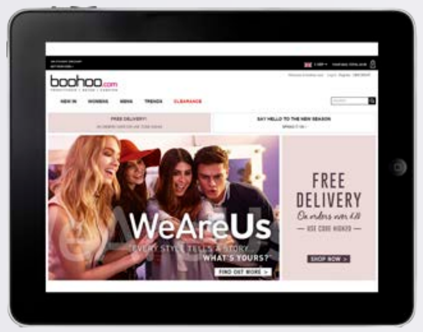
# boohoo.com plc

ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED
28 FEBRUARY 2015

# WELCOME TO

## boohoo.com plc

**boohoo.com** IS ONE OF THE **UK'S LARGEST PURE-PLAY** ONLINE **OWN-BRAND** FASHION RETAILERS. THE GROUP DESIGNS, SOURCES, MARKETS AND SELLS OWN-BRAND CLOTHING, SHOES AND ACCESSORIES THROUGH THE **www.boohoo.com** WEBSITE TO A CORE MARKET OF 16 TO 24 YEAR OLD CONSUMERS IN THE **UK** AND **GLOBALLY**.




VISIT US ONLINE AT:
**www.boohooplc.com**



## CONTENTS

**STRATEGIC REPORT**

| | |
|---|---|
| Highlights | 02 |
| Chairman's statement | 06 |
| Our business model | 08 |
| Strategic report | 10 |
| Financial review | 14 |
| Corporate social responsibility | 18 |
| Awards | 20 |

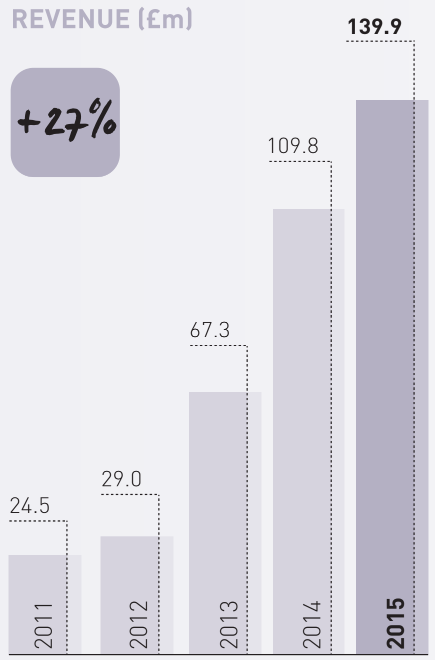
**GOVERNANCE**

| | |
|---|---|
| Board of directors | 24 |
| Corporate governance report | 26 |
| Directors' report | 29 |
| Directors' remuneration report | 34 |
| Statement of directors' responsibility in respect of the annual report and financial statements | 44 |

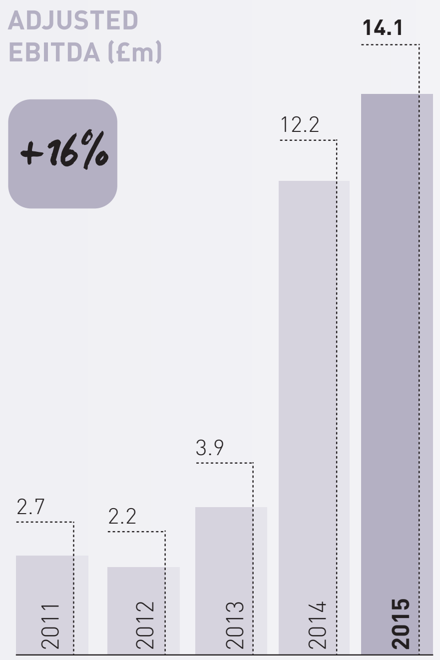
**FINANCIAL STATEMENTS**

| | |
|---|---|
| Independent auditors' report to the members of boohoo.com plc | 48 |
| Consolidated statement of comprehensive income | 50 |
| Consolidated statement of financial position | 51 |
| Consolidated statement of changes in equity | 52 |
| Consolidated cash flow statement | 53 |
| Notes to the financial statements | 54 |
| Independent auditors' report to the members of boohoo.com plc | 70 |
| Company statement of comprehensive income | 72 |
| Company statement of financial position | 73 |
| Company statement of changes in equity | 74 |
| Company cash flow statement | 75 |
| Notes to the company financial statements | 76 |
| Five year financial summary | 79 |
| Shareholder information | 81 |

# HIGHLIGHTS




**£139.9 million**




**£14.1 million**



## FINANCIAL HIGHLIGHTS

- Revenue up 27% (31% CER[1])
  - UK up 33%, rest of Europe up 39% (47% CER), rest of world up 7% (16% CER)
  - One third of revenue is generated outside the UK
- Gross margin 60.8%
- Adjusted EBITDA £14.1 million
- Strong balance sheet with net cash of £54.1 million

## OPERATIONAL HIGHLIGHTS

- Over three million active customers[2], up 29% on prior year
- New fully responsive website a success with 64% of traffic via mobile device, up from 47% in the prior year
- International growth accelerated through focus on key markets
- Investment in warehouse increasing capacity by 33%, with extension to be completed mid-2015
- Successful implementation of new warehouse management system
- Product range continues to be extended with the successful launch of boohoo Petite and boohoo FIT, adding to the rapidly growing boohoo Plus range

(1) CER designates Constant Exchange Rate translation of foreign currency revenue
(2) Active customers defined as having shopped in the last year

| | **2015 £000** | 2014 £000 | Change |
|---|---|---|---|
| Revenue | **139,851** | 109,791 | +27% |
| Gross profit | **85,045** | 64,912 | +31% |
| *Gross margin* | **60.8%** | 59.1% | +170bps |
| Adjusted EBITDA | **14,126** | 12,175 | +16% |
| Profit before tax and exceptional items | **12,322** | 11,112 | +11% |
| Profit before tax | **11,068** | 10,737 | +3% |
| Pro forma gross profit | **85,045** | 68,900 | +23% |
| *Pro forma gross margin* | **60.8%** | 62.8% | –200bps |
| Pro forma adjusted EBITDA | **14,126** | 16,007 | –12% |
| Net cash at year end | **54,146** | 2,669 | +£51.5m |
| Basic earnings per share | **0.75p** | 0.75p | – |

Pro forma numbers include the net profit that was made by related party companies supplying inventory to boohoo.com. Since Q4 2013, this profit is wholly realised by boohoo.com, which now sources all product directly and not through related parties.

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



# CONTENTS

**STRATEGIC REPORT**


| | |
|---|---|
| Chairman's statement | 06 |
| Our business model | 08 |
| Performance during the year | 10 |
| Financial review | 14 |
| Corporate social responsibility | 18 |
| Awards | 20 |


VISIT US ONLINE AT:
**www.boohooplc.com**

## ZOELLA

- 7. 8 MILLION YOUTUBE SUBSCRIBERS / 4.2 MILLION INSTAGRAM FOLLOWERS / 3.15 MILLION TWITTER FOLLOWERS.
- YOUTUBE STAR ***ZOELLA*** IS A BIG FAN OF BOOHOO AND HAS COLLABORATED WITH US OVER THE LAST TWO YEARS, TAKING OVER THE ***@BOOHOOOFFICIAL*** INSTAGRAM WEARING HER FAVOURITE BOOHOO OUTFITS AND FILMING BOOHOO "HAUL" VIDEOS FOR INSTAGRAM.
- OUR LATEST PARTNERSHIP SAW ***ZOELLA*** STYLING FIVE BOOHOO LOOKS FOR A LOOKBOOK VIDEO ON HER YOUTUBE CHANNEL, WITH HER AUDIENCE ABLE TO ENTER A COMPETITION ON SITE TO WIN HER OUTFITS.

VISIT US ONLINE AT:
**www.boohooplc.com**

# CHAIRMAN'S STATEMENT

"boohoo.com HAS **BRIGHT PROSPECTS**. INTERNET RETAILING **CONTINUES TO EXPAND** AND THE APPETITE OF YOUNG CONSUMERS FOR FAST FASHION IN ALL CORNERS OF THE GLOBE PROVIDES **SIGNIFICANT OPPORTUNITIES** FOR DIVERSIFIED GROWTH."

I am pleased to report a successful year for the group. Revenue growth was 27% (31% CER), a solid achievement, gross margin was strong at 60.8% and adjusted EBITDA was £14.1 million at 10.1% of revenue, all of which are admirable results for the fashion industry. Unfortunately, revenue growth in the second half did not meet the targets that we had set ourselves originally and I recognise that the shortfall relative to market expectations was disappointing. International growth recovered in the second quarter as we invested across several markets and in the second half we made a decision to preserve profitability by concentrating marketing spend in the UK, Australia, USA, Ireland and France, where we identified the greatest opportunities. The board has spent some considerable time on the strategy and remains confident that carefully focussed activity, including changes to the customer proposition and a concentration on key markets, will result in the best long-term return.

boohoo.com accomplished much during the year: the conversion from private to public ownership upon flotation in March 2014, attracting a high quality shareholder base, and implementing all the necessary changes in management and structure; the expansion of international operations through new foreign language websites; the successful implementation of a new warehouse management system; and investment in a significant warehouse expansion programme. All of this was accomplished while maintaining excellent customer service levels during peak trading periods, including Black Friday. During this phase of investment we have seen increased market share in the company's largest market in the UK and growth in the USA and France has been very encouraging.

The achievements in growth and consistent high performance across business operations demonstrate the ambition, dedication and capability of the management team and the employees. The foundations laid will support the future growth and overseas expansion that the group is targeting.

We have invested considerably in new talent for the business during the year at all levels. Senior executives have joined to head up the HR, marketing and merchandising functions; new heads of department have been added in IT, legal and USA marketing; and teams have been strengthened throughout the business, particularly in buying, merchandising and warehousing.

boohoo.com has bright prospects. Internet retailing continues to expand and the appetite of young consumers for fast fashion in all corners of the globe provides significant opportunities for diversified growth. In addition, these consumers are resilient to economic changes when it comes to purchasing affordable fashion, thereby providing some cushioning from economic cycles.

Our strategy is to continue doing what we are best at: offering great fashionable product at affordable prices to young consumers globally and providing them with the best possible customer service and shopping experience. We will continue to use innovative marketing to amplify brand awareness and grow market share in the UK and our key overseas markets.

I am proud to be part of a formidable team with an enviable record of success and I would like to extend my thanks and appreciation to all boohoo.com's employees, who have made these achievements possible.

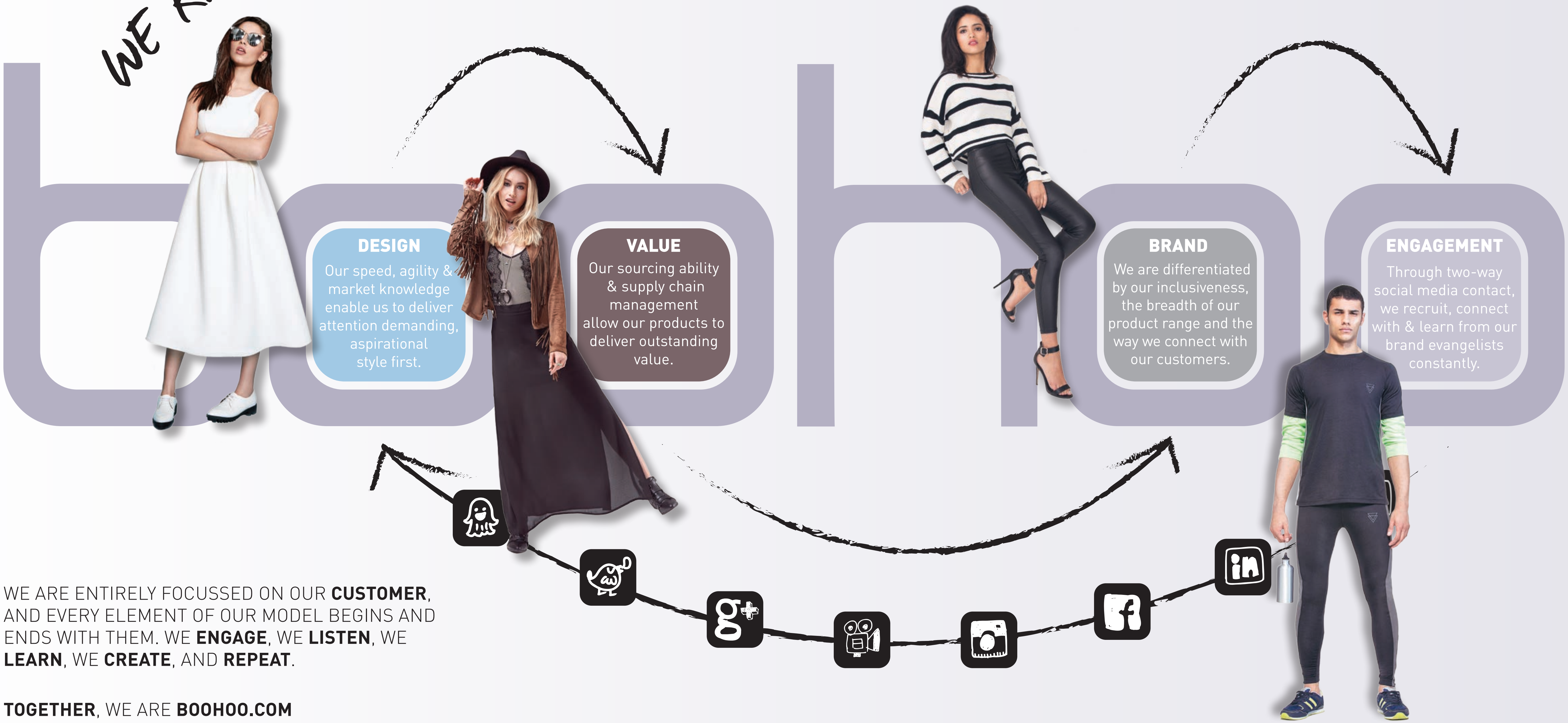
PETER WILLIAMS

Chairman

5 May 2015

# OUR BUSINESS MODEL

## WE KNOW OUR CUSTOMER!




WE ARE ENTIRELY FOCUSSED ON OUR **CUSTOMER**, AND EVERY ELEMENT OF OUR MODEL BEGINS AND ENDS WITH THEM. WE **ENGAGE**, WE **LISTEN**, WE **LEARN**, WE **CREATE**, AND **REPEAT**.

**TOGETHER**, WE ARE **BOOHOO.COM**

# PERFORMANCE DURING THE YEAR

"THE **PRODUCT STRATEGY** IS TO CONTINUE TO **EXPAND WOMENSWEAR** IN PLUS, TALL AND PETITE SIZES, **EXTEND** THE RANGE OF ACCESSORIES AND FASHION FOOTWEAR, **GROW** BOOHOO FIT AND TO **INCREASE MENSWEAR** AND THE APPEAL OF THE BOOHOOMAN BRAND"

## DESCRIPTION OF THE BUSINESS MODEL

boohoo.com sells own-brand clothing, shoes and accessories through the boohoo.com websites to a core market of 16 to 24 year old consumers in the UK and globally. Combining cutting-edge, aspirational design with an affordable price tag, boohoo.com has grown rapidly since 2006, developing a brand identity and an international online proposition for consumers, and now has over three million active customers.

boohoo.com is a well-established brand in the UK, Ireland and Australia and currently sells products into over 100 countries. Currently the group operates through English, French, German, Italian and Spanish language websites.

Products are designed, sourced and then distributed globally from a central UK warehouse. Marketing activity is performed through a variety of media including TV advertising, billboards, catalogues, social media, digital media and via the websites. Hundreds of products are added to the website each week through the group's on-site photography and art studio and displayed by gallery photos and catwalk videos. The speed and agility of the group enables it to be first to market with the latest on-trend styles and fashion.

## STRATEGY AND OBJECTIVES

The group's strategy is built around four pillars of growth – **Recruitment, Reach, Retention** and keeping it **Real**. **Recruitment** of new customers to the websites is driven by targeted marketing spend and by maintaining a highly attractive website displaying the latest fashions in quality product at value prices. **Reach** is achieved by focussing on key new markets abroad, developing foreign language websites and product offerings tailored to local tastes and using innovative social and digital media to engage with new customers. **Retention** of customers is secured by providing a great customer experience from the website visit, delivery and customer service, and from the quality, fit and style of the product — all leading to brand loyalty. Keeping it **Real** means maintaining discipline in cost control in the business and driving efficiency improvements.

The product strategy is to continue to expand womenswear in plus, tall and petite sizes, extend the range of accessories and fashion footwear, grow boohoo FIT and to increase menswear and the appeal of the boohooMan brand.

## PERFORMANCE DURING THE YEAR

We achieved revenue of £139.9 million, up 27% (31% CER) for the year ended 28 February 2015.

Our largest market continues to be the UK, where revenue for the year grew by 33%. Revenue growth in the first half of the year in the UK was strong at 47% and moderated in the second half to 22%. The lower second half growth rate was impacted by heavy discounting by UK high street retailers arising from the warm autumn season.

Revenue in the rest of Europe grew by 39% (47% CER), and despite the impact of the weakening euro, we were able to maintain momentum by re-pricing competitively. Rest of the world growth was also impacted by adverse currency movements in the first half, when revenues declined by 11%, but recovered in the second half after implementation of a re-pricing strategy in Australia. Second half growth in rest of the world was 29% (33% CER), a substantial turnaround, and the resultant full year growth was 7% (16% CER).

Gross margin was 60.8% in spite of investing in our pricing proposition globally and adverse exchange rate movements. Adjusted EBITDA was £14.1 million for the year, an increase of 16% on the prior year reported figure, reflecting the infrastructure investment in the conversion to a publicly-listed company and foundations built for sustainable future growth.

## INTERNATIONAL EXPANSION

International sales growth was 17% (26% CER), assisted by the creation of new foreign language sites, multiple payment methods, currency options and locally optimised marketing strategies, but fell short of our expectations in some countries.

Revenue growth in the rest of Europe was 39% (47% CER). Growth in France was particularly strong whilst growth in Germany, Spain and Scandinavia was strong but from a low base and did not reach the levels we had expected. Despite adverse currency movements we remained price competitive in our key markets.

In Australia, sales declined in the first half of the year as currency movements eroded our competitive pricing advantage. When the pricing was re-based in the summer, sales returned to growth on a constant currency basis. Australia is our second largest market and we appointed a dedicated country manager to direct marketing activity to improve its effectiveness and extend our reach. boohoo.com moved up three places to seventh position in Hitwise internet traffic rankings in Australia, reflecting our improving market position and the success of our marketing campaigns.

Following a major brand marketing campaign in New York City in autumn 2014, including a pop-up store, growth in US sales accelerated and attained 44% CER for the year. Marketing was carefully targeted to our audience through college ambassador programmes, media events and social media. The US market remains a significant opportunity for growth and our recent success based on relatively modest marketing spend suggests there is unfulfilled appetite for affordable fast fashion.

## FASHION

The ability of our talented teams to identify the very latest fashion trends and convert them into product offerings in short timeframes is demonstrated by the launch of up to 100 new styles every day, with constant "new in" updates on our websites. The combination of high fashion, great value prices and effective marketing encourages customers to shop for every occasion on a regular basis from a choice of over 10,000 styles. Our test-and-repeat model reduces stock holding risk, whilst rapid response enables us to reorder strong selling lines to quickly satisfy demand.

Our core womenswear ranges have continued to grow well, with dresses being our largest category, followed by women's tops and then footwear. We have continued

# PERFORMANCE DURING THE YEAR CONTINUED

to broaden our product ranges and this has also been integral to revenue growth. Menswear grew by 39% and now represents 4.2% of total sales and a significant opportunity for future growth.

boohoo Plus, a range of larger women's sizes, attracted much media attention, being voted "Best for Curves" in Cosmopolitan Magazine's fashion awards in September 2014. Sales growth has been outstanding, from zero to 2.8% of group sales in the year, and we continue to develop this range to capitalise upon the global potential of this sector. We see significant opportunity for smaller sizes and boohoo Petite, which was launched in the autumn, has made a very promising start.

#WhereWeStand

boohoo.com autumn 2014 marketing campaign

Our range of active wear, boohoo FIT, was launched in December 2014 and has performed well in the "back-to-health" period following Christmas. For autumn/winter 2015, we continue to broaden our product range and will create a tall range of womenswear, boohoo Tall.

## MARKETING

Our summer 2014 marketing campaign "#experienceeverything", was highly successful, trending in the UK on launch, and driving sales growth and new customer acquisitions. The message was delivered through TV advertising across our key markets, as well as above the line advertising on the underground, digital display, banners and video, blogger outreach, and direct mail.

The autumn campaign, "#wherewestand", launched on social media, had a strong music element and went into the UK top 10 adverts on Shazam within the first week of launch. We have developed a number of associations with successful music artists, which are highly complementary to the interests of many of our target consumers. Such associations enable us to extend our reach and appeal to a larger audience.

Our social media team is highly skilled in identifying influencers and trends in fashion and music. We constantly feature highly on a range of social media sites. Influencers, such as international blogger Nadia Aboulhosn, who supported our plus size range with live tweets in the autumn with a reach of 1.4 million followers, and YouTube star Zoella with 7.8 million subscribers, who posted videos wearing boohoo outfits, generate significant consumer interest and immediate increases in visitors to our website.

In the USA, we created a "pop-up shop" in New York to support a series of promotional events, including music sessions, blogger meet and greets, a student ambassador programme and college fashion weeks in several states. Results from the campaign were highly successful, driving a greatly increased growth rate in US sales over the following months. In Australia, the summer campaign included outdoor advertising, blogger outreach, online activity and TV advertising, driving a turnaround in revenue growth in the second half of the year.

Our spring/summer 2015 campaign is entitled #WeAreUs and will feature an innovative approach to marketing with behind-the-scenes videos relating to the brand and its people, shown on boohoo TV and social media, where customers can share images, music, health and lifestyle tips. We expect this style of marketing to be engaging with our young consumers, who enjoy developing connections with their interest groups. The aim of the campaign is to drive loyalty through building a greater emotional connection with our customers, expressing our brand personality and the core values of fun, inclusivity and individuality.

Marketing expenditure was 13.2% of revenue over the year compared to 14.0% in the previous year. Marketing expenditure in the second half of the year was reduced in territories where the growth rates had slowed and was redirected to key markets with greater potential, namely UK, Australia, USA, Ireland and France. The strategy for the next financial year is to continue to focus marketing expenditure on those key markets, with a moderate level in developing markets.

#ExperienceEverything

boohoo.com summer 2014 marketing campaign

## CUSTOMER INTERACTION

Traffic to our websites continues to grow strongly, with 159 million sessions recorded in the year, up 25% on the previous 12 months. The number of customers we served in the 12 months to 28 February 2015 reached 3.0 million, up from 2.3 million in the previous 12 months. On social media, we have 0.4 million followers on Twitter, 0.7 million on Instagram, 2.2 million Facebook likes and 1.9 million views recorded on YouTube. We have a presence on up-and-coming social media sites such as Vine, Snapchat and Tunepics and we also feature on Pinterest.

Our multilingual customer services team handle customer queries from a variety of media and aim for the highest standards in response time and problem resolution. In



addition to live internal performance measurement, we monitor external customer review websites to ensure we maintain best-in-class standards. Our rating on Trustpilot from over 110,000 reviews in February 2015 remained strong at four stars.

Delivery performance and flexibility is something that is very important to our customers and we have made many improvements during the year. The new warehouse management system has enabled us to move to a 9pm cut-off for next day UK delivery and we now offer Sunday deliveries. In the UK, Collect+ is available for customers to return goods at designated drop-off sites and we will introduce more delivery and returns choices in the spring.

#WeAreUs

boohoo.com spring/summer 2015 campaign

Our style advice magazine, Stylefix, is now available online, showing the latest trends and suggestions for co-ordinating clothes for a great look, and our customers can click and buy directly from the magazine. The website also features "shops" to make buying for a certain look or occasion easier and more fun and this kind of categorisation will be extended so customers can enjoy a full brand showcase.

## TECHNOLOGY

We made significant progress during the year in the use of technology to deliver the best possible customer experience on our websites and to increase operational efficiency. Website improvements were concentrated on delivering foreign language sites, more currency options and converting to a responsive web design. Operational improvements were achieved through the implementation of a warehouse management system.

We added Spanish, German and Italian language websites on our in-house developed platform in mid-2014, following on from the French language website launched in November 2013. Scandinavian currency payment options were added in June, the Ideal payment option for our Dutch customers in September and the Klarna payment option, largely for the German market, in December. These additions have improved conversion.

The website design was given a major refresh in mid-year and converted to fully responsive technology in September (responsive technology adapts the display to the screen size of the device the customer is using). This greatly improved the user experience of customers who use mobile and tablet devices, which now account for 64% of online sessions.

Conversion rates for smartphone users improved by 40% following the responsive upgrade. Overall, conversion rates improved by 9% to 3.6%.

We utilise two different website platforms, one being externally developed and managed and the other internally. This strategy provides security and flexibility, enabling us to deliver local look, language, feel and pricing to international sites in a relatively short timescale.

## WAREHOUSE

Our warehouse investment programme now includes the completed construction of mezzanine floors within the existing warehouse, increasing capacity by 78,000 sq. ft. Work is nearing completion on the building of a £7 million extension to the existing warehouse, giving us extra capacity to support up to £500 million of gross sales. The 110,000 sq. ft. extension has multiple floors and will add 670,000 sq. ft. of storage space, enough to store 8 million units, compared to the current 2.7 million unit capacity.

The new £1.5 million warehouse management system went live successfully in early September 2014. The system increases efficiency through optimisation of the pickers' routes using Wi-Fi arm-mounted units, improving order management, fulfilment accuracy and stock control.

We have converted a large number of warehouse operatives' contracts from agency to permanent and revised our pay structure to attract and retain capable and experienced teams to meet the demands of our expanding business. Agency staff are engaged to support the operation in peak periods, optimising the efficient use of labour resources.

## PEOPLE

During the year, we have strengthened our talented management team through the appointments of an HR director, a merchandising director and a marketing director. We have also continued to add new starters to our e-commerce, marketing and IT functions to support our international expansion programme and to focus on improving our knowledge of overseas markets and gaining consumer insight. Multilingual advisors have been added to our customer service team to service our foreign language websites. Office headcount has increased by 97 and warehouse headcount by 235 through new recruits and agency workers converted to permanent contracts. We now employ a total of 784 people.

# FINANCIAL REVIEW


The group has achieved a satisfactory performance with revenues and profits increasing in all territories.

## SALES REVENUE BY GEOGRAPHICAL MARKET

| | 2015 £000 | 2014 £000 | Change % |
|---|---|---|---|
| UK | **94,342** | 70,992 | 33% |
| Rest of Europe | **18,086** | 13,058 | 39% |
| Rest of world | **27,423** | 25,741 | 7% |
| | **139,851** | 109,791 | 27% |

## SALES REVENUE AT CONSTANT EXCHANGE RATE

| | 2015 £000 | 2014 £000 | Change % |
|---|---|---|---|
| UK | **94,342** | 70,992 | 33% |
| Rest of Europe | **18,086** | 12,335 | 47% |
| Rest of world | **27,423** | 23,742 | 16% |
| | **139,851** | 107,069 | 31% |

Growth in sterling terms has been impacted by currency headwinds across our international business, especially in Australia. In the second half of the year, Australia sales, in sterling and on a local currency basis, returned to growth following the revised pricing strategy.

## KPIS

| | 2015 | 2014 | Change |
|---|---|---|---|
| Active customers[1] | **3.0 million** | 2.3 million | +29% |
| Number of orders | **5.8 million** | 4.2 million | +36% |
| Conversion rate to sale[2] | **3.6%** | 3.3% | +30bps |
| Average order value[3] | **£35.28** | £36.59 | –3.6% |
| Number of items per basket | **2.56** | 2.38 | +7.3% |

[1] Defined as having shopped in the last year
[2] Defined as the percentage of orders taken to internet sessions
[3] Calculated as gross sales including sales tax divided by the number of orders

Our business is continuing to attract new customers and retain existing customers, with active customer numbers increasing by 29% compared to the prior year. Conversion rates have increased to 3.6%, despite an increase in traffic from mobile devices, where we observe lower conversion rates. Average order value has seen a decline of 3.6% to £35.28 as we have sought to keep our prices highly competitive and target product at price points most appealing to our young customers, which has also underpinned the growth in the number of items per basket increasing by 7.3%.



## CONSOLIDATED INCOME STATEMENT

| | Actual | | | Pro forma | |
|---|---|---|---|---|---|
| | 2015 £000 | 2014 £000 | Change | 2014 £000 | Change |
| Revenue | **139,851** | 109,791 | **+27%** | 109,791 | +27% |
| Cost of sales | **(54,806)** | (44,879) | | (40,891) | |
| **Gross profit** | **85,045** | 64,912 | **+31%** | 68,900 | +23% |
| *Gross margin* | ***60.8%*** | *59.1%* | ***+170bps*** | *62.8%* | *–200bps* |
| Distribution costs | **(30,653)** | (24,290) | | (24,290) | |
| Administrative expenses | **(43,814)** | (30,289) | | (30,445) | |
| Other income | **–** | 488 | | 488 | |
| **Operating profit** | **10,578** | 10,821 | **–2%** | 14,653 | –28% |
| Finance income/(expense) | **490** | (84) | | (84) | |
| **Profit before tax** | **11,068** | 10,737 | **+3%** | 14,569 | –24% |
| **Adjusted EBITDA** | **14,126** | 12,175 | **+16%** | 16,007 | –12% |
| **Calculation of adjusted EBITDA** | | | | | |
| Operating profit | **10,578** | 10,821 | | 14,653 | |
| Depreciation and amortisation | **2,002** | 979 | | 979 | |
| Share-based payments | **292** | – | | – | |
| Exceptional items | **1,254** | 375 | | 375 | |
| **Adjusted EBITDA** | **14,126** | 12,175 | | 16,007 | |

In the table above, the pro forma results last year are the reported results plus the profits that were made by related companies in supplying inventory to boohoo.com. From late 2013, boohoo.com sourced all of its products direct from suppliers and not through related companies. The cost of personnel performing the sourcing activity in the related companies has also been added to the prior year reported figures to reflect the subsequent transfer of these employees to boohoo.com.

Reported gross margin rose from 59.1% to 60.8% due to direct sourcing of inventory from suppliers compared to the prior year, when a proportion of inventory came from related parties. The pro forma margin of 62.8% last year was higher than the margin of 60.8% this year because of a combination of factors, with roughly equal weighting: the increase this year in the proportion of UK sales, where margin is lower than in the international markets; adverse currency movements in international sales; and a small reduction in selling prices in the UK, driving growth and increased profits.

Distribution costs and administrative expenses have increased due to business expansion, higher marketing expenditure and investment in improved, more efficient systems and in talented people to support the transition to a publicly-listed company and future growth. Administration costs relating to corporate governance, finance and legal resources associated with being listed amounted to an additional £2.1 million of costs over the same period last year.

The exceptional items of £1.3 million this year, included in administrative expenses, relate to IPO expenses. IPO expenses written off to share premium amounted to £12.6 million.

Adjusted EBITDA increased by 16% from £12.2 million to £14.1 million on an actual basis and reduced from £16.0 million on a pro forma basis.

## TAXATION

The effective rate of tax for the year was 24.1% (2014: 21.5%), which is different to the UK statutory rate of tax of 21.1% (2014: 23.1%) due to disallowable items, principally IPO costs and share-based payments, and expenditure qualifying for additional tax relief.

## EARNINGS PER SHARE

Basic underlying earnings per share (calculated before exceptional items) increased by 14.7% from 0.75p to 0.86p. Basic earnings per share remained 0.75p in both years.

# FINANCIAL REVIEW CONTINUED

## STATEMENT OF FINANCIAL POSITION

Net assets have increased by £56.6 million, driven by profits and the net IPO proceeds of £47.5 million. Working capital has reduced primarily due to payables relating to increased trading activity.

| | **2015 £000** | 2014 £000 |
|---|---|---|
| Intangible assets | **4,561** | 3,052 |
| Property, plant and equipment | **10,854** | 6,199 |
| Deferred tax | **46** | 33 |
| **Non-current assets** | **15,461** | 9,284 |
| Working capital | **(2,882)** | (1,147) |
| Net financial assets | **821** | 101 |
| Cash and cash equivalents | **54,146** | 5,411 |
| Interest-bearing loans and borrowings | **–** | (2,742) |
| Current tax liability | **(1,173)** | (1,147) |
| **Net assets** | **66,373** | 9,760 |

## LIQUIDITY AND FINANCIAL RESOURCES

Free cash flow was £5.8 million compared to £3.2 million the previous year. Working capital decreased primarily due to payables and accruals increasing in line with trading activity, offset by inventories increasing (due to the requirement to hold more products to serve our growing customer base across a larger product range). Capital expenditure was £8.2 million as we have continued to invest in our warehouse and IT systems to support projected growth in trade. The net IPO proceeds were £47.5 million and the closing cash balance was £54.1 million.

## CONSOLIDATED CASH FLOW STATEMENT

| | **2015 £000** | 2014 £000 |
|---|---|---|
| **Profit for the year** | **8,405** | 8,427 |
| Depreciation charges and amortisation | **2,002** | 979 |
| Share-based payments charge | **292** | – |
| Tax expense | **2,663** | 2,310 |
| Finance (expense)/income | **(490)** | 84 |
| Increase in inventories | **(1,393)** | (2,955) |
| Increase in trade and other receivables | **(523)** | (3,179) |
| Increase in trade and other payables | **3,053** | 2,147 |
| Capital expenditure | **(8,166)** | (4,637) |
| **Free cash flow** | **5,843** | 3,176 |
| Net proceeds raised from IPO | **47,515** | – |
| Purchase of own shares by Employee Benefit Trust | **(401)** | – |
| Interest received/(paid) | **368** | (84) |
| Tax paid | **(2,650)** | (1,810) |
| Non-cash changes and exchange differences | **802** | 20 |
| Proceeds from new loans | **–** | 199 |
| Redemption of preference shares | **–** | (100) |
| Dividends paid | **–** | (400) |
| Repayment of borrowings | **(2,742)** | (197) |
| **Net cash flow** | **48,735** | 804 |
| **Cash and cash equivalents at beginning of year** | **5,411** | 4,607 |
| **Cash and cash equivalents at end of year** | **54,146** | 5,411 |



## TRENDS AND FACTORS LIKELY TO AFFECT FUTURE PERFORMANCE

The market for online fashion is forecast to continue to grow and, along with the increasing use of the internet throughout the world, provides a favourable backdrop for the group with much opportunity for further growth. Customers throughout the world are seeking quality product at value prices lower than those available on the high street. boohoo.com's target market of 16 to 24 year olds has a high propensity to spend on fashion and the market is resilient to external macro-economic factors.

## HEALTH AND SAFETY

The group places great importance on health and safety at work and has policies to enforce best practice.

## NUMBER OF EMPLOYEES OF EACH GENDER AT THE YEAR END

| |  |  |
|---|---|---|
| Directors of the parent company | 6 | 1 |
| Senior managers | 32 | 58 |
| Other employees | 318 | 369 |
| | 356 | 428 |

## OUTLOOK

We remain confident in our proven business model and in the continued delevopment of the on-line fashion market globally in which we are steadily increasing our market share. Having increased marketing spend towards levels seen in the first quarter last year (as a percentage of sales) we have seen a good start to the new financial year with improved momentum in the UK. Our international momentum has continued, reflecting greater focus on our key markets. Overall, the business continues to trade in line with management's expectations.

Looking forward, we will continue to focus on our four pillars of growth, both in the UK and abroad, in order to strengthen our brand and create long-term value for our shareholders. We will support our growth with the launch of new collections, further expansion and development of existing and highly sucessful ranges, additional refinements to our website experience, more delivery options and regional pricing to ensure our offering is both competitive and profitable in each country.

On behalf of the board

MAHMUD KAMANI

CAROL KANE

NEIL CATTO

5 May 2015

# CORPORATE SOCIAL RESPONSIBILITY

At boohoo.com we believe in operating in a fair and sustainable manner and this includes doing the right thing by all of our stakeholders. Since listing, boohoo.com has taken steps to ensure that we meet our responsibilities by adopting a proactive CSR policy. We know that it is important that we adopt a responsible attitude towards the environment, the people we work with in our supply chain and in the communities in which we operate and that we value our employees.

## HIGHLIGHTS OF THE YEAR:

- In May 2014, a new sourcing compliance team was set up. Its remit includes systematically auditing all suppliers to monitor compliance with SEDEX regulations. These outline the minimum standard boohoo.com expects from suppliers and work on a grading system
- In August 2014, the boohoo.com supplier manual was launched at an event attended by 80 delegates from 50 of our biggest UK-based suppliers. All suppliers have access to the supplier manual via a portal to ensure they are aware of boohoo.com's standards, policies and procedures. We encourage all suppliers to sign up to SEDEX
- The quality assurance team has been expanded and greater emphasis is being placed on product safety
- In August 2014 a CSR manager was appointed, with the remit to define a CSR strategy that fits with the boohoo.com brand
- In September 2014, boohoo.com became full members of Business in the Community (BITC), leading experts in social responsibility for businesses in the UK. We are developing a three year strategic plan in conjunction with BITC, a demonstration of our commitment to making improvements across CSR

During 2015, a social responsibility committee will deliver a plan with four key areas of focus:

**Workplace** – how we look after our people, engage with them and promote talent, skills and diversity in the workplace

**Community** – how we address social issues that are relevant to our business and in the communities in which we operate and our approach to charitable giving

**Marketplace/product** – how we control and measure all aspects of the supply chain and product life cycle. Supplier auditing and compliance sits here

**Environment** – how we directly impact the environment through our operations, including water, energy and waste

## WORKPLACE

The total number of employees at the end of February 2015 was 784, which was a 73% increase from last year. Gender diversity across the business is strong. The percentage of males was 45% and females 55% and we have 61% of management positions held by women.

As the company has grown, more emphasis has been placed on communicating with employees. boohoo.com's "Your View" engagement survey has been running for three years and gives every colleague the opportunity to have his or her say on all aspects of working for the organisation.

boohoo.com actively seeks ways to alleviate unemployment in young people and to provide opportunities for young people to reach their potential. Highlights included:

- 70 previously unemployed people have been taken on permanently at the Burnley distribution centre
- The business employed six apprentices at head office, with plans to recruit three more to the customer services function
- In 2014, boohoo.com employed 12 interns and a further 15 will join the business in July 2015, across buying, merchandising, marketing and public relations
- boohoo.com is working in collaboration with Manchester Metropolitan University to further develop employment and research opportunities for young people and will sponsor three dissertations and two merchandising research-based projects during 2015
- The company does not discriminate against ex-offenders in its methods of recruitment and is in the process of signing up to "Ban the Box", a Business In the Community initiative to enable ex-offenders to get back into employment
- Employee volunteering – boohoo.com will start to document all volunteering opportunities in order that the company can report on its community investment going forward

## COMMUNITY

In 2014, boohoo.com raised £25,000 through colleague fundraising events and charitable donations. Highlights included:

- Style for Stroke – A celebrity slogan T-shirt campaign was launched as part of boohoo.com's collaboration with the charity Style for Stroke. The aim is to raise awareness of stroke and the work of the Stroke Association amongst young people. The highly publicised campaign has so far raised £6,000 for the charity, with over 1,000 T-shirts sold. The partnership will continue for a second year with a wider range of merchandise and new celebrity faces fronting the campaign
- A Christmas charity sample sale raised £5,300 for two local charities. As part of our plans to get more involved with the local community, boohoo.com teamed up with the children from a local inner city school. The money was split between Key 103's Mission Christmas campaign and the charity the students asked boohoo.com to support, 42nd Street, which supports young people's emotional health and wellbeing. Nine students helped run the charity sale, giving them some hands-on work experience. boohoo.com will be collaborating with the school going forwards, supporting students with CV writing, job-seeking advice and placement opportunities
- Save the Children Christmas jumper campaign – raised £500 through wearing Christmas jumpers
- £2,350 was raised for Pendleside Hospice by employees at the Burnley Distribution Centre through various activities including sample sales and raffles




A charity strategy is to be developed as part of the CSR plan. Our main charity partner will be voted on by colleagues and start from 2016.

## MARKETPLACE/PRODUCT

A new sourcing compliance function was established in May 2014 to deliver improvements and efficiencies and much has been achieved since then. Our supply base has been consolidated from 390 suppliers to 248 – a reduction of 36%. We are members of SEDEX and our audits follow the Ethical Trade Initiative (ETI) code.

Using SEDEX guidelines, the team are working on a traffic light system with the objective to move all suppliers to "green" status – which means they are compliant with strict standards. We have a systematic review process in place and we have prioritised our top turnover suppliers within this. The business has made a commitment to review all outstanding suppliers during the next financial year. In addition, we have developed an Ethical Trade Policy and a PETA approved Animal Welfare Policy.

## QUALITY ASSURANCE AND TECHNICAL EXPERTISE

During 2014, the team was expanded to allow for greater emphasis to be placed on product quality and safety and to respond to the needs of the growing business. The supplier manual was launched, along with an integrated in-house quality control system.

We identified standard sizing in 2014 and this will be a focus for the coming year with investment in an initiative to develop improved fit for all product across our supply base.

## ENVIRONMENT

boohoo.com acts responsibly to reduce energy consumption and to use energy more efficiently to reduce its environmental impact. We are monitoring and reporting on all wastage. In 2014, we recycled approximately 405 tonnes of cardboard and 62 tonnes of plastic from our distribution facility. We are also investing in waste compactors to reduce the volume of waste going to landfill. For our Manchester site, 50% (by volume) of all our waste is recycled, a figure we are working hard to improve on. We aim to refurbish our head office building during the year to improve efficiency of heating and air conditioning, to better insulate the building, and to fit energy efficient LED lighting systems.

boohoo.com is working with Business in the Community to identify ways we can further reduce our carbon footprint and during 2015/16 we will develop an environmental policy. From Q2 2015 our outer plastic packaging and swing tickets will be produced from recycled material.

The CO2 output from heating and lighting in the offices and warehouse in the year was 1,252 tonnes (2014: 951 tonnes), from employee air travel was 153 tonnes (2014: 156 tonnes) and from inward shipping was 8,848 tonnes (2014: 4,245 tonnes).

# AWARDS

**2007**

BT ONLINE RETAIL EXCELLENCE AWARDS 2007

TOP 10 ONLINE FASHION WEBSITE AWARD 2007 COSMOPOLITAN MAGAZINE

**2008**

TOP 10 – HEAT MAGAZINE TOP ONLINE RETAILER AWARDS 2008

**2009**

COSMOPOLITAN ONLINE FASHION AWARDS – BEST NEWCOMER 2009

**2010**

REVEAL CLICK TO BUY AWARDS – BRILLIANT FOR BARGAINS 2010

EXPERIAN HITWISE TOP 10 WEBSITE IN APPAREL AND ACCESSORIES CATEGORY 2010

COSMOPOLITAN FASHION AWARDS – BEST FOR BARGAINS 2010

**2011**

REVEAL CLICK TO BUY AWARDS – BEST FOR BARGAINS, BEST PLACE TO SPEND £50 2011

**2012**

LORRAINE AWARDS – BEST ONLINE RETAILER 2012

**2013**

LORRAINE AWARDS – BEST ONLINE RETAILER 2013

**2014**

COSMOPOLITAN MAGAZINE FASHION AWARDS – BEST FOR CURVES 2014

U MAGAZINE HIGH STREET STYLE AWARDS – BEST ONLINE RETAILER 2014

MANCHESTER EVENING NEWS – BUSINESS OF THE YEAR (OVER £100 MILLION) 2014

REVEAL ONLINE FASHION AWARDS – BEST FOR A BARGAIN, BEST ONE-STOP SHOP, BEST ONLINE SHOP OF THE YEAR 2014

LORRAINE AWARDS – BEST ONLINE RETAILER 2014

FABULOUS HIGH STREET FASHION AWARDS – FABULOUS ONLINE ONE-STOP SHOP, FABULOUS FOR CURVES 2014

DRAPERS AWARDS – BEST FASHION PURE-PLAY ETAILER OF THE YEAR 2014

# CONTENTS

## GOVERNANCE

| | |
|---|---|
| Board of directors | 24 |
| Corporate governance report | 26 |
| Directors' report | 29 |
| Directors' remuneration report | 34 |
| Statement of directors' responsibilities | 44 |

VISIT US ONLINE AT:
**www.boohooplc.com**

## SONYA

- 1.1 MILLION YOUTUBE SUBSCRIBERS / 861,000 INSTAGRAM FOLLOWERS / 230,000 TWITTER FOLLOWERS.
- RUSSIAN YOUTUBE SENSATION AND STREET-STYLE QUEEN ***SONYA*** FLEW TO MEET US AT LONDON FASHION WEEK THIS SEASON TO SHOOT A "DAY IN THE LIFE" VIDEO WEARING HER FAVOURITE ***BOOHOO*** LOOKS.

VISIT US ONLINE AT:
**www.boohooplc.com**

# BOARD OF DIRECTORS

## PETER WILLIAMS
Non-executive Chairman

Peter was the Senior Independent Director of ASOS plc for almost eight years, and is currently the Senior Independent Director of Sportech PLC and non-executive director of both Rightmove plc and Cineworld Group plc. He is Chairman of both Mister Spex, an online retailer specialising in eyewear based in Berlin, and Jaeger, the fashion brand, and is a trustee of the Design Council. In the past, he has also served on the boards of the EMI group, Blacks Leisure Group plc, OfficeTeam, Silverstone, JJB Sports plc, GCap Media plc, and Capital Radio group plc. In his executive career, he was Chief Executive at Alpha group plc, and prior to that was Chief Executive of Selfridges plc, where he also acted as Chief Financial Officer for over ten years. Peter is a chartered accountant.

## MAHMUD KAMANI
Joint Chief Executive

Mahmud founded boohoo.com with Carol Kane in 2006, leveraging over 29 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
Joint Chief Executive

Carol has 26 years of experience in the fashion industry. Starting her career as a designer, then fashion buyer, Carol has worked for Mahmud Kamani for the past 20 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.

## NEIL CATTO
Chief Financial Officer

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 plc.

## DAVID FORBES
Non-executive director & Senior Independent Director

David qualified as a chartered accountant in 1984 and has been a leading figure in Corporate Finance advisory services for many years, including 22 years in the investment banking division of N M Rothschild. David's areas of expertise include mergers and acquisitions, corporate strategy and corporate finance involving both equity and debt. David is currently Non-executive Chairman of Entu (UK) plc, and a non-executive director and chairman of the Remuneration Committee at both Vertu Motors plc and Renew Holdings plc.

## STEPHEN MORANA
Non-executive director

Stephen is currently the Chief Financial Officer of Zoopla Property Group plc. He was formerly the Chief Financial Officer of Betfair plc, one of the UK's most successful internet businesses, where he also held the position of interim CEO. Prior to Betfair plc, Stephen held a number of senior finance positions, including at Sapient, the Nasdaq-listed technology innovator. Stephen is a chartered accountant and an INSEAD alumnus.

## MARK NEWTON-JONES
Non-executive director

Mark is CEO of Mothercare plc, which he joined in 2014. He was the former CEO of Shop Direct, a position he held for almost ten years until 2013. Under Mark's stewardship, Shop Direct embarked on one of the largest retail integrations in Europe, merging and integrating with Littlewoods and Great Universal Stores, and a significant transformation journey to one of the UK's leading multi-channel retailers with mobile, online, and digital platforms. Mark led the launch of the successful online fashion brand, very.co.uk. Prior to Shop Direct, Mark spent 18 years at Next PLC, the last five of which he was responsible for Next Directory.

# CORPORATE GOVERNANCE REPORT

## BOARD GOVERNANCE

The directors acknowledge the importance of the principles set out in the Quoted Companies Alliance Corporate Governance Code ("QCA Code"). Although the QCA Code is not compulsory for AIM quoted companies, the directors intend to apply the principles as far as they consider appropriate for a company of boohoo.com plc's size and nature in accordance with the QCA Code for Small and Mid-Size Quoted companies 2013.

## THE BOARD

The directors' biographies appear on pages 24 and 25.

The board comprises seven directors, three of whom are executive directors and four of whom are non-executive directors, reflecting a blend of different experience and backgrounds. Each of Peter Williams, David Forbes, Mark Newton-Jones and Stephen Morana were prior to appointment considered to be "independent" non-executive directors under the criteria identified in the QCA Corporate Governance Code. In addition, David Forbes is the Senior Independent Director.

In October 2014, Petar Cvetkovic, who had been a director of the company since flotation, resigned to concentrate on his other business interests. The board wishes to thank Petar for his contribution to the group over the past five years.

## THE ROLE OF THE BOARD

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.

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.

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 actions are made. The division of responsibilities between the Chairman and joint Chief Executives is clearly established and has been agreed by the board.

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.

## BOARD COMMITTEES

The company has three committees, namely, Audit, Nomination and Remuneration Committees.

## AUDIT COMMITTEE

Stephen Morana is the chairman 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 company's auditors relating to the company's accounting and internal controls, in all cases having due regard to the interests of shareholders. The Audit Committee meets three times a year. Stephen Morana has recent and relevant financial experience. He is a chartered accountant and Chief Financial Officer at Zoopla Property Group plc having previously held a number of senior finance positions. Mark Newton-Jones and David Forbes are the other members of the Audit Committee.

The Audit Committee met three times during the year and also after the year end and matters considered at these meetings included: reviewing and approving the report and financial information for the year ended 28 February 2014, the half year results to 31 August 2014 and the report and financial statements for the year ended 28 February 2015; discussion with the external auditors to confirm their independence and scope for audit work; considering the reports from 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; reviewing the company's risk register; considering the work of the corporate social responsibility function; and considering the adequacy of the whistle-blowing facility, the anti-bribery training and monitoring and data protection policy and procedures.

The Audit Committee chairman has maintained 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.

## NOMINATION COMMITTEE

Peter Williams is the chairman of the Nomination Committee which will identify and nominate, for the approval of the board, candidates to fill board vacancies as and when they arise. The Nomination Committee meets at least once a year and otherwise as required. David Forbes, Mark Newton-Jones and Stephen Morana are the other members of the Nomination Committee.

## REMUNERATION COMMITTEE

The chairman of the Remuneration Committee is David Forbes. 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. Mark Newton-Jones and Stephen Morana 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.

## EXECUTIVE COMMITTEE

The Executive Committee comprises the three executive directors and selected members of the senior executive management. The committee meets at least monthly and has the responsibility for dealing with the day-to-day management of the group and developing and executing strategy.

## BOARD AND COMMITTEE MEETINGS

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 and the Remuneration Committee at least twice a year.

## RISK MANAGEMENT AND INTERNAL CONTROL

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 ongoing procedures for identifying, evaluating and managing significant risks faced by the group. Detailed policies ensure the accuracy and reliability of financial reporting and the preparation of the financial statements including the consolidation process. The board reviews the system of internal controls during the year to identify any significant failures or weaknesses.

The board has an internal risk management procedure 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, 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.

Management reports on its review of the risks and how they are managed to both the board and Audit 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 Audit Committee presents its findings to the board as appropriate. Management also reports to the board 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 management and the Audit Committee.

# CORPORATE GOVERNANCE REPORT CONTINUED

## PERFORMANCE EVALUATION
The Chairman completed an internal evaluation of the board (including subcommittees and individual board members) in January 2015, involving a series of one-to-one discussions between the Chairman and board members. This was formulated to enable the board to confirm that its performance, as well as the contribution of each of the executive and non-executive directors, demonstrates commitment to their respective roles and that the board members' respective skills complement each other and enhance the overall operation of the board. The results of this evaluation confirmed that the board and its committees were working to the satisfaction of the Chairman and achieving their objectives.

## RELATIONS WITH SHAREHOLDERS
The company maintains an active dialogue with its shareholders through a planned programme of investor relations. This activity is a keystone of the company's corporate communications programme and is headed by the Joint Chief Executives and the Chief Financial Officer. The board is informed of shareholder views as part of the regular reporting process and matters for discussion.

The programme includes formal presentations in London of the company'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 thorough the company's annual and interim report and via the company website (www.boohooplc.com), which contains up to date information on the group's activities.

The Annual General Meeting is an important opportunity for communication with both institutional and private shareholders and also involves a short statement on the company's latest trading position. Shareholders may ask questions of the full board, including the chairs of Audit, Remuneration and Nomination 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.

## 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.

| | Board | | Audit Committee | | Remuneration Committee | | Nomination Committee | |
|---|---|---|---|---|---|---|---|---|
| | Eligible to attend | Attended | Eligible to attend | Attended | Eligible to attend | Attended | Eligible to attend | Attended |
| Peter Williams | 12 | 12 | – | – | – | – | 1 | 1 |
| Mahmud Kamani | 12 | 12 | – | – | – | – | – | – |
| Carol Kane | 12 | 12 | – | – | – | – | – | – |
| Neil Catto | 12 | 12 | – | – | – | – | – | – |
| David Forbes | 12 | 11 | 3 | 3 | 3 | 3 | 1 | 1 |
| Stephen Morana | 12 | 10 | 3 | 3 | 3 | 2 | 1 | 1 |
| Mark Newton-Jones | 12 | 11 | 3 | 3 | 3 | 3 | 1 | 1 |
| Petar Cvetkovic | 6 | 5 | – | – | – | – | – | – |

As at 5 May 2015, the board has met twice since the end of the financial year.

## AUDITOR INDEPENDENCE
The Audit Committee reports to the board on the effectiveness, value and independence of the auditors on an annual basis. The Audit Committee also approves the extent of non-audit work undertaken by the auditors to ensure that it does not interfere with their independence and has established guidelines for the value of non-audit services permitted to be undertaken by the auditors. The board is satisfied with the independence and objectivity of the auditors, PricewaterhouseCoopers LLP, and is recommending their reappointment at the AGM.



# DIRECTORS' REPORT

The directors present their directors' report and audited consolidated financial statements for the year ended 28 February 2015.

## PRINCIPAL ACTIVITIES
The principal activity of the company is that of a holding company. The principal activity of its subsidiary undertakings is that of internet clothing retailer.

## 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. The Chairman's statement on page 6 and the strategic report on pages 10 to 17 provide this review and financial position and are incorporated by cross-reference and form part of this report. The corporate governance report on pages 26 to 28 should be read as forming part of the directors' report. The principal risks are considered later in this report.

## RESULTS AND DIVIDENDS
Group profit after tax for the year to 28 February 2015 was £8.4 million (2014: £8.4 million). The audited financial statements for the year for the group and company are set out on pages 48 to 77.

The directors do not recommend the payment of a dividend.

## DIRECTORS
The biographies of the directors in office at the date of this report are set out on pages 24 and 25. Petar Cvetkovic resigned as a director in October 2014.

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 41.

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

## SHARE CAPITAL AND RESTRICTIONS ON SALE OF SHARES
The authorised and issued share capital of the company and details of shares issued during the year are shown in note 19. The issued share capital at 28 February 2015 was 1,123,132,360 shares of 1p.

The directors, J Kamani, R Kamani, N Kamani, C Bale and P Cvetkovic have agreed pursuant to the Placing Agreement not to dispose of any of their shares in the company within 36 months of Admission on 14 March 2014 without the consent of Zeus Capital (or its successor nominated broker). C Hughes (the wife of former director of boohoo.com UK Limited, R Hughes) has also agreed not to sell any of 20,420,723 shares within 36 months of admission without the consent of Zeus Capital (or its successor-nominated broker).

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.

## EMPLOYEE BENEFIT TRUST
The Employee Benefit Trust is used by the company to provide share incentives to its employees. The trustees are Appleby Trust (Jersey) Limited, an independent professional body based in Jersey. During the year, the EBT purchased 1,000,000 shares at 40p each with view to hedging part of the company's liability to settle free share awards and employee share option plan awards.

The trustees may only vote on those shares where the beneficial interest has been transferred to the beneficiary and then in accordance with the beneficiary's instructions.

## SUBSTANTIAL SHAREHOLDERS
Shareholders holding more than 3% of the company's shares as at 13 April 2015:

| Shareholder | Number of ordinary shares held | Percentage held |
|---|---|---|
| Mahmud Kamani | 275,354,731 | 24.52% |
| Old Mutual Global Investors | 117,870,017 | 10.49% |
| Jalal Kamani | 76,485,370 | 6.81% |
| Rabia Kamani | 76,485,370 | 6.81% |
| Carol Kane | 50,980,421 | 4.54% |
| BlackRock Investment Mgt (UK) | 43,313,534 | 3.86% |
| Ruane, Cunnliff & Goldfarb | 35,553,000 | 3.17% |

# DIRECTORS' REPORT CONTINUED

## PRINCIPAL RISKS AND UNCERTAINTIES

The board has identified the following principal risks and uncertainties together with an assessment of mitigating factors:

| Risk Heading | Risk Factors | Mitigation |
|---|---|---|
| **Economic risk** | • Economic uncertainty may affect consumer spending attitudes<br>• Unforeseen changes in raw material, energy, labour and transport costs may not be able to be immediately passed on to the customers, thereby reducing margins<br>• Changes in consumer demographics may affect category spend<br>• Adverse weather may affect consumer spending patterns | • Monitor and review economic indicators and plan and adjust business requirements accordingly<br>• React rapidly to consumer spending preferences by targeting products to market demand<br>• Monitor demographic changes to ensure product offering remains relevant to consumers<br>• Global consumer base provides some diversification against economic and environmental risk |
| **Competition risk** | • Competitors may be able to offer consumers like-for-like better quality, cheaper, more fashionable product, superior customer service, more generous delivery terms or better brand image, thereby eroding market share | • Review competitor activity and offerings regularly to remain abreast of market developments and identify competitive advantages<br>• Monitor consumers' changing preferences to ensure product and service is relevant to their demands<br>• Establish performance targets for key deliverables (product quality, design, pricing and service) and monitor performance to maintain high levels of service<br>• Maintain high level of efficiency and tight cost control |
| **Fashion and consumer demands risk** | • Failing to keep abreast of the latest trends in colour and style could lead to lost sales and erosion of market share<br>• Failure to react quickly enough to fashion changes could lead to lost sales<br>• Buying the incorrect quantities of product relevant to demand may result in lost sales opportunities or excess inventory | • Employ highly competent designers and buyers who are adept at interpreting fashion and producing desirable product<br>• Keep up to date with fashion changes through fashion shows, predictive agencies and fashion press<br>• Review product ranges to ensure sufficient product offering to cover expected demand<br>• React to high demand by buying replenishment stock in short lead time, responding rapidly to fashion demand<br>• Ensure links between buying department, merchandising and marketing are strong, with regular cross-functional communication |



| Risk Heading | Risk Factors | Mitigation |
|---|---|---|
| **Systems and technical risk** | • Hardware or software failure could disable the website or operational systems<br>• Computer hacking is an increasing risk<br>• Technological developments making the offering outdated with consumers migrating to more appealing websites<br>• System capacity due to high transactional volumes may be compromised, leading to error or failure<br>• Websites hosted by a third party, which may be subject to business failure<br>• Loss of or theft of consumer data could lead to loss of reputation and breach of data protection regulations | • Duplicate back-up system in remote location protects against hardware failure and to some extent software failure<br>• High security threshold and appropriate IT access and usage policies protect from virus and malicious attack and are regularly reviewed by the IT Director<br>• Systems documentation and recovery procedures are in place and tested periodically<br>• Investment in new systems is planned and phased implementation of new installations is carefully controlled |
| **Supply chain risk** | • The business is dependent on suppliers with whom relationships have been developed over time and whose loss through insolvency, disaster or denial of supply may be difficult to replace at short notice<br>• Interruption to supply from raw material shortages, quota restrictions or capacity limitations could restrict supply<br>• Interruption to supply from carriers due to adverse weather, war or terrorism or industrial action could restrict supply | • Supply risk is spread over many suppliers with no major individual dependencies<br>• Extensive and up to date knowledge of supplier base would enable alternative sources to be found relatively quickly<br>• Maintain adequate levels of inventory to cover short periods of supply delay |
| **Reputational risk** | • Adverse customer experience through poor product quality, product recall due to faulty manufacture or use of illegal substances in manufacture, labour abuses or environmental damage by third party suppliers could lead to reputational damage and customer boycott of the brand<br>• Adverse customer experience through refund disputes or poor customer service could damage reputation | • Maintain a system of factory approvals, ensuring that manufacturers agree to a set of acceptable standards<br>• Monitor the compliance with manufacturers' agreements by periodic audit<br>• Monitor customer complaints and internet sites for customer complaints and ensure responses to issues are given where appropriate |
| **Financial risk** | • Poor business performance or lack of appetite for the sector may impede raising of capital | • Ensure working capital is sufficient for business requirements through the regular budgeting and forecasting process<br>• Reduce uncertainty due to fluctuating exchange rates by appropriate hedging policies |

# DIRECTORS' REPORT CONTINUED

| Risk Heading | Risk Factors | Mitigation |
|---|---|---|
| **People risk** | • Competitors are inclined to poach key staff and talented individuals<br>• Employees may leave the company for better pay and prospects elsewhere<br>• Employees may not give adequate performance | • Maintain appropriate incentive schemes for senior managers, including share ownership, bonus and incentive schemes linked to personal and business performance<br>• Provide a pleasant workplace environment, encouraging a positive company ethos through rewards and values with management engagement<br>• Measure and reward employee performance through a formal PDP appraisal system<br>• Operate a succession planning policy |
| **Loss of key facilities** | • Fire, flood, or terrorism could lead to part or total, temporary or permanent closure of facilities | • Maintain a disaster recovery plan and disaster committee<br>• Warehouse is protected by 24 hour security and sprinkler system regularly tested<br>• Head office is protected by security alarm, access control system and sprinkler system regularly tested<br>• Electric power continuity is protected by back-up generators |

## GOING CONCERN

The group's business activities together with the factors that are likely to affect the future development, performance and position of the group, are set out in the strategic report on pages 10 to 17.

The group has a strong cash position at the year end, with a cash balance of £54.1 million. The directors have reviewed the group's forecast and projections, including assumptions concerning capital expenditure and expenditure commitments and their impact on cash flows, and have a reasonable expectation that the group has adequate financial resources to continue its operations for the foreseeable future. For this reason they have continued to adopt the going concern basis in preparing the financial statements.

## FINANCIAL RISK MANAGEMENT

Financial risk management is detailed in note 21 to the financial statements.

## EMPLOYEE POLICIES

The quality, commitment and effectiveness of the group's employees are crucial to its continued success. Employee policies and programmes are designed to encourage employees to become interested in the group's activities and to reward employees according to their contribution and capability. Employee communications are a priority and regular briefings are used to disseminate relevant information. Employee surveys are undertaken to allow employees to express their views anonymously on many aspects of their work lives. Suggestion boxes are used to allow employees to voice their opinions for improvements and change. Employee share ownership is encouraged through free share schemes and employee share option plans.

Employment policies do not discriminate between employees or potential employees on the grounds of colour, race, ethnic or natural origin, sex, marital status, sexual orientation, religious beliefs or disability. If an employee were to become disabled whilst in employment and as a result was unable to perform his or her duties, every effort would be made to offer suitable alternative employment and assistance with retraining.

## 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 measures its operational carbon footprint in order to limit and control its environmental impact. Only the impact of the group's direct activities are included, as the full impact of the entire supply chain of large numbers of suppliers cannot be measured practically. The section on social responsibility on pages 18 to 19 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 he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers 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

The annual general meeting of the company will be held at 2 p.m. on 26 June 2015 at the offices of TLT Solicitors, Manchester. The notice of the meeting will be available to view on the group's website boohooplc.com at least 20 days before the meeting.

On behalf of the board

MAHMUD KAMANI

CAROL KANE

NEIL CATTO

5 May 2015

# DIRECTORS' REMUNERATION REPORT

## ANNUAL STATEMENT BY THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear shareholder,

I am pleased to present the report of the Remuneration Committee on behalf of the directors covering the first full year of the company's trading on the AIM market of the London Stock Exchange.

## REMUNERATION POLICY

The policies and constituent parts of executive remuneration were laid out in the Admission Document, and in the Report and Financial Information for the year ended 28 February 2014, and continue unchanged as detailed in the policy report on page 35 that follows my statement. The Committee is committed to complying with the principles of good corporate governance in relation to the design of its remuneration policy, and as such, our policy will take account of the UK Corporate Governance Code and other best practice guidance (for example, the QCA Remuneration Guidance and the Investment Association's Principles of Remuneration), as far as is appropriate to boohoo.com's management structure and the company's size and listing.

Our policy objectives, to attract and retain the highest calibre directors and to design remuneration which promotes the long-term success of the company, remain the same. The policies are laid out in detail in the following report. We provide the opportunity for executives to receive short- 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. However, the founding shareholders and directors, Mahmud Kamani and Carol Kane, will not be granted share options as they have retained substantial shareholdings in the company.

We are 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, we made awards under a UK HMRC-approved Share Incentive Plan to all employees on flotation and will make further SIP awards during the financial year ending February 2016. In addition, we will be giving all employees the opportunity to participate in an approved SAYE option plan.

## PERFORMANCE AND REWARD FOR THE YEAR ENDED 28 FEBRUARY 2015

For the year ended 28 February 2015, the company attained a high level of revenue growth but did not reach its challenging threshold targets for annual bonus payments and so no cash bonuses are payable.

## SHAREHOLDER FEEDBACK

The Committee recognises that dialogue with shareholders plays a key role in informing the design of the remuneration policy and welcomes any feedback that you may have. The Committee will consider shareholder feedback received in relation to the AGM each year. Any such feedback, plus any additional feedback received from time to time, will be considered as part of the company's annual review of remuneration policy.

Shareholders will be informed of any future major changes in remuneration policy in the remuneration report.

The directors' remuneration report will be subject to an advisory vote at the forthcoming annual general meeting of the company.

*DAVID FORBES*

Chairman of the Remuneration Committee

5 May 2015

# POLICY REPORT

## PAY PHILOSOPHY

The Remuneration Committee ("Committee") is responsible for determining, on behalf of the board, the company'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 company. The policy includes performance-related elements which are transparent, stretching and rigorously applied so as to encourage enhanced performance and to reward, in a fair and responsible manner, individual contributions to the success of the company. The remuneration policy is designed to be compatible with risk policies and systems and to be aligned to the company'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 2014.

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 company'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 company'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 and is appropriate 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 company 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, on Admission we granted an award of free shares to all our employees under an HMRC-approved Share Incentive Plan. Further awards of free shares to all employees may be made at the discretion of the board. Furthermore, all employees will be invited to participate in an approved SAYE option plan.

# DIRECTORS' REMUNERATION REPORT CONTINUED

## SUMMARY OF OUR REMUNERATION POLICY

The table below provides a summary of the key aspects of the company'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<br>• To reflect experience and expertise<br>• To provide an appropriate level of fixed basic income | • Reviewed annually, with any increase usually becoming effective 1 March<br>• Set initially at a level required to recruit suitable executives reflecting their experience and expertise<br>• Any subsequent increase influenced by:<br>  ◦ Scope of the role<br>  ◦ Experience and personal performance in the role<br>  ◦ Average change in total workforce salary<br>  ◦ Performance of the group<br>  ◦ External economic conditions, such as inflation<br>• Account taken of practice in comparable companies (e.g. those of a similar size and complexity)<br>• No recovery or withholding provisions apply | • Annual increases will generally be restricted to those of the average of the wider workforce<br>• 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 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<br>• Not pensionable<br>• Payable in cash following the end of the year based on targets set at the start of the year<br>• Targets are set and/or reviewed annually<br>• 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, or in the event of misconduct on the part of the participant) | • Up to 75% of salary for all executive directors, dependent on performance | • Bonuses are based on performance measures with appropriate targets set and assessed by the Committee at its discretion<br>• Those financial measures which are identified as the key indicators of success against the strategy (e.g. EBITDA and revenue) will represent the majority of bonus, with any other measures – where appropriate – representing the balance<br>• Performance is measured over a single financial year<br>• 20% of maximum bonus will be payable for achievement of a threshold level of performance, rising to 100% of maximum bonus for reaching target<br>• Measures and weightings may change each year to reflect any year on year changes to business priorities at the discretion of the Committee |
| **Executive Share Option Plan ('ESOP')** | • Intended to align the long-term interests of senior executives with those of shareholders<br>• To incentivise the delivery of key strategic objectives over the longer-term | • The ESOP was introduced on Admission in 2014<br>• Awards may (though not necessarily) be granted annually in the form of HMRC-approved and unapproved options<br>• Options will have an exercise price which is no lower than the market value of shares at grant<br>• Ability to exercise is dependent on performance targets being met during the performance period and continued service of the directors<br>• 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, or in the event of misconduct on the part of the participant) | • Maximum limit contained within the plan rules to be amended in FY2016 to 250% of annual salary for executive directors and 175% of salary for other management, in the ordinary course<br>• Awards are at the discretion of the Committee and may be made at lower levels than this<br>• Exceptionally, at the discretion of the Committee, awards may be made in excess of 250% of salary per annum | • Awards vest based on challenging targets measured over a three year period, the majority of which will normally be based on financial performance metrics (such as, inter alia EBITDA, PBT, EPS or TSR)<br>• Prior to each award the Committee will set threshold and stretch targets along with an intermediate vesting range. Details of this will be disclosed in advance in the annual report on remuneration unless the targets are commercially sensitive, in which case they will be disclosed retrospectively |
| **Pension** | • To aid recruitment and retention<br>• To provide an appropriate level of fixed income | • Executive directors may receive an employer's pension contribution | • Employer's defined contribution up to 5% of salary | N/A |
| **Other benefits** | • Provide competitive benefits package | • Executive directors may receive benefits including health care and life assurance, as well as other standard group-wide benefits offered by the company from time-to-time<br>• 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) | • The value of benefits may vary from year to year depending on the cost to the company | N/A |

# DIRECTORS' REMUNERATION REPORT CONTINUED

## CHOICE OF PERFORMANCE MEASURES AND APPROACH TO TARGET SETTING

The performance metrics and targets that are set for the executive directors via the annual bonus plan and ESOP are carefully selected to align closely with the company's strategic plan and key performance indicators.

In terms of annual performance targets the bonus is determined on the basis, primarily, of performance against financial measures which are identified as the key indicators of success against the strategy set annually. 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.

In terms of the long-term performance targets, metrics for the ESOP awards will be set at the time of each grant but will normally include a majority based on financial performance in line with our key objectives of delivering returns to shareholders through achievement of our growth strategy. The Committee will disclose the targets for each award to the executive directors in advance in the annual report on remuneration (unless the targets are commercially sensitive, in which case they will be disclosed retrospectively). The Committee will review the choice of performance measures and the appropriateness of the performance targets prior to each ESOP grant.

Challenging targets are set whereby modest rewards are payable for the delivery of threshold levels of performance, rising to maximum rewards for the delivery of substantial out-performance of our financial and operating plans.

## 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, whilst the use of the ESOP is confined to the more senior management in the group, there is a commitment to encouraging widespread equity ownership through, for example, our use of an HMRC-approved Share Incentive Plan and 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.

## SERVICE CONTRACTS AND LOSS OF OFFICE PAYMENTS

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<br>In addition, any statutory entitlements would be paid as necessary |
| Change of control | There will be 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.



### ESOP on termination

Any share-based entitlements granted under the company's share plans will be determined on the basis of the relevant 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 his/her 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. 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 proceeding 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 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.

# DIRECTORS' REMUNERATION REPORT CONTINUED

## EXTERNAL NON-EXECUTIVE DIRECTOR POSITIONS

The company 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 company, 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 three months' written notice for the Chairman and one month's written notice for other non-executive directors. None of the non-executive directors are entitled to any compensation if their appointment is terminated. Appointments will be subject to re-election at the AGM.

## 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<br>∘ Non-executive directors are paid an annual single consolidated fee to cover all board duties<br>∘ Non-executive directors will not receive regular awards under any of the company's incentive arrangements or receive any pension provision<br>∘ 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<br>∘ Non-executive directors shall be entitled to have reimbursed all expenses that they reasonably incur in the performance of their duties | ∘ There is no cap on fees<br>∘ 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 |

## CONSIDERATION OF SHAREHOLDERS' VIEWS

The Committee recognises that dialogue with shareholders plays a key role in informing the design of the remuneration policy and welcomes any feedback that shareholders may have. The Committee will consider shareholder feedback received in relation to the AGM each year. Any such feedback, plus any additional feedback received from time to time, will be considered as part of the company's annual review of remuneration policy.

Significant shareholders will be consulted in advance about any proposed material changes in remuneration policy in the remuneration report.

The directors' remuneration report will be subject to an advisory vote at the forthcoming annual general meeting of the company.



## ANNUAL REPORT ON REMUNERATION – AUDITED INFORMATION

This section of the remuneration report contains details as to how the company's remuneration policy was implemented during the year ended 28 February 2015.

## DISCLOSURE OF DIRECTORS' PAY FOR THE YEAR

The remuneration of the directors during the years ended 28 February 2015 and 28 February 2014 is set out below:

| Director | Base salary/ non-executive director fees £ | Benefits £ | Pension £ | Annual bonus £ | 28 February 2015 Total £ | 28 February 2014 Total £ |
|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | |
| Mahmud Kamani | 216,634 | – | – | – | **216,634** | – |
| Carol Kane | 220,788 | 2,116 | 12,000 | – | **234,904** | 158,398 |
| Neil Catto | 158,438 | 1,710 | 7,640 | – | **167,788** | 225,292 |
| **Total executive directors** | 595,860 | 3,826 | 19,640 | – | **619,326** | 383,690 |
| **Non-executive directors** | | | | | | |
| Peter Williams | 67,397 | – | – | – | **67,397** | – |
| David Forbes | 48,967 | – | – | – | **48,967** | – |
| Stephen Morana | 38,513 | – | – | – | **38,513** | – |
| Mark Newton-Jones | 38,513 | – | – | – | **38,513** | – |
| **Former non-executive director** | | | | | | |
| Petar Cvetkovic | – | – | – | – | **–** | 30,000 |
| **Total non-executive directors** | 193,390 | – | – | – | **193,390** | 30,000 |
| **Total** | 789,250 | 3,826 | 19,640 | – | **812,716** | 413,690 |

Petar Cvetkovic waived his fees for the period upon his resignation in October 2014.

## ANNUAL BONUS

For the year ended 28 February 2015, bonus targets were as follows:

| Financial target range | Bonus % of salary |
|---|---|
| EBITDA £20.0m and gross takings of at least £225m | 25% |
| EBITDA £23.4m and gross takings of at least £235m | 50% |

The performance targets were not achieved and so no bonuses were payable in the year ended 28 February 2015.

## EXECUTIVE SHARE OPTION PLAN ("ESOP")

No long-term incentive awards were due to vest during the year ended 28 February 2015.

As founder shareholders, neither Mahmud Kamani nor Carol Kane, both of whom have retained a significant equity stake in the company, received ESOP awards on Admission. Of the executive directors, only Neil Catto holds options, granted on Admission and subject to the achievement of performance conditions as follows:

| Name | No. of ordinary shares under option | Exercise price pence | Date of grant | Exercise period |
|---|---|---|---|---|
| Neil Catto | 2,000,000 | 50 | 14/03/14 | 14/03/17 to 13/03/24 |

The performance targets applying to the ESOP awards granted on Admission are based on the achievement of an aggregate group EBITDA target (as defined in the ESOP plan documentation) over the three financial years 2015, 2016 and 2017. 75% of the options will become exercisable for the achievement of 75% of the target, rising on a straight line basis to 100% vesting for full achievement of the target.

# DIRECTORS' REMUNERATION REPORT CONTINUED

## NED SHARE INCENTIVE PLAN

The NED Plan was established on Admission to enable share options to be granted to certain non-executive directors on the same terms as the ESOP. Details of the grants made on Admission are set out below. It is not intended that further options be granted under the NED Plan on a regular basis.

| Name | No. of ordinary shares under option | Exercise price pence | Date of grant | Exercise period |
|---|---|---|---|---|
| Peter Williams | 1,900,000 | 50 | 14/03/14 | 14/03/17 to 13/03/24 |
| Stephen Morana | 500,000 | 50 | 14/03/14 | 14/03/17 to 13/03/24 |
| Mark Newton-Jones | 700,000 | 50 | 14/03/14 | 14/03/17 to 13/03/24 |

Options detailed above, granted under the NED Plan on Admission, will become exercisable subject to the achievement of the same performance targets as for the ESOP awards granted on Admission detailed above.

## DIRECTORS' INTERESTS IN SHARES

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

| Name of director | Beneficially owned at 28 February 2015 | As a % of share capital | Beneficially owned at 14 March 2014 | Outstanding share options | Total interests in shares |
|---|---|---|---|---|---|
| Mahmud Kamani | **275,354,731** | 24.52 | 275,354,731 | – | 275,354,731 |
| Carol Kane | **50,980,421** | 4.54 | 50,980,421 | – | 50,980,421 |
| Neil Catto | **–** | – | – | 2,000,000 | 2,000,000 |
| Peter Williams | **400,000** | 0.04 | 200,000 | 1,900,000 | 2,300,000 |
| Mark Newton-Jones | **309,467** | 0.03 | 200,000 | 700,000 | 1,009,467 |
| Stephen Morana | **379,098** | 0.03 | 200,000 | 500,000 | 879,098 |
| David Forbes | **240,000** | 0.02 | 40,000 | – | 240,000 |

## SERVICE CONTRACTS

Each of the executive directors has a service contract dated 21 February 2014, under which there is a 12 month notice period from both the company and the director. The Chairman and non-executive directors provide their services under the terms of letters of appointment dated 21 February 2014.

## ADVISORS TO THE REMUNERATION COMMITTEE

The advisors to the remuneration committee are New Bridge Street, whose fees for the year were £34,959.

## IMPLEMENTATION OF REMUNERATION POLICY FOR THE YEAR ENDING 28 FEBRUARY 2016 - UNAUDITED

Remuneration for the executive directors comprises the following elements, not all of which are currently provided to each executive director:

- base salary
- pension
- annual bonus
- the Executive Share Option Plan ("ESOP")
- all employee Share Incentive Plan
- all employee Save As You Earn scheme

## BASE SALARY

Currently, the salaries of the executive directors are as follows:

| | | From 1 March 2015 | From 14 March 2014 |
|---|---|---|---|
| Mahmud Kamani | Joint CEO | £225,000 | £225,000 |
| Carol Kane | Joint CEO | £225,000 | £225,000 |
| Neil Catto | CFO | £160,000 | £150,000 |

## PENSION AND OTHER BENEFITS

Carol Kane and Neil Catto receive a company pension contribution of 5% of salary. Mahmud Kamani does not receive a company pension contribution.

Carol Kane and Neil Catto receive company health care and life assurance.

## ANNUAL BONUS

All of the executive directors are eligible to participate in the company-wide annual cash 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 February 2016 for executive directors will be 75% of base salary. Performance will be measured over the single financial year ending 28 February 2016. The performance targets are based on a combination of revenue and EBITDA metrics (as defined in the plan), both of which will carry equal weighting. This choice of metrics reflects that these measures have been identified as the key indicators of the company's success against its growth strategy. The amount of bonus payable will be calculated as a percentage of base salary modified by a factor linked to the revenue and EBITDA metrics, for which there is a sliding scale set between upper and lower thresholds. The bonus will be payable in cash immediately after the announcement of the financial results.

The Committee considers that the bonus targets, in relation to the financial year ending February 2016, are commercially sensitive and therefore plans to disclose them only on a retrospective basis. Details of the targets, performance against those targets, and any payments resulting, are expected to be disclosed, as far as possible, in next year's annual report on remuneration.

## EXECUTIVE SHARE OPTION PLAN ("ESOP")

As founder shareholders, neither Mahmud Kamani nor Carol Kane, both of whom have retained a significant equity stake in the company, will receive ESOP awards. Neil Catto is expected to be awarded a further grant of options, subject to the individual limits in the ESOP, which will be subject to performance criteria which have not yet been set.

## ALL-EMPLOYEE SHARE PLANS

The board adopted a UK HMRC-approved Share Incentive Plan on Admission and it is intended that a further award of free shares to all our employees under the Share Incentive Plan is made this year as well as an invitation being made to all employees to participate in the SAYE scheme. The executive directors are eligible to participate in the scheme on the same basis as other employees.

## REMUNERATION FOR NON-EXECUTIVE DIRECTORS

The Chairman and non-executive directors all receive a single fee to cover all their duties. The current annual fees are:

| | | From 1 March 2015 | From 14 March 2014 |
|---|---|---|---|
| Peter Williams | Non-executive Chairman | £70,000 | £70,000 |
| David Forbes | NED and Senior Independent Director | £50,000 | £50,000 |
| Stephen Morana | NED | £40,000 | £40,000 |
| Mark Newton-Jones | NED | £40,000 | £40,000 |

The above fees will be reviewed annually by the board.

*DAVID FORBES*

Chairman of the Remuneration Committee

5 May 2015

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

The directors are required by the Companies (Jersey) Law 1991, as amended, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company as at the end of the financial year and of the profit or loss for that year. In preparing these 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 accounting records that are sufficient to show and explain the group's and company's transactions. These records must disclose with reasonable accuracy at any time the financial position of the company and to enable the directors to ensure that any financial statements prepared comply with the Companies (Jersey) Law 1991, as amended. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

*MAHMUD KAMANI*

Director

5 May 2015

# CONTENTS

## FINANCIAL STATEMENTS


| | |
|---|---|
| Independent auditors' report to the members of boohoo.com plc | 48 |
| Consolidated statement of comprehensive income | 50 |
| Consolidated statement of financial position | 51 |
| Consolidated statement of changes in equity | 52 |
| Consolidated cash flow statement | 53 |
| Notes to the financial statements | 54 |
| Independent auditors' report to the members of boohoo.com plc | 70 |
| Company statement of comprehensive income | 72 |
| Company statement of financial position | 73 |
| Company statement of changes in equity | 74 |
| Company cash flow statement | 75 |
| Notes to the company financial statements | 76 |
| Five year financial summary | 79 |
| Shareholder information | 81 |


VISIT US ONLINE AT:
**www.boohooplc.com**

## NADIA ABOULHOSN


- 221,000 INSTAGRAM FOLLOWERS / 18,900 TWITTER FOLLOWERS
- PLUS-SIZE MODEL AND FASHION BLOGGER ***NADIA*** FROM NEW YORK IS REDEFINING PLUS-SIZE FASHION AND IS THE FACE OF ***BOOHOO'S*** LATEST PLUS-SIZE COLLECTION.
- THE ***BOOHOO PLUS*** CAPSULE COLLECTION, CO-DESIGNED BY ***NADIA***, IS ***BOOHOO'S*** FIRST DESIGN COLLABORATION AND LAUNCHED MARCH 2015.

VISIT US ONLINE AT:
**www.boohooplc.com**

# INDEPENDENT AUDITORS' REPORT

to the members of boohoop.com plc

## REPORT ON THE FINANCIAL STATEMENTS

### Our opinion

In our opinion the 28 February 2015 financial statements (the "financial statements") defined below:

- give a true and fair view of the state of the group's affairs as at 28 February 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

### What we have audited

The financial statements comprise:

- the consolidated statement of financial position as at 28 February 2015;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Opinion on other matter

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

### Adequacy of accounting records and information and explanations received

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement set out on page 44, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

FIONA KELSEY

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and recognised auditor
Manchester

5 May 2015

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2015

| | Note | 2015 £000 | 2014 £000 |
|---|---|---|---|
| Revenue | 2 | **139,851** | 109,791 |
| Cost of sales | | **(54,806)** | (44,879) |
| **Gross profit** | | **85,045** | 64,912 |
| Distribution costs | | **(30,653)** | (24,290) |
| Administrative expenses | | **(43,814)** | (30,289) |
| Other income | 3 | **–** | 488 |
| **Operating profit** | | **10,578** | 10,821 |
| Finance income/(expense) | 4 | **490** | (84) |
| **Profit before tax** | | **11,068** | 10,737 |
| Taxation | 10 | **(2,663)** | (2,310) |
| **Profit for the year** | | **8,405** | 8,427 |
| **Other comprehensive income for the year, net of income tax** | | | |
| Net fair value gain on cash flow hedges[1] | | **802** | 20 |
| **Total comprehensive income for the year** | | **9,207** | 8,447 |
| **Earnings per share** | 7 | | |
| **Basic** | | **0.75p** | 0.75p |
| **Diluted** | | **0.74p** | 0.74p |

All activities relate to continuing operations.

Administrative expenses include the following exceptional items: IPO expenses £1,254,000 (2014: capital reorganisation fees £375,000).

The notes on pages 54 to 69 form part of these financial statements.

[1] Net fair value gains on cash flow hedges will be reclassified to profit or loss during the year to 28 February 2016.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 28 February 2015

| | Note | 2015 £000 | 2014 £000 |
|---|---|---|---|
| **Assets** | | | |
| ***Non-current assets*** | | | |
| Intangible assets | 11 | **4,561** | 3,052 |
| Property, plant and equipment | 12 | **10,854** | 6,199 |
| Deferred tax | 14 | **46** | 33 |
| | | **15,461** | 9,284 |
| ***Current assets*** | | | |
| Inventories | 15 | **11,188** | 9,795 |
| Trade and other receivables | 16 | **3,845** | 3,927 |
| Financial assets | 21 | **852** | 125 |
| Cash and cash equivalents | | **54,146** | 5,411 |
| **Total current assets** | | **70,031** | 19,258 |
| **Total assets** | | **85,492** | 28,542 |
| **Liabilities** | | | |
| ***Current liabilities*** | | | |
| Trade and other payables | 17 | **(17,915)** | (14,869) |
| Interest-bearing loans and borrowings | 18 | **–** | (384) |
| Financial liabilities | 21 | **(31)** | (24) |
| Current tax liability | | **(1,173)** | (1,147) |
| **Total current liabilities** | | **(19,119)** | (16,424) |
| ***Non-current liabilities*** | | | |
| Interest-bearing loans and borrowings | 18 | **–** | (2,358) |
| **Total liabilities** | | **(19,119)** | (18,782) |
| **Net assets** | | **66,373** | 9,760 |
| **Equity** | | | |
| Share capital | 19 | **11,231** | – |
| Share premium | | **551,612** | – |
| Capital redemption reserve | | **100** | 100 |
| Hedging reserve | | **822** | 20 |
| EBT reserve | | **(430)** | – |
| Reconstruction reserve | 19 | **(515,282)** | 17 |
| Retained earnings | | **18,320** | 9,623 |
| **Total equity** | | **66,373** | 9,760 |

The notes 1 to 25 form part of these financial statements.

These financial statements of boohoo.com plc, registered number 114397, on pages 50 to 69 were approved by the board of directors on 5 May 2015 and were signed on its behalf by:

| MAHMUD KAMANI | CAROL KANE | NEIL CATTO |
|---|---|---|
| Director | Director | Director |

5 May 2015

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2015

| | Share capital £000 | Share premium £000 | Capital redemption reserve £000 | Hedging reserve £000 | EBT reserve £000 | Recon-struction reserve £000 | Retained earnings £000 | Total equity £000 |
|---|---|---|---|---|---|---|---|---|
| Balance as at 1 March 2013 | – | – | – | – | – | 117 | 1,696 | 1,813 |
| Profit for the year | – | – | – | – | – | – | 8,427 | 8,427 |
| Other comprehensive income for the year | – | – | – | 20 | – | – | – | 20 |
| Redemption of preference shares | – | – | 100 | – | – | (100) | (100) | (100) |
| Dividends | – | – | – | – | – | – | (400) | (400) |
| Balance at 28 February 2014 | – | – | 100 | 20 | – | 17 | 9,623 | 9,760 |
| Issue of shares | 11,231 | 551,612 | – | – | – | (515,299) | – | 47,544 |
| Purchase of shares by EBT | – | – | – | – | (430) | – | – | (430) |
| Share-based payments credit | – | – | – | – | – | – | 292 | 292 |
| Profit for the year | – | – | – | – | – | – | 8,405 | 8,405 |
| Other comprehensive income for the year | – | – | – | 802 | – | – | – | 802 |
| **Balance at 28 February 2015** | **11,231** | **551,612** | **100** | **822** | **(430)** | **(515,282)** | **18,320** | **66,373** |

The notes on pages 54 to 69 form part of these financial statements.



# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 28 February 2015

| | Note | 2015 £000 | 2014 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | **8,405** | 8,427 |
| *Adjustments for:* | | | |
| Share-based payments charge | | **292** | – |
| Depreciation charges and amortisation | | **2,002** | 979 |
| Gain on sale of property, plant and equipment | | **–** | (60) |
| Transfer from hedging reserves | | **802** | 20 |
| Finance (income)/expense | | **(490)** | 84 |
| Tax expense | | **2,663** | 2,310 |
| Profit before tax before changes in working capital and provisions | | **13,674** | 11,760 |
| Increase in inventories | 15 | **(1,393)** | (2,955) |
| Increase in trade and other receivables | 16 | **(523)** | (3,179) |
| Increase in trade and other payables | 17 | **3,053** | 2,147 |
| Cash generated from operations | | **14,811** | 7,773 |
| Finance expense | | **–** | (84) |
| Tax paid | | **(2,650)** | (1,810) |
| **Net cash inflow from operating activities** | | **12,161** | 5,879 |
| **Cash flows from investing activities** | | | |
| Acquisition of intangible assets | 11 | **(2,442)** | (2,762) |
| Acquisition of tangible property, plant and equipment | 12 | **(5,724)** | (1,875) |
| Proceeds from sale of property, plant and equipment | | **–** | 60 |
| Finance income | | **368** | – |
| **Net cash used in investing activities** | | **(7,798)** | (4,577) |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of ordinary shares | | **300,000** | – |
| Payment of convertible loan notes to shareholders of ABK Limited | | **(239,899)** | – |
| Share issue costs written off to share premium | | **(12,586)** | – |
| Purchase of own shares by EBT | | **(401)** | – |
| Proceeds from new loan | | **–** | 199 |
| Redemption of preference shares | | **–** | (100) |
| Dividends paid | | **–** | (400) |
| Repayment of borrowings | | **(2,742)** | (197) |
| **Net cash generated from/(used in) financing activities** | | **44,372** | (498) |
| **Increase in cash and cash equivalents** | | **48,735** | 804 |
| Cash and cash equivalents at beginning of year | | **5,411** | 4,607 |
| **Cash and cash equivalents at end of year** | | **54,146** | 5,411 |

Notes 1 to 25 form part of these financial statements.

# NOTES

to the financial statements

## 1 ACCOUNTING POLICIES

### General information

boohoo.com plc is a public limited company incorporated and domiciled in Jersey and listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Its registered office address is: 12 Castle Street, St Helier, Jersey, JE2 3RT. The company was incorporated on 19 November 2013.

### Basis of preparation

The consolidated financial statements of the group have been approved by the directors and prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs"), IFRS IC Interpretations and the Companies (Jersey) Law 1991.

### New and amended standards adopted by the group and/or company

The following standards have been adopted by the group for the first time for the financial year beginning on 1 March 2014:

- IFRS 10, "Consolidated financial statements" (effective 1 January 2013) (endorsed 1 January 2014)
- IFRS 11, "Joint arrangements" (effective 1 January 2013) (endorsed 1 January 2014)
- IFRS 12, "Disclosures of interests in other entities" (effective 1 January 2013) (endorsed 1 January 2014)
- IAS 27 (revised 2011) "Separate financial statements" (effective 1 January 2013) (endorsed 1 January 2014)
- Amendments to IFRS 10, 11 and 12 on transition guidance (effective 1 January 2013) (endorsed 1 January 2014)
- Amendments to IAS 32 on financial instruments asset and liability offsetting (effective 1 January 2014)
- Amendment to IAS 36, "Impairment of assets" on recoverable amount disclosures (effective 1 January 2014)
- Amendment to IAS 39 "Financial instruments: Recognition and measurement", on novation of derivatives and hedge accounting (effective 1 January 2014)

The adoption of these standards has had no material impact on the group's financial statements.

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

The following standards have been published and are mandatory for accounting periods beginning after 1 March 2014 but have not been early adopted by the group or company and could have a material impact on the group and company financial statements:

- IFRS 9, "Financial instruments" (effective 1 January 2018)
- IFRS 15, "Revenue from contracts with customers' (effective 1 January 2017)

At the time of preparing this report the group continues to assess the possible impact of the adoption of these standards in future periods and updates will be provided in a future annual report.

A number of other new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 March 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group.

The financial statements have been approved on the assumption that the group remains a going concern as explained on page 32.

### 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 fair value through profit or loss. 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

boohoo.com plc acquired the group on 14 March 2014 simultaneous with its flotation and admission to the AIM. The group financial statements consolidate those of its subsidiaries and the Employee Benefit Trust. All intercompany transactions between group companies are eliminated.

## 1 ACCOUNTING POLICIES continued

The directors have considered the accounting policy that should be applied in respect of the consolidation of the group formed upon acquisition of the group on 14 March 2014, the date of flotation and admission to AIM. They have concluded that the transaction described above represented a combination of entities under common control and in accordance with IAS 8, "Accounting policies, changes in accounting estimates and errors" have considered FRS 6, "Acquisitions and mergers" under UK GAAP, which the directors believe reflects the economic substance of the transaction. Under this standard, assets and liabilities are recorded at book value, not fair value, intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the legal acquirer, no goodwill is recognised, any expenses of the combination are written off immediately to the income statement and comparative amounts, if applicable, are restated as if the combination had taken place at the beginning of the earliest accounting period presented. Therefore, although the group reconstruction did not take place until 14 March 2014, these consolidated financial statements are presented as if the group structure had always been in place, using merger accounting principles. All subsequent business combinations are accounted for using the acquisition method of accounting.

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. Under the acquisition method of accounting, 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.

### Intangible assets

Trademark and licenses are stated at cost less accumulated amortisation and impairment losses and are amortised over their expected lives of ten years and charged to administration expense.

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. 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. 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: buildings 2%; motor vehicles and computer equipment 33%; and short leasehold and fixtures and fittings 33%, 20% or 10%. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

### Financial instruments

Financial instruments are recognised at fair value and subsequently held at amortised cost using the effective interest method.

# NOTES CONTINUED
to the financial statements

## 1 ACCOUNTING POLICIES continued

### 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 remeasured 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 statement of comprehensive income. If the firm commitment or forecast transaction that 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 on 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.

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

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

### Inventories
Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Inventories are valued on a first in first out basis.

### 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 hand.

### Revenue
Revenue and profit before tax are attributable to the one principal activity of the business. Revenue represents net invoiced sales of goods including postage and packing receipts, excluding value added tax. Revenue from the sale of goods is recognised when the group has transferred the goods to the buyer on despatch from the warehouse, less actual returns and a provision for expected returns.

### 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 paid. Early settlement discounts are taken when payment is made.

### Leasing commitments
Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

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



## 1 ACCOUNTING POLICIES continued

### 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 estimated number of shares that are estimated will not vest. The level of vesting is reviewed and adjusted annually.

### 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.

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

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

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

*Refund accruals*
Accruals for sales refunds are estimated based on recent historical returns and management's best estimates and are allocated to the period in which the revenue is recorded. Actual returns could differ from these estimates.

*Inventory valuation*
Inventory is carried at the lower of cost or net realisable value. The estimation of net realisable value may be different from the future actual value realised.

*Share option valuation*
Critical estimates and assumptions are made, in particular with regard to the calculation of the fair value of employee share options, using appropriate valuation models. The inputs and assumptions of the model are detailed in note 22.

# NOTES CONTINUED

to the financial statements

## 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 has been determined to be the executive board and has determined that the primary segmental reporting format of the group is geographical by customer location, based on the group's management and internal reporting structure.

The executive board assesses the performance of each segment based on revenue and gross profit after distribution expenses, which excludes administrative expenses.

| | **Year ended 28 February 2015** | | | |
|---|---|---|---|---|
| | **UK £000** | **Rest of Europe £000** | **Rest of world £000** | **Total £000** |
| Revenue | **94,342** | **18,086** | **27,423** | **139,851** |
| Cost of sales | **(37,911)** | **(7,275)** | **(9,620)** | **(54,806)** |
| Gross profit | **56,431** | **10,811** | **17,803** | **85,045** |
| Distribution expenses | **(19,078)** | **(3,953)** | **(7,622)** | **(30,653)** |
| Segment result | **37,353** | **6,858** | **10,181** | **54,392** |
| Administrative expenses | **–** | **–** | **–** | **(43,814)** |
| Operating profit | | | | **10,578** |
| Finance income | **–** | **–** | **–** | **490** |
| Profit before tax | | | | **11,068** |

| | Year ended 28 February 2014 | | | |
|---|---|---|---|---|
| | UK £000 | Rest of Europe £000 | Rest of world £000 | Total £000 |
| Revenue | 70,992 | 13,058 | 25,741 | 109,791 |
| Cost of sales | (31,017) | (5,210) | (8,652) | (44,879) |
| Gross profit | 39,975 | 7,848 | 17,089 | 64,912 |
| Distribution expenses | (12,660) | (4,402) | (7,228) | (24,290) |
| Segment result | 27,315 | 3,446 | 9,861 | 40,622 |
| Administrative expenses | – | – | – | (30,289) |
| Other income | – | – | – | 488 |
| Operating profit | | | | 10,821 |
| Finance expense | – | – | – | (84) |
| Profit before tax | | | | 10,737 |

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. There are no material non-current assets located outside the UK.



## 3 OTHER INCOME

| | **2015 £000** | 2014 £000 |
|---|---|---|
| Gift to group from director for benefit of employees | **–** | 450 |
| Waiver of loan from director in ABK Limited | **–** | 38 |
| | **–** | 488 |

## 4 FINANCE INCOME/(EXPENSE)

| | **2015 £000** | 2014 £000 |
|---|---|---|
| Bank interest received/(paid) | **490** | (84) |

## 5 AUDITORS' REMUNERATION

| | **2015 £000** | 2014 £000 |
|---|---|---|
| Audit of these financial statements | **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 | **40** | 45 |
| Other services relating to taxation | **10** | – |
| Transaction services fees | **400** | 255 |
| Implementation of employee share plan | **58** | – |
| | **513** | 300 |

## 6 PROFIT BEFORE TAX

Profit before tax is stated after charging:

| | **2015 £000** | 2014 £000 |
|---|---|---|
| Operating lease rentals for buildings | **588** | 401 |
| Depreciation of property, plant and equipment | **1,069** | 643 |
| Amortisation of intangible assets | **933** | 336 |
| Exceptional items – IPO and capital reorganisation fees | **1,254** | 375 |

## 7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax 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. The prior year comparatives are stated using the number of shares in issue on the IPO date.

Diluted earnings per share is calculated by dividing the profit after tax by the weighted average number of shares in issue during the year, adjusted for potentially dilutive share options.

| | **2015** | 2014 |
|---|---|---|
| Weighted average shares in issue for basic earnings per share | **1,119,632,278** | 1,120,210,360 |
| Dilutive share options | **14,209,534** | 12,844,000 |
| Weighted average shares in issue for diluted earnings per share | **1,133,841,812** | 1,133,054,360 |
| | | |
| Earnings (£000) | **8,405** | 8,427 |
| **Basic earnings per share** | **0.75p** | 0.75p |
| **Diluted earnings per share** | **0.74p** | 0.74p |

# NOTES CONTINUED

to the financial statements

## 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 | |
|---|---|---|
| | **2015** | 2014 |
| Administration | **418** | 252 |
| Distribution | **270** | 142 |
| | **688** | 394 |

The aggregate payroll costs of these persons were as follows:

| | **2015 £000** | 2014 £000 |
|---|---|---|
| Wages and salaries | **15,861** | 9,144 |
| Social security costs | **1,446** | 849 |
| Pension costs | **249** | 134 |
| Share-based payment charges | **292** | – |
| | **17,848** | 10,127 |

## 9 DIRECTORS' AND KEY MANAGEMENT COMPENSATION

| | **2015 £000** | 2014 £000 |
|---|---|---|
| Wages and salaries | **2,026** | 812 |
| Pension costs | **49** | 40 |
| Share-based payment charges | **5** | – |
| | **2,080** | 852 |

Directors' and key management compensation comprises the directors and executive committee members. Directors' emoluments and pension payments are detailed in the directors' remuneration report on page 41. Directors' emoluments are borne by the principal trading subsidiary and not recharged to the parent company.

## 10 TAXATION

| | **2015 £000** | 2014 £000 |
|---|---|---|
| **Analysis of charge in year** | | |
| Current tax on income for the year | **2,621** | 2,352 |
| Adjustments in respect of prior year taxes | **55** | (42) |
| Deferred taxation | **(13)** | – |
| **Tax on profit on ordinary activities** | **2,663** | 2,310 |

## 10 TAXATION continued

The total tax charge differs from the amount computed by applying the UK rate of 21.1% (2014: 23.1%) to profit before tax as a result of the following:

| | | |
|---|---|---|
| Profit on ordinary activities before tax | **11,068** | 10,737 |
| Profit before tax multiplied by the standard rate of corporation tax on the UK of 21.1% (2014: 23.1%) | **2,332** | 2,478 |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | **246** | – |
| Income not subject to tax | **–** | (32) |
| Adjustments in respect of prior year taxes | **55** | (42) |
| R&D tax credits | **–** | (114) |
| Depreciation in excess of capital allowances | **30** | 20 |
| **Tax on profit on ordinary activities** | **2,663** | 2,310 |

A reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014), and a further reduction to 20% with effect from 1 April 2015, was substantively enacted in July 2013. Accordingly, the group's profits for this accounting year are taxed at an effective rate of 21.1%. The deferred tax asset at 28 February 2015 has been calculated based on the rate of 20% at the reporting date.

## 11 INTANGIBLE ASSETS

| | **Patents and licences £000** | **Computer software £000** | **Total £000** |
|---|---|---|---|
| **Cost** | | | |
| Balance at 1 March 2013 | 273 | 720 | 993 |
| Additions | 28 | 2,734 | 2,762 |
| Balance at 28 February 2014 | 301 | 3,454 | 3,755 |
| Additions | 8 | 2,434 | 2,442 |
| Disposals/retirements | – | (93) | (93) |
| **Balance at 28 February 2015** | **309** | **5,795** | **6,104** |
| **Accumulated amortisation** | | | |
| Balance at 1 March 2013 | 59 | 308 | 367 |
| Amortisation for the year | 29 | 307 | 336 |
| Balance at 28 February 2014 | 88 | 615 | 703 |
| Amortisation for year | 30 | 903 | 933 |
| Disposals/retirements | – | (93) | (93) |
| **Balance at 28 February 2015** | **118** | **1,425** | **1,543** |
| **Net book value** | | | |
| At 28 February 2013 | 214 | 412 | 626 |
| At 28 February 2014 | 213 | 2,839 | 3,052 |
| **At 28 February 2015** | **191** | **4,370** | **4,561** |

# NOTES CONTINUED

to the financial statements

## 12 PROPERTY, PLANT AND EQUIPMENT

| | Short leasehold £000 | Fixtures and fittings £000 | Computer equipment £000 | Motor vehicles £000 | Land & buildings £000 | Total £000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at 1 March 2013 | 410 | 960 | 571 | 180 | 3,971 | 6,092 |
| Additions | 229 | 1,036 | 499 | 74 | 37 | 1,875 |
| Disposals | – | – | – | (172) | – | (172) |
| Balance at 28 February 2014 | 639 | 1,996 | 1,070 | 82 | 4,008 | 7,795 |
| Additions | 8 | 1,416 | 613 | 18 | 3,669 | 5,724 |
| Disposals/retirements | (4) | (89) | (372) | (9) | – | (474) |
| **Balance at 28 February 2015** | **643** | **3,323** | **1,311** | **91** | **7,677** | **13,045** |
| **Accumulated depreciation** | | | | | | |
| Balance at 1 March 2013 | 141 | 377 | 389 | 175 | 43 | 1,125 |
| Depreciation charge for the year | 95 | 267 | 178 | 21 | 82 | 643 |
| Disposals | – | – | – | (172) | – | (172) |
| Balance at 28 February 2014 | 236 | 644 | 567 | 24 | 125 | 1,596 |
| Depreciation charge for the year | 131 | 467 | 376 | 15 | 80 | 1,069 |
| Disposals/retirements | (4) | (89) | (372) | (9) | – | (474) |
| **Balance at 28 February 2015** | **363** | **1,022** | **571** | **30** | **205** | **2,191** |
| **Net book value** | | | | | | |
| At 28 February 2013 | 269 | 583 | 182 | 5 | 3,928 | 4,967 |
| At 28 February 2014 | 403 | 1,352 | 503 | 58 | 3,883 | 6,199 |
| **At 28 February 2015** | **280** | **2,301** | **740** | **61** | **7,472** | **10,854** |

## 13 INVESTMENTS

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

| Name of company | Principal activity | Country of incorporation | Percentage ownership |
|---|---|---|---|
| ABK Limited | Holding company | Jersey | 100% |
| boohoo.com UK Limited | Trading company | UK | 100% |
| Boo Who Limited | Dormant company | UK | 100% |
| boohoo.com USA Limited | Dormant company | UK | 100% |
| boohoo.com USA Inc | Marketing office | USA | 100% |
| Shanghai Wasabi Frog Boohoo Ltd | Dormant company | China | 100% |



## 14 DEFERRED TAX

| | Depreciation in excess of capital allowances £000 | Share-based payments £000 | Total £000 |
|---|---|---|---|
| At 1 March 2013 | 33 | – | 33 |
| At 28 February 2014 | 33 | – | 33 |
| Recognised in statement of comprehensive income | (45) | 58 | 13 |
| **At 28 February 2015** | **(12)** | **58** | **46** |

Recognition of the deferred tax assets is based upon the expected generation of future taxable profits.

## 15 INVENTORIES

| | 2015 £000 | 2014 £000 |
|---|---|---|
| Finished goods | **11,188** | 9,795 |

The value of inventories included within cost of sales for the year was £54,682,000 (2014: £42,433,000). An impairment provision of £124,000 (2014: £517,000) was charged to the statement of comprehensive income.

## 16 TRADE AND OTHER RECEIVABLES

| | 2015 £000 | 2014 £000 |
|---|---|---|
| Amounts due from related party undertakings | **13** | 1,156 |
| Other receivables | **2,768** | 1,610 |
| Prepayments and accrued income | **1,064** | 1,161 |
| | **3,845** | 3,927 |

Other receivables represent amounts due from credit card sales which were received within a few days of the invoice date in accordance with normal bank clearance times, advance payments to suppliers and a deposit paid to a credit card organisation. None are considered past due.

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

## 17 TRADE AND OTHER PAYABLES

| | 2015 £000 | 2014 £000 |
|---|---|---|
| Trade payables | **8,037** | 8,469 |
| Amounts owed to related party undertakings | **9** | 192 |
| Other payables | **90** | 42 |
| Accruals and deferred income | **8,326** | 4,859 |
| Taxes and social security payable | **1,453** | 1,307 |
| | **17,915** | 14,869 |

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

# NOTES CONTINUED

to the financial statements

## 18 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.

| | 2015 £000 | 2014 £000 |
|---|---|---|
| **Non-current liabilities** | | |
| Secured bank loans | – | 2,358 |
| **Current liabilities** | | |
| Current portion of secured bank loans | – | 185 |
| Current portion of other loans | – | 199 |
| | – | 384 |

### Terms and debt repayment schedule

| | Currency | Nominal interest rate | Year of maturity | 2015 £000 | 2014 £000 |
|---|---|---|---|---|---|
| Secured bank loan | £ | 2.75% | 2027 | – | 2,543 |
| Other loan | £ | 0% | 2014 | – | 199 |
| | | | | – | 2,742 |

The secured bank loan was repaid in April 2014.

## 19 SHARE CAPITAL AND RESERVES

| | 2015 £000 | 2014 £000 |
|---|---|---|
| 1,123,132,360 authorised and fully paid ordinary shares of 1p each (2014: nil) | 11,231 | – |

During the prior year, the redeemable preference shares in boohoo.com UK Limited were redeemed at nominal value of £99,917.

On Admission, the company issued a total of 1,123,132,360 shares as follows: 600,000,000 were issued to institutional investors and company employees at 50 pence each for a total consideration of £300,000,000; 520,210,360 were issued in a share conversion and share for share exchange to the shareholders of ABK Limited for 100% of the shares of ABK Limited; and 2,922,000 were issued for the Share Incentive Plan for the benefit of employees of the company and for which there was no consideration. The aggregate nominal value of the shares issued was £11,231,324. The Admission date was 14 March 2014 and the market price of the shares was 50 pence each, as detailed in the Admission Document published on 5 March 2014.

Under merger accounting principles, as explained in note 1 "accounting policies", a reconstruction reserve of £515,282,000 was created upon the acquisition of the group and flotation on 14 March 2014. This reserve largely eliminates, upon consolidation, the investment in the parent company's accounts.

During the year, the Employee Share Trust bought £1 million shares at 40 pence each to be held for the benefit of employees in the ESOP scheme.

In 2014, boohoo.com UK Limited paid dividends of £400,006 to the ordinary shareholders during the year at the rate of £95.24 per A1 share, £70.03 per C share and £349.65 per E share. No dividends have been paid or are payable in 2015.

## 20 RELATED PARTY DISCLOSURES

| Related party | Company transacting with the related party | Nature of relationship | 2015 £000 | 2014 £000 |
|---|---|---|---|---|
| **Amounts included in the statement of financial position** | | | | |
| **Amounts due from related party undertakings** | | | | |
| Kamani Commercial Property Limited | boohoo.com UK Limited | Common directors and shareholders | 13 | – |
| Jogo Associates Limited | boohoo.com UK Limited | Common directors and shareholders | – | 1,156 |
| **Amounts owed to related party undertakings** | | | | |
| The Pinstripe Clothing Co. Limited | boohoo.com UK Limited | Common directors and shareholders | – | 28 |
| Red Orange Limited | boohoo.com UK Limited | Common directors and shareholders | – | 16 |
| Kamani Construction Limited | boohoo.com UK Limited | Common directors and shareholders | – | 18 |
| Kamani Commercial Property Limited | boohoo.com UK Limited | Common directors and shareholders | 9 | 130 |
| **Prepayments and accrued income** | | | | |
| Mahmud Kamani | boohoo.com UK Limited | Director's gift to company for benefit of employees | – | 450 |
| **Amounts included in the statement of comprehensive income** | | | | |
| **Purchases** | | | | |
| Jogo Associates Limited | boohoo.com UK Limited | Common directors and shareholders | – | 453 |
| The Pinstripe Clothing Co. Limited | boohoo.com UK Limited | Common directors and shareholders | 29 | 10,162 |
| Red Orange Limited | boohoo.com UK Limited | Common directors and shareholders | – | 1,157 |
| Kamani Construction Limited | boohoo.com UK Limited | Common directors and shareholders | 75 | 170 |
| Graphic Clothing Limited | boohoo.com UK Limited | Common shareholders and manager | – | 614 |
| **Loans** | | | | |
| Jogo Associates Limited | boohoo.com UK Limited | Common directors and shareholders | – | 1,142 |
| The Pinstripe Clothing Co. Limited | boohoo.com UK Limited | Common directors and shareholders | – | 926 |
| **Admin costs – marketing** | | | | |
| The White Cube Creative Limited | boohoo.com UK Limited | Director of supplier is a domestic partner of boohoo.com plc director | 103 | 74 |
| **Admin costs – office rental** | | | | |
| Kamani Commercial Property Limited | boohoo.com UK Limited | Common directors and shareholders | 773 | 575 |
| **Other income** | | | | |
| Mahmud Kamani | boohoo.com UK Limited | Director's gift to company for benefit of employees | – | 450 |

# NOTES CONTINUED
to the financial statements

## 21 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.

*Fair values*

| | **2015 £000** | 2014 £000 |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **54,146** | 5,411 |
| Cash flow hedges | **852** | 125 |
| Trade and other receivables | **2,781** | 2,766 |
| | **57,779** | 8,302 |

| | **2015 £000** | 2014 £000 |
|---|---|---|
| **Financial liabilities** | | |
| Other interest-bearing loans and borrowings | **–** | 2,742 |
| Cash flow hedges | **31** | 24 |
| Trade and other payables | **16,462** | 13,562 |
| | **16,493** | 16,328 |

### (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 faces minimal credit risk from trade receivables as customers pay for their orders in full at the time of purchase and bank clearance of credit cards receipts is of short duration. 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's approach to managing liquidity is to use both short-term and long-term cash forecasts to assist in monitoring cash flow requirements.

## 21 FINANCIAL INSTRUMENTS continued
### (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 2015 the group had capital of £120.5 million (2014: £12.8 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 fair value of forward foreign exchange contracts recognised in the statement of financial position within financial assets at 28 February 2015 was £852,000 (2014: £125,000) and within financial liabilities was £31,000 (2014: £24,000). Cash flows related to these contracts will occur during the year to 28 February 2016 and gains or losses will be recognised in the statement of comprehensive income during the same period.

## 22 SHARE-BASED PAYMENTS
### Summary of movements in awards

| Number of shares | ESOP | NED Plan | SIP | Total | Weighted average exercise price pence |
|---|---|---|---|---|---|
| Granted during the year | 11,508,000 | 3,100,000 | 2,900,370 | 17,508,370 | 41.72 |
| Lapsed during the year | (710,000) | – | (580,437) | (1,290,437) | (27.51) |
| Exercised during the year | – | – | – | – | – |
| **Outstanding at 28 February 2015** | **10,798,000** | **3,100,000** | **2,319,933** | **16,217,933** | **42.85** |
| **Exercisable at 28 February 2015** | **–** | **–** | **–** | **–** | **–** |

The group recognised a total expense of £292,000 during the year (2014: nil) relating to equity settled share-based payment transactions.

### Employee Stock Ownership Plan (ESOP)
The ESOP allows the grant of options to all employees and executive directors of the group, based on a predetermined aggregate EBITDA target for the three financial years 2015 to 2017. Options may be granted by either the board or the trustees of the Employee Benefit Trust.

| Date of grant | 1 March 2014 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 2015 no. of shares | Exercise price pence | Exercise period |
|---|---|---|---|---|---|---|---|
| 14/03/14 | – | 9,744,000 | (710,000) | – | **9,034,000** | 0.50 | 14/03/17 – 13/03/24 |
| 27/03/14 | – | 776,000 | – | – | **776,000** | 0.50 | 27/03/17 – 26/03/24 |
| 04/07/14 | – | 988,000 | – | – | **988,000** | 0.50 | 04/07/17 – 03/07/24 |
| | – | 11,508,000 | (710,000) | – | **10,798,000** | | |

# NOTES CONTINUED

to the financial statements

## 22 SHARE-BASED PAYMENTS continued

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

| | | | |
|---|---|---|---|
| Grant date | 14/03/14 | 27/03/14 | 04/07/14 |
| Share price at grant date | 50.00 | 59.25 | 44.25 |
| Exercise price | 50.00 | 50.00 | 50.00 |
| Number of employees | 153 | 4 | 2 |
| Shares under option | 9,034,000 | 776,000 | 988,000 |
| Vesting period (years) | 3 | 3 | 3 |
| Expected volatility | 33.33% | 33.25% | 33.45% |
| Option life (years) | 10 | 10 | 10 |
| Expected life (years) | 3 | 3 | 3 |
| Risk free rate | 0.976% | 1.067% | 1.303% |
| Expected dividends expressed as a dividend yield | 0% | 0% | 0% |
| Possibility of ceasing employment before vesting | 15% | 10% | 10% |
| Expectations of meeting performance criteria | nil | nil | nil |
| Fair value per option (pence) | 11.93 | 18.33 | 8.71 |

### NED Plan

The NED Plan allows the grant of option to certain non-executive directors. The terms of the NED Plan mirror the terms of the ESOP other than for participation limits and the use of an employee benefit trust.

| Date of grant | 1 March 2014 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 2015 no. of shares | Exercise price pence | Exercise period |
|---|---|---|---|---|---|---|---|
| 14/03/14 | – | 3,100,000 | – | – | **3,100,000** | 0.50 | 14/03/17 – 13/03/24 |

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

| | |
|---|---|
| Grant date | 14/03/14 |
| Share price at grant date | 50.00 |
| Exercise price | 50.00 |
| Number of employees | 3 |
| Shares under option | 3,100,000 |
| Vesting period (years) | 3 |
| Expected volatility | 33.33% |
| Option life (years) | 10 |
| Expected life (years) | 3 |
| Risk free rate | 0.976% |
| Expected dividends expressed as a dividend yield | 0% |
| Possibility of ceasing employment before vesting | 0% |
| Expectations of meeting performance criteria | nil |
| Fair value per option (pence) | 11.93 |

### 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.



## 22 SHARE-BASED PAYMENTS continued

| Date of grant | 1 March 2014 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 2015 no. of shares | Exercise price pence | Exercise period |
|---|---|---|---|---|---|---|---|
| 14/03/14 | – | 2,736,000 | (564,000) | – | **2,172,000** | nil | 14/03/17 – 13/03/24 |
| 02/04/14 | – | 164,370 | (16,437) | – | **147,933** | nil | 02/04/17 – 01/04/24 |
| | – | 2,900,370 | (580,437) | – | **2,319,933** | | |

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

| | | |
|---|---|---|
| Grant date | 14/03/14 | 02/04/14 |
| Share price at grant date | 50.00 | 54.26 |
| Exercise price | nil | nil |
| Number of employees | 362 | 27 |
| Shares under option | 2,172,000 | 147,933 |
| Vesting period (years) | 3 | 3 |
| Expected volatility | 33.33% | 33.20% |
| Option life (years) | 10 | 10 |
| Expected life (years) | 3 | 3 |
| Risk free rate | 0.976% | 1.143% |
| Expected dividends expressed as a dividend yield | 0% | 0% |
| Possibility of ceasing employment before vesting | 40% | 25% |
| Expectations of meeting performance criteria | 100% | 100% |
| Fair value per option (pence) | 50.00 | 54.26 |

Expected volatility was found using a historical volatility calculator with reference to the share price of competitors over a three year period.

## 23 CAPITAL COMMITMENTS

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

| | 2015 £000 | 2014 £000 |
|---|---|---|
| Property, plant and equipment | **2,622** | – |

## 24 OPERATING LEASES

The group has lease agreements in respect of properties, plant and equipment, for which the payments extend over a number of years. The total of future minimum lease payments under non-cancellable operating leases due in each period are:

| | 2015 £000 | 2014 £000 |
|---|---|---|
| Within one year | **690** | 589 |
| Within two to five years | **2,257** | 2,247 |
| In more than five years | **1,976** | 2,506 |

## 25 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.

As at 28 February 2015, there are no pending claims or proceedings against the group which are expected to have material adverse effect on its liquidity or operations.

# INDEPENDENT AUDITORS' REPORT

to the members of boohoo.com plc

## REPORT ON THE FINANCIAL STATEMENTS

### Our opinion

In our opinion the 28 February 2015 financial statements (the "financial statements") defined below:

- give a true and fair view of the state of the company's affairs as at 28 February 2015 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

### What we have audited

The financial statements comprise:

- the statement of financial position as at 28 February 2015;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the company financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the annual report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Opinion on other matter

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

### Adequacy of accounting records and information and explanations received

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement set out on page 44, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

FIONA KELSEY

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and recognised auditor

Manchester

5 May 2015

# COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2015

| | 2015 £000 |
|---|---|
| Administrative expenses | (219,085) |
| **Operating loss** | **(219,085)** |
| Finance income | 924 |
| **Loss before tax** | **(218,161)** |
| Taxation | (55) |
| **Comprehensive loss for the year** | **(218,216)** |



# COMPANY STATEMENT OF FINANCIAL POSITION

at 28 February 2015

| | Note | 2015 £000 |
|---|---|---|
| **Assets** | | |
| ***Non-current assets*** | | |
| Investments | 3 | 297,591 |
| ***Current assets*** | | |
| Other receivables | 4 | 36,722 |
| Cash and cash equivalents | | 10,231 |
| Total current assets | | 46,953 |
| **Total assets** | | **344,544** |
| **Liabilities** | | |
| ***Current liabilities*** | | |
| Current tax liability | | (55) |
| **Total current liabilities** | | **(55)** |
| **Net assets** | | **344,489** |
| **Equity** | | |
| Share capital | 5 | 11,231 |
| Share premium | | 551,612 |
| EBT reserve | | (430) |
| Retained earnings | | (217,924) |
| **Total equity** | | **344,489** |

The notes on pages 76 to 78 form part of these financial statements.

These financial statements of boohoo.com plc, registered number 114397, on pages 72 to 78 were approved by the board of directors on 5 May 2015 and were signed on its behalf by:

| | | |
|---|---|---|
| MAHMUD KAMANI | CAROL KANE | NEIL CATTO |
| Director | Director | Director |
| 5 May 2015 | | |

# COMPANY STATEMENT OF CHANGES IN EQUITY

| | Share capital £000 | Share premium £000 | EBT reserve £000 | Retained earnings £000 | Total equity £000 |
|---|---|---|---|---|---|
| Issue of shares | 11,231 | 551,612 | – | – | 562,843 |
| Purchase of shares by EBT | – | – | (430) | – | (430) |
| Share-based payments credit | – | – | – | 292 | 292 |
| Loss for the year | – | – | – | (218,216) | (218,216) |
| **Balance at 28 February 2015** | **11,231** | **551,612** | **(430)** | **(217,924)** | **344,489** |

The notes on pages 76 to 78 form part of these financial statements.



# COMPANY CASH FLOW STATEMENT

for the year ended 28 February 2015

| | Note | 2015 £000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the year | | **(218,216)** |
| *Adjustments for:* | | |
| Impairment of investment in subsidiary | | **218,000** |
| Finance income | | **(924)** |
| Tax expense | | **55** |
| Loss before tax before changes in working capital and provisions | | **(1,085)** |
| Increase in other receivables | 4 | **(36,683)** |
| **Net cash outflow from operating activities** | | **(37,768)** |
| **Cash flows from investing activities** | | |
| Interest received | | **885** |
| **Net cash inflow from investing activities** | | **885** |
| **Cash flows from financing activities** | | |
| Proceeds from the issue of ordinary shares | | **300,000** |
| Payment of convertible loan notes to shareholders of ABK Limited | | **(239,899)** |
| Share issue costs written off to share premium | | **(12,586)** |
| Purchase of own shares by EBT | | **(401)** |
| **Net cash generated from financing activities** | | **47,114** |
| **Increase in cash and cash equivalents** | | **10,231** |
| Cash and cash equivalents at beginning of year | | **–** |
| **Cash and cash equivalents at end of year** | | **10,231** |

The notes on pages 76 to 78 form part of these financial statements.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

forming part of the financial statements

## 1 ACCOUNTING POLICIES

### Basis of preparation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRS IC) interpretations, as adopted by the European Union and the Companies (Jersey) Law 1991. As at the year end, these are the standards' subsequent amendments and related interpretations issued and adopted by the International Accounting Standards Board (IASB) that have been endorsed by the European Union.

These financial statements are prepared on a going concern basis as explained on page 32 of the directors' report, under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3 of the consolidated financial statements.

A summary of the more important policies adopted in dealing with items that are considered material to the company and are not specifically included in the policies in the notes to the consolidated financial statements are shown below. Further required disclosures are included in note 1 of the consolidated accounts on page 54.

### Income

Dividend income is recognised when the right to receive payment is established.

### Investments

Investments are accounted for at cost unless there is evidence of a permanent diminution in value, in which case they are written down to their estimated realisable value. Any such provision, together with any realised gains and losses, is included in the statement of comprehensive income.

boohoo.com plc is required to recognise share-based payment arrangements involving equity instruments where boohoo.com plc has remunerated those providing services to the entity in this way. boohoo.com plc makes contributions to boohoo.com UK Limited equal to the charge for the share-based payment arrangement which is reflected as an increase in boohoo.com plc's investment in boohoo.com UK Limited.

### Significant estimates and judgements

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

*Impairment of investment*

The impairment of the carrying value of the investment in subsidiaries is calculated using forward looking assumptions of profit growth rates, discount rates and time frames, which require management judgement and estimates that cannot be certain.

## 2 LOSS FOR THE YEAR

Loss before tax is stated after charging:

| | 2015 £000 |
|---|---|
| Impairment of investment in subsidiaries | **218,000** |
| Exceptional items – IPO expenses | **873** |



## 3 INVESTMENTS

| | Investments £000 | Capital contribution £000 | Total £000 |
|---|---|---|---|
| **Cost** | | | |
| Balance at 14 March 2014 | – | – | – |
| Additions | 515,299 | 292 | 515,591 |
| **Balance at 28 February 2015** | **515,299** | **292** | **515,591** |
| **Impairment** | | | |
| Balance at 14 March 2014 | – | – | – |
| Charge for year | 218,000 | – | 218,000 |
| **Balance at 28 February 2015** | **218,000** | **–** | **218,000** |
| **Net book value** | | | |
| At 14 March 2014 | – | – | – |
| **At 28 February 2015** | **297,299** | **292** | **297,591** |

Additions of investment balances during the year to 28 February 2015 are a result of the acquisition of the boohoo.com UK Limited business following the admission of the parent company to AIM and relate only to group entities.

The value of the investment in subsidiaries was revalued to £298 million using value in use methodology, specifically a ten year discounted cash flow with a discount rate of 9.5%. The ten year period and discount rate are considered appropriate for the valuation of a business with a long-term future and in line with accepted market practice. The discounted cash flows are based on lower growth rates of the business of the principal trading subsidiary, boohoo.com UK Limited, than were expected when the float price was set in March 2014 when the value of the investment in subsidiaries was established. The impairment of the investment is estimated at £218 million.

At 28 February 2015 the company's subsidiaries were as follows:

| Name of company | Principal activity | Country of incorporation | Percentage ownership |
|---|---|---|---|
| boohoo.com UK Limited | Trading company | UK | 100% |
| Boo Who Limited | Dormant company | UK | 100% |
| boohoo.com USA Limited | Dormant company | UK | 100% |
| boohoo.com USA Inc | Marketing office | USA | 100% |
| Shanghai Wasabi Frog Boohoo Ltd | Dormant company | China | 100% |

The accounting reference date of all subsidiaries of boohoo.com plc is 28 February, except for Shanghai Wasabi Frog Boohoo Ltd which has an accounting reference date of 31 December due to Chinese statutory requirements.

## 4 OTHER RECEIVABLES

| | 2015 £000 |
|---|---|
| Prepayments and accrued income | **45** |
| Receivable from subsidiary undertaking | **36,677** |
| | **36,722** |

The fair value of other receivables is not materially different to their carrying value. Management believes that the receivable from the subsidiary undertaking of £36,677,000 as at 28 February 2015 is fully recoverable.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

forming part of the financial statements

## 5 SHARE CAPITAL

| | 2015 £000 |
|---|---|
| 1,123,132,360 authorised and fully paid ordinary shares of 1p each | **11,231** |

On Admission, the company issued a total of 1,123,132,360 shares as follows: 600,000,000 were issued to institutional investors and company employees at 50 pence each for a total consideration of £300,000,000; 520,210,360 were issued in a share conversion and share for share exchange to the shareholders of ABK Limited for 100% of the shares of ABK Limited; and 2,922,000 were issued for the Share Incentive Plan for the benefit of employees of the company and for which there was no consideration. The aggregate nominal value of the shares issued was £11,231,324. The Admission date was 14 March 2014 and the market price of the shares was 50 pence each, as detailed in the Admission Document published on 5 March 2014.

During the year, the Employee Share Trust bought one million shares at 40 pence each to be held for the benefit of employees in the ESOP scheme.

## 6 RELATED PARTY TRANSACTIONS

During the year, the company entered into transactions in the ordinary course of business with related parties as follows:

| | 2015 £000 |
|---|---|
| Costs recharged by subsidiary undertakings | **(2,111)** |
| Interest recharged to subsidiary undertakings | **688** |
| | **(1,423)** |



# FIVE YEAR GROUP STATEMENT OF COMPREHENSIVE INCOME

| | 2011 £000 | 2012 £000 | 2013 £000 | 2014 £000 | **2015 £000** |
|---|---|---|---|---|---|
| Revenue | 24,486 | 29,012 | 67,282 | 109,791 | **139,851** |
| Cost of sales | (11,906) | (13,627) | (30,619) | (44,879) | **(54,806)** |
| **Gross profit** | 12,580 | 15,385 | 36,663 | 64,912 | **85,045** |
| Distribution costs | (5,869) | (6,695) | (13,613) | (24,290) | **(30,653)** |
| Administrative expenses | (6,534) | (8,430) | (19,764) | (30,289) | **(43,814)** |
| Other income | – | – | – | 488 | **–** |
| **Operating profit** | 177 | 260 | 3,286 | 10,821 | **10,578** |
| Finance income/(expense) | (38) | (11) | (102) | (84) | **490** |
| **Profit before tax** | 139 | 249 | 3,184 | 10,737 | **11,068** |
| Taxation | – | – | (614) | (2,310) | **(2,663)** |
| **Profit for the year** | 139 | 249 | 2,570 | 8,427 | **8,405** |
| **Other comprehensive income for the year, net of income tax** | | | | | |
| Net fair value gain on cash flow hedges | – | – | – | 20 | **802** |
| **Total comprehensive income for the year** | 139 | 249 | 2,570 | 8,447 | **9,207** |
| **Earnings per share*** | | | | | |
| **Basic** | 0.01p | 0.02p | 0.23p | 0.75p | **0.75p** |
| **Diluted** | 0.01p | 0.02p | 0.23p | 0.74p | **0.74p** |

* Earnings per share is calculated on the basis of the number of shares on admission for 2014 and prior years.

# FIVE YEAR GROUP STATEMENT OF FINANCIAL POSITION

| | 2011 £000 | 2012 £000 | 2013 £000 | 2014 £000 | **2015 £000** |
|---|---|---|---|---|---|
| Non-current assets | 1,610 | 1,513 | 5,626 | 9,284 | **15,461** |
| Current assets | 4,177 | 5,848 | 12,320 | 19,258 | **70,031** |
| **Total assets** | 5,787 | 7,361 | 17,946 | 28,542 | **85,492** |
| Equity attributable to the owners of the parent | (970) | (721) | 1,849 | 9,760 | **66,373** |
| Current liabilities | 6,107 | 7,535 | 13,576 | 16,424 | **19,119** |
| Non-current liabilities | 650 | 547 | 2,521 | 2,358 | **–** |
| **Total liabilities, capital and reserves** | 5,787 | 7,361 | 17,946 | 28,542 | **85,492** |

# FIVE YEAR GROUP CASH FLOW STATEMENT

| | 2011 £000 | 2012 £000 | 2013 £000 | 2014 £000 | **2015 £000** |
|---|---|---|---|---|---|
| Net cash generated from operating activities | 1,945 | 1,460 | 5,607 | 5,879 | **12,161** |
| Net cash used in investing activities | (1,677) | (253) | (4,648) | (4,577) | **(7,798)** |
| Net cash generated from/(used in) financing activities | 267 | (209) | 2,088 | (498) | **44,372** |
| Net movement in cash and cash equivalents | 535 | 998 | 3,047 | 804 | **48,735** |
| Opening cash and cash equivalents | 27 | 562 | 1,560 | 4,607 | **5,411** |
| **Closing cash and cash equivalents** | 562 | 1,560 | 4,607 | 5,411 | **54,146** |

# SHAREHOLDER INFORMATION

## REGISTERED ADDRESS OF COMPANY
Registered in Jersey, number 114397

12 Castle Street
St Helier
Jersey
JE2 3RT

## HEAD OFFICE
49–51 Dale Street
Manchester
M1 2HF

## COMPANY SECRETARY
Louise Fishwick

## CORPORATE WEBSITE
www.boohooplc.com

## NOMINATED ADVISOR AND JOINT BROKER
Zeus Capital
82 King Street
Manchester
M2 4WQ

Berkeley Square
Mayfair
London
W1J 6HE

## JOINT BROKER
Jefferies Hoare Govett
Vintners Place
68 Upper Thames Street
London
EC4V 3BJ

## AUDITORS
PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

## SOLICITORS
TLT LLP
3 Hardman Square
Manchester
M3 3EB

Pannone Corporate LLP
Lincoln House
Brazennoze Street
Manchester
M2 5FJ

Ogier
Ogier House
The Esplanade
St Helier
Jersey
JE4 9WG

## FINANCIAL PR
Buchanan
107 Cheapside
London
EC2V 6DN

## COMPANY REGISTRARS
Capita Registrars (Jersey) Limited
12 Castle Street
St Helier
Jersey
JE2 3RT

## PRINCIPAL BANKERS
HSBC Bank
4 Hardman Square
Spinningfields
Manchester
M3 3EB

boohoo.com plc

12 CASTLE STREET
ST HELIER
JERSEY
JE2 3RT.

NUMBER: 114397

www.boohoo.com
@boohoo
@boohooofficial
facebook.com/boohoo.com