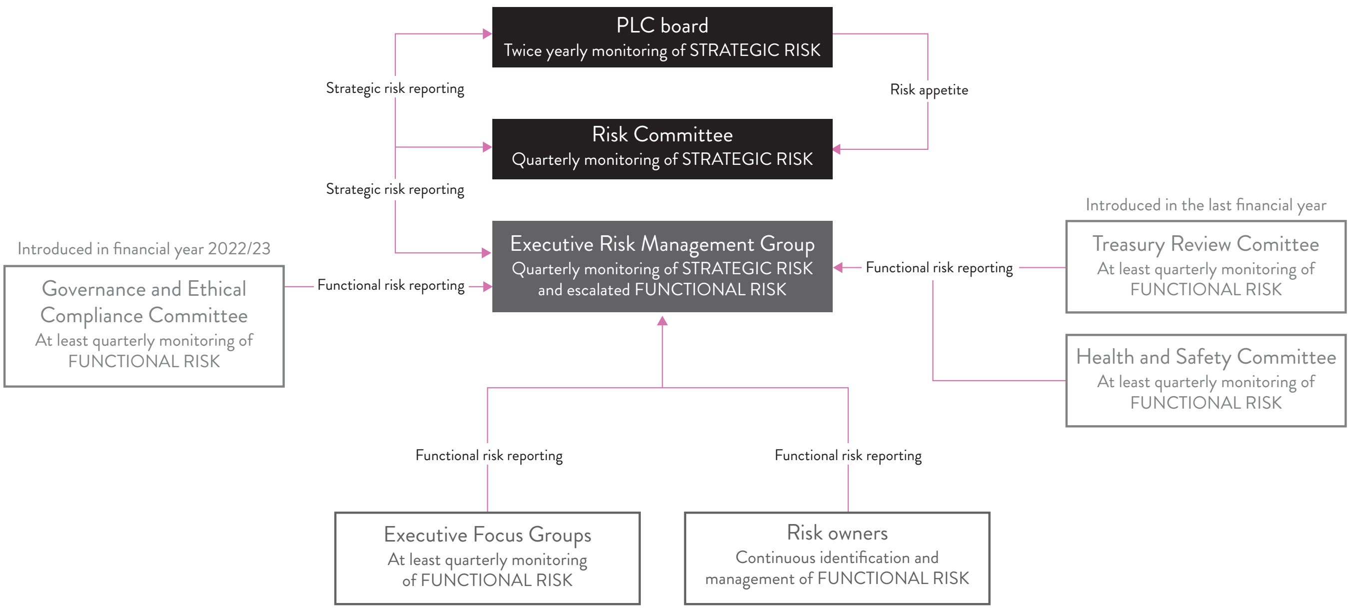
Adjusted EBITDA for FY24 is expected to improve year on year as a result of operational gains, cost efficiencies and cost deflation in our supply chain, with adjusted EBITDA margins of 4% to 4.5%, and adjusted EBITDA of between £69 million to £78 million, in line with market expectations. For FY24, capital expenditure is anticipated to be between £80 million to £90 million, and as a result of the actions we have taken on capex, working capital and costs, year-end net debt / adjusted EBITDA is expected to be approximately 1x, reducing thereafter, with the group maintaining significant headroom on its long-dated £325 million Revolving Credit Facility.

Over the medium term the group is targeting continued improvements in profitability building towards a 6% to 8% adjusted EBITDA margin and getting back to double digit revenue growth through:

- **Unlocking cost deflation**: deflation is being seen across areas such as sea freight and raw materials like cotton, which is being reinvested into product, pricing and lead time, with further opportunities ahead
- **Reducing returns**: we are taking steps to reduce returns whilst not impacting our customer experience
- **Volume growth & cost control**: volume benefits from our back to growth strategy are expected to drive operational leverage, supporting margins, alongside tightly controlled costs
- **International growth**: the group will continue to selectively invest in order to unlock growth opportunities, such as its US distribution centre that will transform its proposition in a key growth market, and through third-party partnerships across key global markets.

HOW WE MANAGE RISK
RISK MANAGEMENT

The board has overall responsibility for risk management, validating the appropriateness of the supporting system of internal controls and for reviewing their effectiveness. The governance structure allows for effective discharge of these responsibilities through clear lines of communication, responsibility and oversight.



Effective risk management is an evolving and continuous process; our aim is to intrinsically embed effective risk management throughout the business in order to manage risk in a way that helps the group achieve its objectives.

During the last financial year, there has been ongoing improvements to the group's risk management framework and the way we manage risk. This includes, but is not limited to:

- The evolution of the risk management policy, approved annually by the board;
- The establishment of additional risk-focused governance structures;
- Continued assessment of risk appetite at board level;
- Establishment of standardised controls documentation standards and associated attestations;
- Transitioning from the Agenda for Change programme to in-house oversight through the Risk Management framework; and
- Roll-out of a leading risk management and audit software system.

RISK GOVERNANCE

The Risk Committee chaired by Tim Morris, non-executive director, independently reviews, on behalf of the board, the Executive Risk Group's recommendations on risk management.

The Executive Risk Group, chaired by the CEO and supported by its sub-committees, provides input and recommendations to the Risk Committee and, ultimately, the board, through consultation with its sub-committees. It acts as a forum for senior management to discuss principal and emerging risks, the structure and implementation of the risk strategy, system of governance, risk management framework, the quality and effectiveness of the related internal controls and reporting processes, risk appetite limits and exposures, and the overall risk profile of the business.

The sub-committees and focus groups each have a specific focus on an area of risk. Each of these groups escalates matters to the Executive Risk Group as necessary.

Further details of the governance framework can be found on page 70 to 85.

HOW WE MANAGE RISK CONTINUED
RISK MANAGEMENT

OUR RISK MANAGEMENT APPROACH

Our risk management methodology is now well embedded across the group, but continues to evolve in a process of continuous improvement.

Process	Process stage	**Continuous improvement** Additional to complement existing process stages
IDENTIFY	• Top down and bottom-up identification methods including workshops, interviews, committees, focus groups and ad hoc engagement across the group	• Risk ownership enhanced through use of risk management tooling to decentralise and place risk administration at the fingertips of those accountable
ASSESS	• Prioritisation and measurement of risks using consistent risk assessment methods and against risk appetites agreed with the board	• Review and update of scoring metrics to keep pace with changes in the business
MANAGE	• Identifying, improving, reviewing and auditing control measures that reduce risk impact or likelihood	• Documentation of controls across key risk areas, to achieve standardisation, ownership and evidencing to support oversight
MONITOR	• Monitoring and reporting on the status of risks	• Implementing risk management software to allow real time risk reporting

We consider risk at various levels across the group:

- **At a functional level**, each business function is responsible for preparing and maintaining their functional risk registers and, with the assistance of the risk team, identifying, assessing, managing and monitoring risks and reviewing emerging risks within their function. Each risk is assigned an owner through which ongoing activities, control measures and any actions related to that risk are updated.
- **At strategic level**, the Executive Risk Group oversees the monitoring of escalated functional risks as well as key strategic risks to the group. The Risk Committee reviews the strategic risks facing the group and assesses the mitigating factors, reviews emerging risks, performs deep dives on key risks, and assists the board in setting the risk appetite of the group against which risks are evaluated. Each risk is assigned to a senior executive through which ongoing activities, control measures and any actions related to that risk are updated.
- **At project level**, where there are projects that will have, or could have, a material impact on any strategic risk, or where a project could introduce new material risk into the business, specific project-level risk registers are maintained following the same risk management methodology as functional and strategic risks.

Functional, strategic and project risk registers are prepared using a consistent risk management methodology approved annually by the board. The registers are used to evaluate business impact and likelihood ratings, both before (inherent) and after (residual) the effect of any mitigating activities or controls.

We utilise leading risk, control and audit management software across the group. The software enables the Internal Audit and Risk team, risk and control owners, accountable directors and senior leadership real-time access to up-to-date and accurate risk information at a Strategic and Functional level, as well as ensuring appropriate documentation and trend analysis.

Integrated Assurance – Internal Audit planning is strongly aligned to the key strategic and operational risks defined by the board via the Risk Committee and Executive Risk Group. The results of internal and external audits are factored into the regular review of strategic and functional risks.

Our risk management process is an ongoing assessment of the key risks facing our business, such that it is updated whenever there is a major change in the principal risks and uncertainties.

The Executive Risk Group and Risk Committee perform a full review of the strategic risks, on a line-by-line basis, twice a year in congruence with the financial reporting timetable. Considered in this review are the addition or removal of strategic risks, the risk rating of each risk and the impact of current mitigating factors and actions. The Executive Risk Group meets quarterly, with direct lines of communication established for real-time consideration should there be material changes to the risks faced by the business between meetings.

The following are considered to be the principal risks and uncertainties as at 28 February 2023.

STRATEGIC RISKS

Risk heading (risk owner) (Movement in year)	Risk factors	Mitigation
SUPPLY CHAIN ETHICS Director of Responsible Sourcing and Group Product Operations Movement ↔	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.	• 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 • Global supply chain published Jan 2022, Aug 2022, Nov 2022 and March 2023 • Bureau Veritas-nominated audit partner and auditing programme in place, non-compliance correction process managed through UK ethical compliance team • UK manufacturing supply chain under-going Fast Forward audit programme • 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 across the group • 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
COMPETITION RISK CEO and CFO Movement ↔	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. As a result of the above factors, there is a risk that market share may not grow or could decline.	• Operating a differentiated business model, across brand and geographies insulates against specific brand competitors as a group • Investment in brands, both at an individual level and through acquisition • Competitor activity and offerings are reviewed regularly to remain abreast of market developments and identify competitive advantages • Consumers' changing preferences are monitored internally and by market research to ensure product and service is relevant to demand • Developments in e-commerce trends are monitored to keep abreast of the latest developments and innovations • Performance targets control key deliverables (product quality, customer service and traffic)

KEY (MOVEMENT IN YEAR)

↑ Increased ↔ Level ↓ Decreased N New

HOW WE MANAGE RISK CONTINUED
RISK MANAGEMENT

STRATEGIC RISKS

Risk heading (risk owner) (Movement in year)	Risk factors	Mitigation
SUSTAINABILITY – CLIMATE TRANSITION Director of Responsible Sourcing and Group Product Operations Movement ↑	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 Climate report, but include: • Liability risk – The risk of litigation brought by plaintiffs against companies for their liabilities in causing harm from climate change • Market risk – The risk of market disruption, cost of capital and valuation changes as investors prioritize returns from low carbon companies • Policy risk – The risk of legislation enacted by national and local governments to price and penalise GHG emissions • Technology risk – The risk of disruptive technology changes in key sectors of the economy responding to changing energy needs • Customer risk – The risk of market disruption, changes in consumer preference trends and demand projections	Mitigations are provided, in detail, with the Climate report on page 40.
SUSTAINABILITY – CLIMATE PHYSICAL Director of Responsible Sourcing and Group Product Operations Movement ↔	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 Climate report and include: • Risks to own facilities • Risk to raw material availability and cost • Risks to revenue	Mitigations are provided in detail with the Climate report in page 40.

KEY (MOVEMENT IN YEAR)

↑ Increased ↔ Level ↓ Decreased N New

STRATEGIC RISKS

Risk heading (risk owner) (Movement in year)	Risk factors	Mitigation
GOVERNANCE **General Counsel and Company Secretary** **Movement** ↑	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.	• Increased levels of board oversight have been driven by Agenda for Change and embedded within governance practices • Governance is a constant board agenda item • Strong board including suitable mix of non-executive directors • Panel of external advisors utilised to provide advice on emerging matters and in overseas territories • Committee structure established including new standalone governance committees relating to Supplier Compliance, Treasury, Health and Safety and ESG • See Corporate Governance section on page 70 for further details

HOW WE MANAGE RISK CONTINUED
RISK MANAGEMENT

STRATEGIC RISKS

Risk heading (risk owner) (Movement in year)	Risk factors	Mitigation
ETHOS AND CULTURE Chief People Officer **Movement** ↔	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.	• Board commitment to positive change, increased senior leadership presence on the floors of the business and increased communication from senior leadership • Bi-monthly town halls that include a business update at the start of every town hall; pen to each and every employee to dial in or see a recording • Continued time investment in listening forums, including improved exit interview process, new starter focus groups, instant polls and pulse surveys • Investment in Senior Leadership Development; Talent Development programmes now in place for both director and head of level • Investment in management capability – launched Learning Lab – behavioural development for all levels of the business – entry level to senior manager • PACCT organisation values now weaved through all employee communications • Enhanced performance review process that enables personal check-ins with every employee • D&I plan developed for the business. D&I workshops held for the board and all senior leadership (top 150); D&I Mission Statement created; D&I family created – internal committee to enable and drive change; Members of DIR and Inclusive Employers, accredited status • Pride 365 recognition and accreditation • Teambuilding sessions and away days • 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 • Employee appreciation a calendar of events to recognise and acknowledge our colleagues' commitment and hard work in the business

KEY (MOVEMENT IN YEAR)

↑ Increased ↔ Level ↓ Decreased N New

STRATEGIC RISKS

Risk heading (risk owner) (Movement in year)	Risk factors	Mitigation
REGULATORY COMPLIANCE General Counsel and Company Secretary Movement ↑	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. 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. As a result of emerging regulations, there is a risk that additional compliance costs are incurred in the future. As a result of increased regulation on buy-now-pay-later businesses, there is a risk of increased customer friction in this settlement method. As a result of global pricing, and promotion regulation and compliance activities, there is a risk of increased regulatory focus on the group's promotional strategy.	• Comprehensive and refreshed training of colleagues on the importance of GDPR and data security • 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 the board • Privacy policies and procedures reviewed and updated regularly • 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 • Impact reduced by skilled legal team in house and utilising specific expert advice from external lawyers in territories concerned • Corporate affairs team in place which monitors emerging regulations to ensure the business is best placed for any new compliance requirements
TAXATION AND DUTIES CFO Movement ↑	Governments may impose additional corporation taxes on online businesses. Governments are increasingly reducing duty and tax-free thresholds on imports and imposing tax collection responsibility on sellers, thereby increasing prices to consumers. As a result of increased political and trade tension, product sourced from China for sale in the US may be subject to increased duties.	• Impact of potential future corporation tax rates considered in future plans • Sales taxes already imposed in all major markets; group believes its products will remain competitive due to its online proposition and with customs warehousing, the impact of duty costs can be minimised • The group's agile sourcing model allows it to shift production to quickly take advantage of favourable duty rates
SUPPLY CHAIN COSTS CEO & CFO Movement ↓	Freight costs and delays have broadly returned to pre-covid levels and as such this risk has changed year on year. 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.	• Dedicated sourcing team and inbound team, which looks to identify market opportunities for keeping costs down • Differentiated supply chain mechanisms so as to not be wholly reliant on one form of transport • Procurement team focused on ensuring cost benefits from falling freight prices are realised • Approximately 20% of products are sourced from the UK, which limits macro exposure • Work ongoing to establish US distribution centre to improve market offering in US, including US sourcing opportunities to keep lead times low

HOW WE MANAGE RISK CONTINUED
RISK MANAGEMENT

OPERATIONAL RISKS

Risk heading and risk owner	Risk factors	Mitigation
IT AND CYBER SECURITY CTO and IT Directors **Movement** ↔	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.	• Board engagement in cyber risks, mitigations and plans; regular updates at Executive Risk Group and Risk Committee • Perimeter security regularly updated and tested • Industry leading tooling to prevent and detect attacks • 24/7 security operations centre • Continued and expanding investment in IT tools and security teams • Investment in replacing the Enterprise Resource Planning (ERP) system and connective infrastructure • Training of both technical and non-technical teams regarding cyber security • Prioritisation of IT and security controls within the group's controls standardisation and attestation programme
CHANGE CTO and IT Directors **Movement** ↑	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 BAU activities are not appropriately established, thereby not meeting the expectations of both internal and external stakeholders, which could lead to reputational damage.	• Growth of projects capability including head of delivery and project function, business analysts and project managers • The Change Advisory Board (CAB) consisting of senior leadership and executive directors, ensures that approvals are obtained in advance of changes being implemented • Established project methodology including the right level of governance for each project • Resourcing managed and reviewed to ensure key projects are prioritised • Material projects go through full boohoo risk management methodology
THIRD PARTIES CFO and CTO **Movement** ↔	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.	• A defined supplier framework and governance structure, which outlines the relationship owners • Supplier security assessments are conducted • Diversification of the service providers, where appropriate, to spread risk • Technology suppliers managed through regular cadence of meetings

KEY (MOVEMENT IN YEAR)

↑ Increased ↔ Level ↓ Decreased N New

STRATEGIC REPORT

OPERATIONAL RISKS

Risk heading and risk owner	Risk factors	Mitigation
BUSINESS CONTINUITY/ DISASTER RECOVERY CFO/CTO/Supply Chain Director **Movement** ↔	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. 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.	• Warehouses are protected by 24-hour security, access control, fire protection and sprinkler systems • Head office is protected by security alarm, access control, fire protection and sprinkler systems • Electric power continuity is protected by back-up generators • 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 • Business continuity plans are in place for all sites • ITDR covers critical applications and third-party contracts with appropriate SLAs • Investment on monitoring and alerting, governance, change management • Technology colleagues can work 24/7, as appropriate, from anywhere
PEOPLE RISK Chief People Officer **Movement** ↔	Competitors are inclined to poach key staff and talented individuals. Employees may leave the company for better pay and prospects elsewhere. Macro-environmental changes resulting in increased staff turnover across industries. 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.	• A new careers website and Employee Value Proposition developed to showcase the world of boohoo • Invested in Global Grading Framework • A new rewards platform that will provide a 'one-stop shop' for all things reward • Evolvement of our employee share incentive schemes. Improved communication practices of said scheme • Investment in enhanced employee benefits – cycle to work, season ticket loans, life assurance etc • Best of boohoo – recognition and long-service awards introduced • Listening groups – learning from feedback and taking action on feedback • Improved people process – evolved policies, interview frameworks, new performance review process and talent mapping • Enhanced social media presence – Instagram; LinkedIn showcasing our people proposition

HOW WE MANAGE RISK CONTINUED
RISK MANAGEMENT

OPERATIONAL RISKS

Risk heading and risk owner	Risk factors	Mitigation
PRODUCT RISK Director of Responsible Sourcing & Group Product Operations **Movement** ↑	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. As a result of product quality issues, there is a risk of a decline in customer satisfaction.	• boohoo product performance lab opened • Programme to test suppliers' products and educate suppliers and buying teams on product compliance in place • Product performance manuals in place, continuous training seminars under-way on categories such as cosmetics, kids and footwear with buyers and suppliers • All brands now operating on a 2.5 AQL (Acceptable Quality Level) • Product compliance and quality checks in place within the UK distribution centres • Product compliance and quality checks have commenced in Turkey, and due to begin in Italy and Morocco; plans in place to roll out in the other international sourcing origins, increasing the efficiency and effectiveness of the check, by bring them closer to product origin

FINANCIAL RISKS

Risk heading and risk owner	Risk factors	Mitigation
FINANCIAL RISK CFO **Movement** ↑	As a result of macro-economic conditions, there is a risk of exchange rate and interest rate fluctuations that may impact margins.	• Treasury policies are in place to manage both interest rate and exchange rate volatility • The Treasury Committee oversees treasury matters and adherence to the treasury policies • Regular budgeting and forecasting ensure working capital is sufficient for business requirements and rapid reaction to adverse business performance • Uncertainty due to fluctuating exchange rates is reduced by appropriate forward-looking hedging policies • Uncertainty due to fluctuating interest rates is managed through monitoring and management of the net interest rate • Investment in expertise within the in-house treasury function

KEY (MOVEMENT IN YEAR)

↑	↔	↓	N
Increased	Level	Decreased	New

HOW WE MANAGE RISK CONTINUED

WHAT'S ON OUR RADAR?

Through the ongoing work of Risk Owners and the Internal Audit and Risk team, such as regular workshops, interviews and risk and control update sessions, the group continues to actively identify emerging risks and issues that could impact the group's activities across the world.

MACROECONOMIC FACTORS

The group continues to monitor macroeconomic conditions and geopolitical situations across the globe, including key sales markets, sourcing territories and other factors of global significance.

Globally, geopolitical unrest is monitored continuously to ensure the group's exposure to the markets, distribution or supply base affected is managed appropriately.

US distribution complexities

We recognise the importance and complexity that opening our first distribution centre in the US brings, along with the upsides of an improved customer proposition. Key risks being assessed and monitored include:

Transition – A project of this size introduces complexity and risk. As we transition between solely UK fulfilment, and the use of the US Distribution Centre, we will closely monitor the specific transitional risks we have identified.

Customs – The requirements of the US Customs and Border Protection agency when importing bulk goods into the US have been mapped and understood to ensure we comply. This includes the Uyghur Forced Labour Prevention Act, for which we have strengthened our supplier T&Cs, the commencement of a field-mapping exercise back to fibre origin, and a cotton DNA-testing exercise.

Sourcing model – We recognise the impact to our sourcing requirement and are adapting sourcing origins in light of these.

Management focus – We recognise the risk of such a major project on management focus and have mitigated this through building strong project teams and using third-party service providers as appropriate.

UK corporate governance reforms

The audit and corporate governance proposals set out in the BEIS White Paper : Restoring Trust in Audit and Corporate Governance, are being monitored closely and we are already well positioned in relation to the proposals, specifically through our governance structures, risk management programme and controls governance regime.

CLIMATE REPORT

The future success of our business will be subject to its ability to manage climate-related risks as it would other risks that it faces. We welcome the Task Force on Climate-related Financial Disclosures ("TCFD") framework and the importance of adopting its recommendations.

This is our first year publishing a Climate report and, while our disclosures are compliant with the four pillars of TCFD, we want to be clear that this is our first iteration, and we will expand our disclosures across the 11 recommendations as our strategy develops. We are in the process of mapping our path to Net Zero, which is the next step. We recognise the increasing threat that climate change poses, and the impact that the production and selling of fashion has on the environment. We recognise the importance of managing our impact through our value chain and, therefore, the importance of building decarbonisation into our decision making.

In 2021, we launched our UP.FRONT strategy, which sets out our targets on how to reduce our impact on the planet, improving the ways in which we work with our people and our processes. As part of our UP.FRONT strategy, we launched our Ready for the Future Range. This highlights products across the group that meet our more sustainable materials goals, which can found on page 54. Currently, 20% of our products meets these guidelines.

Risk management, sustainability and responding to climate change are important components of our business today.
The table below shows how the disclosures elsewhere in this report align to the TCFD recommendations, specifically the four core TCFD pillars.

We continue to monitor market disclosures with a view to ensuring that our own disclosures achieve of objective of being consistent and comparable over time.

TCFD recommendation	Addressed in this report:
Governance – Disclose the organisation's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities.	Climate report – Governance, page 41
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Climate report – Governance, page 41
Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Climate report – Strategy, page 43
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Climate report – Strategy, page 43
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate report – Strategy, page 43
Risk Management – Disclose how the organisation identifies, assesses, and manages climate-related risks	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	Climate report – Risk Management, page 44. Aligned to – How we manage risk – Risk management, page 29.
b) Describe the organisation's processes for managing climate-related risks.	Climate report – Risk Management, page 44. Aligned to – How we manage risk – Risk management, page 29.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate report – Risk Management, page 44. Aligned to – How we manage risk – Risk management, page 29.
Metrics and Targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.	Climate report – Risk Management, page 44. Aligned to – How we manage risk – Risk management, page 29.
b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas ("GHG") emissions, and the related risks.	Climate report – Metrics and targets, page 45.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	ESG report, page 54. Aligned to – How we manage risk – Risk management, page 29, specifically via risk appetite.

CLIMATE REPORT CONTINUED

GOVERNANCE

We have embedded the oversight and management of climate-related risks and opportunities throughout our governance framework.

Committees are in place to provide clear lines of accountability for sustainability and climate change, and demonstrate how information feeds up to the board for decision making.

PLC board	ESG Committee	Executive ESG Group	Environmental and Climate Change Committee
Sets strategic direction, ensures compliance and provides counsel and oversight	Sets and oversees ESG strategy and provides recommendations to Executive ESG Group	At least quarterly monitoring of strategic risk and making recommendations to the board and its Committees	At least quarterly monitoring of functional risks

Board and Committees	Role	Actions during the year
BOARD	To ensure climate-related issues are fully integrated into the company's long-term strategy to run the group as a more environmentally and socially sustainable business, capable of generating long-term value for its stakeholders	• Approved the Group Sustainability Strategy and Environmental Policy • Carried out an effectiveness review of the ESG Governance Framework
ESG	To monitor the company's progress against its climate strategy, review and challenge the approach to climate change management, and ensure that the company is measuring and monitoring its progress against appropriate milestones and targets appropriately	• Received reports on performance against each of the environmental targets and tracked the group's progress in reducing its greenhouse gas emissions in line with its science-based targets • Redesigned the group's ESG scorecard by including a traffic light system to track progress against targets
RISK	To ensure all material climate risks and opportunities have been identified and incorporated into the risk-management framework	• Discussed how we can map and manage risk from nations more exposed to physical and transitional climate risks and better understand our resilience and ability to adapt based on different temperature scenarios
AUDIT	To oversee the appropriateness of the standards, frameworks, processes and controls chosen to identify and maintain oversight of climate risks, and to ensure there is adequate internal and external assurance over climate reporting	• Oversaw the completion of a sustainability audit to review product information for 'Ready for the Future' ("RFTF") ranges and compliance with the RFTF guidelines
REMUNERATION	To embed climate-related performance targets into performance-related incentive schemes and determine, each year, whether climate targets have been met, if awards will be made, and the overall amount of such awards	• Introduced specific climate change targets into the annual bonus and LTIP schemes
NOMINATION	To ensure that climate-related skills and experience are taken into account in relation to board composition, appointments, succession planning and training	• Reviewed succession planning for senior management responsible for the execution of the climate strategy

CLIMATE REPORT CONTINUED

GOVERNANCE

Management	Role	Actions during the year
EXECUTIVE ESG GROUP	To develop and execute the climate strategy to ensure the group is run as a more environmentally and socially sustainable business	• Submitted the group Sustainability Strategy 2023–2025 to the board for approval • Approved partnership with Emitwise to improve data collection and reporting on carbon emissions • Established accountability for carbon reduction across the business
EXECUTIVE RISK GROUP	To identify and incorporate principal and emerging climate risks into the risk management framework	• Reclassified environment risk into 'physical' and 'transition' risks to align with the Climate reporting framework
ENVIRONMENT AND CLIMATE CHANGE COMMITTEE	To make recommendations to senior management on climate change strategy and initiatives	• Developed a roadmap for 2030 climate-change targets • Prepared the company's first Climate report • Submitted and developed programme that resulted in boohoo's own more sustainable fabric pilot • Appointed sustainability champions across the business with responsibility for helping make our working environment 'greener'

CLIMATE REPORT CONTINUED

STRATEGY

We have identified the following climate-related risks and opportunities and assessed the impact on the group's businesses, strategy and financial planning.

Our scenario analysis was performed based on a multi-peril analysis on key facilities to understand short- and long-term impacts under a variety of potential warming pathways (five pathways modelled 1.5°C / 2°C / 2.5°C / 3°C / >4°C warming projections vs pre-industrial levels).

Risk heading	Risk factors	Mitigation	Term and Materiality
Transition risk refers to risks that arise from the gradual transition to a lower-carbon economy.			
CLIMATE TRANSITION – LIABILITY RISK	Litigation brought by plaintiffs against companies for their liabilities in causing harm from climate change Scenario outlook – Risk increases as scenarios worsen	• Sustainability plans and commitments – see page 54 • Developing net zero/carbon reduction plans; net zero roadmap due to commence with TBL April 2023 • Climate activism is considered in business continuity/crisis planning/comms activities	S M L ↓
CLIMATE TRANSITION – MARKET RISK	Market disruption, cost of capital and valuation changes as investors prioritise returns from low-carbon companies Scenario outlook – Risk increases under lower-emission pathways	• Sustainability plans and commitments – see page 54 • Developing net zero/carbon reduction plans; net zero roadmap due to commence with TBL April 2023 • Test and repeat business model allows us to adapt offering market demands, including more sustainable ranges	S M ↓ ↔
CLIMATE TRANSITION – POLICY RISK	Legislation enacted by national and local governments to price and penalise GHG emissions Scenario outlook – Risk increases under lower-emission pathways	• Sustainability plans and commitments – see page 54 • Developing net zero/carbon reduction plans; net zero roadmap due to commence with TBL April 2023 • Having country-level global emission data allows calibration of potential impacts arising from carbon taxation	M ↔
CLIMATE TRANSITION – TECHNOLOGY RISK	Disruptive technology changes in key sectors of the economy responding to changing energy needs Scenario outlook – Risk increases under lower-emission pathways	• Supply chain mapping to stay abreast of emerging upstream decarbonisation costs • In 2022 46% of our suppliers completed the Higg Index Facility Environmental Module ("FEM") and 0% were verified. We will be working with our supplier to increase this % and identify where we can support our supply base to reduce their impact	M L ↓
CLIMATE TRANSITION – CUSTOMER RISK	Market disruption, changes in consumer preference trends and demand projections Scenario outlook – Risk increases under lower-emission pathways	• Sustainability plans and commitments – see page 54 • Developing net zero/carbon reduction plans; net zero roadmap due to commence with TBL April 2023 • Clothing made from more sustainable fabric • Test and repeat business model allows us to adapt offering market demands • Resale and hiring platforms	S M ↑

KEY

Terms			Materiality		
S	M	L	↓	↔	↑
1–2 years	3–5 years	5 years plus	Low	Med	High

CLIMATE REPORT CONTINUED

STRATEGY

Risk heading	Risk factors	Mitigation	Term and Materiality
Physical risks refer to climate-related hazards, which are influenced by future increases in global warming. We have considered both acute perils (such as flood, wind and extreme rainfall) and chronic perils (such as drought, heat stress and water stress).			
CLIMATE PHYSICAL – OWN FACILITIES RISK	Disruption to output of production and activities from extreme weather events Scenario outlook – Risk increases as scenarios worsen	• Owned and other key facilities in low-risk areas • BCP plans in place for key locations	M L ↓
CLIMATE PHYSICAL – RAW MATERIALS RISK	Agricultural produce and water supply affected by extreme weather events and chronic changes in climate 51% of our products derived from petrochemicals Scenario outlook – Risk increases as scenarios worsen	• Map our raw material supply chains • Increase number of REEL CottonConnect programmes • Exploring opportunities to increase use of recycled cotton • Switching to recycled polyester as it generates less emissions than virgin polyester • Exploring opportunities for technology advances in fibre-to-fibre recycling	M L ↓
CLIMATE PHYSICAL – REVENUE DISRUPTION RISK	Consumer purchases of products or services affected by extreme weather events Scenario outlook – Risk increases as scenarios worsen	• Agile business model inherently allows us to adapt to consumer demands	L ↓

CLIMATE RELATED – RISK MANAGEMENT

The process for identification and assessment of climate-related risks follows the group's risk management methodology as defined in our risk management policy and summarised within 'How we manage risk – Risk management', page 29. To support this, and to provide expert climate risk knowledge, we commissioned a climate change risk report, which has been used to inform this disclosure. The climate change risk report involved mapping both physical risks, those related to both our physical estate (distribution centres/offices) and our global supply chain, and transitional risks, such as government policy, taxation, customer sentiment and reputational under a range of different climate scenarios.

We manage climate-related risks following the same framework as other business risks, summarised within 'How we manage risk – Risk management', page 29. The management of the specific climate-related risks is considered in the table of risks below and within the principal risks statement on page 32.

By utilising the existing risk management framework, we are able to identify, assess and manage climate-related risks in a way that is truly aligned to all other risks. The governance structure provides additional oversight through the dedicated ESG committee structure.

KEY

Terms			Materiality		
S	M	L	↓	↔	↑
1–2 years	3–5 years	5 years plus	Low	Med	High

CLIMATE REPORT CONTINUED

METRICS AND TARGETS

In 2021, we committed to reduce our carbon footprint in line with the requirements set out by the Paris Agreement by setting science-based targets that were approved by SBTi in 2021. An SBTi-approved target is in line with limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. In September 2022, we began a new partnership with a leader in carbon accounting, Emitwise.

The industry widely recognises that carbon accounting, unlike financial accounting, relies on a variety of assumptions, ranging from the necessary modelling to the calculations of the carbon dioxide equivalent emission factors. Consequently, even if parties comply with the GHG protocol, discrepancies in carbon footprint calculations are common. As with any new partnership, this necessitates a new way of working.

This year, we have introduced the disclosure of emissions from the use of our products. These emissions stem from the energy consumed by our customers when washing the group's garments and account for a considerable proportion of our overall carbon footprint (25.9% in 2022). While we have limited control over these emissions, we have a responsibility and an opportunity to educate our customer on the most efficient way to care for their clothes. Using our in-house boohoo lab, we have just carried out some wash testing to highlight the benefits of washing @30°. We will be using this data to focus on educating our customers over the coming months.

The recent update to our carbon footprint methodology led to a 26% reduction in 2020 emissions (excluding emissions from use of sold products for a like-for-like comparison). However, it is important to note that all emission calculations, inherently, involve estimations due to the nature of the calculations. The differences in results are, primarily, influenced by two factors:

1. The emission factors and the emission factor databases used
    - Our reporting utilises 10 different emissions factor databases to enable a detailed and precise carbon footprint.
2. The assumptions applied for modelling
    - Around 34% of our carbon footprint is modelled using various techniques aligned with the Greenhouse Gas Protocol, including transport between our tier 1 and tier 2 suppliers, cut and sew emissions, use of sold products and end-of-life treatment, employee commuting and data gap modelling. As a result, there can be a range of results, depending on the specific modelling techniques employed.

Moving forward, we will remain up to date with the evolving industry, update our methodology and targets as needed, and strive to report the most accurate, transparent and actionable carbon data.

UPDATED SBTi

Our updated carbon footprint methodology has initiated a reassessment of our carbon reduction targets and strategies to ensure that they align with the standards set by SBTi. The goal of rebenchmarking is to ensure that our carbon reduction efforts remain ambitious and effective in the face of evolving climate science.

Our updated SBTi submission will maintain the same principles as our previous targets, which aimed to align our carbon footprint with the requirements of the Paris Agreement. We will now update our submissions based on our rebenchmarked 2020 carbon footprint emissions. This rebenchmarking process will initiate a thorough review of our near-term target submission, as well as a comprehensive target validation report that will include recommendations for addressing non-compliance and an official certificate if the targets are approved.

To achieve our goal of reducing emissions across scopes 1, 2, and 3 by 52%, relative to our growth, we have identified the following priorities:

- Work towards eliminating fossil fuels from our direct operations
- Increase our use of recycled and more sustainable materials to reduce our product footprint
- Improve air freight efficiency measures and give priority to sea, road and rail freight
- Investigate and increase renewable energy outside of our own operations throughout our supply chain

CLIMATE REPORT CONTINUED
METRICS AND TARGETS

Carbon emissions tCO_2e	Current reporting year 2022: UK and offshore(1)	Reporting year 2021: UK and offshore(1)	Reporting year 2020: UK and offshore(1)
Scope 1			
Company cars/fleet	**34**	32	43
Natural gas	**742**	435	246
Other fuels	**3**	0	12
Refrigerant	**19**	0	0
Scope 2			
Electricity (market-based)	**0**	0	0
Electricity (location-based)	**4,352**	3,694	2,762
Company cars (battery electric)	**1**	232	0
Scope 3			
Upstream emissions			
Purchased goods and services	**438,822**	499,883	383,414
Capital goods	**467**	513	300
Fuel and energy-related activities	**593**	524	339
Upstream transportation and distribution	**120,715**	125,713	179,517
Waste generated in operations	**99**	157	121
Business travel	**4,661**	905	409
Employee commuting	**625**	436	976
Upstream leased assets	**1,208**	1,167	1,239
Downstream emissions			
Downstream transportation and distribution	**0**	0	0
Use of sold products	**203,329**	210,842	173,845
End of life treatment of sold products	**9,828**	11,763	8,284
Total emissions market-based	**781,145**	852,370	748,743
Total emissions location-based	**785,497**	856,296	751,505
Energy reporting : total energy usage (kWh)	**25,774,325**	19,517,781	13,939,362

3 The group's emissions have decreased in absolute terms as well as on a revenue intensity basis.

SUMMARY OF OUR CARBON FOOTPRINT

In the calendar year 2022, the group's market-based carbon footprint has decreased from 852,370 tCO_2e to 781,146 tCO_2e since the previous reporting year. This 8% decrease in emissions is largely due to a reduction in fabric purchased. Our focus this year has been on recalculating our carbon footprint for 2020 and 2021 to align our updated methodology, reporting our complete carbon footprint (including emissions from customers' washing our garments), improving data accuracy, identifying areas with high emissions, and initiating our product sustainability programme. Achieving our targets will be challenging, but we recognise the importance of understanding, managing and disclosing our carbon impact. We are aware of the reporting requirements 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 publicly shared the results of our emissions calculations for all three scopes for each calendar reporting year since 2019.

PERFORMANCE

Since the previous reporting year, total market-based emissions have decreased by 8% from 852,370 tCO_2e to 781,146 tCO_2e; this decrease is largely driven by a 10% decrease in tonnes of material produced and a shift from air freight to road or sea freight.

To reduce our product footprint our first step is to create our net zero road map combining this and our already established targets we will continue to focus on increasing the use of recycled and more sustainable materials. In addressing transportation and distribution impacts we will be piloting the use of trains over air freight in some product areas and increasing the use of electric vehicles to deliver to our customers. A target for us this year is to work closely with our suppliers in collaboration with the HIGG modules to provide accurate data throughout our products production process. This year, we will be launching our US distribution centre. The launch of this DC will allow us to reduce our inbound and outbound carbon emissions. Stock will be shipped directly from our suppliers to the US DC rather than going through our UK DC.

OPERATIONAL BASED EMISSIONS SCOPES 1 AND 2

Operational location-based emissions (scopes 1 and 2) have increased by 24% from 4,161 to 5,150 tCO_2e. This has been driven by two main factors:

- 71% increase of gas consumption across existing and new properties, primarily driven by the inclusion of a new distribution centre in Sheffield; Sheffield accounts for 26% of our total scopes 1 and 2 emissions
- 32% increase of electricity consumption, including the opening of our store in Arndale; Arndale accounts for 0.9% of our total scope 1 and 2 emissions

As a result of these changes, and in conjunction with renewable electricity purchases, operational market-based emissions have increased from 467 tCO_2e to 798 tCO_2e. We remain committed to having 100% renewable electricity within our facilities and have purchased Renewable Energy Guarantees of Origin for all our electricity consumption.

SCOPE 3

In 2022, we increased the scope of emissions reported in scope 3 by including downstream emissions in relation to the energy required for our customers to wash our garments (categorised as downstream use of sold products) accounting for 203,329 tCO_2e.

Product

This year, there has been a 15% decrease in tonnes of materials procured. Polyester and cotton are still the largest proportion of emissions from our purchasing of fabrics, accounting for 49% and 25%, respectively. However, the amount of recycled polyester bought in 2022 is more than double of what was bought in 2021. Recycled polyester is 26% less carbon intensive than non-recycled polyester. We have also continued to introduce more sustainable fabric sources, such as BCI Cotton, to continue to reduce the environmental impact of our products.

Transportation

This year, within our transportation of goods, both tonnage of product shipped and emissions produced have decreased. Total upstream transportation and distribution emissions have decreased by 4% versus the previous reporting year 2020, from 125,713tCO_2e to 120,715 tCO_2e. Primarily, this increase has come from our inbound freight, where we have prioritised using sea or road freight over air freight. The group pays for the majority of its inbound and outbound freight, hence all emissions from logistics along the value chain has been allocated to upstream transportation and distribution emissions in line with the GHG Protocol.

Business travel

We also saw an increase in business travel as COVID-19 restrictions eased. Total business travel emissions have increased 415% year on year, from 905 tCO_2e to 4,661 tCO_2e. Emissions associated with employee commuting have increased from 436 tCO_2e to 625 tCO_2e, as a result of the growth of the number of employees in the period.

Use of sold products

Emissions generated from the group's customers washing garments are allocated under emissions from use of sold products. Total use of sold product emissions have decreased by 4% versus 2021, from 210,842 tCO_2e to 203,329 tCO_2e. This is due to a 9% decrease in the quantity of goods sold in 2022 compared to 2021.

CLIMATE REPORT CONTINUED
METRICS AND TARGETS

METHODOLOGY

This report has been prepared in line with HM Government's guidance: Environmental Reporting Guidelines, including streamlined energy and carbon reporting. Our carbon footprint has been calculated in accordance with the internationally recognised corporate accounting and reporting standard, the Greenhouse Gas Protocol, developed by the World Resources institute ("WRI") and the World Business Council for Sustainable Development ("WBCSD"). It adheres to the best practice of relevance, completeness, consistency, transparency and accuracy. The carbon footprint assessment was carried out by the independent carbon footprint measurement software, Emitwise.

The group's carbon emissions are measured in carbon dioxide equivalents or CO_2e. This metric includes the six greenhouse gases covered by the Kyoto Protocol: carbon dioxide ("CO_2"), methane ("CH_4"), nitrous oxide ("N_2O"), hydrofluorocarbons ("HFCs"), perfluorocarbons ("PFCs"), and sulphur hexafluoride ("SF_6").

The carbon reporting period is from 1 January 2022 to 31 December 2022. This is offset from the business's financial reporting period, 1 March 2021 to 28 February 2022, to allow sufficient time to capture 12 months of data for our carbon assessment in preparation for the group's end-of-year reporting.

The carbon emissions calculations followed the operational control approach, which means that all emissions over which the group has direct control is included in its scopes 1 and 2 boundaries.

The emissions calculations break down into three reporting scopes. These include:

- Scope 1 – this includes all direct emissions from assets over which the group has control over, including company cars, fleet, natural gas and other fuels used in our operations and any refrigerant gas leakages
- Scope 2 – this includes indirect emissions associated with the generation of electricity; in line with best practice, market-based and location-based emissions are both reported on:
  - Market-based emissions reflect the actual emissions from the electricity agreements with the business's suppliers
  - Location-based emissions reflect the average emissions intensity of the grids in which the consumption occurs
- Scope 3 – this includes other indirect emissions generated along our value chain, which, predominantly, consists of goods for resale, goods not for resale, distribution and transportation of goods, and use of sold products. It also includes non-company cars, as per the SECR regulations. The group's carbon emissions calculations used three approaches, depending on the availability of data across its operations and supply chains, and in accordance with the GHG Protocol. These approaches included:
  - Process-based approach – uses quantity-based consumption data to estimate the carbon emissions associated with a given activity e.g. litres of fuel used. This approach was used for scopes 1, 2, and some scope 3 emissions (goods for resale, upstream transportation and distribution and business travel). For goods for resale, a subcategory of purchased goods and services, the Higgs Index carbon emissions benchmarks were applied. For all other process-based approach calculations, the BEIS (2022) emission factor database was used.
  - Spend-based approach – using extended economic input–output modelling. This approach comprised the classification of spend account categories (if a spend taxonomy was used), suppliers and/or line items by industrial activity. The Ecoinvent (2020) emission factor database was used. This approach was used for goods not for resale (a subcategory of purchased goods and services).
  - Modelling based on industry averages – for categories for which data could not be obtained, a model was built based on industry averages. This included emissions from the transportation of procured fabric from the group's tier 1 to tier 2 suppliers, cut and sew emissions, emissions from customers washing their garments and for a small portion of the group's operated facilities. The group will continue to strive for an improvement in data quality and accuracy of our carbon footprint calculations.

STRATEGIC REPORT

CLIMATE SUMMARY

Opportunity	Ambition	Impact
EMISSION TARGETS	S	2025: Achieve a 4.2% absolute reduction in operational emissions each year, and a 7% reduction in value chain emissions each year, relative to our growth against a 2019 baseline
	M L	2030: Achieve carbon reductions across our value chain aligned with science-based targets equivalent to a 52% reduction in emissions relative to our growth
TRANSITIONING TO NET ZERO	S	Developing our map to net zero to be completed in 2023
	M	Continuing to work towards our better materials targets for 2025 and 2030 on pages 54 and 55
	M L	Embed climate into our culture and decision making
WORKING TOWARDS ENDING THE MOST HARMFUL ACTIVITY	S	Work towards eliminating fossil fuels from our direct operations
	S M	Improve air freight efficiency measures and give priority to sea, road and rail freight
PROPOSED CLIMATE SOLUTIONS	S M	Scope 3 accounts for 99% of our emissions; our 2023 focus is to work with our suppliers that produce 50% of our volume to complete the FEM with a minimum of 10% verification. We will use our inhouse lab to create educational content to help our customers understand the benefits of washing their clothes at 30 degrees.
	M L	Use the data gathered from the FEM to help us work with each supplier to achieve carbon, water and waste reductions

KEY

S Short · M Med · L Long

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

"The group is acutely aware of the need to act to improve its positive social impact and to reduce its environmental impact, and remains committed to building a more sustainable business."

Dear shareholders,

Over the past two years, the group has prioritised raising standards across its supply chain, while broadening its attention to wider ESG issues. Examination of every part of the business, both internally and externally, has deepened the group's understanding of its social and environmental impact. The need to evolve is driving change and experimentation. The group is working more collaboratively, partnering with sustainability innovators and engaging its customer base to accelerate its path to building a more sustainable business.

Full details of the group's approach to ESG can be found in the Sustainability Report, published on the website www.boohooplc.com/sustainability. A summary of progress during the last 12 months is set out below.

PLANET

- Resale and reuse platforms were introduced for customers, with the launch of the first resale platforms; PrettyLittleThing marketplace and Karen Millen Revolve. Clothing can also now be hired from five of the brands.
- The group will open its first international distribution centre in the US this year. Not only will this, significantly, improve service times for our US customers, but it will also reduce air and road freight, and the shipping footprint of the group.
- Many suppliers are on emission-reduction journeys, conducting FEM modules to identify where they can reduce their emissions, and partnering on textile waste trials.

PROCESS

- In 2022, a production transparency exercise was completed and the results were shared with our suppliers to help them drive operational efficiencies. We did this by monitoring and recording the cut, make and sew of products and by creating an easy to use template focusing on machinist productivity.
- The work conducted by the responsible sourcing team, in partnership with their global auditing partners, Bureau Veritas, has delivered an 89% year-on-year reduction in red-rated audits across our supplier base (2022: 56 red-rated audits; 2023: 6 red-rated audits).

PEOPLE

- The Garment and Textile Workers Trust, founded with a £1 million donation from the group, has recently awarded over £350,000 of grants to local charities that have proven expertise in supporting those employed in the garment industry.
- The group was the first British retailer to achieve Pride 365 certification in recognition of their inclusive workplace culture.
- The group has launched a new social impact programme – BeYou – underpinned by a commitment to donate 1% of top-line profits to fund it.

While the group should be proud of the changes and progress that have been made, there are many challenges ahead.

The group has made progress in reducing its environmental footprint by: installing solar panels, moving to 100% renewable energy, trialling fully electric delivery with Karen Millen, putting processes in to reduce air freight (which is down 57% on the previous reporting period) and partnering with Tree Nation to provide customers with the opportunity to offset their purchases. These initiatives are estimated to have reduced emissions by around 8%, in support of the group's ambition to achieve a 52% reduction in value chain emissions by 2030.

However, decarbonisation of the supply chain, where no exclusivity exists, requires collaboration both with suppliers and other retailers to drive operational and behavioural change. This adds a further layer of complexity and makes progress slower than the group would like, but remains a key priority for the responsible sourcing and ethical compliance teams.

These, among other issues, require sectoral cooperation. Last year, one such collaboration resulted in boohoo and other retailers working as the conduit between suppliers and the unions to enable dialogue with garment workers in Leicester. The group's partnership with Cotton Connect, to support farmers in Pakistan to grow cotton using more sustainable production methods, is now in its third year and is accelerating its impact by expanding the programme to new territories.

The group is acutely aware of the need to act to improve its positive social impact and reduce its environmental impact, and remains committed to building a more sustainable business.

KIRSTY BRITZ

Non-executive director and Chair of the ESG Committee

2 May 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT CONTINUED

OUR SUSTAINABILITY STRATEGY

We published our first sustainability strategy UP.FRONT, Fashion Ready for the Future, in 2021 and, while we have made some great progress, we still have a long way to go. In this ever-changing landscape, we want to be as upfront and transparent about where we are in our journey, the sector-wide challenges we are facing as a group, and how we propose to overcome them.

PLANET →

We set ourselves a number of stretching targets, which we published in April 2021. The purpose of these targets is to make tangible progress on our journey to decarbonise our business. Reducing our emissions in every area of our business and supply chain is central to achieving this aim.

To do this in a way that drives lasting and robust change, means we have to do it with the support and understanding of our teams and our customers. Our journey is not going to be straightforward, but we learn quickly and adapt fast.

PEOPLE →

Our people are the fabric of our business, so we will continue to invest in them in the way that they tell us matters to them. Across the group, our managers are highly skilled and excel in both the technical and people management elements of their roles. This year, we have accelerated our investment in them with new leadership and mentoring courses to advance their skills as managers and develop their leadership skills.

In 2021, we began supporting our suppliers to invest in the development and training of their people. In addition to 168 webinars offered by the group in 2022, to date, 147 garment workers have achieved a L1 NVQ offered by KTL training of Leicester. We donated £85,000 of our apprenticeship levy to the Fashion Technology Academy to enable free access to L3 and L4 apprentices. Our £1.1 million investment in the establishment of the Garment and Textile Workers Trust has seen grants of over £350,000 approved for local organisations dedicated to educating garment workers.

PROCESS →

Our responsible sourcing team has spent the last three years examining our supply base, consolidating and removing duplication where necessary, and finding new suppliers who offer something new or different in the right areas of the world. They have analysed shipping routes and methods, implemented projects with suppliers to study optimum case sizes, and built in country sourcing teams to help achieve our goal of developing relationships, not transactions.

Our supply chain, in 2022/23, is the strongest it has been and is incredibly agile to flex as our business grows and expands into new territories and, most importantly, to keep pace with changing consumer behaviour.

KOURTNEY KARDASHIAN BARKER X BOOHOO

In 2022, boohoo womenswear signed a deal with the icon, Kourtney Kardashian Barker. Kourtney has a staggering 198 million followers, a level of reach that is unrivalled.

In 2021, over 14,000 of our customers told us:

- they felt that sustainable fashion was the preserve of those with deep pockets and was not affordable or accessible to them;
- that more sustainable fashion was not on trend; and
- they were confused by the conflicting information they read about sustainability.

We wanted to change this and recognised an opportunity to use Kourtney's reach and global influence as a mother with a passion to learn more and drive awareness of sustainability, to inspire a huge audience on how they can make more sustainable choices. We firmly believe that to make progress, the conversation about sustainability must move beyond experts and engage customers. The combined reach of boohoo's customer base and Kourtney's followers presented a significant opportunity to do this. Together we:

- explored and investigated new fabrics and ways of curating a collection – our design team created products that could be worn in multiple ways (including an 8 ways to wear buttoned dress) included vintage for the first time, and trialled different sustainable fabrics, including recycled content, cotton from the CottonConnect programme, and pieces made in our UK based Thurmaston Lane manufacturing centre;
- created high quality, timeless, yet affordable pieces made to wear forever and hand down to family and friends;
- created a socially motivated educational documentary series that took Kourtney and boohoo's audience on a journey of discovery. The aim was to educated a global audience on the complexity of sustainability and the process of creating and executing the collection. It spoke in an honest way about the challenges and what we can all to do make more sustainable choices. We gathered together a group of world class experts, each representing different aspects within the challenges of the sustainability landscape, who shared their thoughts, with Kourtney asking questions on topics ranging from textile waste to modern day slavery. The docuseries we created has been viewed hundreds of thousands of times;
- hosted our first ever runway show at New York Fashion Week at the iconic Highline in New York, bringing a more sustainable collection to the global spotlight – the first of this scale for an online fashion brand;
  - this was followed by a spectacular clothing swap shop with Patrick Duffy, CEO of Global Fashion Exchange, to encourage the idea of swapping clothes rather than discarding them;
  - we subsequently hosted our own swap shops at our global showrooms in LA, London and Paris for influencers who helped drive further reach;
- posted data and insight on Kourtney's social channels which reached hundreds of millions of people; and
- created a free Kare Kit to encourage customers to cherish their purchases.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT CONTINUED

PROGRESS REPORT

Target	What we have done
All our polyester and cotton products will contain recycled or more sustainably sourced materials.	In 2022, 10% of the polyester we purchased contained recycled content. In 2022, 1.65% of our total cotton purchased was organic. In 2022, we increased the percentage of Better Cotton in our supply chain to approximately 13%. Our partnership with Cotton Connect shifted focus in 2022 to the provision of aid following the floods which devastated the country and all forms of crops.
By 2030, all the materials we use in our garments will be more sustainably sourced.	In 2022, 20% of our products contained more sustainable materials.
By 2023, we will launch resale and recycling offers across our brands	PrettyLittleThing launched MARKETPLACE, our first resale platform, in summer 2022. Karen Millen and Oasis have partnered with resale experts Thrift+. Over 1700 garments have been hired through brand partnerships with HireStreet. You can now hire products from five of our brands.
By 2025, no textile waste will go directly to landfill from our UK supply chain.	Efficient systems to recycle textiles in this country do not yet exist, meaning that there is not one simple solution to this issue. The details of all the action we are taking can be found in our Sustainability Report.
Sustainable design, innovation to reduce waste, and increase durability and improve recyclability.	We have had experts in circular design visit our sites to talk to our design and buying teams. Our teams have participated in working groups run by WRAP which is looking to create a guidance document for the industry.
By 2023, all customer garment packaging will be reusable, recyclable or compostable and any plastic will contain over 50% recycled content.	All our mailer bags across the group are made of 80% recycled material and are fully recyclable (if taken to the right recycling points). Our return polybags are 95% recycled and fully recyclable (if taken to the right recycling points). Our swing tickets are now 25% smaller. We have removed lamination and they are now made from recycled material and are fully recyclable. When calculating the impact of this change, from our nominated suppliers alone (who produce 45% of our volume), this reduces our paper consumption.
This year we will announce our goals on water, chemicals, biodiversity, microfibres, developed in partnership with experts.	This is something we plan to address this year. We are moving into our third year of the CottonConnect program and at the end of this year we will be able to see the benefits the programme has had on the soil.
By 2023, map our raw materials supply chain for key fibres.	We are committed to mapping and publishing our raw material supply chain and we have commenced a pilot mapping our top China suppliers from farm through to production.
By 2025, publish key raw material supply information.	We will be focussing on one of our sourcing regions for 2023.

Target	What we have done
By 2023, demonstrate improvements in UK garment factories and positive impact on workers.	At the time of writing we have 54 apparel suppliers based in the Leicester out of 74 in the UK. In 2021 we announced that we would be moving to the fast forward audit model and today ALL of our UK suppliers are engaged in the programme. Last year we were one of only 4 retailer members of the AGM PPP to work with the Unions Leicester to support access to our suppliers. The Garment and Textile Workers Trust established by the Group have recently announced in the region of £350k in funding for organisations whose purpose is to support garment works in Leicester. We have been partnering with local training providers to provide access to free on-site training for our suppliers. To date 178 workers have achieved L1 NVQ.
By 2025, demonstrate the impact of our improved supplier management programme over five years.	Our intensive three-year focus on strengthening, consolidating and auditing our supply chain has delivered a 89% year-on-year reduction in red-rated audits across our supplier base (2022: 56 red-rated audits; 2023: 6 red-rated audits).
Make it easier for our customers to make sustainable choices with us.	Driving change at the affordable end of the fashion sector is vital to achieve the critical mass to drive meaningful change. But, making change accessible and affordable isn't simple. Our customers want to make more responsible choices without spending much more or compromising on style. So, we are focussed on implementing changes that mean they don't have to. We are doing this in lots of different ways: improving the volume of more sustainable materials, offering vintage and pre-loved items, improving the quality and longevity of our products, creating guidance on how to care for purchases, and offering different ways to purchase and responsibly part with pre-loved items. We're also working hard to ensure that our communication with customers is honest, accurate and transparent.
By 2030, achieve carbon reduction across our value chain aligned to the SBTi equivalent of 52% reduction in emissions relative to growth.	We partner with specialist carbon experts Emitwise, who have conducted a thorough review of our entire value chain. Total market-based emissions have decreased by 8% from 852,370 tCO_2e to 781,146 tCO_2e.
By 2022, publish our social impact strategy.	The group launched BeYou, our social impact strategy in summer 2022. The programme was supported by a group commitment to donate 1% of pre-tax profits to good causes.
By 2025, receive independent external recognition via an award, accreditation or kitemark for doing the right things by our people and a genuine commitment to D&I.	In 2022, the group was delighted to become the first British retailer to achieve Pride 365 accreditation. We are an active member of Inclusive Employers and Diversity in Retail. We are keen to earn further recognition for our work to be an employer of choice.

INTRODUCING OUR NEW SOCIAL IMPACT STRATEGY

BeYou

COMMUNITY

Giving back to the communities where we do business has been a core part of the group's DNA since its inception. Our brands have been creating unique campaigns to raise awareness and funds for important causes, our teams have been fundraising and our people have been providing time and resource to organisations and causes close to their hearts for years.

Now, more than ever, people are struggling to realise their future ambitions and to authentically express themselves, preventing them from being able to live true to their present or future self. In response, we have made a clear and simple pledge.

We committed 1% of pre-tax profits towards community and social-based projects.

This overarching commitment created the foundation for the launch of the group's community programme entitled **BeYou**, with three clear aims.

SHOW YOUR COLOURS

Helping people be more confident in themselves right now

The business, and our 13 individual brands, continue to work with a wide variety of charitable organisations, and across powerful campaigns that resonate with the consumer and raise awareness of important and relevant causes. The aim is to provide practical tools, education and knowledge.

SUPPORTING OUR NHS WORKFORCE THROUGH THE ARTS

WWW.LIMEART.ORG/CREATE

This year saw the delivery of the Lime Arts create+ programme, a six-week visual arts workshop, funded by the boohoo group, which helps our amazing NHS staff back into the workplace after time out. During the pandemic, we raised **£139,247** through the sale of uniquely designed product that showed our support to our incredible NHS staff. These funds were donated to the Manchester Foundation Trust Charity, which raises funds to support Manchester University NHS Foundation Trust ("MFT"), the largest NHS Trust in the country, who worked with Lime Arts to develop this unique create+ programme.

The work created by MFT staff is on display across two gallery corridors located in two of the Trust's hospitals – Manchester Royal Eye Hospital and Manchester Royal Infirmary.

93%
of respondents agreed the creative workshop gave them a greater sense of wellbeing

84%
of participants (MFT staff) agree that they have a more positive view of their employer and access to arts activity at work is important

92%
of participants (MFT staff) agree their creative wellbeing workshop helped them to relax

95%
of participants (MFT staff) agree that being able to access arts activity at work is important

"It was wonderful to have the opportunity to create some art after a stressful day at work. It helped me relax, put things into perspective, and help me reflect on how I've been feeling. Everyone should try this!"

MATRON
Member of staff

STRATEGIC REPORT

"We are delighted our partnership with the boohoo group has enabled the roll out of our create+ programme delivered by Lime Arts. We are incredibly proud of the positive outcomes the programme has achieved. The health and wellbeing of our staff is a vital component of us being able to deliver excellent care for our patients and this could not have been achieved without the wonderful support from boohoo group. Thank you."

KATHY COWELL OBE DL
Group Chairman

FINDING YOUR PLACE

Giving people the skills & knowledge to be who they want to be in the future

At boohoo, we are passionate about celebrating individuality and believe that every person, no matter what their circumstances, deserves to feel great about themselves now and be given the chance to realise their full potential. We are working to deliver educational support, both in person and digitally, and we are mobilising our people to deliver individuals the chance to learn from experts in their field.

COTTONCONNECT REEL PARTNERSHIP

WWW.COTTONCONNECT.ORG

In 2021, boohoo group began a partnership with CottonConnect in Pakistan to produce our REEL (responsible environment enhanced livelihoods) cotton.

Education that could support meaningful change was a key factor of the partnership and detailed training sessions have been delivered to 2,527 farmers in the year 2021–22 and **2,254** farmers during the year 2022–23 at specially developed demonstration plots. The training focuses on the benefits of more sustainable cotton production and good business practices. As a result, the farmers have increased awareness and adoption of more sustainable practices and are delivering a better yield of cotton and higher net income for themselves and their families.

Highlights to date (year 2021–22)

- **4.60%** reduction in input costs in REEL cotton farming compared to conventional farming
- **5.10%** reduction in the use of chemical herbicides/weedicides/pesticides/insecticides/fungicides
- **13.80%** reduction in the use of chemical fertilisers
- **41.40%** improvement in working conditions
- **60%** of farmers adopted at least one water-management practice (excluding rainfed areas)
- **99%** of farmers adopted at least one pest-management practice
- **60%** of farmers adopted at least one soil-health practice

INTRODUCING OUR NEW SOCIAL IMPACT STRATEGY

BeYou CONTINUED

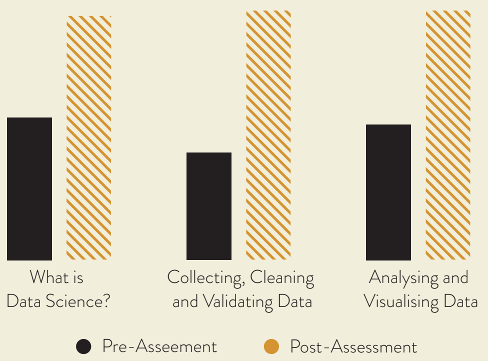
Students from Sir William Staneir Academy in Crewe getting ready for prom in collaboration with Burton

EVERFI UK PARTNERSHIP

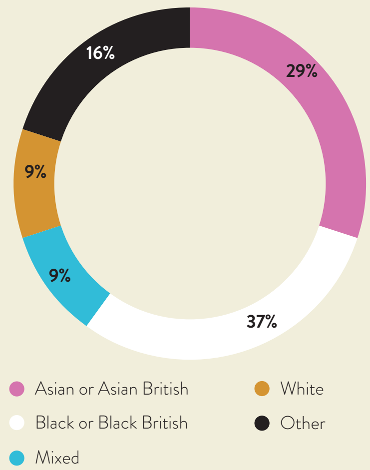
Focusing in on creating opportunities that allow individuals to realise their future ambitions, the Everfi partnership delivers a data science foundation digital course and in-person careers workshops to young people aged 14–16. Focusing around **five** of the locations where the boohoo group has a physical presence, we have reached over **1,700** children through, either, the workshops or digital course and have engaged with over 40 secondary schools. The course is designed to teach young people about the fundamentals of data science, inspiring students to think about the possibilities of data-driven careers, and equipping them with skills that will be key to their success in an increasingly tech-driven future.

In addition to the digital course, a series of career workshops have been delivered to a quarter of the students by members of the Everfi team and staff from the boohoo group. The workshops were delivered in person and gave young people direct access to senior members of the boohoo group team and insight into how they developed their skills, along with tangible advice that will be relevant to the students' lives now and in the future.

Results



Who are your learners?



Base n= 72 Demographic information is self-reported by students 13 and older as part of the Data Science Foundations pre-course survey. All questions are optional, and students may choose not to share demographic information.

STRATEGIC REPORT

EVERFI UK X BOOHOO GROUP

IMPACT UPDATE | MARCH 2023

Data science foundations

Sponsorship of an interactive digital learning module in local schools. The resource introduces 14–16-year-olds to key data science concepts and empowers them to think about careers.

29 schools active

873 students active

1 IN 5 from families where no parent or guardian graduated from university

Knowledge and Learning – increasing assessment scores

94% increase in students' knowledge and understanding of key concepts (from 36 to 77 out of 100 before and after using Data Science Foundations).

"Actually sick that guy works for them [boohoo] and his job [engineer apprentice] is pretty important actually if you think about it."

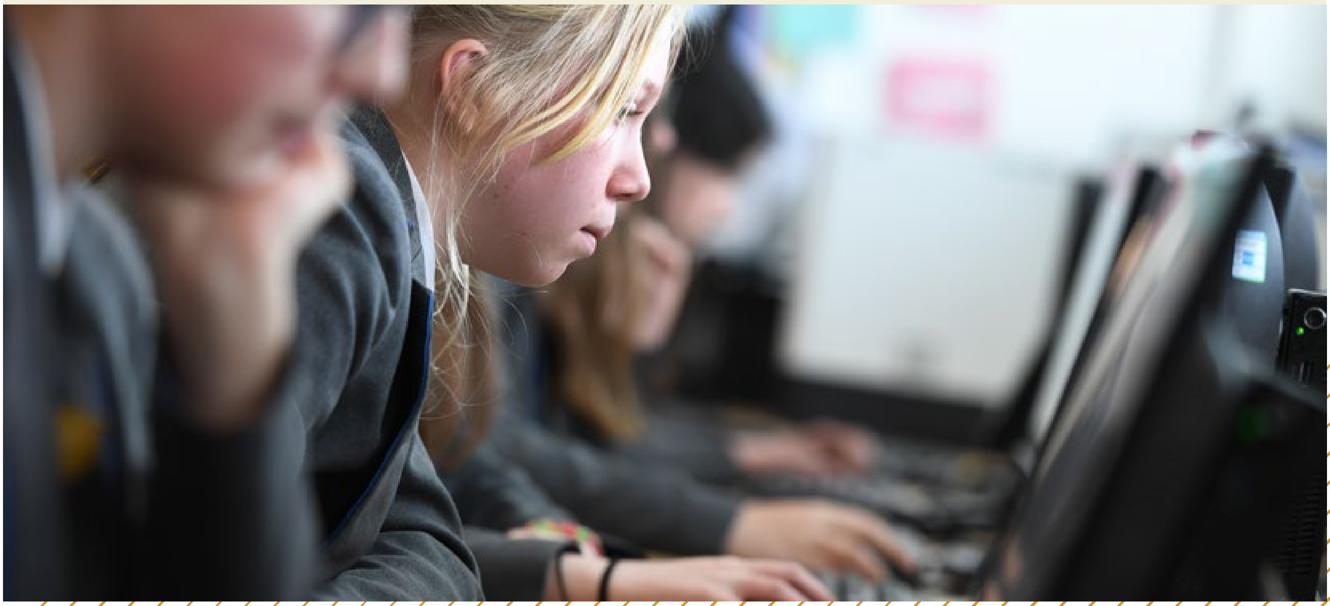
STUDENT
Stockport

"I like the way the data and facts are presented to us as it is a very entertaining and informing method and really engages the user while providing facts."

STUDENT
London

"[I liked] the interactive aspect and the fun and engaging characters that related the information to real-life problems."

STUDENT
Manchester



INTRODUCING OUR NEW SOCIAL IMPACT STRATEGY
BeYou CONTINUED

Hrisheeta Singh – Architecture graduate from De Montfort University.

EVERFI AND BOOHOO GROUP GIVING YOUNG PEOPLE HOPE FOR THE FUTURE

At a hospital-based school for young people with additional social, emotional or mental health needs, it is difficult for staff to find activities that engage students in careers. Often, the young people are receiving treatment for severe depression, anxiety and eating disorders and struggle to think about their lives in the long term due to experiencing feelings of hopelessness. The school doesn't usually receive the same opportunities as others: 'Not many people contact us as a school... so I'm often on the lookout for other resources.' However, the teacher explained the importance for them: 'Every session is so important because it does remind students that there is hope and that they can actually go into something really worthwhile!'

In early 2023, EVERFI visited the school to use boohoo group's Data Science Foundations. The interactivity and easy-to-use nature of the platform helped ensure students were engaged in activities: 'One of the young people, she does struggle with her focus and she was engaged throughout the whole session.'

However, it was the power of boohoo group's well-known brand that really captured the interest of young girls, who would previously have never thought about data science-related careers as an option open to them. In particular, the boohoo video shown in the session made the students think 'Oh I'd never thought of all these different types of careers: marketers, buyers and stuff, and even people on social media having to use data science.' It sparked a conversation between a student and the teacher about social media careers and what they consist of, ultimately helping to give them a sense of hope for their future.

Teachers also said about Data Science Foundations:

"[boohoo group aren't] trying to make money here... supporting young learners, interesting those young learners into different careers... that was the main thing that boohoo could do, or has done, in fact, and has done very well, in my opinion."

TEACHER
London

"Those 3 lessons, the way they all become quiet, they're engaging, they understand straight away the work because [of Data Science Foundations]."

TEACHER
London

KNOW YOUR BRAND WORKSHOPS

In-person workshops, where students completed careers-related tasks, themed around boohoo group's brand and everyday tasks. Boohoo group staff came along and helped students – giving them a fantastic insight into the real world of work.

10 schools (including an adapted version for students with special education needs)

450 students

20% recipients of Free School Meals

Impact

Teachers felt the workshops were a great opportunity for students to learn how data science is used by the group and gave them exposure to industry professionals. It gave them a more positive view of the group and they felt it was successful in giving students important employability skills.

Teachers said about the workshops:

"Workshops are really good for the practical aspects of it... in giving them the experience of what you do."

"I didn't know much about [boohoo group] before, feedback I've had from teachers involved is that they were very enthusiastic and very positive."

"From a student perspective, the highlight is always getting someone in who is not a teacher, getting in an external perspective and giving wider context is always good."

CHARITABLE GIVING

Supporting charities and initiative

Alongside our strategic partnerships, we also continue to give money to charitable organisations and enable good causes to raise their own funds through sample and product donations. These relationships are on both a national and local level, as we work to support the communities where we do business. In addition, we give backing to our own colleagues through our **'Match Your Fund'** initiative, which gives colleagues an opportunity to boost their fundraising efforts for any registered charities up to the value of £1,000.

CHARITY BENEFICIARIES 45

*Number over beneficiaries over the 12 months

Here at boohoo group, we have big ambitions. But individual by individual, we'll support people to be more confident to **BeYou**.

STRATEGIC REPORT

ETHICAL TRADE

During the last three years, tensions caused by the conflict in Ukraine, the pandemic, natural disasters and more have given rise to almost unprecedented increases in operating costs for businesses and inflation rates not seen for decades. The focus for our ethical compliance team has, therefore, been to examine, map and strengthen every part of our supply chain.

Our responsible sourcing team have spent the last three years examining our supply base, consolidating and removing duplication where necessary, and finding new suppliers who offer something new or different in the right areas of the world.

They have implemented projects with suppliers to study optimum case sizes and built-in country sourcing teams to help achieve our goal of developing relationships, not transactions.

Our supply chain in 2022/23 is the strongest it has ever been, and it remains incredibly agile to flex as our business grows and expands into new territories and, most importantly, to keep pace with changing consumer behaviour.

In 2020, the business began its international mapping and measuring programme supported by global auditing experts. This work continues at pace and, in the last financial year, drove an 89% year-on-year reduction in red-rated audits across our supplier base (2022: 56 red-rated audits; 2023: 6 red-rated audits).

Ethical auditing will continue to be a vital part of how we assess our progress and compliance levels. Last year, every one of our UK suppliers adopted the new Fast Forward standard of measurement, which has a greater focus on worker welfare. In 2023, we are adopting a BEYOND AUDITING approach. This means that while we will continue to audit in the same way, our teams in HQ and in-country sourcing teams will work closer with suppliers to increase trust, training, understanding and knowledge on both sides.

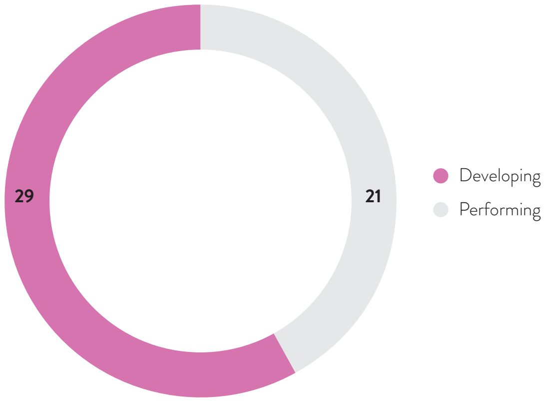
UK SUPPLY CHAIN COMPLIANCE

We consolidated the UK supply base sites from over 300 in 2020 to today's figure of 72. We prohibited subcontracting for better transparency and oversight, and partnered with auditing firm Bureau Veritas in the UK, and globally.

We signed up to a Fast Forward ethical auditing programme in 2021, and enrolled our UK suppliers. It is a multi-retailer-backed auditing initiative and 'Lead' retailers (based on supply order book volumes) are assigned to suppliers to support the annual auditing programme.

Operated by not-for-profit Stronger Together, it assesses, guides, trains and supports suppliers, and integrates forensic audit processes.

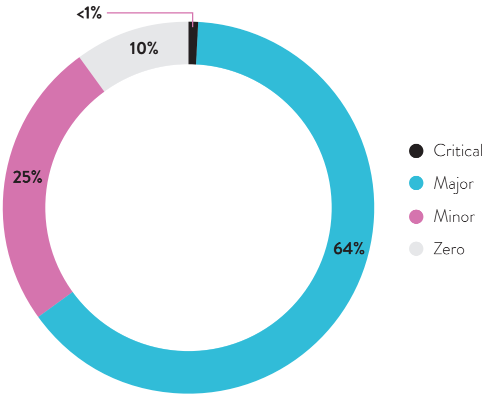
Fast Forward Audit Gradings March 2023



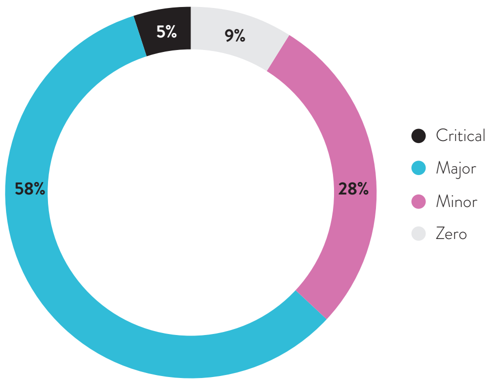
GLOBAL SUPPLY CHAIN COMPLIANCE

Globally, over the past 12 months, through training and assisting suppliers, our Supplier Audit Management Programme has delivered an 89% year-on-year reduction in red-rated audits across our supplier base (2022: 56 red-rated audits; 2023: 6 red-rated audits).

Rest of the World Audit Gradings March 2023



Rest of the World Audit Gradings March 2022



TRAINING

iHASCO Training made simple

Annual Modern Slavery e-learning Training for all boohoo brand employees

SLAVE-FREE ALLIANCE Working Towards a Slave-free Supply Chain

SFA trained 721 group head office & DC employees

boohoo group plc

boohoo group ethical compliance training delivered to over 500 employees

ETHICAL TRADE

CONTINUED

	What we do:	What we will do in 2023:
SUPPLIER TRAINING	• Ethical audit renewal process • Corrective Action Plan (CAP) resolution management • What to expect from an ethical audit and how to prepare • Supply Chain Code of Conduct issued and acknowledged by suppliers • Health and Safety on-site remediation during visits	• Supply Chain Code of Conduct in multiple languages • Modern Slavery training • Health and Safety structured training modules • Translate all training guides into multiple languages
BUYER TRAINING	• Ethical compliance awareness training: • The importance of ethical due diligence • Factory approval and selection process • Modern Slavery training (e-learning and workshops)	• Better Buying Responsible purchasing practices e-course • Product costings training to determine supplier benchmarks against ethical compliance ratings

SUPPLY CHAIN RISK PROFILING	• Determine supply chain ethical priorities through:
	  • Known ethical risk factors (gathered through ethical compliance assessments)
	  • Inherent ethical risk factors (determined through industry bodies and supply chain risk platforms)
	  • Categorisation of suppliers by spend level
	  • Annual third-party ethical auditing programme for all manufacturing sites
		• Strengthen our focus and assessments in key sourcing regions including China, Morocco, Pakistan, India, UK and Turkey

PROGRAMMES & INITIATIVES

The Garment & Textile Workers Trust

The Trust assigned £350k to fund ESOL English classes & advocacy workshops with BAME garment workers; English language & IT skills training to garment workers (Wesley Hall); second year funding & provision of a part-time community engagement worker & a full-time social welfare rights worker at Fab-L.

With an initial £1.1 million fund from the group, the Trust aligns grants with pre-existing organisations in Leicester, to further their work, rather than compete with it.

The Research by Rights Lab at Nottingham University and The School of Law at De Montfort University Leicester concluded: that there is a clear need for a single enforcement body on the ground, and a single point of contact for workers; that there is a barrier to the access of rights through a lack of English language skills; and that there is a need for increased advocacy and empowerment for workers within the community.

To date, the Trust has assigned £350k to: the **Sharma Women's Centre**, providing ESOL English classes and advocacy workshops with BAME garment workers; **Wesley Hall**, providing English language and IT skills training to garment workers, and running poverty alleviation work through food provision; and **FAB-L**, where, in addition to a contribution to its second-year funding, the Trust will be funding a part-time community engagement worker and a full-time social welfare rights worker.

We significantly consolidated the UK supply base from over 300 to today's figure of 72.

We prohibited subcontracting for better transparency & oversight & partnered with auditing firm BV in the UK & globally.

Our culture encourages employees to speak up about our concerns

We actively promote an independent whistleblowing hotline within our UK distribution centres, our Thurmaston Lane manufacturing site and our UK office locations.

Supporting 53 factories in Bangladesh

Being part of the International Accord ensures all factories that supply us from Bangladesh are part of a structured remediation improvement programme, which focuses on building, electrical and fire safety

Independent UK whistleblowing

We use the Unseen independent UK whistleblowing hotline to ensure the workers at sites that supply us in the UK have access to an independent reporting mechanism.

STAKEHOLDER ENGAGEMENT

"Building on effective engagement with our stakeholders is a key priority for the board to foster long-term success and strategic growth."

THE BOARD'S APPROACH

The board has voluntarily chosen to follow the Section 172 guidance from UK law, although this is not required under Jersey regulations.

The board understands its accountability to its stakeholders and recognises the importance of active engagement in order to promote and sustain value. Our stakeholder groups and their needs are regularly reviewed by the board to inform the development of strategic goals and, ultimately, drive sustainable value.

Stakeholder priorities, with the backdrop of a challenging economic climate, is ever changing and often competing. While we recognise it may not be possible to benefit all stakeholder groups at any one time, the board strives to use its engagement with stakeholders to ensure the deliverability of our strategy and aid the interests of the group and its members in the long term. Find out more about the board's decision making on page 79.

Following a period of disruptive external factors, the board is cognisant of the importance to stakeholders of effective engagement to ensure deliverability of our strategy and stability of the group. The board is committed to maintain and build upon its effective engagement with stakeholders, which they consider will, as well as being the right thing to do, in good faith, likely promote the success of the group for the benefit of its members and as a whole.

HIGH STANDARDS OF BUSINESS CONDUCT

Our expectations for conduct and behaviour are set out in our group policies, which cover areas such as whistleblowing, bribery and corruption, employee and supplier conduct and human rights.

The board recognises the importance of corporate governance. A description of how the group has adopted the QCA Corporate Governance Code 2018 can be found on pages 78 to 85.

ACTING FAIRLY BETWEEN DIFFERENT STAKEHOLDERS OF THE GROUP

The board recognises that, as well as maintaining effective engagement, it should treat all stakeholder groups fairly and equally. We are committed to ensuring our shareholders benefit from strategic growth and the long-term success of the group.

We have mapped out our six key stakeholder groups, what is important to them and how the company and the board have engaged with them.

SECTION 172

HOW THE BOARD PROMOTES THE SUCCESS OF THE COMPANY

Stakeholders	Their priorities	How Boohoo engages	How the board engages
EMPLOYEES	• A fair and inclusive workplace and culture • Opportunities for career growth and development • Fair pay and reward • A strong culture in the workplace that fosters good wellbeing	• We 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 • We have continued to run townhalls with our employees, to cascade the group's strategy and improve communication across the employee base • We introduced a new salary grading structure to ensure greater transparency and understanding of career development. • We launched a new reward platform, Beyond, which gives our employees benefit options tailored to their lifestyle • Our people team arrange 'listening sessions' with employee groups to discuss topics that are important to them; previous topics have included supporting mental health at work, personal development and financial wellbeing	• John Lyttle and Shaun McCabe attended a townhall with employees to discuss the group's strategy for the forthcoming year • The board regularly input on remuneration policy and share incentive proposals, which this year included the introduction of a new growth plan to incentivise certain senior management • The board received a session from our external training provider, PDT Global, on diversity and inclusion, which was also rolled out to senior management
SUPPLIERS	• Fair payment and treatment • A transparent and ethically compliant supply chain • Sustainable sourcing • Future business growth and long-term collaboration	• We have partnered with Reconomy and Yellow Octopus to support our suppliers in upcycling textile waste and diverting it from landfill • Our teams provide lots of training seminars for suppliers to deliver training on product performance and safety, as well as sourcing and ethical compliance • Our product compliance team developed and issued testing manuals consolidating the group's way of working with suppliers • The group opened an internal product performance lab to test products in order to educate brand teams and suppliers in product testing and performance • We are continuing to review new regions for onboarding new suppliers, with a particular focus on • We co-funded over 150 NVQ worker qualifications in Leicester with KTL Ltd • We continue to work with our suppliers to improve working conditions through our global ethical auditing programme	• The board held one of its meetings in Turkey, where it engaged with suppliers to the group • John Lyttle attends bi-weekly meetings to discuss the group's supply chain compliance matters • The board regularly receives updates on supply chain matters and discusses ways to drive long-term value and relationships with suppliers

SECTION 172
HOW THE BOARD PROMOTES THE SUCCESS OF THE COMPANY

Stakeholders	Their priorities	How Boohoo engages	How the board engages
CUSTOMERS	• Good quality product • Affordable and available on-trend fashion • Sustainable options • Good customer end-to-end experience	• We continued use of customer feedback to formulate product development and improve customer journeys • There has been considerable growth of the number of concessions on the Debenhams marketplace, giving more availability to customers • The group continues to hold 'Voice of the Customer' sessions, across multiple stakeholder groups, including supply chain, product and finance • The group held a number of events and competitions aimed at existing and potential new customers • We partnered with Kourtney Kardashian Barker in a new range of more sustainable and affordable clothing • 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	• The board regularly receives updates on consumer engagement and discusses ways in which it could be improved • The board has been instrumental in the process to opening our Atlantic distribution centre, which aims to service consumers in the US, Canada and the surrounding area
COMMUNITY	• Our charitable contributions • Fair payment and treatment • A transparent and ethically compliant supply chain	• Following the group's donation of £1 million, 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 • We launched a group community programme, BeYou. 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	• The board regularly receives updates from the group's ESG Committee and inputs into the group's ESG strategy • We have incorporated ESG targets into executive remuneration awards and incentive plans

Stakeholders	Their priorities	How Boohoo engages	How the board engages
SHAREHOLDERS	• Transparent reporting and communication • Effective management of financial and ESG risks • Strong leadership and clear strategy	• The management team conducted investor roadshows in May and October, coinciding with publication of the group's annual and half-year results	• The board reviewed shareholder feedback following the publication of the results and ongoing regular Investor Relations feedback from investors on key topics • The board undertook a consultation with shareholders in respect of executive remuneration for FY2023 • The board undertook a consultation with its key investors with regard to its new growth share plan • The board published the 2022 Sustainability Report, charting the progress against the group's sustainability strategy
PLANET	• Use of sustainable practices • Impacts of our products on the environment	• The launch of the PLT Marketplace enabled individuals and small business to resell products • 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 BeYou community programme by educating farm workers about the benefits of more sustainable cotton production and good business practice • Continued engagement with Textiles 2030, microfibre consortium and sustainable apparel coalition. • We constituted a voluntary employee 'Sustainable Champions' programme, where employees work together to improve sustainable workplace practices	• The Board regularly receives updates from the group's ESG Committee and inputs into the group's ESG strategy • We have incorporated ESG targets into executive remuneration awards and incentive plans

SOME OUTCOMES AND ACTIONS OF ENGAGEMENT:

- All of our global tier 1 factories are listed on our plc website.
- Our people team conducted over 200 learning lab sessions with employee groups. Employees also have the opportunity to set their own agenda for the group's learning lab and over 5,000 hours of learning has been undertaken at our Distribution Centres.
- The group has been awarded with accreditation from Pride365 and we have committed status from Inclusive Employers.
- Anthony Higginbotham MP hosted an advice surgery at our Burnley distribution centre. Senior officials from the Department for Business, Energy and Industrial Strategy also visited the Burnley distribution centre.

Our impacts on, and engagement with, our **stakeholder groups** is considered further on page 11.

GOVERNANCE

GOVERNANCE

GOVERNANCE

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BOARD OF DIRECTORS

MAHMUD KAMANI

GROUP EXECUTIVE CHAIRMAN

Mahmud founded boohoo.com with Carol Kane in 2006, leveraging over 30 years of experience in the fashion and clothing industry. Mahmud is an entrepreneur, with expertise encompassing all areas of the supply chain from sourcing, import and wholesale. Mahmud is an inspirational leader, having built a strong team and engendered loyalty from many long-serving employees.

CAROL KANE

GROUP CO-FOUNDER AND EXECUTIVE DIRECTOR

Carol has 30 years of experience in the fashion industry. Starting her career as a designer, then fashion buyer, Carol has worked with Mahmud Kamani for the past 26 years supplying high street retailers. Carol co-founded boohoo.com in 2006 and since inception has worked on marketing, product and brand strategy both domestically and abroad.

JOHN LYTTLE

CHIEF EXECUTIVE

John previously spent eight years at Primark, a division of Associated British Foods, as Chief Operating Officer. During his tenure, turnover grew 158% to £7 billion.

Prior to joining Primark, John held senior roles at Matalan and Arcadia group.

SHAUN MCCABE

CHIEF FINANCIAL OFFICER

Shaun was appointed CFO of boohoo on 3 October 2022, having originally joined the board in November 2020 as an independent non-executive director. Shaun has extensive financial experience across e-commerce and retail. Prior to joining boohoo, he held the roles of Chief Financial Officer at Trainline plc, International Director at ASOS and Chief Financial Officer for Amazon Europe. Shaun is also non-executive director at AO World plc where he is a member of its Audit and Remuneration Committees.

KEY

- A — Audit Committee
- E — ESG Committee
- N — Nomination Committee
- R — Remuneration Committee
- RI — Risk Committee
- Chair

ALISTAIR MCGEORGE

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

A E N R RI

Alistair McGeorge joined the board as an independent non-executive director, Deputy Chairman and SID in March 2023. Alistair is also a member of the Audit, Remuneration, Nomination, Risk and ESG Committees.

Alistair is currently the non-executive Chairman of East Imperial plc and The Original Factory Shop, as well as Chair of The Retail Trust, which provides support to retail employees. He has worked within the retail industry over the last 30 years and has been CEO and/or Chairman of multiple retail brands in the UK and internationally. Alistair is a qualified chartered accountant.

KIRSTY BRITZ

NON-EXECUTIVE DIRECTOR

A E RI

Kirsty joined the board as an independent non-executive director in September 2021. Kirsty is Chair of the ESG Committee and a member of the Risk and Audit Committees.

Kirsty has extensive ESG and sustainability experience across financial services, telecommunications and technology sectors. She is currently serving as the Director of Sustainable Banking at NatWest Group plc and as an independent member of the Professional Standards Committee at HMRC. Prior to joining NatWest Group, she held the role of Director of Citizenship at Barclays. Prior to this Kirsty held various sustainability, brand strategy and marketing roles in retail, telecommunications and advertising sectors.

TIM MORRIS

NON-EXECUTIVE DIRECTOR

A E N R RI

Tim Morris joined the board as non-executive director in May 2021. Tim is Chair of the Risk and Nomination Committees and a member of the Audit, Remuneration, and ESG Committees.

Tim is currently Group General Counsel & Company Secretary at TalkTalk Telecom Group Limited, which was on the main list of the London Stock Exchange until March 2021 and where he joined prior to its IPO in 2010. He held similar positions at Carphone Warehouse Group plc prior to its IPO in 2000 until 2015, during which time it merged with Dixons to create Dixons Carphone plc. He is also a founding Partner of Freston Ventures Investments LLP, which invests in a number of private businesses including Five Guys Europe, in addition to various indirect private equity and investment funds. Tim is a solicitor who worked in private practice before 2000, specialising in corporate finance.

IAIN MCDONALD

NON-EXECUTIVE DIRECTOR

A N R

Iain is Chair of the Remuneration Committee and sits on the Audit and Nomination Committees.

Iain is the founder of Belerion Capital, a specialist technology and e-commerce company and was an early investor in a number of technology businesses including Asos, The Hut Group, Eagle Eye Solutions, Anatwine and Metapack.

Iain is a non-executive director of one of the leading e-commerce businesses in Europe, The Hut Group, and also AIM-listed software business CentralNic. Prior to founding Belerion Capital, Iain was a partner of the William Currie Group, a technology and e-commerce private family office.

BOARD OF DIRECTORS

JOHN GOOLD

NON-EXECUTIVE DIRECTOR[1]

A N R RI

John joined the board as an independent non-executive director and Chair of the Audit Committee in April 2023. John is also a member of the Risk, Nomination and Remuneration Committees.

John is a qualified chartered accountant previously working within corporate finance with Deloitte & Touche, Old Mutual Securities, Arden Partners and Zeus. He is currently a non-executive director for Kelso Group Holdings plc and Oncimmune plc.

PREVIOUS BOARD MEMBERS

NEIL CATTO

EXECUTIVE DIRECTOR[2]

Neil qualified as a chartered accountant with Ernst & Young and spent nine years working in their Manchester, Palo Alto and Reading offices. He was previously Finance Director of dabs.com plc and has held senior financial positions in BT plc and The Carphone Warehouse Group.

BRIAN SMALL

NON-EXECUTIVE DIRECTOR[2]

Brian was most recently CFO of JD Sports plc for nearly 15 years. Prior to this role, he was Operations Finance Director at Intercare Group plc and has also been Finance Director of a number of other companies.

Brian is also a non-executive director and Audit Committee Chair at Mothercare plc and Pendragon plc. He qualified as an accountant with Price Waterhouse in 1981.

KEY

A Audit Committee

E ESG Committee

N Nomination Committee

R Remuneration Committee

RI Risk Committee

Chair

1 Appointed on 27 April 2023

2 Stepped down 31 March 2023

CORPORATE GOVERNANCE REPORT

"A highly engaged and effective board with an appropriate blend of skills and experience is critical for the group to execute its back to growth strategy."

A message from the Chairman

Dear shareholders,

During the year we experienced a significant period of uncertainty, with consumers conscious of cost-of-living increases amidst inflationary pressures. The board's focus has been to guide the group through these varied and challenging macro-induced headwinds while accelerating the execution of our strategic priorities. This stands us in good stead for the year ahead and I remain extremely positive and confident about the future of this great business.

A highly engaged and effective board with an appropriate blend of skills and experience is critical for the group to execute its back to growth strategy on page 06. A summary of the significant progress we have made during the year is set out below.

LEADERSHIP AND SUCCESSION PLANNING

Shaun McCabe was appointed Chief Financial Officer in October 2022, having served as non-executive director and Chair of the Audit and Risk Committees since June 2020. The benefits of Shaun's leadership are already evident and, together with the strength of our broader executive team, the board is well positioned to build on our ambitions.

Neil Catto stepped down as Chief Financial Officer in October 2022 and remained on the board as executive director until March 2023 to support an orderly handover to Shaun and the delivery of a strategic project. I would like to express my gratitude to Neil for his dedication and service as he has been an integral and valued board member for over 12 years.

In March 2023 we announced that Alistair McGeorge would succeed Brian Small as Deputy Chairman. I would like to thank Brian for his outstanding contribution to the group during his period of service and wish him well for the future. In April 2023 John Goold joined the board as non-executive director and Chair of the Audit Committee.

With over 20 years of retail experience, Alistair and John are strong additions to our already world-class team and I have significant confidence in the board's ability to deliver value for shareholders in the year ahead.

REMUNERATION

We were pleased that the Growth Plan received shareholder support at the General Meeting in March 2023. The terms of the new Growth Plan provide a real incentive for the senior management team to execute our growth strategy, reigniting excitement about the group's future potential and allowing the management team to demonstrate the behaviours which make boohoo unique: entrepreneurial spirit, an aggressive growth agenda, the ability to push boundaries and a constant drive for shareholder value.

CULTURE

An inclusive culture aligned with the group's purpose and values plays a vital role in the group's ability to execute its vision to be a leading global retailer and deliver long-term value for shareholders. The board acknowledges that it is accountable to stakeholders for ensuring that the group is appropriately managed and achieves its objectives in a way that is supported by the right culture and behaviours. Further information on our culture and values can be found on page 16 and examples of how the board have monitored culture during the year are in the Risk Report on page 29.

ESG GOVERNANCE

Last year, the board appointed Kirsty Britz as non-executive director and established an ESG Governance Framework, with Kirsty chairing the ESG Committee, to ensure there is adequate oversight and challenge of ESG-related issues. One year on, I am pleased to report the ESG Governance Framework is functioning effectively with an excellent level of engagement across the group. Details of the progress against our sustainability strategy are on pages 52 to 55 and our Climate Report is on page 40.

BOARD EFFECTIVENESS AND DEVELOPMENT

It is essential that the board attains a deep knowledge of the business and allocates sufficient time to discharge its responsibilities effectively. The board recognises that improving board effectiveness forms an important part of the development and execution of the group's strategy and will ultimately contribute to the continued success of the group for years to come.

Between them, our board members have extensive experience in the key areas pertinent to execution of the group's strategy, and remain professionally active, motivated, and willing to broaden and deepen their knowledge. The board calendar is planned to ensure that directors are briefed on a wide range of topics. As part of the board's commitment to ensuring the highest standards of governance for the group, this year each member received briefings on:

- latest trends and developments in corporate governance, AIM regulation and directors' duties;
- diversity and inclusion in the workplace; and
- the UK political landscape and impact on the retail sector.

We continued to invest time and energy so that our non-executive directors could deepen further their understanding of the business. The board visited our distribution centre in Sheffield to witness the significant advances in automation described on page 14.

The board also visited suppliers in Istanbul, Turkey to gain first-hand insight into the opportunities and challenges facing the group's international supply chain. In the year ahead, the board plans to visit our Burnley distribution centre, to increase the board's visibility in the business and engage fully with a wide range of colleagues.

BOARD EVALUATION

After two years of externally facilitated board effectiveness reviews conducted by Korn Ferry, we agreed this year's review would be conducted internally and led by the General Counsel & Company Secretary, Tom Kershaw.

Key recommendations that emerged from the latest review include spending more time discussing and developing the group's purpose and values, increasing the focus on strategy and succession planning, and creating regular opportunities for the board to hold more physical and informal meetings outside of the boardroom. Further details are on page 82 of this report.

LOOKING AHEAD WITH CONFIDENCE

Finally, on behalf of the board, I would like to extend my thanks to all of our shareholders for your continued support. The last year has shown how resilient the group is to external pressures through a fast and agile business model and ability to adapt. Looking ahead, the board is highly motivated and equipped to deliver on our ambitions and we remain confident in the fundamental resilience of our business model, strategy, and leading customer proposition.

MAHMUD KAMANI
Group Executive Chairman

CORPORATE GOVERNANCE REPORT

CONTINUED

The Company has adopted the 2018 Quoted Companies Alliance Corporate Governance Code ("QCA Code"). The board believes that the QCA Code provides the most appropriate framework of governance arrangements for a public listed company of boohoo's size and complexity.

The board acknowledges the importance of the ten QCA Code principles and sets out the group's current approach.

DELIVER GROWTH

01

Establish a strategy and business model, which promotes long-term value for shareholders

The group owns the brands boohoo, boohooMAN, PrettyLittleThing, Nasty Gal, MissPap, Coast, Karen Millen, Warehouse, Oasis, Dorothy Perkins, Burton, Wallis and Debenhams, and designs, sources, markets and sells clothing, shoes, accessories and beauty products targeted at 16–45-year-old consumers in the UK and internationally. The group has a strong presence in the UK, US, Australia, France and Ireland, and sells products to customers in almost every country in the world.

The group's business model is entirely focused on its customers and every element of the model begins and ends with them – we engage, we listen, we learn, we create and repeat.

The group's ambition and growth prospects are underpinned by forecast growth in both the domestic and international online fashion retail markets, a highly efficient product sourcing model and a robust infrastructure development plan. The group's vision is to be a leading e-commerce fashion market for 16–45-year-olds, which will be driven through the following strategic priorities:

- Investing in our **Brands**
- Giving our customers **Product** they want
- **Customer Experience** that makes them come back
- A **Platform** that enables our growth
- An environment where our **People** flourish

A fuller explanation of how the **strategy and business model** are executed can be found on page 10. →

02

Seek to understand and meet shareholder needs and expectations

The board is informed of shareholder views as part of the regular reporting process and matters for discussion, and maintains an active dialogue with its shareholders through a planned programme of investor relations. This activity is a keystone of the group's corporate communications programme and is headed by the executive board, supported by an Investor Relations team and the Company Secretary. The group's Deputy Chairman acts as an additional link between the shareholders and the group's executive directors.

The programme includes formal presentations of the group's full year and interim results and meetings between institutional investors, analysts and senior management on a regular basis. Regular communication with shareholders also takes place through the group's annual and interim results and via the group website (www.boohooplc.com), which contains up-to-date information on the group's activities.

The Chair of the Remuneration Committee has actively engaged and consulted with shareholders on major changes to the remuneration policy during the year.

The board recognises that the Annual General Meeting is an important opportunity for communication with both institutional and private shareholders.

There is also a designated email address for shareholder liaison – investorrelations@boohoo.com – and all contact details are included on the investor relations website.

03

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The board recognises the importance of maintaining strong relationships with its stakeholders in order to create sustainable long-term value, and the board encourages active dialogue and transparency with all its stakeholder groups.

The board believes that modern slavery is a significant global issue presenting a challenge for businesses worldwide and has committed to continually reviewing its practices to combat slavery. The board is committed to ensuring that its group companies and supply chain act ethically and with integrity. Our Modern Slavery Statement can be found on the group's website or is available on request from the Company Secretary.

We have also 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.

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.

Further information on **stakeholder engagement** can be found on page 66 and our **social impact strategy** on page 56. →

04

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The board has overall responsibility for the group's systems of internal control and risk management and for reviewing the effectiveness of those systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can only provide reasonable and not absolute assurance against material misstatement or loss.

The board confirms that there are procedures for identifying, evaluating and managing significant risks faced by the group, and will review these formally with management before each financial year-end (as well as the ongoing review of risks, which emerge throughout the year).

The board has implemented an internal risk management framework to identify, with relevant management, the major business risks facing the group and to put in place appropriate policies and procedures to manage those risks. Internal and external risks, which are assessed on a continual basis, may be associated with a variety of internal or external sources, including control breakdowns, disruption in information systems, competition, inadequate financing, poor business performance, natural catastrophe and regulatory requirements. These involve a process of control, self-assessment and reporting that will be established to provide a documented trail of accountability, which will be reported to the board.

The Executive Risk Group reports on its review of the risks and how they are managed to both the board and Risk Committee, whose role it is to review the key risks inherent in the business and the systems of control necessary to manage those risks. The Executive Risk Group, which includes the CEO and CFO, reports to the Risk Committee and provides assurance over risks and internal controls. The Risk Committee presents its findings to the board as appropriate. The Executive Risk Group also reports to the Risk Committee on major changes in the business and external environment, which affect significant risks. Where areas for improvement in the systems are identified, the board considers the recommendations made by the Executive Risk Group and the Risk Committee.

The Executive ESG Group has oversight and monitoring of ESG risks and opportunities. The Executive ESG Group is chaired by the Group CEO and reports to the ESG Committee chaired by Kirsty Britz, independent non-executive director. The primary purpose of the ESG Committee is to independently review, on behalf of the Board, the actions of the Executive ESG Group and its 'E' 'S' and 'G' sub-committees to run the group as an environmentally and socially sustainable, responsible business, capable of generating long-term value for its stakeholders.

Further details of the **governance structure** are set out at principle 9 on page 83. →

CORPORATE GOVERNANCE REPORT

CONTINUED

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

05

Maintain the board as a well-functioning, balanced team led by the Chair

The board currently comprises of four executive directors and five non-executive directors. The board has an executive Chairman and a non-executive Deputy Chairman who also acts as the Senior Independent Director.

The board as a whole is collectively responsible for the success of the group and provides entrepreneurial leadership of the group within the framework of effective controls, which enable risk to be assessed and managed. It sets out the group's values and standards and ensures that its obligations to shareholders and other stakeholders are understood and met.

Guidelines are in place concerning the content, presentation and timely delivery of papers by management to directors for each board meeting so that the directors have enough information to be properly briefed. Where issues arise at board meetings, the Chairman ensures that all directors are properly briefed and, when necessary, appropriate further enquiries are made. The current division of responsibilities between the Chairman and Chief Executive and the Chairman and the Deputy Chairman have each been agreed by the board.

It is intended that the board meets at least eight times a year, the Audit Committee at least three times a year, the Nomination Committee at least once a year, the Remuneration Committee at least twice a year, and the Risk and ESG Committees four times per year.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The table below shows the attendance of individual directors at board meetings and committee meetings of which they are members during the year.

	Board		Audit Committee		Risk Committee		Remuneration Committee		Nomination Committee		ESG Committee	
	Eligible to attend	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
Mahmud Kamani	10	10	–	–	–	–	–	–	–	–	–	–
Carol Kane	10	10	–	–	–	–	–	–	–	–	5	5
John Lyttle	10	10	–	–	–	4	–	2	–	1	–	5
Shaun McCabe(1)	10	10	2	3	2	4	2	4	–	–	3	5
Kirsty Britz	10	10	3	3	4	4	–	3	–	1	5	5
Iain McDonald	10	10	3	3	4	4	6	6	1	1	–	–
Tim Morris	10	10	3	3	4	4	6	6	1	1	5	5
Brian Small	10	9	3	3	4	4	6	6	1	1	–	–
Neil Catto(2)	10	10	–	2	–	2	–	2	–	–	–	–

1 Appointed CFO in October 2022

2 CFO until October 2022

As at 2 May 2023, the board has met twice since the end of the financial year.

All directors have access to the advice and services of the Chief Financial Officer and Company Secretary, who are responsible for ensuring that the board procedures are followed, and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the company's expense.

06

Ensure that between them, the directors have the necessary up-to-date experience, skills and capabilities

The directors' biographies appear on pages 72 to 74.

The board has a blend of different experience and backgrounds. Each of Alistair McGeorge, Iain McDonald, Tim Morris, Kirsty Britz and John Goold were, prior to appointment, considered to be 'independent' non-executive directors under the criteria identified in the QCA Code. The board has access to independent advice, in particular from boohoo's Nominated Adviser (Zeus Capital), Ashurst LLP and TLT LLP (from a legal perspective). The group's auditor is PKF Littlejohn LLP. During the year, the Remuneration Committee took advice from Korn Ferry and PWC as to the remuneration policy and structure and terms of the Growth Share Plan.

The board is kept informed on an ongoing basis by the Company Secretary about their duties and any update in relation to legal and governance requirements for the group. Training is provided to the board each year regarding their duties.

The table below provides an overview of the skills and experience of our directors.

Skills and experience	Directors
EXECUTIVE AND STRATEGIC LEADERSHIP	9
EXTENSIVE KNOWLEDGE OF OUR BUSINESS AND THE RETAIL SECTOR	9
INTERNATIONAL EXPOSURE	7
FINANCE AND ACCOUNTING	4
ACQUISITIONS AND INTEGRATION OF ACQUIRED BUSINESSES	6
EXPERTISE IN CORPORATE GOVERNANCE AND COMPLIANCE	7
INVESTOR RELATIONS AND ENGAGEMENT	3
EMPLOYEE ENGAGEMENT AND REMUNERATION	8
SUSTAINABILITY	1

CORPORATE GOVERNANCE REPORT

CONTINUED

07

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The group Company Secretary led the most recent evaluation of the board in February 2023. The evaluation confirmed that the board continued to operate effectively.

The evaluation was structured around seven key areas, each addressed through a series of critical questions that all directors responded to through an online survey.

The key recommendations from the evaluation include:

a. increase time spent discussing and developing the company's purpose and values;

b. increase focus on strategy, particularly long-term direction and ambition;

c. further sessions (facilitated through the Nomination Committee) to review succession and development plans for key executive roles across the business;

d. appoint an additional NED and permanent replacement for Audit Chair

e. increase opportunities for non-executive board members to spend time with brand directors across the business; and

f. hold more informal meetings outside the board meetings and spend more time together.

The group's wider succession plan is the role and responsibility of the Nomination Committee, to ensure that the board is comprised of appropriately skilled and capable individuals. The Nomination Committee Chair will identify gaps in the skill set required to oversee the group's development, and will seek to recruit suitably qualified individuals with support from the Chief People Officer.

08

Promote a corporate culture that is based on ethical values and behaviours

The group is guided by its values of Passion, Agility, Creativity, Commercial and Teamwork. The group prides itself on its inclusive culture and team spirit, and in operating in a fair and sustainable manner.

The group takes the welfare of all its employees extremely seriously and continues to invest in its people, who are encouraged to develop and grow with the business. The group continually strives to improve the working environment and benefits of its people. This is done by listening to and actioning feedback given through the open Your Voice sessions and internal HR channels, with immediate attention paid to any concerns raised. The group is continually improving the support provided to managers to help ensure they are leading and ensuring the people in our organisation feel valued and are listened to, shown in the significant investment made to upgrade all the facilities and working environment.

Further information can be found on page 16 of this report. →

09

Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The board has a formal schedule of matters reserved to it for decision, including approval of strategic plans and the annual operating plan, significant investments and capital projects, treasury and risk management policies. All directors take decisions objectively in the interests of the group. Further details of the roles and responsibilities of the directors is set out at principle 6.

The group continues to look at how best to improve its corporate governance and is constantly looking for ways to strengthen its board, while ensuring that the business is led by people with the right experience, passion and enthusiasm. During the year, the board appointed a new CFO and Deputy Chairman with significant retail experience.

The strengthened board structure has substantially enhanced the bandwidth to execute our multi-brand strategy and provide oversight of key ESG risks and opportunities. The structure enables the directors to use their extensive commercial experience in developing the wider group and its strategy for the benefit of the group's stakeholders.

In summary, this structure enables the retention of key skill sets within the group while facilitating the enhancement of the executive and non-executive director base and the continuing development of the board and committee membership otherwise in line with the QCA Code's key principles.

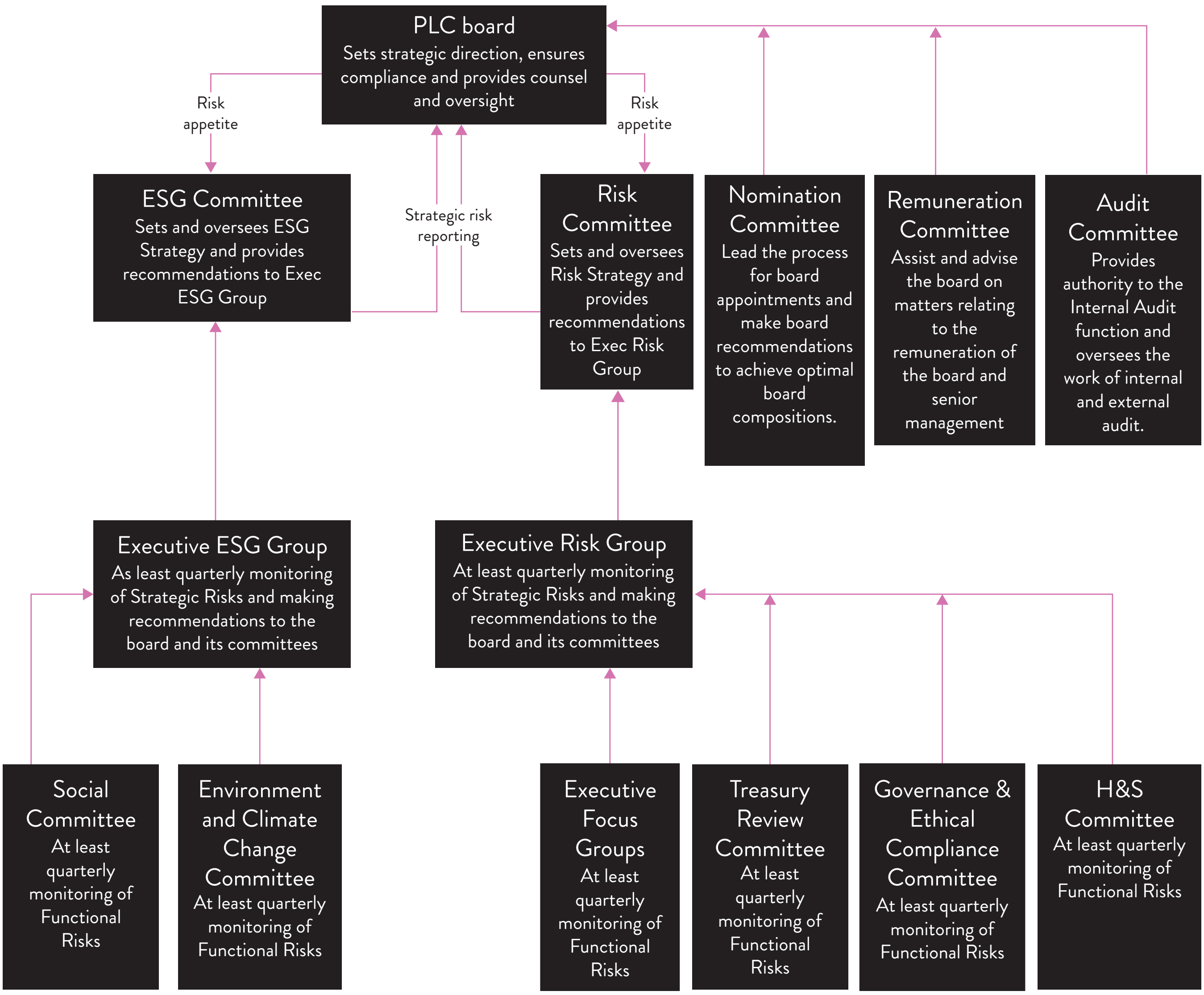
GOVERNANCE FRAMEWORK

Last year, the board established a new governance framework to provide increased oversight of key risks and strategic matters, with a particular focus on ESG oversight. The aim was to ensure that the full board is focusing on the most significant strategic matters while still maintaining broad oversight of ESG opportunities and risks. The Executive ESG Committee and sub-committees undertake key ESG activities to drive and execute the group's sustainability strategy. One year on, the new framework is functioning effectively.

The Audit, Nomination, Risk and Remuneration Committees have also each been assigned respective responsibilities for oversight of discrete ESG matters that are most consistent with their current responsibilities and area of expertise.

The terms of reference for each committee are published on the group's website or are available on request from the Company Secretary. The roles and responsibilities of each committee are detailed below.

GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE REPORT

CONTINUED

AUDIT COMMITTEE

John Goold is the Chair of the Audit Committee, which has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the company is properly measured and reported on and reviewing reports from the group's auditors relating to the group's accounting and internal controls, in all cases having due regard to the interests of shareholders. Alistair McGeorge, Iain McDonald, Tim Morris and Kirsty Britz are the other members of the Audit Committee.

The Audit Committee meets three times a year and after the year-end. Matters considered at these meetings include:

- reviewing and approving the annual report and financial statements for the year and half year-end;
- discussion with the external auditors to confirm their independence and scope for audit work;
- considering the reports from the external auditors identifying any accounting or judgemental issues requiring the board's attention and the auditors' assessment of internal controls;
- reviewing and approving the group's tax strategy;
- considering the work of the corporate social responsibility and supplier conformance functions;
- reviewing compliance with minimum pay legislation and fairness at work procedures; and
- considering the adequacy of the whistle-blowing facility, the anti-bribery training and monitoring and data protection policy and procedures.

The Audit Committee Chair maintains dialogue with the auditors outside of the scheduled meetings and meets with the auditors without the presence of executive directors and members of the finance team.

The group's internal audit function is overseen by and reports independently to the Audit Committee.

The Audit Committee reports to the board on the effectiveness, value and independence of the auditors on an annual basis. The board is satisfied with the independence and objectivity of PKF Littlejohn LLP.

RISK COMMITTEE

The Chair of the Risk Committee is Tim Morris. This Committee reviews management's recommendations on risk management, particularly in relation to the structure and implementation of the risk strategy, system of governance, risk management framework, the quality and effectiveness of the related internal controls and reporting processes, risk appetite limits and exposures, and the overall risk profile of the business. The Risk Committee meets at least four times a year. Alistair McGeorge, John Goold and Kirsty Britz are the other members of the Risk Committee.

The responsibilities and activities of the Risk Committee are set out in more detail in the Risk Management Report on page 29.

NOMINATION COMMITTEE

Tim Morris is the Chair of the Nomination Committee, which identifies and nominates, for the approval of the board, candidates to fill board vacancies as and when they arise. The Committee also considers matters of succession planning. The Nomination Committee meets at least once a year and otherwise as required. Alistair McGeorge, John Goold and Iain McDonald are the other members of the Nomination Committee.

REMUNERATION COMMITTEE

The Chair of the Remuneration Committee is Iain McDonald. This Committee reviews the performance of the executive directors and determines their terms and conditions of service, including their remuneration and the grant of share awards, having due regard to the interests of shareholders. The Remuneration Committee meets at least twice a year. Alistair McGeorge, John Goold and Tim Morris are the other members of the Remuneration Committee.

The responsibilities and activities of the Remuneration Committee are set out in more detail in the Directors' Remuneration Report on page 88.

ESG COMMITTEE

The Chair of the ESG Committee is Kirsty Britz. The ESG Committee advises the board on the effectiveness of the company's ESG strategy and management of ESG risks and opportunities. The ESG Committee meets at least four times a year. Alistair McGeorge, Tim Morris and Carol Kane are the other members of the ESG Committee.

Matters considered at these meetings include:

- considering updates on the company's progress towards achieving its targets regarding climate change, raw materials sourcing, waste management, circularity and other environmental impacts such as biodiversity, water, chemicals and microplastics;
- receiving updates on the group's social impact strategy and actions, ensuring focus on issues of most material impact and opportunity; and
- reviewing the governance and effectiveness of the integration of environmental and social impact into the company's operations, policies, practices and product development.

The company's **ESG Report** can be found on page 50. →

BUILD TRUST

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Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The AGM is an important opportunity for communication with both institutional and private shareholders and involves a short statement on the company's latest trading position. Shareholders may ask questions of the full board, including the Chairs of the Audit, Remuneration, Nomination, Risk and ESG Committees.

The result of the proxy votes submitted by shareholders in respect of each resolution will be available on the company's website or on request to the Company Secretary.

As outlined at principle 2, the company maintains an active dialogue with its shareholders through a planned programme of investor relations.

DIRECTORS' REPORT

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

REGISTERED OFFICE

The registered office is 3rd Floor, 44 Esplanade, St Helier, Jersey, JE4 9WG.

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.

BUSINESS REVIEW

The directors are required by Company Law to set out a fair review of the business, its position at the year-end and a description of the principal risks and uncertainties facing the group and to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the UK. The review of the business on pages 21 to 28 provides this review and financial position and these are incorporated by cross-reference and form part of this report. The Corporate Governance Report on pages 70 to 85 should be read as forming part of the Directors' Report.

RESULTS AND DIVIDENDS

Group loss after tax for the year to 28 February 2023 was £75.6 million (2022: £4.0 million loss). The audited financial statements for the year for the group and company are set out on pages 121 to 124.

The directors do not recommend the payment of a divided (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 AND COMPANY SECRETARY

The biographies of the directors who held office throughout the year and subsequently are set out on pages 72 and 74. The Company Secretary is Thomas Kershaw.

The interests of the directors in the shares of the company and their share options and awards are detailed in the Remuneration Report on page 108.

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

SHARE CAPITAL AND RESTRICTIONS ON SALE OF SHARES

The authorised and issued share capital of the group and details of shares issued during the year are shown in note 23. The issued share capital as at 15 February 2023 was 1,268,333,439 shares of 1p.

Powers related to the issue and buy-back of the company's shares are included in the company's articles of association and such authorities are renewed annually by shareholders at the Annual General Meeting.

SHARE INCENTIVE PLAN TRUST

The Share Incentive Plan ("SIP") trust is used by the company to provide free shares as share incentives to its employees. The trustees are Link Asset Services, an independent UK professional body. The SIP trustee buys shares and holds them in trust for the benefit of employees who remain with the company for three years. The trust held 12.2 million shares as at 28 February 2023. The trustees may vote on the beneficiaries' shares in accordance with the beneficiaries' instructions.

SUBSTANTIAL SHAREHOLDERS

Shareholders holding more than 3% of the company's shares as at 28 February 2023:

Shareholder	Number of ordinary shares held	Percentage held
Mahmud Kamani*	157,979,881	12.45%
Citadel Group LLC	113,454,742	8.96%
Schroder Investment Management	84,557,900	6.67%
Hargreaves Lansdown	84,198,830	6.64%
Norges Bank Investment Management	76,482,665	6.03%
Rabia Kamani*	50,709,141	4.00%
Interactive Investor	47,347,016	3.73%

Shareholders marked as * are considered to be a concert party.

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 21 to 28.

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 27 to the financial statements.

HEALTH AND SAFETY

The group is committed to providing a safe place of work for employees. Group 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 group 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, which the board is following voluntarily as a Jersey registered company. 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. The section on carbon reporting on pages 46 to 47 is incorporated into this report by cross-reference.

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.

ANNUAL GENERAL MEETING

Further details of the format and date of the Annual General Meeting will be communicated to shareholders in due course and in the usual way and the notice of the meeting will be available to view on the group's website www.boohooplc.com at least 21 days before the meeting.

On behalf of the board

JOHN LYTTLE **SHAUN MCCABE**

2 May 2023

DIRECTORS' REMUNERATION REPORT

GOVERNANCE

Annual statement by the Chair of the Remuneration Committee

Dear shareholders,

I am pleased to present the report of the Remuneration Committee on behalf of the directors. This Directors' Remuneration Report will be put to an advisory shareholder vote at the forthcoming Annual General Meeting.

REMUNERATION POLICY

The Remuneration Committee is committed to complying with the principles of good corporate governance in relation to the design of the directors' remuneration policy. As such, our policy takes account of the UK Corporate Governance Code and the QCA Corporate Governance Code (against which the company formally reports compliance). The Committee also considers other best practice guidance (for example, the QCA Remuneration Committee Guide and the Investment Association's Principles of Remuneration), as far as is appropriate to the group's management structure, size and listing. We also endeavour in this report to provide information on the remuneration policy and its implementation in a manner broadly consistent with the reporting regulations as they apply to Premium Listed companies.

Our approach to remuneration is governed by our directors' remuneration policy. The primary objectives of the policy continue to be to attract and retain the highest calibre directors and to design remuneration, which promotes the long-term success of the group. In order to put these objectives into effect, we provide the opportunity for executives to receive short-term and long-term variable pay, dependent upon appropriate performance conditions, ensuring a clear link is established between shareholder value creation and the pay of our directors.

Each year, the Committee reviews overall levels of pay and the operation of the incentive arrangements for executive directors to ensure they remain appropriate in light of the current business strategy and the interests of shareholders.

PERFORMANCE AND REWARD FOR THE YEAR ENDED 28 FEBRUARY 2023

For the year ended 28 February 2023, the business continued to face ongoing macro-economic and market headwinds.

The 2022/23 annual bonus plan was assessed against various financial and non-financial targets. The financial targets were made up of 45% on EBITDA and 30% on revenue. The remaining 25% was split between targets relating to the UP.FRONT sustainability strategy (15%) and on UK manufacturing and international supply chain milestones (10%). These non-financial elements aimed to ensure that management remained focused on making progress against some of the wider strategic issues affecting the business.

In reflection of the strong headwinds and softening of demand driven by turbulent economic conditions, the EBITDA and revenue performance were below the threshold targets set at the start of the year based on budgets at that time. However, considerable progress has been made on the key non-financial targets the Committee set at the start of the year related to ESG and UK manufacturing and international supply chain, which resulted in a formulaic payout of 15% of maximum under the bonus.

However, the Remuneration Committee considered at great length the overall formulaic outcomes and determined that they were not reflective of the overall performance of the management team during the financial year. This was against the backdrop of an agreed change in focus by the board during the second half of the year placing greater emphasis on cash and inventory management, to ensure the business continues to be well positioned to capitalise on top line growth going forward.

The resolute action by management from September 2022 onwards to introduce a cost reduction programme across the group has been vital to preserve the future profitability of the business in difficult economic circumstances. The programme focused on cost saving opportunities across four key areas including overheads, working capital, capex/assets and revenue. The Committee recognises the strong performance of management and successful execution of the cost reduction programme at a pivotal time for the business, which provides a platform for future growth.

Taking this into account, the Remuneration Committee feels that the formulaic outcome under the annual bonus is not an accurate reflection of the strong performance of management during the year. As such, the Remuneration Committee determined to pay annual bonuses as 50% of maximum for all executive directors.

The LTIP granted during 2020 to Neil Catto was based on performance measured to the end of the financial year ending 28 February 2023. Two-thirds of the award was subject to the achievement of challenging Aggregate Adjusted Earnings per Share targets, with the remaining third subject to Total Shareholder Return performance. Neither the EPS nor the TSR target was achieved and therefore the LTIP award lapsed in full.

GROWTH SHARE PLAN

During the year the Committee carried out a thorough review of the existing directors' remuneration policy as well as the appropriateness of the current incentive mechanisms in place for the critical population who are responsible for driving business performance and delivering boohoo's strategic objectives.

Against the background of the unique and unprecedented set of macro-economic and market headwinds experienced over the last three years, boohoo's market capitalisation has significantly decreased, despite the strong efforts of boohoo's executive directors and the senior leadership team. As shareholders will be aware, these circumstances have impacted the entire e-commerce sector globally. The review demonstrated, there is little to no value in the 2019 Growth Share Plan (introduced for the CEO in 2019) or the 2020 Management Incentive Plan (introduced in 2020), and they no longer operate as an effective incentive mechanism for this critical population who are responsible for driving business performance and delivering boohoo's strategic objectives.

The Remuneration Committee therefore considered the introduction of a new Growth Plan to drive long-term sustainable growth and rebuild shareholder value while enabling the retention and motivation of significant core talent and the wider employee population. The Growth Plan was put to an advisory shareholder vote at a General Meeting on 8 March 2023 and was approved by the majority of shareholders. Following the approval and subsequent granting of the awards under the Growth Plan to John Lyttle, Carol Kane and Shaun McCabe, the in-flight awards under the Growth Share Plan (John Lyttle) and Management Incentive Plan (Mahmud Kamani, Carol Kane and Neil Catto) have lapsed.

The share price targets that underpin the Growth Plan are more realistic and reflect the position of the company today, while still being very stretching. References to previous plans and previous share prices are not considered relevant given market factors and the challenging environment in which boohoo now operates. The world has changed, and the incentive plans need to reflect the new reality. The terms of the new Growth Plan provide a real incentive for management to return boohoo to growth and value creation, reigniting excitement about the company's future potential and allowing the management team to demonstrate the behaviours which make boohoo unique: entrepreneurial spirit, an aggressive growth agenda, the ability to push boundaries and a constant drive for shareholder value. If the targets are met, the awards under the Growth Plan will enable certain executive directors such as John Lyttle (CEO) and Shaun McCabe (CFO) to build their shareholdings to a level which exceeds the shareholding requirement set out in the boohoo directors' remuneration policy and ensures clear alignment between the interests of these individuals and members of the wider senior leadership team with those of shareholders.

BOARD CHANGES

As announced via RNS on 23 June and 27 September 2022, Shaun McCabe succeeded Neil Catto as Chief Financial Officer and stepped down from his non-executive director duties on 3 October 2022. Following Shaun McCabe's appointment as CFO, Neil Catto transitioned into a role with strategic project responsibilities and remained an executive director until he stepped down on 31 March 2023.

In setting Shaun's remuneration, the Committee considered market data in respect of AIM and Main List companies and other global retailers, the former CFO's remuneration package, the remuneration policy and the pay and conditions of the wider workforce.

Shaun's salary was set at £450,000 and his pension contribution is 5% of salary, in line with that of the wider workforce. Shaun's maximum opportunity under the annual bonus for FY2023 is 200% of salary and Shaun will participate in the Growth Share Plan.

As part of Shaun's recruitment and as disclosed in an RNS announcement published 3 October 2022, it was determined that Shaun would receive a conditional share award in respect of the loss of benefits which lapsed on leaving his previous employment. This award was delivered in shares in order to give Shaun a stake in the business and align with the interests of shareholders.

Further details are set out on page 105. ⟶

DIRECTORS' REMUNERATION REPORT
CONTINUED

REMUNERATION FOR THE YEAR ENDING 29 FEBRUARY 2024

Remuneration for the financial year ending 29 February 2024 will be based on the following elements:

- Basic salaries for the executive directors will increase by 4% with effect from April 2023, below the average increase for the workforce as a whole.
- Maximum bonus opportunity will be up to 300% of salary for Mahmud Kamani, Carol Kane, John Lyttle and Shaun McCabe.
- There will continue to be an equity deferral element such that a minimum of one-third of any bonus earned must be invested in shares and held for at least two years.
- We will continue to supplement the financial performance conditions for the annual bonus with a broader mix of ESG and strategic non-financial targets. The annual bonus opportunity of 200% of salary for Mahmud Kamani, Carol Kane, John Lyttle and Shaun McCabe will be subject to the following performance targets and weightings: 30% Adjusted EBITDA, 20% Revenue (Net Sales), 15% ESG, 10% Net Debt (Adjusted Free Cash Flow), 20% Project Delivery of Strategic Targets and 5% New Customer Acquisition.
- In respect of the remaining 100% of salary opportunity, this will be subject to super-stretching Adjusted EBITDA targets where payouts will be delivered for achieving Adjusted EBITDA outcomes above the stretch target under the bonus arrangements set out above.
- Any payouts under the FY2024 bonus will be subject to a financial underpin such that a threshold Group Adjusted EBITDA must be reached before any bonus payments are made.
- John Lyttle, Shaun McCabe and Carol Kane were granted awards under the Growth Share Plan on 8 March 2023 (noting that Carol will not participate in any award from either tranche 1 or tranche 2).

ENCOURAGING EQUITY OWNERSHIP ACROSS THE BUSINESS

The Remuneration Committee regularly reviews the pay arrangements for all employees. We remain committed to encouraging all our employees, as well as our senior executives, to be shareholders in the business. As part of facilitating this policy objective, as stated above, options were issued under an HMRC-approved Save As You Earn ("SAYE") plan in each of the financial years ending 2016 to 2022. There has been a high level of participation by employees, and we intend to continue with similar arrangements in subsequent years.

In addition, the newly approved Growth Plan allows for awards in aggregate of up to £25 million and £15 million to be distributed to the senior leadership team (excluding executive directors) and wider employee population respectively.

SHAREHOLDER FEEDBACK

The Remuneration Committee recognises that dialogue with shareholders plays a key role in informing the design of the remuneration policy. During the year we consulted extensively with our major shareholders on the design of the Growth Share Plan as well as the changes to the annual bonus arrangements and incorporated their feedback. The Committee is grateful for the feedback provided by shareholders during the consultation process and the support shown on the vote of the Growth Share Plan. We will keep executive remuneration under regular review and will continue to consult with significant shareholders where any major changes are proposed.

We hope you will support the advisory vote on the Directors' Remuneration Report at the forthcoming Annual General Meeting. In the meantime, I'd be happy to discuss any queries or comments in relation to this Directors' Remuneration Report or the group's remuneration principles more generally.

IAIN MCDONALD
Chair of the Remuneration Committee

ANNUAL REPORT ON REMUNERATION

UK CORPORATE GOVERNANCE CODE

As indicated in the Remuneration Committee Chair's annual statement, the remuneration policy takes into account the provisions of the UK Corporate Governance Code, despite boohoo not being formally required to report the extent of its compliance against the Code. The Remuneration Committee believes that, in the vast majority of areas, the remuneration policy complies with the principles and provisions of the Code. This was enhanced through changes to the remuneration policy, such as the alignment of directors' pension provision with the wider workforce with effect from January 2023 and the introduction of post-employment shareholding requirements.

The main point where the policy is not currently fully compliant with the Code is that certain share awards do not have a total vesting and holding period of five years or more. However, the stretching nature of the Growth Plan means that the majority of the tranches will have a five-year term and in addition the executive directors are obliged to comply with shareholding requirements, which, as noted above, also apply for a period of time following cessation of employment. As such, the Committee believes that the current structures are sufficiently long term in nature.

The Committee has considered the principles set out in Provision 40 of the Code and believes that the policy sufficiently addresses these principles, as set out on this page.

CLARITY	The remuneration policy and its application are set out in detail in this Directors' Remuneration Report, providing shareholders with full information on all elements of directors' pay and how the policy is set. The level of detail provided reflects the Committee's desire to report in line with best practice, and the vast majority of the reporting requirements for Premium Listed companies have been adopted.
SIMPLICITY	The Committee believes strongly that simple remuneration structures based around easily understood performance measures are likely to be the most effective in terms of incentivising outperformance. For example, the annual bonus scheme rewards performance against a relatively small number of financial and non-financial metrics. The Growth Share Plan pays out primarily due to the growth in the market capitalisation of the group.
RISK	The remuneration policy is designed to be compatible with the group's risk policies and systems. The policy rewards strong levels of growth in the business and has been instrumental in the group's success since Admission. Changes to the incentive schemes introduced by the Committee last year provided additional reassurance that executives would be directly focused on resolving the supply chain issues that emerged and not focused solely on growth without due recognition of wider stakeholder interests. This has been given further impetus for 2024 with the new ESG performance measures, which have been introduced for the annual bonus scheme.
PREDICTABILITY	The extent of potential remuneration outcomes for directors is clear from the policy and implementation disclosures in this report. There is a limit on the size of annual bonus payments. Although there are a wide range of potential outcomes under the Growth Share Plan, awards are capped in the sense that individual participants cannot earn more than specified amounts.
PROPORTIONALITY	The incentive schemes are designed to support our strategic growth programme as we strive to lead the fashion e-commerce market globally. The schemes operate with ambitious targets, which are closely aligned to the growth aspirations of the business. There is no potential for rewards for failure or poor performance.
ALIGNMENT TO CULTURE	The group's fast-moving and performance-driven culture has been integral to its success and the incentive schemes have been designed to reflect this approach. The changes discussed in this report will also help ensure that incentives take due account of the need for growth to be matched with a focus on the management of stakeholder relationships, which are critical to the long-term value of the brand.

ANNUAL REPORT ON REMUNERATION
CONTINUED

POLICY REPORT

Pay philosophy

The Remuneration Committee ("Committee") is responsible for determining, on behalf of the board, the group's pay philosophy and the policy on the remuneration of the executive directors, the Chairman and other senior executives of the group.

The aim of the remuneration policy is to ensure that high calibre senior executives are provided with remuneration, which is designed to promote the long-term success of the group. The policy includes performance-related elements, which are transparent, stretching and rigorously applied to encourage enhanced performance and to reward, in a fair and responsible manner, individual contributions to the success of the group. The remuneration policy is designed to be compatible with risk policies and systems and to be aligned to the group's long-term strategic goals. The policy framework is structured so as to adhere to the principles of good corporate governance and has been developed taking into account the principles of the UK Corporate Governance Code and the QCA Corporate Governance Code.

The performance-related variable pay component makes up a significant proportion of the overall package for senior executives and is designed to incentivise the delivery of the group's growth strategy and other strategic and business objectives. The interests of the executives are designed to align with the interests of shareholders through encouraging equity ownership and, in support of this, awards under the group's equity incentive plans are made where appropriate.

Consideration of employment conditions elsewhere in the group

When setting the remuneration policy for executive directors, the Committee takes into account the overall approach to reward for, and the pay and employment conditions of, other employees in the group, especially when determining annual salary increases. This process ensures that any increase to the pay of executive directors is set in an appropriate context, especially relative to increases proposed for other employees. The Committee is also provided with periodic updates on employee remuneration practices and trends across the group.

The principle of encouraging our senior executives to be shareholders in the business is reflected across the group as a whole and a key aim of the remuneration policy is to encourage widespread equity ownership across the whole employee base. In support of this objective, we operate an approved SAYE option plan.

The Committee has not consulted directly with employees in designing the remuneration policy for the directors.

Consideration of shareholder views

The Committee pays close attention to the views of shareholders when setting the remuneration policy for executive directors. This includes consideration of shareholder voting on the Directors' Remuneration Report resolution at each AGM, the published guidelines of investors and their representative bodies and individual feedback received by the Committee. In recent months, the Committee has also had discussions with major shareholders on the remuneration decisions taken in respect of FY2023 and the plans for FY2024.

Changes to the remuneration policy

In general, we believe that our pay philosophy and the broad structure of our remuneration policy have served the company well and have been a key factor in driving exceptional levels of performance. We intend to retain the overall broad framework but, as explained earlier, we have introduced the Growth Plan to incentivise and retain key employees while improving the alignment with shareholders and key stakeholders in the business.

Summary of our remuneration policy

The table below provides a summary of the key aspects of the group's remuneration policy for executive directors.

Remuneration policy table for executive directors

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance

BASE SALARY	• To aid recruitment and retention
	• To reflect experience and expertise
	• To provide an appropriate level of fixed basic income
		• Normally reviewed annually, with any increase usually becoming effective 1 May
		• Set initially at a level required to recruit suitable executives reflecting their experience and expertise
		• Any subsequent increase influenced by:
		  • Scope of the role
		  • Experience and personal performance in the role
		  • Average change in total workforce salary
		  • Performance of the group
		  • External economic conditions, such as inflation
		• Account taken of practice in comparable companies (e.g. those of a similar size and complexity)
		• No recovery or withholding provisions apply
			• Annual increases will generally be restricted to those of the average of the wider workforce
			• Increases beyond those awarded to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility or experience, or a significant increase in the scale or complexity of the role and/or size and value of the company
				• The Committee reviews the salaries of executive directors each year taking due account of all the factors described in the salary policy

ANNUAL REPORT ON REMUNERATION

CONTINUED

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
ANNUAL BONUS	• To reward the annual delivery of short to medium-term objectives relating to the business strategy	• All bonus payments are at the discretion of the Committee • Not pensionable • Payable following the end of the year based on targets set at the start of the year • Targets are set and/or reviewed annually • A minimum of one-third of any bonus earned must be invested in shares and held for at least two years. The remainder of the bonus is payable in cash • Recovery provisions apply in certain circumstances at the discretion of the Committee (including where there has been a misstatement of accounts, an error in assessing any applicable performance condition, misconduct on the part of the participant, serious reputational damage to the company, and/or corporate failure)	• Up to 300% of salary for Mahmud Kamani, Carol Kane, John Lyttle and Shaun McCabe	• Bonuses are based on performance measures with appropriate targets set and assessed by the Committee at its discretion • Those financial measures that are identified as key indicators of success against the strategy (e.g. EBITDA and revenue) will represent the majority of bonus, with any other measures (e.g. strategic, ESG and/or personal objectives), where appropriate, representing the balance • Performance is measured over a single financial year • 30% of maximum bonus will be payable for achievement of a threshold level of performance, rising to 100% of maximum bonus for reaching stretch targets • Measures and weightings may change each year to reflect any year-on-year changes to business priorities at the discretion of the Committee • Targets for threshold and stretch performance will be disclosed retrospectively

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
LONG-TERM INCENTIVE PLAN ("LTIP")	• Intended to align the long-term interests of senior executives with those of shareholders • To incentivise the delivery of key strategic objectives over the longer term	• Awards are normally granted in the form of nominal cost options • Ability to exercise is dependent on performance targets being met during the performance period and continued service of the directors • Recovery and withholding provisions apply in certain circumstances at the discretion of the Committee (including where there has been a misstatement of accounts, an error in assessing any applicable performance condition, misconduct on the part of the participant, serious reputational damage to the company, and/or corporate failure)	• The maximum annual limit contained within the plan rules will be 200% of salary for executive directors • Awards are at the discretion of the Committee and may be made at lower levels than this	• Award vest based on challenging targets measured over a three-year period and are dependent upon continued service • At least half of awards will normally be based on financial performance metrics (such as, inter alia, revenue or EPS) • Prior to each award, the Committee will set threshold and stretch targets along with an intermediate vesting range. Details of these will be disclosed in the Annual Report on Remuneration for the year in which the award was granted unless the targets are commercially sensitive, in which case they will be disclosed retrospectively

ANNUAL REPORT ON REMUNERATION

CONTINUED

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance

GROWTH SHARE PLAN	• Intended to align the long-term interests of participants with those of shareholders
	• To drive long-term sustainable growth and deliver significant shareholder value
		• The Growth Share Plan is divided into five distinct tranches
		• Tranches 1 and 2 will vest on the first anniversary of the achievement of the relevant share price performance condition with tranches 3, 4 and 5 vesting 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
		• Recovery and withholding provisions apply in certain circumstances at the discretion of the Committee (including where there has been a misstatement of accounts, an error in assessing any applicable performance condition, misconduct on the part of the participant, serious reputational damage to the company, and/or corporate failure)
			• The maximum potential payout for executive directors are as follows:
			  • John Lyttle: £50m
			  • Shaun McCabe: £25m
			  • Carol Kane: £20m (Carol will not participate in any award from either tranche 1 or tranche 2)
			• A further potential aggregate payout of £15m has been reserved for any new joiners during the measurement period
				• Each tranche is subject to a stretching performance condition whereby a distinct 90-day average share price hurdle must be achieved

PENSION	• To aid recruitment and retention • To provide an appropriate level of fixed income	• Executive directors may receive an employer's pension contribution or cash allowance	• Employer's defined contribution or cash allowance up to 6.2% of salary • From 1 January 2023 this will be aligned with the average contribution rate for the wider workforce (currently 5%)	n/a

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
OTHER BENEFITS	• To provide a competitive benefits package	• Executive directors may receive benefits including health care, income protection and life assurance, as well as other standard group-wide benefits offered by the company from time to time • Executive directors are also eligible to participate in any all-employee share plans operated by the company on the same basis as for other eligible employees (and in line with relevant HMRC rules) – Mahmud Kamani and Carol Kane have chosen not to participate in these schemes	• The value of benefits may vary from year-to-year depending on the cost to the company	n/a
SHAREHOLDING REQUIREMENT	• To support long-term commitment to the company and the alignment of executive director interests with those of shareholders	• The Remuneration Committee has adopted formal shareholding guidelines that will encourage executive directors to build up over a five-year period and then subsequently hold a shareholding equivalent to a percentage of base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements • These guidelines will continue to apply for a minimum of two years following a director's cessation of employment	• 200% of salary for executive directors, rising to 400% of salary on maturity of the Growth Plan	None

ANNUAL REPORT ON REMUNERATION

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CHOICE OF PERFORMANCE MEASURES AND APPROACH TO TARGET SETTING

The performance metrics and targets that are set for the executive directors via the various incentive arrangements are carefully selected to align closely with the group's strategic plan and key performance indicators.

Growth Plan

The primary performance measure of the Growth Share Plan is share price growth over a five-year period. The targets reflect the ambitious growth plans for the group and the performance measure ensures that executive directors' and senior managers' interests are fully aligned with shareholders.

Annual bonus

Annual bonuses are determined on the basis, primarily, of performance against financial measures, which are identified as the key indicators of success against the strategy set annually. For the financial year ending 28 February 2023, additional non-financial metrics were measured through the bonus scheme, and this will continue for the year ending 29 February 2024. The precise metrics chosen, along with the weightings of each, may vary from year to year. The Committee will review the performance measures and targets each year and vary them as appropriate to reflect the priorities for the business in the year ahead.

DIFFERENCES IN REMUNERATION POLICY FOR EXECUTIVE DIRECTORS COMPARED TO OTHER EMPLOYEES

The Committee has regard to pay structures across the wider group when setting the remuneration policy for executive directors. The Committee, in particular, considers the general basic salary increase for the broader workforce when determining the annual salary review for the executive directors.

Overall, the remuneration policy for the executive directors is more heavily weighted towards performance-related pay than for other employees. Performance-related long-term incentives are provided for those employees considered to have the greatest potential to influence overall levels of performance and those whose retention within the group is regarded as important. That said, a portion of the tranches awarded under the Growth Share Plan will be set aside for distribution to a wider employee population and to further the commitment to encourage widespread equity ownership, and, we continue to operate a SAYE share option scheme.

The level of performance-related pay varies within the group by grade of employee and is informed by the specific responsibilities of each role as appropriate.

The Committee has not consulted directly with employees in designing the remuneration policy for the directors.

SERVICE CONTRACTS AND LOSS OF OFFICE PAYMENTS

Executive directors are not employed on fixed-term contracts. Service contracts normally continue until the executive director's agreed retirement date or such other date as the parties agree. The company's policy is that executive directors will be employed on a contract that can be terminated by the company on giving no more than one year's notice, with the executive director required to give up to one year's notice of termination.

A director's service contract may be terminated without notice and without any further payment or compensation, except for sums earned up to the date of termination, on the occurrence of certain events such as gross misconduct. The circumstances of the termination (taking into account the individual's performance) and an individual's duty and opportunity to mitigate losses are taken into account by the Committee when determining amounts payable on/following termination. Our policy is to reduce compensatory payments to former executive directors where they receive remuneration from other employment during the compensation period. The Committee will consider the particular circumstances of each leaver on a case-by-case basis and retains flexibility as to at what point, and the extent to which, payments would be reduced. Details will be provided in the relevant Annual Report on Remuneration should such circumstances arise.

In summary, the contractual provisions are as follows:

Provision	Detailed terms
Notice period	Maximum of 12 months from both the company and the executive director
Termination payment	Payment in lieu of notice of base salary only, normally subject to mitigation and paid monthly[1] subject to the discretion of the Committee In addition, any statutory entitlements would be paid as necessary
Change of control	There are no enhanced provisions on a change of control

1 The Committee may elect to make a lump sum termination payment (up to a maximum of 12 months' base salary) as part of an executive director's termination arrangements where it considers it appropriate to do so.

Annual bonus on termination

There is no contractual entitlement to annual bonus on termination. At the discretion of the Committee, in certain circumstances a pro rata bonus may become payable at the normal payment date for the period of active service only.

Growth Share Plan on termination

Any share-based entitlements granted under the company's share plans will be determined on the basis of the plan rules. In determining whether an executive director should be treated as a good leaver under the plan rules, the Committee will take into account the performance of the individual and the reasons for their departure and, in the event of this determination being made, will set out its rationale in the following Annual Report on Remuneration.

APPROACH TO RECRUITMENT AND PROMOTIONS

The remuneration package for a new executive director would generally be set in accordance with the terms of the company's remuneration policy in force at the time of appointment and would be subject to the individual limits set out in the policy table above. In addition, with specific regard to the recruitment of new executive directors (whether by external recruitment or internal promotion), the remuneration policy will allow for the following:

- Where new joiners or recent promotions have been given a starting salary at a discount to the mid-market level, a series of increases above those granted to the wider workforce (in percentage of salary terms) may be awarded over the following few years, subject to satisfactory individual performance and development in the role.
- The Committee may offer additional cash and/or share-based elements when it considers these to be in the best interests of the company and its shareholders. Any such additional payments would aim to reflect the terms and value of remuneration relinquished when leaving the former employer.
- The annual bonus would operate in accordance with the terms of the policy, subject to the overriding discretion of the Committee. Depending on the timing and responsibilities of the appointment, it may be necessary to set different performance measures and targets in the first year.
- For an internal executive appointment, any variable pay element awarded in respect of the former role would be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment would continue.
- For external and internal appointments, the Committee may agree that the company will meet certain relocation expenses as appropriate.

For the appointment of a new Chairman or non-executive director, the fee arrangement would generally be set in accordance with the fee policy in force at that time.

EXTERNAL NON-EXECUTIVE DIRECTOR POSITIONS

The group allows executive directors to hold external directorships subject to agreement by the Chairman on a case-by-case basis and, at the discretion of the Committee, to retain the fees received from those roles.

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

The non-executive directors do not have service contracts with the group, but instead have letters of appointment. The letters of appointment are usually renewed every three years. Termination of the appointment may be earlier at the discretion of either party on one month's written notice for non-executive directors. None of the non-executive directors is entitled to any compensation if their appointment is terminated. Appointments will be subject to re-election at the Annual General Meeting by rotation.

ANNUAL REPORT ON REMUNERATION

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NON-EXECUTIVE DIRECTORS' FEES

The non-executive directors' fees policy is described below:

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	• To recruit and retain high calibre non-executives	• Fees are determined by the board, with non-executive directors abstaining from any discussion or decision in relation to their fees • Non-executive directors are paid an annual fee for all board duties, which will include an annual award of shares (with the value of shares normally determined at the market price in February of each year) • In relation to the cash element, fees are normally paid monthly • In relation to the share element there will be certain restrictions that prevent the director selling these shares during the period of their appointment • Non-executive directors will not receive awards under any of the company's incentive arrangements or receive any pension provision • The fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels in companies of comparable size and complexity • In exceptional circumstances, if there is a temporary yet material increase in the time commitment for non-executive directors, the board may pay extra fees to recognise the additional workload • Non-executive directors shall be entitled to have reimbursed all expenses that they reasonably incur in the performance of their duties, including taxes payable thereon	• There is no cap on fees • Fees may be increased to ensure they continue to appropriately recognise the time commitment of the role, increases to fee levels for non-executive directors in general and fee levels in companies of a similar size and complexity

ANNUAL REPORT ON REMUNERATION

This section of the Remuneration Report contains details as to how the group's remuneration policy was implemented during the year ended 28 February 2023.

Disclosure of directors' single-figure total remuneration for the year – audited information

The total single-figure remuneration of the directors during the year ended 28 February 2023 is set out below:

		Fixed remuneration				Variable remuneration		
		Base salary and fees £	Benefits £	Pension equivalent £	Other £	Annual bonus £	Long-term incentives £	Total £
Executive directors								
Mahmud Kamani	**2023**	**476,246**	**79,108**	–	–	**476,246**	–	**1,031,600**
	2022	461,250	63,298	–	–	–		524,548
Carol Kane	**2023**	**476,246**	**6,257**	**28,235**	–	**476,246**	–	**986,984**
	2022	465,900	5,851	23,947	–	–	–	495,698
John Lyttle	**2023**	**650,867**	**8,178**	**38,587**	–	**650,866**	–	**1,348,498**
	2022	636,730	3,649	32,728	3,000	712,631	–	1,388,738
Neil Catto	**2023**	**317,498**	**3,472**	**18,823**	–	–	–	**339,793**
	2022	310,600	2,686	15,965	3,000	231,750	120,170	684,171
Shaun McCabe[1]	**2023**	**227,179**	**997**	**9,375**	–	**187,500**	–	**425,051**
	2022	70,000	–	–	10,000	–	–	80,000
Total executive directors	**2023**	**2,148,036**	**98,012**	**95,020**	–	**1,790,858**	–	**4,131,926**
	2022	1,874,480	75,483	72,640	6,000	944,381	120,170	3,093,154[1]
Non-executive directors								
Kirsty Britz	**2023**	**70,000**	–	–	**10,000**	–	–	**80,000**
	2022	24,615	–	–	10,000	–	–	34,615
Iain McDonald	**2023**	**70,000**	–	–	**10,000**	–	–	**80,000**
	2022	70,000	–	–	10,000	–	–	80,000
Tim Morris	**2023**	**60,000**	–	–	**10,000**	–	–	**70,000**
	2022	49,384	–	–	10,000	–	–	59,384
Brian Small	**2023**	**120,000**	–	–	**20,000**	–	–	**140,000**
	2022	120,000	–	–	20,000	–	–	140,000
Total non-executive directors	**2023**	**320,000**	–	–	**50,000**	–	–	**370,000**
	2022	349,691	–	–	60,000	–	–	409,691[1]
Total	**2023**	**2,468,036**	**98,102**	**95,020**	**50,000**	**1,790,858**	–	**4,501,926**
	2022	2,224,171	75,483	72,640	66,000	944,381	120,170	3,502,845

1 Shaun McCabe served as a non-executive director until 3 October 2022 when he was appointed as the CFO. The 2023 amounts disclosed above include amounts relating to his remuneration as the CFO and fees earned as non-executive director (£40,833). The 2022 'Total executive directors' does not include the £80,000 paid to Shaun McCabe as he served the whole financial year as a non-executive director. This is included in the 2022 'Total non-executive directors' figure.

ANNUAL REPORT ON REMUNERATION

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Figures in the single total figure remuneration include the following for the financial year:

Base salary and fees	The amount of salary or non-executive directors' fees.
Pension and pension equivalent	Where an executive has elected to forego company pension contributions, due to pension cap restrictions, an amount of up to 6.2% is paid as a supplementary element, being the company cost-neutral equivalent of the pension cost and employer's NI foregone.
Other	The value of SIP awards granted in the financial period for executive directors and the value of free shares issued to non-executive directors as part of their fees.
Annual bonus	The amount of performance-related bonus receivable. Further details of the performance outcome can be found below.
Long-term incentives	The value of long-term incentives vesting based on performance ending in the year under review. The performance targets were not met and therefore the LTIP awards did not vest. Further details of the share options granted in 2020 and assessment of performance measured to 28 February 2023 can be found below.
Benefits	The value of private medical insurance, income protection, life assurance, company car and fuel costs based on the taxable value and driver services

ANNUAL BONUS

For the year ended 28 February 2023, Mahmud Kamani's, Carol Kane's, John Lyttle's and Shaun McCabe's (pro rata to reflect proportion of the year served as an executive director) maximum potential bonus was 200% of basic salary. The 2023 bonus targets were: 30% based on revenue; 45% on Adjusted EBITDA; 15% on UP.FRONT sustainability strategy measures; and 10% on UK manufacturing and international supply chain milestones. Bonus entitlement targets were as follows:

	Bonus entitlement %
Financial target range	
Revenue target:	
Threshold £2,080 million	9%
Upper limit £2,180 million or more	30%
Adjusted EBITDA target:	
Threshold £125 million	13.5%
Upper limit £160 million or more	45%
Non-financial targets	
Delivery against UP.FRONT sustainability strategy measures	15%
– CLOTHES.MADE SMARTER	
– SUPPLIERS.ON BETTER TERMS	
– OUR BUSINESS.TAKING ACTION	
UK manufacturing and international supply chain milestones	10%

GOVERNANCE

For the financial targets set out above, the amount of bonus payable varies on a sliding scale between the threshold and upper limit shown. For the financial year ended 28 February 2023, revenue was £1,768.7 million and adjusted EBITDA £63.3 million, and therefore the formulaic bonus outcome for these elements was 0%. The non-financial objectives were based on successfully delivering against UP.FRONT sustainability strategy measures (15% of the overall bonus) and progress against UK manufacturing and international supply chain milestones (10% of the overall bonus).

Considerable progress has been made over the last 12 months on delivering the UP.FRONT strategy, including:

CLOTHES.MADE SMARTER

- Launch of PLT marketplace providing re-sale opportunities for customers;
- Strong group-wide growth in READY FOR THE FUTURE (RFTF) more sustainable products; and
- Developed key relationships with nominated suppliers to provide more sustainable packaging and labelling.

SUPPLIERS.ON BETTER TERMS

- Launch of UK manufacturing centre of excellence; and
- Improvements in transparency, standards and remediation of group manufacturing sites and governance reporting.

OUR BUSINESS.TAKING ACTION

- Improving data collection processes regarding emissions to drive accountability of carbon reduction; and
- Launch of social impact strategy and donation of pre-tax profits to charity.

Management has also made strong progress on delivering the UK manufacturing and international supply chain milestones set at the start of the year, including the completion of phase 1 of the Sheffield automation project. Further details on this can be found in the Strategic Report on page 50.

Management's performance against these non-financial measures resulted in a payout of 15% of maximum (out of 25% of maximum). Taking into account both financial and non-financial performance, the formulaic outcome under the annual bonus was therefore 15% of maximum.

The Remuneration Committee considered the appropriateness of the financial targets set at the start of the year and determined that they were not appropriate and a fair measure of the success of the business during the year as a result of the turbulent market conditions that the business faced following the sign off of the FY2023 budget. The impact of inflation on raw materials and freight/transport costs led to margin targets that were not achievable. When combined with a top-line decline as demand softened dramatically, allied with a shift back to the high street, the Revenue and EBITDA targets set with reference to the budget approved early in the year were unattainable.

As set out in the Chair's statement, the priorities for the business shifted during the year in reflection of the market conditions with a greater focus placed on cash and inventory management to ensure the business is well positioned to capitalise on top-line growth going forward. The Remuneration Committee assessed that, in this regard, management had been very agile in driving cost reductions across the group which has in large part preserved the profitability of the business in such difficult economic circumstances, evidenced by a) reductions in inventory, b) reductions in Net Debt and c) reductions in the cost base.

Taking this into account, the Remuneration Committee feels that the formulaic outcome under the annual bonus is not an accurate reflection of the strong performance of management during the year and the critical steps they have taken to preserve the value of the business in such volatile economic conditions. As such, the Remuneration Committee determined to pay annual bonuses as 50% of maximum for all executive directors.

No bonus payment was made to Neil Catto following the cessation of his employment on 31 March 2023.

Bonuses were subsequently payable as follows:

Name	Bonus % of salary	FY2023 bonus	Of which paid in cash	Of which deferred into shares
Mahmud Kamani	100%	£476,246	£317,497	£158,749
Carol Kane	100%	£476,246	£317,497	£158,749
John Lyttle	100%	£650,866	£433,910	£216,956
Shaun McCabe	41.7%[(1)]	£187,500	£125,000	£62,500

1 Shaun McCabe's bonus is pro-rated to reflect the proportion of the year served as an executive director.

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LONG-TERM SHARE INCENTIVES

The executive directors hold options under the LTIP subject to the achievement of performance conditions as follows:

Name	Option scheme	No. of ordinary shares under option	Exercise price pence	Date of grant	Exercise period
Neil Catto	2016 LTIP	404,822	1	30/06/16	30/06/19 to 30/06/26
Neil Catto	2017 LTIP	120,546	1	13/06/17	13/06/20 to 13/06/27
Neil Catto	2018 LTIP	119,088	1	28/06/18	28/06/21 to 28/06/28
Neil Catto	2019 LTIP	112,380	1	11/12/19	21/04/22 to 21/04/29
Neil Catto	2020 LTIP	164,865	1	03/11/20	03/11/23 to 03/11/30
Mahmud Kamani	2022 LTIP	1,738,230	1	01/07/22	01/07/25 to 01/07/32
Carol Kane	2022 LTIP	1,738,230	1	01/07/22	01/07/25 to 01/07/32
John Lyttle	2022 LTIP	2,375,568	1	01/07/22	01/07/25 to 01/07/32
Neil Catto	2022 LTIP	869,115	1	01/07/22	01/07/25 to 01/07/32

The awards in respect of the years 2016 to 2019 have vested and the shares under option reflect the position after assessment of the performance conditions. For the 2020 and 2022 awards, the awards are the number granted before the assessment of the performance conditions.

2020 GRANT

The performance targets for the shares granted on 03/11/20 are based upon the achievement of two key criteria; Three-Year Aggregate Adjusted Earnings per Share (67%) and Total Shareholder Return (33%) over a three-year period to the end of FY2023. Minimum 'threshold' and 'stretch' targets have been established by the Committee against these criteria. The EPS element vests on a straight-line basis between target intervals from 28p for a 20% vesting to 33p for 100% vesting. The TSR element vests on a straight-line basis between target intervals from 50% growth in TSR for a 25% vesting to 75% growth in TSR for a 100% vesting. As set out in the Chair's statement, the EPS and TSR performance was below the relevant thresholds and therefore the 2020 LTIP award lapsed in full.

2022 GRANT

The performance targets for the shares granted on 01/07/22 are based upon the achievement of the following key criteria:

Performance metric	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Relative Total Shareholder Return compared to the constituents of the FTSE 250 index (excluding investment trusts)	40%	Median ranking	Upper quartile ranking
Adjusted Earnings per Share	20%	18p	23p
Compounded Annual Revenue Growth	20%	12% CAGR from FY2022 revenue figure	17% CAGR from FY2022 revenue figure

The remaining 20% of the 2022 LTIP grant relates to three key performance indicators from our broader ESG agenda. We have set a framework for their assessment, in each case by the end of FY2025, as set out below:

- CLOTHES. MADE SMARTER
  - All our polyester and cotton products will contain recycled or more sustainably sourced materials
  - Resale and/or end-of-life offers available across all brands
  - All customer garment packaging will be reusable, recyclable or compostable
- SUPPLIERS. ON BETTER TERMS
  - All products from manufacturing units in the UK will come from suppliers that can demonstrate they are sending zero waste to landfill
  - Publicly demonstrate continued progress, post Agenda for Change, on ethical and sustainable supplier management programme, resulting in improvements in worker standards and rights
- OUR BUSINESS. TAKING ACTION
  - Climate change embedded in risk management and board-level commercial decisions to assess the impact of commercial decisions on achieving SBTi targets. On track to achieve carbon reductions across value chain aligned with SBTi equivalent to 52% emissions, relative to growth
  - To receive independent external recognition via an award, accreditation or kitemark for:
    - Being an organisation that cares about doing things right and values its people; or
    - Being an organisation that has a genuine and authentic commitment to driving diversity and inclusion

Performance will be measured over a three-year period to the end of FY2025. Minimum 'threshold' and 'stretch' targets have been established by the Committee against these criteria. The EPS element vests on a straight-line basis between target intervals from 18p for a 25% vesting to 23p for 100% vesting. The TSR element vests on a straight-line basis between target intervals from median TSR performance against the comparator group for 25% vesting to upper quartile TSR performance for a 100% vesting.

CONDITIONAL SHARE AWARDS

As disclosed in the Chair's statement, Shaun McCabe was granted a Conditional Share Award as part of his recruitment as CFO in respect of the loss of benefits which lapsed on leaving his previous employment.

Executive director	Type of award	Number of shares awarded	Face value at grant
Shaun McCabe	Conditional Share Award	3,073,778	£1,120,392

The Conditional Share Award has been granted in reflection of the terms and value of remuneration relinquished by Shaun McCabe by delivering the award in shares and aligning the vesting dates with those of his forfeited awards. The vesting of this award is conditional on Shaun's continued employment as the group's Chief Financial Officer according to the following schedule:

- 1,253,109 shares to vest in May 2023;
- 1,575,812 shares to vest in May 2024; and
- 244,857 shares to vest in May 2025.

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ALL-EMPLOYEE SHARE INCENTIVE PLAN (“SIP”)

The HMRC-approved all-employee Share Incentive Plan purchases shares and holds them in trust for the benefit of employees who remain with the company for three years. There are no performance criteria for the SIP shares. The directors hold the following options over shares under this scheme:

Name	No. of ordinary shares held in trust	Purchase price pence	Date of grant	Maturity date
Neil Catto	6,000	50	14/03/14	14/03/17
Neil Catto	3,571	28	19/06/15	19/06/18
Neil Catto	938	213	27/09/18	27/09/21
Neil Catto	884	226	23/08/19	23/08/22
Neil Catto	974	370	19/02/21	19/02/24
Neil Catto	3,136	115	13/01/22	13/01/25
John Lyttle	884	226	23/08/19	23/08/22
John Lyttle	974	370	19/02/21	19/02/24
John Lyttle	3,136	115	13/01/22	13/01/25

SAVE AS YOU EARN SHARE SCHEME (“SAYE”)

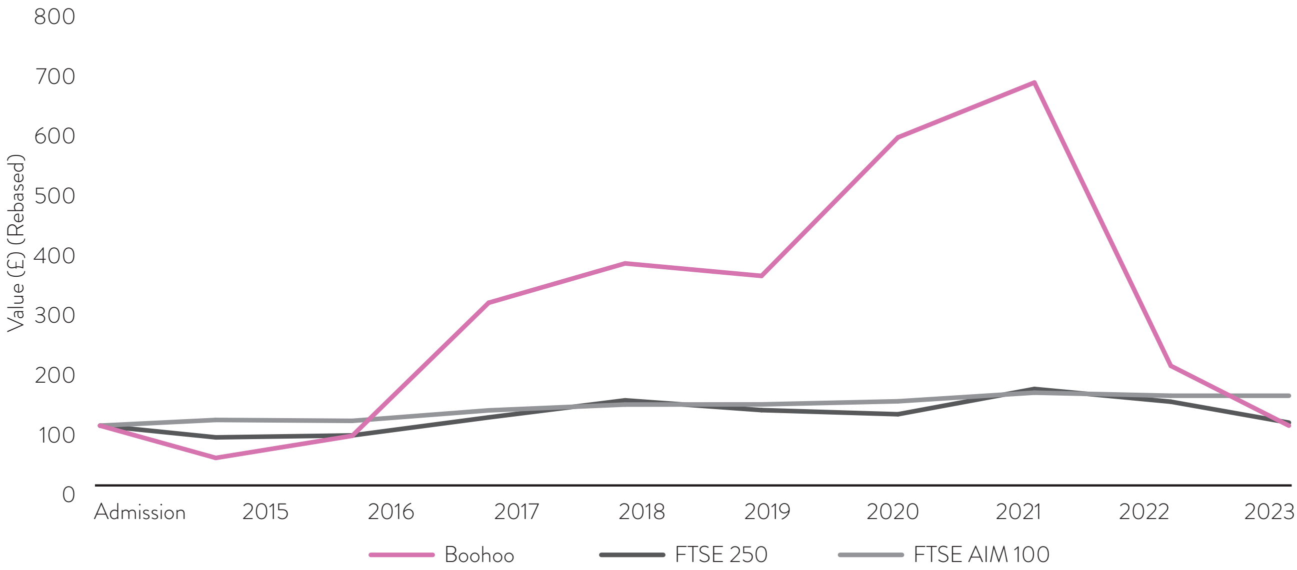
The HMRC-approved all-employee Save As You Earn scheme allows employees to purchase shares at a discount of up to 20% of market price at the date of grant on the future option date. There are no performance criteria for the SAYE shares. The directors hold the following options over shares under this scheme:

Name	Estimated shares to be purchased at option date	Option price pence	Date of grant	Option date
Neil Catto	8,297	216.9	30/10/19	30/10/22
John Lyttle	8,297	216.9	30/10/19	30/10/22
John Lyttle	60,000	30.0	07/11/22	01/12/25
Neil Catto	60,000	30.0	07/11/22	01/12/25
Shaun McCabe	60,000	30.0	07/11/22	01/12/25

The savings from the 2019 SAYE scheme have been returned to Neil Catto and John Lyttle as the options are significantly underwater and therefore the estimated shares to be purchased at option date for the 2019 awards set out above have lapsed.

PERFORMANCE GRAPH AND TABLE

The graph below illustrates boohoo's Total Shareholder Return since Admission in March 2014 relative to two broad equity market indices, the FTSE AIM 100 index and the FTSE 250 index.



The table below sets out the total remuneration of the CEO over the period since Admission, as disclosed in the Single Figure table in each year's Directors' Remuneration Report. Mahmud Kamani and Carol Kane served as Joint CEOs until John Lyttle's appointment in March 2019.

	2015		2016		2017		2018		2019		2020	2021	2022	2023
	Mahmud Kamani	Carol Kane	Mahmud Kamani	Carol Kane	Mahmud Kamani	Carol Kane	Mahmud Kamani	Carol Kane	Mahmud Kamani	Carol Kane	John Lyttle	John Lyttle	John Lyttle	John Lyttle
Total Single Figure (£000)	217	235	379	390	396	410	893	914	1,062	1,072	2,702	1,578	1,389	**1,348**
Annual bonus payment (% of maximum)	0%	0%	90%	90%	100%	100%	100%	100%	100%	100%	100%	100%	75%	**50%**
LTIP vesting level (% of maximum)(1)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**

1 During their tenure as Joint CEOs, Mahmud Kamani and Carol Kane did not participate in long-term incentive arrangements. For John Lyttle, there were no long-term incentives, which vested in respect of FY2020, FY2021 or FY2022. This excludes the shares he received as compensation for the loss of short and long-term incentives, which lapsed on leaving his previous employer, as disclosed in the 2020 Directors' Remuneration Report.

ANNUAL REPORT ON REMUNERATION

CONTINUED

CHIEF EXECUTIVE'S REMUNERATION COMPARED TO ALL OTHER EMPLOYEES OF THE GROUP

Percentage change of Chief Executive's base salary in the year compared to that of all employees:

Percentage increase in Chief Executive's annualised base salary	3.0%
Average percentage increase in all employees' base salaries	7.7%

The Chief Executive's total single figure remuneration ratio to the equivalent pay for the lower quartile, median and upper quartile UK employees, calculated using option A of the Companies (Miscellaneous Reporting) Requirements 2018 is as follows:

Year	25th percentile ratio	50th percentile ratio	75th percentile ratio
2023	**59:1**	**52:1**	**37:1**
2022	63:1	53:1	39:1
2021	76:1	65:1	49:1
2020	151:1	130:1	95:1

Option A was chosen as it represents the most accurate means of identifying the relevant employees at each percentile level. The workforce comparison is based on data for the years ended 28 February. The median is considered to be representative of the wider pay and reward of the UK workforce. The group believes that the median pay ratio accurately reflects the comparison between the CEO's remuneration and the pay for UK employees and is consistent with wider pay, reward and progression policies affecting UK employees. There is an obvious differential between the pay for the CEO and for the wider employee base, with the CEO's remuneration reflecting market norms for leaders of listed companies. For all employees, we strive to offer a competitive pay and benefits package relevant to the roles performed. This includes participation in the SAYE share scheme (offered to all eligible employees) and, at more senior levels, participation in additional bonus and long-term incentive schemes.

	2023		2022		2021	
Pay data £000	Base salary	Total pay and benefits	Base salary	Total pay and benefits	Base salary	Total pay and benefits
Chief Executive remuneration	**651**	**1,352**	637	1,389	615	1,578
UK employees 25th percentile	**22**	**23**	20	22	19	21
UK employees 50th percentile	**25**	**26**	23	26	21	24
UK employees 75th percentile	**33**	**36**	32	36	29	32

DIRECTORS' INTERESTS IN SHARES

The table below sets out the beneficial and non-beneficial interests in the number of ordinary shares as at the year end.

Name	Beneficially owned at 28 February 2022	Free share award under NED remuneration policy	Shares acquired during the year	Shares disposed of during the year	Beneficially owned at 28 February 2023	As a % of share capital	Outstanding share options	Shares held under SIP	SAYE options granted	Total interests in shares at 28 February 2023
Mahmud Kamani	157,979,880	–	–	–	157,979,880	12.46%	1,738,320	–	–	**159,718,200**
Carol Kane	33,330,421	–	–	13,330,421	20,000,000	1.58%	1,738,320	–	–	**21,738,320**
John Lyttle	188,172	–	–	–	188,172	0.01%	2,968,993	4,994	60,000	**3,222,159**
Neil Catto	79,735	–	–		79,735	0.01%	2,003,759	15,503	60,000	**2,079,262**
Shaun McCabe	113,482	–	–	–	110,627	0.01%	3,073,778	–	60,000	**3,244,405**
Kirsty Britz	10,627	19,965	–	–	30,592	0.00%	–	–	–	**30,592**
Iain McDonald	731,963	19,965	–	–	751,928	0.06%	–	–	–	**751,928**
Tim Morris	26,297	19,965	–	–	46,262	0.00%	–	–	–	**46,262**
Brian Small	98,734	39,929	–	–	138,663	0.01%	–	–	–	**138,663**

GROWTH PLAN

On 8 March 2023 following the shareholder approval of the Growth Share Plan (as disclosed in the Notice of General Meeting), 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 boohoo Holdings Limited, an intermediary holding company of the group.

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[1]	£17.5m	£25.0m	£37.5m	£40.0m	£55.0m
Implied shareholder value created over the term of the plan[1]	£0.6bn	£1.4bn	£2.4bn	£3.4bn	£4.4bn

1 Assuming the whole tranche is awarded and subsisting.

2 Calculated using the hurdle boohoo share price based on the issued share capital.

3 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.

ANNUAL REPORT ON REMUNERATION

CONTINUED

COMPOSITION OF THE REMUNERATION COMMITTEE

The members of the Committee for the financial year were Iain McDonald (Chair), Tim Morris and Brian Small. Executive directors are invited to attend meetings, if requested by the Committee, in order to provide information and advice, to enable the Committee to make informed decisions. Each director is, however, specifically excluded from any matter concerning his own remuneration. Representatives of the Committee's retained advisers may also attend meetings by invitation. The Company Secretary attends meetings as secretary to the Committee.

ADVISERS TO THE REMUNERATION COMMITTEE

During the year, the Committee received advice from Korn Ferry on remuneration matters and reporting. The total fees paid to Korn Ferry in respect of its services during the year were £138,165.

In February 2023, the company appointed PwC as Remuneration Committee advisers. PwC is signatory to the Remuneration Consultants Group Code of Conduct and operates voluntarily under this Code, which sets out the scope and conduct of the role of executive remuneration consultants when advising UK listed companies. The Committee regularly reviews the external adviser relationship and is comfortable that the advice received during the year was objective and independent.

SHAREHOLDER VOTING AT AGM

The table below sets out the results of voting on the Directors' Remuneration Report resolution at the AGM held on 17 June 2022 and the voting on the adoption of the Growth Plan on 8 March 2023:

Resolution	For	Against	Withheld
Approve the Directors' Remuneration Report for the year ended 28 February 2022	531,089,950 (66.53%)	267,178,017 (33.47%)	55,138
Approve the adoption of the Growth Plan	513,125,462 (62.61%)	306,495,031 (37.39%)	88,969

The Committee has reflected on the level of votes cast against the above resolution and has taken this into account when proposing the changes to the remuneration policy and its implementation as set out in this report.

IMPLEMENTATION OF REMUNERATION POLICY FOR THE YEAR ENDING 29 FEBRUARY 2024 – UNAUDITED

Base salary

The annual base salaries of the executive directors are as follows. The Committee has agreed salary increases of 4% with effect from 1 April 2023, as set out in the table below. These increases are below the average increase for the wider workforce of 5%.

		From 1 April 2023	From 1 May 2022
Mahmud Kamani	Group Executive Chair	**£496,500**	£477,405
Carol Kane	Group Co-founder and executive director	**£496,500**	£477,405
John Lyttle	Chief Executive	**£678,500**	£652,450
Shaun McCabe	CFO	**£468,000**	n/a

Pension and other benefits

Carol Kane, John Lyttle, Shaun McCabe and Neil Catto receive a 5% compensatory salary element for electing to discontinue receiving a company pension, in line with the majority of colleagues' pension contributions. Mahmud Kamani does not receive a company pension contribution.

Carol Kane, John Lyttle, Shaun McCabe and Neil Catto receive company health care benefits and life assurance. Carol Kane receives driver services and Mahmud Kamani driver services and a company car and fuel.

Annual bonus

All of the executive directors are eligible to participate in the company-wide annual bonus plan. The Committee oversees the bonus plan, and any bonus payments are at the discretion of the Committee. The maximum bonus payable for the year ending 29 February 2024 as a percentage of salary will be as follows: Mahmud Kamani, Carol Kane and John Lyttle 300%, and Shaun McCabe 200%. As disclosed in the Chair's statement, Neil Catto stepped down on 31 March 2023 and therefore he will not be entitled to an annual bonus in respect of the financial year ending 29 February 2024. The maximum bonus will be payable based on performance measured over the single financial year ending 29 February 2024. The performance targets are based on a combination of financial and non-financial performance measures.

The annual bonus opportunity of 200% of salary for Mahmud Kamani, Carol Kane, John Lyttle and Shaun McCabe will be subject to the following performance targets and weightings:

- Adjusted EBITDA – 30%;
- Revenue (Net Sales) – 20%;
- ESG – 15%;
- Net Debt (Adjusted Free Cash Flow) – 10%;
- Project delivery – 20%; and
- New Customer Acquisition – 5%.

In respect of the remaining 100% of salary opportunity, this will be subject to super-stretching Adjusted EBITDA targets where payouts will be delivered for achieving Adjusted EBITDA outcomes above the stretch target under the bonus arrangements set out above.

Any payouts under the FY2024 bonus will be subject to a financial underpin such that a threshold Group Adjusted EBITDA must be reached before any bonus payments are made.

This choice of metrics reflects measures that have been identified as key indicators of the group's success against its growth strategy, with non-financial metrics continuing to ensure that the management team is focused on driving performance against the sustainability plan launched in 2021 as well as making continued progress against key supply chain objectives. The amount of bonus payable will be calculated as a percentage of base salary modified by a factor linked to the performance targets. An equity deferral element for the bonus will continue to apply, such that a minimum of one-third of any bonus must be invested in shares and held for at least two years. The remaining portion of the bonus will be payable in cash immediately after the announcement of the financial results.

The annual bonus targets, in relation to the financial year ending 29 February 2024, are considered to be commercially sensitive at this stage. Details of the targets, performance against those targets, and any payments resulting, will be disclosed in next year's Annual Report on Remuneration.

All-employee share plans

The board granted free shares in the financial year ended 28 February 2023. The company offered HMRC-approved SAYE plans in each of the financial years ending from 2016 to 2023 and it is intended that a further SAYE grant be offered for the financial year ending 29 February 2024. The executive directors are eligible to participate in the schemes on the same basis as other employees.

Remuneration for non-executive directors

The non-executive directors all receive a fee and annual allocation of shares each year to cover all their duties.

The current annual remuneration is:

		From 1 April 2023		From 1 March 2022	
		Share awards	Fees	Share awards	Fees
Kirsty Britz	NED and Chair of ESG Committee	**£10,000**	**£70,000**	£10,000	£70,000
Iain McDonald	NED and Chair of Remuneration Committee	**£20,000**	**£80,000**	£10,000	£70,000
Tim Morris	NED and Chair of Nomination and Risk Committee	**£10,000**	**£80,000**[1]	£10,000	£60,000[1]
John Goold[2]	NED and Chair of Audit Committee	**£10,000**	**£70,000**	n/a	n/a
Brian Small[3]	Deputy Chair, Senior Independent Director, Chair of Audit and Nomination Committees	**£0**	**£0**	£20,000	£120,000
Alistair McGeorge[3]	Deputy Chair, and Senior Independent Director	**£20,000**	**£120,000**	n/a	n/a

1 Tim Morris was appointed as Chairman of the Risk Committee in October 2022 and received an annual fee of £70,000 from this date until 30 April 2023. The increased fee of £80,000 for Tim Morris applies from 1 May 2023.

2 John Goold was appointed as a Non-Executive Director and Chairman of the Audit Committee on 27 April 2023 and therefore the fees set out above apply from 27 April 2023.

3 Alistair McGeorge succeeded Brian Small on 31 March 2023 and therefore the fees apply up to 31 March 2023 for Brian Small and from 31 March 2023 for Alistair McGeorge.

The above remuneration will be reviewed annually by the board.

IAIN MCDONALD

Chair of the Remuneration Committee

2 May 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Jersey law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with UK adopted International Financial Reporting Standards ("IFRS").

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 period. In preparing those financial statements, the directors are required to:

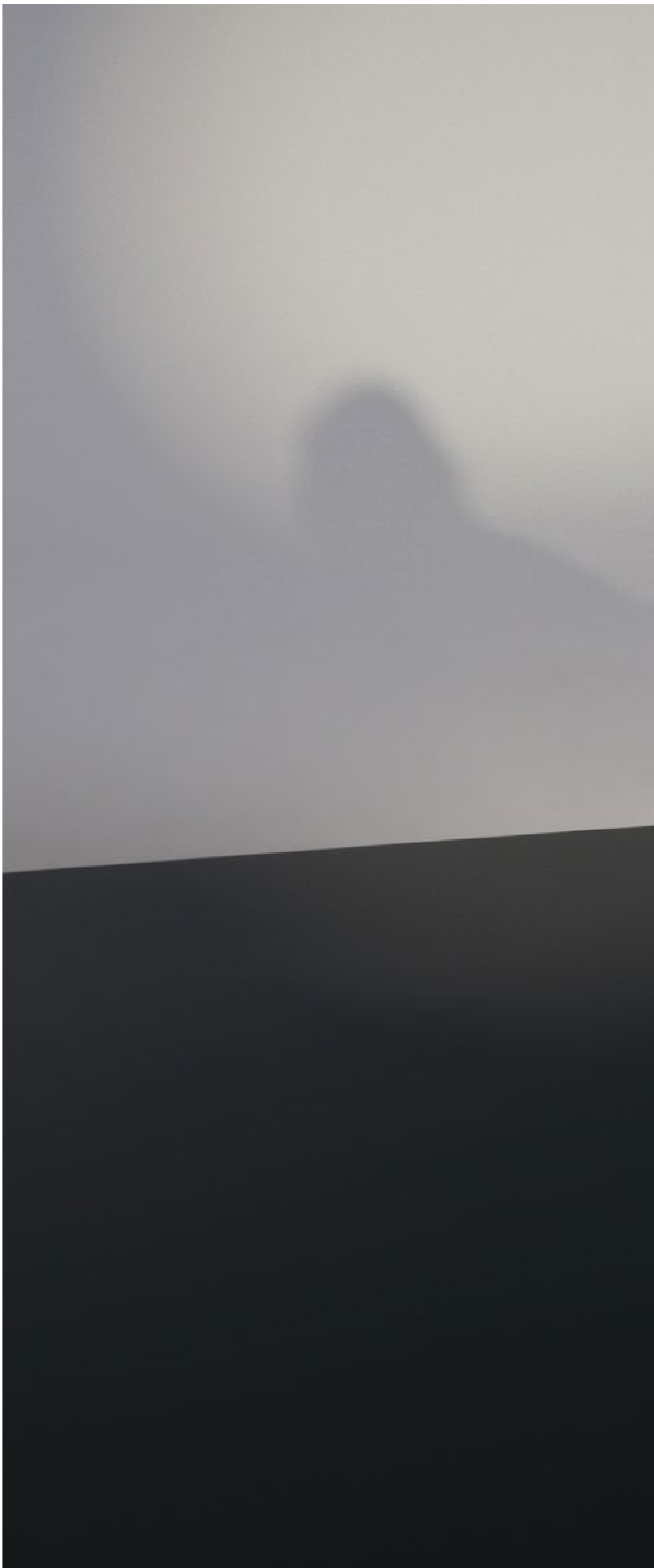
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare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

The directors are 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 (Jersey) Law, 1991. They 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 the maintenance and integrity of the corporate and financial information included on the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

JOHN LYTTLE   SHAUN MCCABE
2 May 2023



FINANCIALS

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOHOO GROUP PLC

OPINION

We have audited the group financial statements of boohoo group plc (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 (Jersey) Law 1991.

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 as applied to listed entities, 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 directors' 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.

We noted that the group has a cash and cash equivalents balance of £330.9 million and net assets of £400 million at year end, which includes net current assets of £209.3 million. 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 12 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.

OUR APPLICATION OF MATERIALITY

Materiality is a key concept in the context of an audit. In providing an opinion on whether the financial statements give a 'true and fair' view, we are providing an opinion on whether the financial statements as a whole are free from material misstatement whether due to fraud or error.

Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. An item, either individually or in aggregate, is considered material if omitting it or misstating it could reasonably be expected to influence decisions that users make on the basis of an entity's financial statements. Materiality has both quantitative and qualitative characteristics. It depends on the size or nature of the item or error judged in the particular circumstances of its omission or misstatement.

Materiality measure	Amount	Key considerations and benchmarks
Blended rate of 5% loss before tax (and exceptional costs) and 0.5% of revenue	£5.9 million (2022: £6.0 million)	Materiality was determined on the basis of a blended rate of an average of approximately 5% of loss before tax and 0.5% of revenue. We have used two benchmarks to determine our materiality, which we believe cover key metrics of the group which are used by stakeholders. The business is a trading group, which is advanced in its life cycle. The group continues to trade in a challenging macroeconomic and industry environment, which includes higher returns rates and low consumer confidence, higher distribution costs, global supply chain issues, high rates of inflation and fluctuating foreign exchange rates. These factors are impacting the group's ability to generate top line revenue growth as well as its overall profitability. We consider that using a materiality based on these benchmarks reflects the key measures of the group's ability to generate value for its shareholders.

The basis is similar to the prior year and is based on our understanding of the group.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce the risk that the aggregated uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole to an acceptably low level. Performance materiality was set at £4.1 million (2022: £4.2 million) being 70% of materiality for the financial statements as a whole. The performance materiality threshold was considered to be sufficient to provide coverage of significant and residual risks to the balances within the financial statements representing risk areas and those that require management judgements and estimates including inventory provisioning, provision for returns, legal provisions, impairment of intangible assets, valuation of investments and valuation of share-based payments.

We applied the concept of materiality both in planning and performing our audit, and in evaluating the impact of misstatements.

Materiality is reassessed throughout the audit. The materiality threshold for the group has increased since the audit planning stage. We have agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of £0.3 million (2022: £0.3 million), as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Each significant component of the group was audited to an overall materiality ranging between £5.8 million (2022: £5.9 million) and £0.3 million (2022: £1.1 million), with performance materiality set at 70% (2022: 70%).

OUR APPROACH TO THE AUDIT

We applied the concept of materiality both in planning and performing our audit, and in evaluating the impact of misstatements in the financial statements as explained above. Our audit approach was developed by obtaining an understanding of the group's activities and the overall control environment. Based on this understanding we assessed those aspects of the group's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. In particular, we looked at areas requiring the directors to make subjective judgements, for example in respect of significant accounting estimates including inventory provisioning, provision for returns, legal provisions, impairment of intangible assets, valuation of the equity investment in Revolution Beauty group plc and valuation of share-based payments. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represents a risk of material misstatement due to fraud.

A full scope audit was performed on the complete financial information of the group's material and significant operating components located in the United Kingdom, with the group's key accounting function for all such components being based in the same location.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOHOO GROUP PLC

CONTINUED

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Valuation of inventory [refer to Note 16 and Note 1 for accounting policy] Inventory is carried at the lower of cost or net realisable value in accordance with IAS 2 Inventories. The provision in respect of inventory requires judgement. In the current year, this has been an area of increased management focus, and has required an increased level of judgement. During the current year, there have been changes to the business model as it relates to inventory management and changes in the inventory provisioning methodology applied by management, the most significant of which is the application of a revised provisioning matrix in respect of the ageing profile of the inventory held at year end. In the current year, seasonality factors have also been embedded in the methodology. These changes needed to be fully understood, including the key inputs and assumptions used in the provisioning model and the rationale behind these. There is a risk that the provision is understated, and inventory is therefore not held at the lower of cost and net realisable value in accordance with the group's accounting policy. The value of inventory in the Consolidated statement of financial position as at 28 February 2023 is £178.1 million (2022: £279.4 million), after an impairment provision of £21.6 million (2022: £18.4 million) was charged in the year. Given the quantum of the balance, management estimation and judgement involved, the valuation of inventory is considered to be a key audit matter.	Our audit work in this area included the following: • Obtaining the year-end inventory provision calculation and: – Vouching the provision calculation to the underlying financial information; – Discussing the changes to the inventory provisioning model with relevant members of the finance team including the revised ageing provision matrix and the relief modifier applied in respect of seasonality and considering whether this is in line with IAS 2 and whether the policy is appropriate to the changes in the business; – Challenging the changes made and obtaining the support for them (for example by analysing the provision rates per ageing bucket compared with FY22 and seeking explanations where there were changes in the rates, and understanding the application of seasonality modifiers within the calculation; – Testing on a sample basis the accuracy of the ageing analysis produced by management by vouching to delivery information; – Utilising our IT team to reperform the calculation of the provision recognised in the financial statements using management's source data and applying the provisioning methodology outlined by management; – Performing a prior year look-back, involving a review of the utilisation of the FY22 provision in FY23 for each component of the total inventory provision (e.g. finished goods, damaged goods, slow moving etc); – Performing sensitivity analysis on the key inputs to the inventory provision, such as ageing bucket allocation and ageing provision rates; – Assessing the completeness of the provision by reviewing utilisation of the FY23 provision to date (post year-end); – Assessing the reasonableness of key inputs to the model; and – Testing the mathematical accuracy of the model. • For a sample of items included within the stock listing at year end, vouching to pre-year end purchase documentation and post year-end sales information to ensure inventory is held at the lower of cost and net realisable value; and • Assessing the appropriateness of the group's disclosures in respect of the valuation of inventory in Note 1 Accounting policies and Note 16 Inventories.

Key Audit Matter	How our scope addressed this matter
Carrying Value and Recoverability of Intangible Assets [refer to Note 11 and Note 1 for accounting policy]	

The group holds material intangible assets in respect of trademarks and customer lists. These assets are held at cost and are amortised over an appropriate expected life, with impairment losses (valuation) recognised where there are indicators of impairment. Losses have been incurred by many of the brands in the current (and previous) year and this may indicate that impairment to the carrying value is required.
 	
This is an area involving judgement and estimation by management and therefore there is a risk that impairment indicators exist in respect of these assets and the carrying values are overstated.
 	
The net book value of intangible assets relating to trademarks and customer lists in the Consolidated statement of financial position as at 28 February 2023 is £78.7 million (2022: £90.9 million), after an impairment provision of £Nil (2022: £Nil).
 	
Given the quantum of the balance, management estimation and judgement involved, the carrying value and recoverability of intangible assets is considered to be a key audit matter.
	Our audit work in this area included the following:
	
	• Reviewing and substantively testing a sample of amortisation rates and calculations, and comparing management's policy to that of competitors to assess for reasonableness;
	• Obtaining management's discounted cash flow models in relation to the intangible assets capitalised in respect of each cash generating unit within the group and:
	  – Documenting, challenging and concluding on the reasonableness of key assumptions / inputs (such as weighted average cost of capital, growth rates and discount rates) to the model;
	  – Performing sensitivity analysis on the key assumptions within the model; and
	  – Testing the mathematical accuracy of the model.
	• Engaging our valuations team as our auditor's expert and reviewing the work performed by the auditor's expert in respect of the assessment of key inputs in arriving at the Net Present Values (NPVs) per the Discounted Cash Flow (DCF) models, including appropriate benchmarking of these assumptions; and
	• Assessing the appropriateness of the group's disclosures in respect of the carrying value and recoverability of intangible assets in Note 1 Accounting policies and Note 11 Intangible assets.

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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of directors' responsibilities, 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOHOO GROUP PLC

CONTINUED

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:
  - AIM Rules;
  - 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;
  - 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 (refer to key audit matters section), provision for returns, legal provisions, impairment of intangible assets (refer to key audit matters section), valuation of equity investment in Revolution Beauty group plc 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. 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 our engagement letter dated 10 March 2023. 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.

MARK LING

(Engagement Partner)

For and on behalf of PKF Littlejohn LLP
Recognised Auditor
London, UK

15 Westferry Circus
Canary Wharf
London E14 4HD

2 May 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2023

	Note	2023 pre-exceptional items £ million	2023 exceptional items[1] £ million	2023 total[2] £ million	2022 pre-exceptional items £ million	2022 exceptional items[1] £ million	2022 total[2] £ million
Revenue	2	**1,768.7**	**–**	**1,768.7**	1,982.8	–	1,982.8
Cost of sales		**(873.5)**	**–**	**(873.5)**	(941.7)	–	(941.7)
Gross profit		**895.2**	**–**	**895.2**	1,041.1	–	1,041.1
Distribution costs		**(427.9)**	**(20.0)**	**(447.9)**	(488.1)	(28.4)	(516.5)
Administrative expenses		**(504.8)**	**(24.9)**	**(529.7)**	(507.9)	(7.4)	(515.3)
Amortisation of acquired intangibles		**(12.2)**	**–**	**(12.2)**	(12.8)	–	(12.8)
Other administrative expenses		**(492.6)**	**(24.9)**	**(517.5)**	(495.1)	(7.4)	(502.5)
Other income	3	**0.2**	**–**	**0.2**	0.1	–	0.1
Operating (loss)/profit		**(37.3)**	**(44.9)**	**(82.2)**	45.2	(35.8)	9.4
Finance income	4	**3.5**	**–**	**3.5**	–	–	–
Finance expense		**(12.0)**	**–**	**(12.0)**	(1.6)	–	(1.6)
(Loss)/profit before tax	6	**(45.8)**	**(44.9)**	**(90.7)**	43.6	(35.8)	7.8
Taxation	10	**6.6**	**8.5**	**15.1**	(18.6)	6.8	(11.8)
(Loss)/profit for the year		**(39.2)**	**(36.4)**	**(75.6)**	25.0	(29.0)	(4.0)
Total other comprehensive (loss)/income for the year							
Items that may be reclassified to profit or loss:							
Loss/(gain) reclassified to profit and loss during the year		**16.2**	**–**	**16.2**	(14.8)	–	(14.8)
Fair value (loss)/gain on cash flow hedges during the year[3]		**(28.7)**	**–**	**(28.7)**	(0.7)	–	(0.7)
Income tax relating to these items		**2.4**	**–**	**2.4**	2.9	–	2.9
Total other comprehensive loss for the year		**(10.1)**	**–**	**(10.1)**	(12.6)	–	(12.6)
Total comprehensive (loss)/ income for the year		**(49.3)**	**(36.4)**	**(85.7)**	12.4	(29.0)	(16.6)
Loss per share	7						
Basic				**(6.13)p**			(0.32)p
Diluted				**(6.13)p**			(0.32)p

1 See note 1, exceptional items.

2 2023 and 2022 total is the IFRS-compliant measure for the consolidated statement of comprehensive income.

3 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. Notes 1 to 30 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2023

	Note	2023 £ million	2022 £ million
Assets			
Non-current assets			
Intangible assets	11	**131.5**	128.5
Property, plant and equipment	12	**371.6**	349.2
Right-of-use assets	13	**136.4**	49.7
Financial assets	27	**0.3**	2.8
Financial assets – equity investments	27	**15.3**	–
Deferred tax	15	**23.5**	7.5
		678.6	537.7
Current assets			
Inventories	16	**178.1**	279.4
Trade and other receivables	17	**37.0**	58.0
Financial assets	27	**1.1**	14.2
Current tax asset		**–**	7.8
Cash and cash equivalents	18	**330.9**	101.3
Total current assets		**547.1**	460.7
Total assets		**1,225.7**	998.4
Liabilities			
Current liabilities			
Trade and other payables	19	**(260.3)**	(296.6)
Provisions	20	**(49.7)**	(53.5)
Interest-bearing loans and borrowings	21	**–**	(100.0)
Lease liabilities	22	**(12.1)**	(7.9)
Financial liabilities	27	**(15.7)**	(3.7)
Total current liabilities		**(337.8)**	(461.7)
Non-current liabilities			
Provisions	20	**(10.0)**	–
Interest-bearing loans and borrowings	21	**(325.0)**	–
Lease liabilities	22	**(126.5)**	(44.0)
Financial liabilities	27	**(2.2)**	(3.1)
Deferred tax	15	**(24.2)**	(25.3)
Total liabilities		**(825.7)**	(534.1)
Net assets		**400.0**	464.3
Equity			
Share capital	23	**12.7**	12.7
Shares to be issued	24	**31.9**	31.9
Share premium		**916.8**	922.8
Hedging reserve		**(2.3)**	10.2
EBT reserve		**(76.8)**	(75.6)
Other reserves	25	**(796.5)**	(795.5)
Retained earnings		**314.2**	357.8
Total equity		**400.0**	464.3

Notes 1 to 30 form part of these financial statements.

These financial statements of boohoo group plc, registered number 114397, on pages 121 to 124 were approved by the board of directors on 2 May 2023 and were signed on its behalf by:

JOHN LYTTLE **SHAUN MCCABE**

Directors

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2023

	Share capital £ million	Shares to be issued £ million	Share premium £ million	Hedging reserve £ million	EBT reserve £ million	Other reserves £ million	Retained earnings £ million	Total equity £ million
Balance at 28 February 2021	12.6	31.9	916.2	25.7	(56.5)	(795.2)	337.8	472.5
Loss for the year	–	–	–	–	–	–	(4.0)	(4.0)
Other comprehensive income/(expense):								
Gain reclassified to profit or loss in revenue	–	–	–	(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)	–	–	(4.0)	(19.5)
Issue of shares	0.1	–	6.6	–	(19.1)	–	–	(12.4)
Share-based payments credit	–	–	–	–	–	–	26.1	26.1
Excess taxation on share-based payments	–	–	–	–	–	–	(2.1)	(2.1)
Translation of foreign operations	–	–	–	–	–	(0.3)	–	(0.3)
Balance at 28 February 2022	12.7	31.9	922.8	10.2	(75.6)	(795.5)	357.8	464.3
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(75.6)**	**(75.6)**
Other comprehensive income/(expense):	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Loss reclassified to profit or loss in exceptional items (note 1)	**–**	**–**	**–**	**14.3**	**–**	**–**	**–**	**14.3**
Loss reclassified to profit or loss in revenue	**–**	**–**	**–**	**1.9**	**–**	**–**	**–**	**1.9**
Fair value loss on cash flow hedges during the year	**–**	**–**	**–**	**(28.7)**	**–**	**–**	**–**	**(28.7)**
Total comprehensive income for the year	**–**	**–**	**–**	**(12.5)**	**–**	**–**	**(75.6)**	**(88.1)**
Issue of shares	**–**	**–**	**(6.0)**	**–**	**(1.2)**	**–**	**–**	**(7.2)**
Share-based payments credit	**–**	**–**	**–**	**–**	**–**	**–**	**32.0**	**32.0**
Translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**(1.0)**	**–**	**(1.0)**
Balance at 28 February 2023	**12.7**	**31.9**	**916.8**	**(2.3)**	**(76.8)**	**(796.5)**	**314.2**	**400.0**

Notes 1 to 30 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2023

	Note	2023 £ million	2022 £ million
Cash flows from operating activities			
Loss for the year		**(75.6)**	(4.0)
Adjustments for:			
Share-based payments charge		**32.0**	26.1
Depreciation charges and amortisation		**68.6**	53.8
Impairment of property, plant and equipment		**9.8**	–
Impairment of right-of-use assets		**3.6**	–
Impairment of financial assets		**14.3**	–
Finance income		**(3.5)**	–
Finance expense		**12.0**	1.6
Tax (credit)/expense		**(15.1)**	11.8
		46.1	89.3
Decrease/(increase) in inventories	16	**101.3**	(134.5)
Decrease/(increase) in trade and other receivables	17	**19.4**	(17.7)
(Decrease)/increase in trade and other payables	19	**(35.9)**	73.2
Cash generated from operations		**130.9**	10.3
Tax repaid/(paid)		**5.8**	–
Net cash generated from operating activities		**136.7**	10.3
Cash flows from investing activities			
Acquisition of intangible assets	11	**(32.1)**	(32.0)
Acquisition of property, plant and equipment	12	**(59.1)**	(229.5)
Proceeds from the sale of property, plant and equipment	12	**0.5**	–
Acquisition of financial assets – equity investments	27	**(15.3)**	–
Finance income received		**2.7**	–
Net cash used in investing activities		**(103.3)**	(261.5)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares		**0.2**	6.8
Purchase of own shares by EBT		**(7.4)**	(19.2)
Finance expense paid		**(9.6)**	(0.9)
Lease payments		**(12.0)**	(10.2)
Increase in borrowings	21	**225.0**	100.0
Net cash generated from financing activities		**196.2**	76.5
Increase/(decrease) in cash and cash equivalents		**229.6**	(174.7)
Cash and cash equivalents at beginning of year		**101.3**	276.0
Cash and cash equivalents at end of year		**330.9**	101.3

Notes 1 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(FORMING PART OF THE FINANCIAL STATEMENTS)

1 ACCOUNTING POLICIES

General information

The boohoo group plc operates as a multi-brand online retailer, based in the UK, and is a public limited company incorporated and domiciled in Jersey and listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Its registered office address is 12 Castle Street, St Helier, Jersey JE2 3RT. The company was incorporated on 19 November 2013.

Basis of preparation

The 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 (Jersey) Law 1991.

The financial statements have been approved on the assumption that the group and company remain a going concern as explained on page 116. 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 IAS1: Presentation of 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 and the Employee Benefit Trust. 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.

The Employee Benefit Trust is considered to be a special purpose entity in which the substance of the relationship is that of control by the group in order that the group may benefit from its control. The assets held by the trust are consolidated into the group.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1 ACCOUNTING POLICIES CONTINUED

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.

Equity investments have been irrevocably designated at fair value through other comprehensive income at initial recognition. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, and are not subsequently reclassified to the statement of comprehensive income. On derecognition, cumulative gains or losses recognised in Other Comprehensive Income are reclassified to profit or loss as a reclassification adjustment. Dividends are recognised when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity, and the amount can be measured reliably. Dividends are recognised in profit or loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in Other Comprehensive Income.

Further details are shown in note 27.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1 ACCOUNTING POLICIES CONTINUED

In the year ended 28 February 2023, hedge accounting has been discontinued on ineffective cash flow hedge contracts, and a total of £14.3 million 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 27.

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.

Exceptional items

In determining whether an item should be presented as exceptional, the group considers items that are significant, because of, either, their size or nature and that are non-recurring. In order for an item to be presented as exceptional, it should, typically, meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period.
- It has been directly incurred as a result of either an acquisition or divestment, or arises from a major business change or restructuring programme.
- It is unusual in nature or outside the normal course of business.

The separate reporting of items, which are presented as exceptional within the relevant category in the consolidated statement of comprehensive income, helps provide an indication of the group's trading performance in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1 ACCOUNTING POLICIES CONTINUED

Significant estimates and judgements

The preparation of financial statements in conformity with IFRS, 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 11.

CLASSIFICATION AND FAIR VALUE OF INVESTMENTS IN EQUITY INSTRUMENTS

During the year, 26.47% of the issued share capital of Revolution Beauty Group plc ("REVB") was obtained for consideration of £15.0 million. On 1 September 2022, REVB was temporarily suspended from trading on the Alternative Investment Market pending publication of the company's annual audited accounts. As at 28 February 2023, REVB shares remain suspended from trading. The equity accounting requirements of IAS 28 (Investments in associates and joint ventures) were considered and it was determined that significant influence did not exist either at the time of initial recognition or as at 28 February 2023. The equity investment in REVB is considered a strategic alliance and is not held for trading or considered to be contingent consideration in a business combination. The equity investment has, therefore, been accounted for as a financial asset under IFRS 9, with the option taken to hold at fair value through other comprehensive income, as irrevocably designated at the date of recognition.

The investments in equity instruments are classed as Level 3 investments and are financial instruments that are difficult to value because they do not have an active market. The fair value considerations of these investments are typically highly judgemental and are valued using models and assumptions based on inputs that are not readily observable. The fair value of these equity investments are estimated using a discounted cash flow model and on less observable inputs, such as recent funding rounds. Where insufficient, more recent, information is available to measure fair value, or if there is a wide range of possible fair value measurements, then cost is used as the best estimate of fair value if it falls within that range. In the year ended 28 February 2023, cost has been used as the best estimate of fair value given the circumstances surrounding the temporary suspension from trading on AIM, the lack of sufficient recent results information, and the very short time for which the investment has been held.

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 £14.3 million 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.

EXCEPTIONAL ITEMS

The group exercises judgement in assessing whether items should be classified as exceptional. This assessment covers the nature of the item, cause of occurrence and scale of impact of that item on the reported performance. The exceptional costs in these financial statements include additional disruption costs associated with the installation of the automation at the Sheffield facility, restructuring costs and impairment of assets associated with the closure of a UK warehousing facility and at loss-making operations, set up costs associated with the opening of a warehousing facility in the USA, the reclassification to profit or loss of discontinued cash flow hedge contracts that has arisen due to the acceleration of the opening of the warehousing facility in the USA, and redundancy costs. Additional exceptional costs associated with the opening of the warehousing facility in the USA are expected to be incurred in the next financial year.

Exceptional costs and impairment of assets	**2023 £ million**	**2022 £ million**
Selling and distribution costs		
Sheffield automation disruption costs	**8.3**	10.6
Impairment of UK warehouse property, plant and equipment	**3.3**	–
Impairment of UK warehouse right-of-use asset	**3.6**	–
UK warehouse restructuring and dual operating costs	**2.4**	9.4
USA warehouse set up costs	**2.4**	–
Irrecoverable EU sales tax on returns pre IOSS	**–**	5.1
Redundancy costs	**–**	3.3
	20.0	28.4
Administration expenses		
Reclassification to profit or loss of discontinued hedge contracts	**14.3**	–
Impairment of property, plant and equipment at loss-making operations	**6.5**	–
Redundancy costs	**4.1**	0.4
Dual administrative costs during transition of new brands from sellers	**–**	3.9
Acquisition and restructuring costs	**–**	3.1
	24.9	7.4
Total before tax	**44.9**	35.8
Tax	**(8.5)**	(6.8)
Total after tax	**36.4**	29.0

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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				
	UK £ million	Rest of Europe £ million	USA £ million	Rest of world £ million	Total £ 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 – other	–	–	–	–	**(517.5)**
Amortisation of acquired intangibles	–	–	–	–	**(12.2)**
Other income	–	–	–	–	**0.2**
Operating loss	–	–	–	–	**(82.2)**
Finance income	–	–	–	–	**3.5**
Finance expense	–	–	–	–	**(12.0)**
Loss before tax	–	–	–	–	**(90.7)**

	Year ended 28 February 2022				
	UK £ million	Rest of Europe £ million	USA £ million	Rest of world £ million	Total £ 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 – other	–	–	–	–	(502.5)
Amortisation of acquired intangibles	–	–	–	–	(12.8)
Other income	–	–	–	–	0.1
Operating profit	–	–	–	–	9.4
Finance income	–	–	–	–	–
Finance expense	–	–	–	–	(1.6)
Profit before tax	–	–	–	–	7.8

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)**	–
	(12.0)	(1.6)

5 AUDITORS' REMUNERATION

	2023 £ million	2022 £ million
Audit of these financial statements	**0.6**	0.5
Disclosure below based on amounts receivable in respect of services to the group		
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**	26.1
Exceptional costs, excluding impairment (note 1)	**31.5**	35.8
Depreciation of property, plant and equipment	**26.7**	22.0
Impairment of property, plant and equipment (note 1)	**9.8**	–
Depreciation of right-of-use assets	**12.8**	10.0
Impairment of right-of-use assets (note 1)	**3.6**	–
Amortisation of intangible assets	**16.9**	9.0
Amortisation of acquired intangible assets	**12.2**	12.8

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax attributable to members of the holding company by the weighted average number of shares in issue during the year. Own shares held by the Employee Benefit Trust are eliminated from the weighted average number of shares. Diluted earnings per share is calculated by dividing the result after tax attributable to members of the holding company by the weighted average number of shares in issue during the year, adjusted for potentially dilutive share options, except when there is a loss, in which case the basic measure is used.

	2023	2022
Weighted average shares in issue for basic earnings per share	**1,233.0**	1,235.3
Dilutive share options	**69.4**	48.2
Weighted average shares in issue for diluted earnings per share	**1,302.4**	1,283.5
Loss (£ million)	**(75.6)**	(4.0)
Loss per share	**(6.13)p**	(0.32)p
Loss (£ million)	**(75.6)**	(4.0)
Adjusting items:		
Amortisation of intangible assets arising on acquisitions	**12.2**	12.8
Share-based payments charges	**32.0**	26.1
Exceptional items	**31.5**	35.8
Impairment of assets	**13.4**	–
Adjustment for tax	**(13.7)**	(14.4)
Adjusted (loss)/earnings	**(0.2)**	56.3
Adjusted (loss)/basic earnings per share	**(0.02)p**	4.56p
Adjusted (loss)/diluted earnings per share	**(0.02)p**	4.39p

Adjusted earnings and adjusted earnings per share is a non-IFRS measure, which, in management's opinion, gives a more consistent measure of the underlying performance of the business excluding non-cash accounting charges relating to the amortisation of intangible assets valued upon acquisitions, non-cash share-based payment charges, and exceptional items.

8 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
	6,190	5,350

The aggregate payroll costs of these persons were as follows:

	2023 £ million	2022 £ 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**	26.1
	231.7	219.0

9 DIRECTORS' AND KEY MANAGEMENT COMPENSATION

	2023 £ million	2022 £ million
Short-term employee benefits	**21.8**	25.3
Post-employment benefits	**0.3**	0.3
Equity-settled share-based payment charges	**4.5**	3.4
	26.6	29.0

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 101.

10 TAXATION

	2023 £ million	2022 £ million
Analysis of (credit)/charge in year		
Current tax on income for the year	–	(1.9)
Adjustments in respect of prior year taxes	**2.0**	(0.1)
Deferred taxation (note 15)	**(17.1)**	13.8
Tax (credit)/charge	**(15.1)**	11.8

Income tax expense computations are based on the jurisdictions in which taxable profits were earned at prevailing rates in those jurisdictions. The company is subject to Jersey income tax at the standard rate of 0%. 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	**(90.7)**	7.8
(Loss)/profit before tax multiplied by the standard rate of corporation tax of the UK of 19.0% (2022: 19.0%)	**(17.2)**	1.5
Effects of:		
Expenses not deductible for tax purposes	**4.6**	3.5
Change in deferred tax rate	**(5.9)**	5.9
Adjustments in respect of prior year taxes	**2.0**	(0.1)
Overseas tax differentials	**0.5**	0.5
R&D tax credits	–	0.1
Depreciation on ineligible assets	**0.9**	0.4
Tax (credit)/charge	**(15.1)**	11.8
Tax recognised in the statement of changes in equity		
Deferred tax debit on movement in tax base of share options	**(0.1)**	(3.0)

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

11 INTANGIBLE ASSETS

	Patents and licences £ million	Trademarks £ million	Customer lists £ million	Computer software £ million	Total £ million
Cost					
Balance at 28 February 2021	0.6	115.6	8.1	23.5	147.8
Additions	–	–	–	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)
Balance at 28 February 2023	**1.0**	**115.6**	**8.1**	**83.2**	**207.9**
Accumulated amortisation					
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)
Balance at 28 February 2023	**0.6**	**37.5**	**7.5**	**30.8**	**76.4**
Net book value					
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
At 28 February 2023	**0.4**	**78.1**	**0.6**	**52.4**	**131.5**

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.

12 PROPERTY, PLANT AND EQUIPMENT

	Short leasehold alterations £ million	Fixtures and fittings £ million	Computer equipment £ million	Motor vehicles £ million	Land & buildings £ million	Total £ million
Cost						
Balance at 28 February 2021	19.3	102.4	9.1	1.0	47.6	179.4
Additions	7.3	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)
Balance at 28 February 2023	**31.8**	**279.3**	**14.8**	**1.0**	**136.1**	**463.0**
Accumulated depreciation						
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)
Balance at 28 February 2023	**10.3**	**62.6**	**9.5**	**0.8**	**8.2**	**91.4**
Net book value						
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
At 28 February 2023	**21.5**	**216.7**	**5.3**	**0.2**	**127.9**	**371.6**

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.

NOTES TO THE FINANCIAL STATEMENTS

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13 RIGHT-OF-USE ASSETS

	Short leasehold properties £million
Cost	
Balance at 28 February 2021	34.9
Additions	43.0
Balance at 28 February 2022	77.9
Additions	103.1
Balance at 28 February 2023	**181.0**
Accumulated depreciation	
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
Balance at 28 February 2023	**44.6**
Net book value	
At 28 February 2021	16.7
At 28 February 2022	49.7
At 28 February 2023	**136.4**

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).

14 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
Direct investment				
Boohoo Holdings Limited	Holding	UK	49–51 Dale St, Manchester	100%
Indirect investments				
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%

NOTES TO THE FINANCIAL STATEMENTS

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15 DEFERRED TAX

Assets

	Unused tax losses £ million	Depreciation in excess of capital allowances £ million	Share-based payments £ million	Total £ 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	–	–	–	–
Asset at 28 February 2023	**22.5**	**–**	**1.0**	**23.5**

Liabilities

	Business combinations £ million	Capital allowances in excess of depreciation £ million	Share-based payments £ million	Total £ 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	–	–	–	–
Liability at 28 February 2023	**(0.7)**	**(23.5)**	**–**	**(24.2)**

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.

16 INVENTORIES

	2023 £ million	2022 £ million
Finished goods	**160.2**	262.4
Finished goods – returns	**17.9**	17.0
	178.1	279.4

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.

17 TRADE AND OTHER RECEIVABLES

	2023 £ million	2022 £ million
Trade receivables	**17.6**	34.6
Prepayments	**13.9**	21.3
Accrued income	**5.5**	2.1
	37.0	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:

Age of trade receivable	2023 %	2022 %
60–90 days past due	**1**	1
91–120 days past due	**5**	5
Over 121 days past due	**90**	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:

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

18 CASH AND CASH EQUIVALENTS

	2023 £ million	2022 £ million
At start of year	**101.3**	276.0
Net movement during year	**227.9**	(174.5)
Effect of exchange rates	**1.7**	(0.2)
At end of year	**330.9**	101.3

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.

NOTES TO THE FINANCIAL STATEMENTS

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19 TRADE AND OTHER PAYABLES

	2023 £ million	2022 £ million
Trade payables	**82.0**	97.5
Other creditors	**17.0**	6.6
Accruals	**125.6**	152.4
Deferred income	**15.9**	16.7
Taxes and social security payable	**19.8**	23.4
	260.3	296.6

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

20 PROVISIONS

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

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.

21 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 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 comprehensive income £ million	Movement in retained earnings and other reserves £ million	Balance at 28 February 2023 £ million
Equity	464.3	(7.2)	–	(88.1)	31.0	**400.0**
Leases	51.9	(12.0)	97.0	1.7	–	**138.6**
Bank borrowings	100.0	215.4	–	9.6	–	**325.0**
	616.2	196.2	97.0	(76.8)	31.0	**863.6**

22 LEASE LIABILITIES

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

	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.

23 SHARE CAPITAL

	2023 £ million	2022 £ million
1,268,333,439 authorised and fully paid ordinary shares of 1p each (2022: 1,267,634,949)	**12.7**	12.7

During the year, a total of 4.2 million shares were issued under the share incentive plans (2022: 4.4 million). On 24 February 2023, 99,824 (2022: 63,761) new ordinary shares were issued to non-executive directors as part of their annual remuneration.

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).

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24 SHARES TO BE ISSUED

	2023 £ million	2022 £ million
	31.9	31.9

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

25 RESERVES

	2023 £ million	2022 £ million
Translation reserve	**(0.8)**	0.2
Capital redemption reserve	**0.1**	0.1
Reconstruction reserve	**(515.3)**	(515.3)
Acquisition of non-controlling interest in PrettyLittleThing.com Limited	**(281.3)**	(281.3)
Proceeds from issue of growth shares in boohoo holdings Limited	**0.8**	0.8
	(796.5)	(795.5)

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

26 RELATED PARTY DISCLOSURES

Related party	Company transacting with the related party	Nature of relationship	2023 £ million	2022 £ million
Amounts included in the statement of financial position				
Lease liabilities				
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
Amounts included in the statement of comprehensive income				
Administrative expenses				
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
Depreciation – right-of-use assets				
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

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

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

27 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.

INVESTMENTS IN EQUITY INSTRUMENTS

During the year, 26.47% of the issued share capital of Revolution Beauty Group plc ("REVB") was obtained for consideration of £15.0 million. On 1 September 2022, REVB was temporarily suspended from trading on the Alternative Investment Market pending publication of the company's annual audit. As at 28 February 2023, REVB shares remain suspended from trading. The equity accounting requirements of IAS 28 (Investments in associates and joint ventures) were considered and it was determined that significant influence did not exist. The investment has, therefore, been accounted for as a financial asset under IFRS 9.

The investments in equity instruments are classed as Level 3 investments under the fair value hierarchy and are financial instruments that are difficult to value because they do not have an active market. The fair value considerations of these investments are, typically, highly judgemental and are valued using models and assumptions based on inputs that are not readily observable. The fair value of these non-listed equity investments has been estimated using a discounted cash flow model and recent funding rounds. Where insufficient, more recent, information is available to measure fair value, or if there is a wide range of possible fair value measurements, then cost is used as the best estimate of fair value if it falls within that range. In the year ended 28 February 2023, cost has been used as the best estimate of fair value given the circumstances surrounding the temporary suspension from trading on the Alternative Investment Market, the lack of sufficient recent results information and the very short time for which the investment has been held. Investments in equity instruments are held at fair value through other comprehensive income and this election was made at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
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27 FINANCIAL INSTRUMENTS CONTINUED

The following table presents the changes in Level 3 investments:

	2023	2022
At the beginning of the year	**–**	–
Addition of financial assets at fair value through other comprehensive income	**15.3**	–
Gains/(losses) recognised through other comprehensive income	**–**	–
Disposal of financial assets at fair value through other comprehensive income	**–**	–
Transfers into/(out of) Level 3 investments	**–**	–
At the end of the year	**15.3**	–

The following table summarises the Level 3 investments held:

	2023	2022
26.47% investment in Revolution Beauty Group plc (2022: 0%)	**15.0**	–
8.51% investment in PrimaTrade Systems Limited (2022: 0%)	**0.3**	–
	15.3	–

FAIR VALUES

	2023 £ million	2022 £ million
Financial assets		
At amortised cost:		
Cash and cash equivalents	**330.9**	101.3
Trade receivables	**17.6**	34.6
Accrued income	**5.5**	2.1
At fair value through profit or loss:		
Cash flow hedges	**0.2**	–
At fair value through other comprehensive income:		
Cash flow hedges	**1.2**	17.0
Equity investments	**15.3**	–
	370.7	155.0

	2023 £ million	2022 £ million
Financial liabilities		
At amortised cost:		
Trade payables	**82.0**	97.5
Other creditors	**17.0**	6.6
Accruals	**125.6**	152.4
Provisions	**59.7**	53.5
Interest-bearing loans and borrowings	**325.0**	100.0
Lease liabilities	**138.6**	51.9
At fair value through profit or loss:		
Cash flow hedges	**14.5**	–
At fair value through other comprehensive income:		
Cash flow hedges	**3.4**	6.8
	765.8	468.7

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.
Level 3	Inputs for the asset or liability that are not based on observable market data	Investments in equity instruments at fair value through other comprehensive income	The fair value of these equity investments has been estimated using a discounted cash flow model and recent funding rounds. Where insufficient, more recent, information is available to measure fair value, or if there is a wide range of possible fair value measurements, then cost is used as the best estimate of fair value if it falls within that range.

(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 21, of the group's lease liabilities is included in note 22, 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 £405.9 million (2022: £465.6 million), comprising equity of £400.0 million (2022: £464.3 million) and net cash of £5.9 million (2022 net cash: £1.3 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'.

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27 FINANCIAL INSTRUMENTS CONTINUED

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 £14.3 million 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

Currency	1–6 months	7–12 months	13–18 months	19–24 months	More than 2 years	Total
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
	148.0	**102.7**	**58.8**	**32.0**	**1.6**	**343.1**

Average rate of forward currency hedging instruments - GBP: currency

Currency	1–6 months	7–12 months	13–18 months	19–24 months	More than 2 years	Average
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

28 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
Outstanding at 28 February 2023	**39,205,229**	**28,960,018**	**13,329,449**	**30,718,327**	**112,213,023**	**74.70**
Exercisable at 28 February 2023	**9,987,670**	**1,697,995**	**1,447,611**	**91,434**	**13,224,710**	**125.01**

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 £15.8 million, 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 109.

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
	43,562,794	13,291,981	(15,100,235)	(2,549,311)	**39,205,229**		

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

28 SHARE-BASED PAYMENTS CONTINUED

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

28 SHARE-BASED PAYMENTS CONTINUED

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:

Grant date	14/03/14	02/04/14	19/06/15	27/09/18	25/07/19	18/02/21	13/01/22
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:

Grant date	06/11/17	31/10/18	30/10/19	03/11/20	01/12/21	07/11/22
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	1,062
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.

29 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

30 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.

FIVE-YEAR GROUP STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	2019 £ million	2020 £ million	2021 £ million	2022 £ million	2023 £ million
Revenue	856.9	1,234.9	1,745.3	1,982.8	**1,768.7**
Cost of sales	(387.9)	(568.6)	(800.1)	(941.7)	**(873.5)**
Gross profit	469.0	666.3	945.2	1,041.1	**895.2**
Distribution costs	(207.1)	(278.3)	(422.0)	(516.5)	**(447.9)**
Administrative expenses	(203.4)	(297.3)	(400.1)	(515.3)	**(529.7)**
Other income	0.2	0.2	1.0	0.1	**0.2**
Operating profit/(loss)	58.7	90.9	124.1	9.4	**(82.2)**
Net finance income/(expense)	1.2	1.3	0.6	(1.6)	**(8.5)**
Profit/(loss) before tax	59.9	92.2	124.7	7.8	**(90.7)**
Taxation	(12.4)	(19.3)	(31.3)	(11.8)	**15.1**
Profit/(loss) for the year	47.5	72.9	93.4	(4.0)	**(75.6)**
Other comprehensive income/(expense) for the year, net of income tax					
Impact of adoption of IFRS 16	–	(0.5)	–	–	**–**
Net fair value gain/(loss) on cash flow hedges	(0.1)	(12.3)	30.2	(15.5)	**(12.5)**
Total comprehensive income/(loss) for the year	47.4	60.1	123.6	(19.5)	**(88.1)**
Total comprehensive income attributable to:					
Owners of the parent	43.5	50.9	120.9	(19.5)	**(88.1)**
Non-controlling interests	3.9	9.2	2.7	–	**–**
Total comprehensive income/(loss)	47.4	60.1	123.6	(19.5)	**(88.1)**
Earnings/(loss) per share					
Basic	3.78p	5.48p	7.43p	(0.32)p	**(6.13)p**
Diluted	3.71p	5.35p	7.25p	(0.32)p	**(6.13)p**

FIVE-YEAR GROUP STATEMENT OF FINANCIAL POSITION – UNAUDITED

	2019 £ million	2020 £ million	2021 £ million	2022 £ million	2023 £ million
Non-current assets	143.5	186.6	292.9	537.7	**678.6**
Current assets	296.3	382.9	483.0	460.7	**547.1**
Total assets	439.8	569.5	775.9	998.4	**1,225.7**
Equity attributable to the owners of the parent	262.0	310.6	472.5	464.3	**400.0**
Non-controlling interest	8.4	17.3	–	–	**–**
Current liabilities	162.1	217.9	285.7	461.7	**347.8**
Non-current liabilities	7.3	23.7	17.7	72.4	**477.9**
Total liabilities, capital and reserves	439.8	569.5	775.9	998.4	**1,225.7**

FIVE-YEAR GROUP CASH FLOW STATEMENT – UNAUDITED

	2019 £ million	2020 £ million	2021 £ million	2022 £ million	2023 £ million
Net cash generated from operating activities	101.5	115.7	162.8	10.3	**136.7**
Net cash used in investing activities	(45.7)	(43.8)	(283.4)	(261.5)	**(103.3)**
Net cash generated from/(used in) financing activities	(0.6)	(24.3)	151.2	76.5	**196.2**
Net movement in cash and cash equivalents	55.2	47.6	30.6	(174.7)	**229.6**
Opening cash and cash equivalents	142.6	197.8	245.4	276.0	**101.3**
Closing cash and cash equivalents	197.8	245.4	276.0	101.3	**330.9**

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