boohoo.com plc

ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED
29 FEBRUARY 2016

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**.

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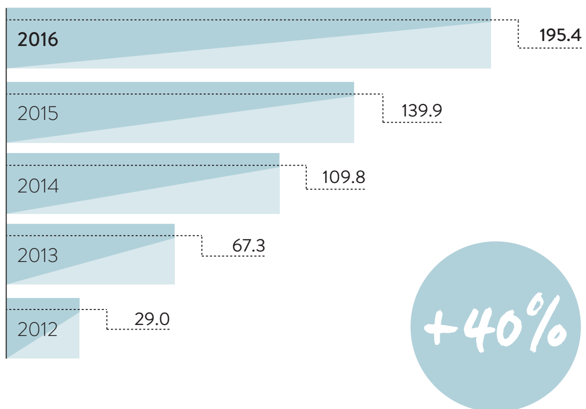
VISIT US ONLINE AT:
www.boohooplc.com

#WeAreNow

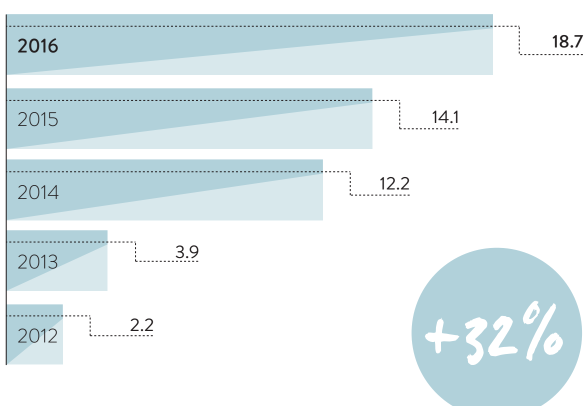
HIGHLIGHTS

REVENUE (£m)



£195.4 million

ADJUSTED EBITDA (£m)



£18.7 million

FINANCIAL HIGHLIGHTS

- Revenue up 40% (42% CER[1])
  - UK up 38%, rest of Europe up 25% (35% CER), rest of world up 56% (63% CER)
  - 33% of revenue is generated outside the UK
- Gross margin 57.8% (retail gross margin 58.8%)
- Adjusted EBITDA £18.7 million, up 32%
- Profit before tax £15.7million, up 42%
- Strong balance sheet with cash of £58.3 million and no debt

OPERATIONAL HIGHLIGHTS

- Over 4.0 million active customers[2], up 34% on prior year
- UK, USA and Australian apps launched and responsive websites introduced for European sites, improving mobile and tablet offering (now 66% of sessions)
- International growth accelerated through focus on key markets
- Warehouse extension completed and in use
- Expansion of product range driving growth and brand appeal

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

	2016 £000	2015 £000	Change
Revenue	**195,394**	139,851	+40%
Gross profit	**112,911**	85,045	+33%
Gross margin	**57.8%**	60.8%	-300bps
Adjusted EBITDA	**18,711**	14,126	+32%
Profit before tax and exceptional items	**15,674**	12,322	+27%
Profit before tax	**15,674**	11,068	+42%
Cash at year end	**58,281**	54,146	+£4.1m
Basic earnings per share	**1.11p**	0.75p	+48%

Adjusted EBITDA is calculated as profit before tax, interest, depreciation, amortisation, share-based payment charges and exceptional costs (see page 15).

"THE 2016 FINANCIAL YEAR WAS AN **EXCELLENT** ONE FOR **boohoo.com**, IN WHICH WE CONTINUED TO **STRENGTHEN OUR POSITION** AS THE **LEADING PURE-PLAY ONLINE, OWN BRAND FASHION RETAILER**."

#WeAreFun

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CHAIRMAN'S STATEMENT

"OUR STRATEGY OF **CONCENTRATING PROMOTIONAL ACTIVITY** AND MARKETING SPEND IN OUR KEY MARKETS WITH THE **GREATEST POTENTIAL** HAS SUPPORTED THIS **GROWTH** AND DELIVERED **INCREASED MARKET SHARE**, WHILST ATTAINING OUR PROFITABILITY TARGETS."

The 2016 financial year was an excellent one for boohoo.com, in which we continued to strengthen our position as the leading pure-play online, own brand fashion retailer. Revenues grew by 40% and by 42% on a constant currency basis, whilst adjusted EBITDA has risen by 32% and profit before tax by 42 %. It was pleasing to note that high rates of growth were achieved across all regions, and of particular note is the strong performance achieved in rest of world, where revenues increased by 56% or by 63% on a constant currency basis. Our strategy of concentrating promotional activity and marketing spend in our key markets with the greatest potential has supported this growth and delivered increased market share, whilst attaining our profitability targets.

New product categories and extended ranges of clothing have contributed to the high level of growth, underlining the diverse appeal of the brand. This year, the successes of the Plus-size and Petite brands have been highlights. The recognition of the boohoo brand has attracted other multi-brand internet retailers, with whom we commenced a successful wholesale trial in the second half of the year.

We have continued to invest in technology to improve the shopping experience, with responsive websites in Europe and the introduction of our app in the UK, Australia and the USA. Other territories will receive the app during 2016. Our investment in a warehouse extension, which became fully operational in late 2015, will provide sufficient capacity for future growth plans.

The group is ideally positioned to take advantage of the preference of its young customers for fast fashion shopping on the internet. Demand from this market segment continues to increase globally, affording boohoo.com with great opportunities for growth. International sales have been a highlight and it is our expectation that growth in key markets will continue as we gain market share with our product and service offering.

I am delighted that Sara Murray joined the board in April 2016 as a non-executive director. Sara's experience as an entrepreneur in the technology sector will bring invaluable expertise to the group. Sara's business achievements include being the founder of confused.com and buddi, the provider of mobile tracking devices. Sara was awarded an OBE in 2012 for her services to entrepreneurship and innovation.

At the time of the company's admission to AIM the company set out that "It is the directors' intention that the company will apply for a listing on the Premium Segment of the Official List of the London Stock Exchange as soon as reasonably practicable following publication of the accounts for the period ending 28 February 2016." The board has considered this statement in the light of subsequent events and considers that AIM remains the more appropriate market for the company at this point in its development. The board has therefore agreed that boohoo.com will remain on the AIM market for the present and that the matter will be kept under periodic review.

It continues to be a great privilege for me to work alongside my fellow board members and a passionate co-founder-led executive management team who have made the business the success it is today. boohoo.com remains a dynamic business driven by the collective effort and expertise of all its employees, to whom I wish to offer my gratitude and congratulations in achieving such commendable results.

PETER WILLIAMS
Chairman
25 April 2016

OUR BUSINESS MODEL

WE ARE ENTIRELY FOCUSED 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**

#WeAreReady

BRAND

We are differentiated by our inclusiveness, the breadth of our product range and the way we connect with our customers.

ENGAGEMENT

Through two-way social media contact, we recruit, connect with and learn from our brand evangelists constantly.

REVIEW OF THE BUSINESS

"**REVENUE GROWTH** HAS BEEN **STRONG ACROSS ALL TERRITORIES**, DRIVEN BY AN **OPTIMISED** MIX OF **PROMOTIONS** AND **MARKETING ACTIVITY**, AN **EXPANDED PRODUCT RANGE**, AND SUPPORTED BY WEBSITE IMPROVEMENTS, NEW APPS, MORE DELIVERY AND RETURN **OPTIONS** AND **GREAT CUSTOMER SERVICE**."

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 four 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 subsequently distributed globally from a central UK warehouse. Marketing activity is performed through a variety of media including TV advertising, billboards, social media, digital media and via the websites. Hundreds of products are added to the website each week through our on-site photography and art studio and displayed in gallery photos. 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 products at value prices. **Reach** is achieved by focusing on key new markets abroad, developing foreign language websites and product offerings tailored to local tastes, broadening the product range 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, 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.

Our product strategy is to continue to expand womenswear in plus, tall and petite sizes, extend the range of accessories and fashion footwear, develop lingerie and beauty lines, to increase menswear and raise the awareness of the boohooMan brand.

PERFORMANCE DURING THE YEAR

Revenue for the year increased to £195.4 million, up 40% (42% CER) on the previous year.

Growth in the UK, our largest market, was 38%, with revenue reaching £130.1 million.

Revenue growth in the rest of Europe was 25% (35 % CER), impacted by the weak euro. Rest of the world revenue growth of 56% (63% CER) was very encouraging, driven by strong performances in the Australian and US markets. The proportion of international revenues has grown from 32.5% to 33.4% of total revenue, despite the adverse exchange rates.

In the second half of the year we trialled selling to third party internet retailers, which has proven to be successful. We intend to expand the number of third party partners in order to build our brand internationally and broaden our customer reach.

We have refined the mix of marketing expenditure and price and delivery promotions to optimise profitability and sales growth. This has resulted in a decrease in marketing spend as a percentage of sales, offsetting a reduction in gross margin. Gross margin was 57.8% (2015: 60.8%) in spite of adverse exchange rate movements and the impact of lower margin third party sales, the latter reducing margin by 100bps compared to the previous year. Marketing expenditure was 10.2% of revenue compared to 13.2% in the previous year. Adjusted EBITDA was £18.7 million (2015: £14.1 million), an increase of 32% on the prior year and profit before tax was £15.7 million (2015: £11.1million), an increase of 42%.

FASHION

Our customers are offered the very latest fashion trends through our "new in" updates on our websites, with up to 100 new styles launched every day. 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 around 20,000 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 of dresses, tops, jackets and footwear have continued to perform strongly. A key factor in the high growth we have experienced in the year has been the expanded range of clothing, with Plus-size, Petite, swimwear and denim growing very strongly. We also introduced a broader lingerie range, which has performed very well.

In the spring, we launched boohoo brands, which has made shopping for a chosen look or occasion much easier and more enjoyable, collating similar styles and co-ordinates in categories, such as boohoo Nights and boohoo Blue. Not only is searching time reduced, but complementary items are also easier to find. The "inspire me" and Stylefix pages ensure our customer sees the latest trends and receives the latest fashion tips as well as an engaging lifestyle and social interest media stream. Menswear continues to grow and from early 2016 has been presented on its own website, separate to women's, in order to enhance its identity and appeal to men.

MARKETING

Our "#WeAreUs" 2015 marketing campaign featured an innovative approach providing us a platform to demonstrate our inclusivity and connect with customers on different levels. We used product stories and customer sentiment to create seasonal campaigns based around "WeAre" such as Stylists, Free, Hot, Dreamers, Ready, Now and Family. These created touch points around which to create content and open up conversations with our customers. Our young, social customer base spend significant amounts of time developing connections with their interest groups and this campaign gave us the opportunity to engage with them by tapping into those interests. Our aim was to promote loyalty through building a greater emotional connection with our customers, expressing our brand personality and the core values of fun, inclusivity and individuality.

REVIEW OF THE BUSINESS CONTINUED

Marketing activity focused on our key markets and included TV advertising, press and out-of-home, media events, college ambassador programmes and influencer partnerships. In our key markets we have also engaged local bloggers and personalities with significant social reach to promote the brand. Our most recent celebrity signing was hit singer/songwriter Charli XCX, who has entered into an exclusive design collaboration for a series of ranges over the next 12 months. Charli XCX has a following of 2.8 million Facebook fans and is hugely popular amongst our targeted demographic. Other initiatives included a UK student ambassador programme launched at key universities, whilst in France we sponsored Secret Story, the reality TV series.

Next year will see us refocusing on the "#WeAreUs" message by creating communities to put the customer's voice at the centre of each campaign using social media feeds within our content hub Stylefix. We will focus on improving our customer contact strategy, which will encompass a holistic targeting approach aimed at engaging, rewarding and creating ambassadors for our brand. The introduction of our app has enabled us to employ push messaging to keep customers informed of the latest promotions, offers and trends and the roll-out of the app to other markets will extend the reach of this media.

CUSTOMER INTERACTION

In the 12 months to 29 February 2016, over 4.0 million customers shopped with us, an increase of 34% on the same period a year ago, whilst order frequency has also increased. Website traffic growth was strong, up 30% on the previous 12 months to 206 million sessions. Conversion rate to sale improved from 3.6% to 4.0% of sessions. On social media we have 0.5 million followers on Twitter and a reach of 9.6 million, 1.4 million followers on Instagram, 2.3 million Facebook likes and a reach of 4.3 million and 1.0 million views recorded on YouTube. We also feature on other social media sites including Vine, Snapchat and Pinterest.

Our customer services team is multi-lingual and responds to customer queries from a variety of media and aims for excellence in response time and problem resolution. We constantly measure our performance internally and monitor external customer review websites such as Trustpilot to ensure we maintain best-in-class standards.

boohoo.com customers are able to choose from a range of delivery options, which we are constantly refining as new opportunities become available. We operate a midnight cut-off for next day delivery, Sunday delivery and collect+ in the UK. In 2015 we reduced the shipping time to Australia by one day and have plans to introduce more collection and return options via third party stores and distribution networks. Customers in the UK are able to use a website portal to choose their preferred return option from April 2016.

TECHNOLOGY

In the first half of the financial year, we converted the remaining European websites, including France and Germany, to fully responsive sites (meaning the website layout responds to the size of the device being used by the customer). Now all our websites are responsive, improving viewing and ease of use.

Android and iPhone Apps have been introduced in the UK, USA and Australia and will be rolled out to other territories later in 2016. Mobile and tablet use continues to rise and now accounts for 66% of sessions.

PEOPLE

In the previous financial year, our senior management team was strengthened with a number of new positions, to provide the expertise we needed for the growth of the business. In 2015 we added two more senior positions: International Director, which we see as a key appointment in the execution of our international growth strategy; and Customer Services Director, which will help us fulfil our objective of maintaining the best and most efficient customer service. Sara Murray, who has considerable experience in the technology sector, joins as a non-executive director in April 2016. The rate of growth in revenue has required an increase in personnel in the volume-related functions in customer service and warehousing. The total workforce now stands at 1,015, up from 784 at 28 February 2015.

WAREHOUSE

The new warehouse extension entered service in August 2015, following a further £7.7 million capital expenditure investment, with 270,000 additional square feet made available from three mezzanine floors. Work has started to expand capacity by another 275,000 square feet from three more mezzanine floor layers to cater for planned future growth. Total warehouse capacity now stands at 525,000 square feet, equivalent in size to over six football pitches.

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. The new pay structure is closely aligned with the National Living Wage such that this will not drive any material increase in costs next year. Agency staff are engaged to support the operation in peak periods, optimising the efficient use of labour resources.

DISTRIBUTION CENTRE IN BURNLEY

Our global distribution centre is situated in Burnley in north-west England and less than 30 miles from the head office in Manchester. The 100,000 sq ft warehouse extension went into operation in September 2015. The building is fitted at present with two mezzanine floors providing an additional 2.3 million unit capacity and by August 2016 another three floors will come into service, giving a total capacity of 7.7 million units.

Bespoke picking trolleys designed to fit with our racking and shelving configurations, a ring conveyor and sorter and hand-held bar code scanners all contribute to smooth and efficient operation.

FINANCIAL REVIEW

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

SALES REVENUE BY GEOGRAPHICAL MARKET

	2016 £000	2015 £000	Change %
UK	**130,096**	94,342	+38%
Rest of Europe	**22,630**	18,086	+25%
Rest of world	**42,668**	27,423	+56%
	195,394	139,851	+40%

SALES REVENUE AT CONSTANT EXCHANGE RATE

	2016 £000	2015 £000	Change %
UK	**130,096**	94,342	+38%
Rest of Europe	**22,630**	16,721	+35%
Rest of world	**42,668**	26,097	+63%
	195,394	137,160	+42%

Growth in sterling terms has been impacted by currency headwinds across our international business, especially in Europe and Australia.

KPIS (RETAIL)

	2016	2015	Change
Active customers[1]	**4.0 million**	3.0 million	+34%
Number of orders	**8.3 million**	5.8 million	+44%
Conversion rate to sale[2]	**4.0%**	3.6%	+40bps
Average order value[3]	**£33.59**	£35.28	–4.8%
Number of items per basket	**2.62**	2.56	+2.3%

[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.

Active customer numbers have increased by 33.8% compared to the previous 12 month period as we continue to grow our customer base and retain existing customers. Conversion rates have increased to 4.0%. Average order value has seen a small decline of 4.8% to £33.59 as we have sought to keep our prices highly competitive and target product and delivery offerings at price points most appealing to our young customers. This has been partially offset by the number of items per basket increasing by 2.3% to 2.62.

CONSOLIDATED INCOME STATEMENT

	2016 £000	2015 £000	Change
Revenue	**195,394**	139,851	+40%
Cost of sales	**(82,483)**	(54,806)	+50%
Gross profit	**112,911**	85,045	+33%
Gross margin	***57.8%***	*60.8%*	*–300bps*
Distribution costs	**(45,501)**	(30,653)	
Administrative expenses	**(53,756)**	(43,814)	
Other income	**1,392**	–	
Operating profit	**15,046**	10,578	+42%
Finance income	**628**	490	
Profit before tax	**15,674**	11,068	+42%
Adjusted EBITDA	**18,711**	14,126	+32%
Calculation of adjusted EBITDA			
Operating profit	**15,046**	10,578	
Depreciation and amortisation	**3,058**	2,002	
Share-based payments	**607**	292	
Exceptional items	**–**	1,254	
Adjusted EBITDA	**18,711**	14,126	

Gross margin reduced from 60.8% to 57.8%, driven by the growth in third party sales, the shift from marketing expenditure to promotions to drive sales growth and the effect of adverse exchange rates. The growth in third party sales had the effect of reducing the blended gross margin percentage by 100 bps.

Distribution costs have increased in line with revenue growth whilst administrative expenses, which include marketing expenses, have risen due to the combination of revenue growth and the building of our infrastructure to support the future business expansion.

The exceptional items of £1.3 million in the previous year, included in administrative expenses, related to IPO expenses.

EBITDA (adjusted) increased by 32% from £14.1 million to £18.7 million.

FINANCIAL REVIEW CONTINUED

TAXATION

The effective rate of tax for the year was 20.6% (2015: 24.1%), which is marginally higher than the blended UK statutory rate of tax for the year of 20.1% (2015: 21.1%) principally due to depreciation in excess of capital allowances.

EARNINGS PER SHARE

Basic underlying earnings per share (calculated before exceptional items) increased by 29% from 0.86p to 1.11p. Basic earnings per share increased by 48% from 0.75p to 1.11p.

STATEMENT OF FINANCIAL POSITION

	2016 £000	2015 £000
Intangible assets	**4,542**	4,561
Property, plant and equipment	**21,426**	10,854
Financial assets	**28**	–
Deferred tax	**231**	46
Non-current assets	**26,227**	15,461
Working capital	**(4,248)**	(2,882)
Net financial assets	**(4,866)**	821
Cash and cash equivalents	**58,281**	54,146
Current tax liability	**(1,967)**	(1,173)
Net assets	**73,427**	66,373

Net assets have increased by £7.1 million, driven by profitability during the year. Working capital has reduced primarily due to an increase in payables and accruals relating to our increased trading activity.

LIQUIDITY AND FINANCIAL RESOURCES

Free cash flow was £12.1 million compared to £5.8 million in the previous financial year. Working capital requirements decreased: inventories increased due to the requirement to hold more products to serve our growing customer base; receivables, payables and accruals increased in line with trading activity. Capital expenditure was increased to £13.6 million as we have continued to invest in our warehouse and IT systems to support projected growth in trade. The closing cash balance was £58.3 million.

CONSOLIDATED CASH FLOW STATEMENT

	2016 £000	2015 £000
Profit for the year	**12,438**	8,405
Depreciation charges and amortisation	**3,058**	2,002
Share-based payments charge	**607**	292
Tax expense	**3,236**	2,663
Finance income	**(628)**	(490)
Increase in inventories	**(7,481)**	(1,393)
Increase in trade and other receivables	**(2,452)**	(523)
Increase in trade and other payables	**16,968**	3,053
Capital expenditure	**(13,611)**	(8,166)
Free cash flow	**12,135**	5,843
Net proceeds raised from IPO	**–**	47,515
Purchase of own shares by Employee Benefit Trust	**(331)**	(401)
Finance income	**619**	368
Tax paid	**(2,627)**	(2,650)
Non-cash changes and exchange differences	**(5,661)**	802
Repayment of borrowings	**–**	(2,742)
Net cash flow	**4,135**	48,735
Cash and cash equivalents at beginning of year	**54,146**	5,411
Cash and cash equivalents at end of year	**58,281**	54,146

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 globally, 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 macroeconomic factors.

FINANCIAL REVIEW CONTINUED

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

	Male	Female
Directors of the parent company	6	1
Senior managers	32	54
Other employees	439	483
	477	538

OUTLOOK

The worldwide market for internet fashion sales continues to expand as shopping preferences lean towards the convenience and price advantage afforded by internet retailers. We have built a brand and infrastructure to capitalise upon this opportunity and we will continue to grow our market share globally by focusing on key markets.

Our strategy will be to use a combination of marketing to drive new customer acquisition and promotions to secure sales, all the while supported by the most convenient delivery and return options and high level of customer service. We will continue to broaden the range of products and to refine the online shopping experience with the latest technologies to ensure we provide the most user-friendly website possible.

We have had an encouraging start to the 2017 financial year, the outlook for the group remains positive and we believe that the continued implementation of our strategy will allow us to build on the success of 2016.

RISK MANAGEMENT

The board reviews annually, and additionally whenever there is a perceived major change in, the principal risks and uncertainties facing the group together with an assessment of mitigating factors. The following are considered to be the principal risks and uncertainties, although these may not be exhaustive in that other unknown risks may have an adverse effect on the business.

STRATEGIC RISKS

Risk Heading	Risk Factors	Mitigation
Competition risk	◦ Competitors may be able to offer consumers like-for-like better quality, better value, superior customer service, more generous delivery terms, better website functionality or better brand image, thereby eroding market share	◦ Competitor activity and offerings are reviewed regularly to remain abreast of market developments and identify competitive advantages ◦ Consumers' changing preferences are monitored internally and by market research to ensure product and service is relevant to demand ◦ Developments in ecommerce trends are monitored to keep abreast of the latest developments and innovations ◦ Performance targets control key deliverables (product quality, customer service and traffic)
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 ◦ Failure to react quickly enough to fashion changes could lead to lost sales ◦ Buying the incorrect quantities of product relevant to demand may result in lost sales opportunities or excess inventory	◦ Highly competent designers and buyers are adept at interpreting fashion and acquiring desirable product ◦ Buyers and designers keep up to date with fashion changes through fashion shows, predictive agencies and fashion press ◦ Product range planning ensures sufficient product offering to cover expected demand using the test-and-repeat model ◦ Rapid response to fashion trends is achieved by using factories capable of short lead times ◦ Buying, merchandising and marketing departments operate cohesively, with regular cross-functional communication

RISK MANAGEMENT CONTINUED

OPERATIONAL RISKS

Risk Heading	Risk Factors	Mitigation
Systems and technical risk	• Hardware or software failure could disable the website or operational systems • Cyber attack is an increasingly major risk • System capacity due to high transactional volumes may be compromised, leading to error or failure • Websites hosted by third party, which may be subject to business failure • 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 • Systems documentation and recovery procedures are in place and tested periodically • High security threshold and appropriate IT access and usage policies protect from virus and malicious attack and are regularly reviewed • System load planning is undertaken to ensure transaction volumes do not impinge on performance • Storage of personal data is tightly controlled and limited in accordance with data protection guidelines
Supply chain risk	• The business is dependent upon 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	• Supply risk is spread over many suppliers with no major individual dependencies • Extensive and up-to-date knowledge of supplier base would enable alternative sources to be found relatively quickly • Levels of inventory are adequate to cover short periods of supply delay
Loss of key facilities	• Fire, flood, or other disaster could lead to part or total, temporary or permanent closure of facilities	• Warehouse is protected by 24 hour security, access control, fire protection and sprinkler systems • Head office is protected by security alarm, access control, fire protection and sprinkler systems • Electric power continuity is protected by back-up generators • A comprehensive disaster recovery and business continuity plan supported by a disaster committee is under development
People risk	• Competitors are inclined to poach key staff and talented individuals • Employees may leave the company for better pay and prospects elsewhere	• Incentive schemes for senior managers are operated, including share ownership, bonus and incentive schemes linked to business performance • Succession planning aims to reduce key man dependencies

REPUTATIONAL RISKS

Risk Heading	Risk Factors	Mitigation
Customer dissatisfaction	• 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 • Adverse customer experience through refund disputes or poor customer service could damage reputation	• A system of factory approvals is operated, ensuring that manufacturers agree to a set of acceptable standards • Compliance with manufacturers' agreements is monitored by periodic audit • Customer service levels and complaints are monitored and internet sites are reviewed for customer opinions

FINANCIAL RISKS

Financial risk	• Poor business performance or lack of appetite for the sector may impede raising of capital • Exchange rate fluctuations may erode margins	• Regular budgeting and forecasting ensures working capital is sufficient for business requirements and rapid reaction to adverse business performance • Uncertainty due to fluctuating exchange rates is reduced by appropriate hedging policies

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**."

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. We have a proactive CSR policy which is regularly reviewed and reported upon to the Audit Committee. 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. We are full members of Business in the Community (BITC), leading experts in social responsibility for businesses in the UK.

WORKPLACE

The total number of employees at the end of February 2016 was 1,015, which was a 29% increase from last year. Gender diversity across the business is strong. The percentage of males was 47% and females 53% and we have 59% of senior management positions held by women.

Our annual "your view" all-employee survey is a key activity in employee engagement in which anonymous and honest feedback is encouraged. Based on the responses in the previous survey, we have introduced more flexible working hours this year.

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

- 122 previously unemployed people have been taken on permanently at the Burnley distribution centre
- The business employed three apprentices at head office, twelve in customer services and seven in the warehouse
- In 2015, we employed 15 interns and a further 20 are expected to join the business in July 2016, across buying, merchandising, marketing and public relations
- boohoo.com is working in collaboration with five universities to further develop employment and research opportunities for young people and will sponsor Graduate Fashion Week in June 2016

COMMUNITY

In 2015, boohoo.com raised £43,000 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 £5,800 for the charity and had a social reach of over eight million people
- Christmas presents and donations of £1,700 from staff were given to children in Manchester in connection with the Mission Christmas Key 103 appeal
- We hosted two young entrepreneur events and provided financial support
- Employees participated in a baking event to raise £700 for Macmillan and £3,500 was donated to Oxfam's Nepal Earthquake appeal

Our future charity strategy will centre on Teenage Cancer Trust, Ditch the Label and World Vision in the UK and we will also partner with charities in New York and Sydney.

MARKETPLACE/PRODUCT

We are a member of SEDEX and utilise SEDEX as a basis for assessing and controlling supplier conformance. We have progressed further during the year in the coverage of SEDEX approved suppliers with 80% of supplies coming from audited, approved factories and our objective is to work towards full coverage. In addition, we perform our own factory visits and our plan for the forthcoming year is to increase the number of visits, with regular reviews of the largest suppliers. All suppliers have access to our supplier manual via a portal to ensure they are aware of boohoo.com's standards, policies and procedures.

Pictured: Charity cake judging at head office

Pictured: Wear a football shirt day for charity

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 2015, all the cardboard and plastic waste from our warehouse was recycled. For our Manchester site, we recycle all paper and plastic waste. At our head office, we have a programme to replace lighting with efficient motion-activated LED panels, whilst in our warehouse and certain areas of the head office, lighting is activated by motion sensors. Recycled materials are used in our outer plastic packaging and swing tickets.

The CO_2 output from heating and lighting in the offices and warehouse in the year was 1,842 tonnes (2015: 1,252 tonnes) and from employee air travel was 152 tonnes (2015: 153 tonnes).

On behalf of the board

MAHMUD KAMANI
CAROL KANE
NEIL CATTO

25 April 2016

Pictured: Charity fundraising at our warehouse

AWARDS

2010

REVEAL CLICK TO BUY AWARDS –
BRILLIANT FOR BARGAINS
EXPERIAN HITWISE TOP 10 WEBSITE IN APPAREL AND ACCESSORIES CATEGORY

COSMOPOLITAN FASHION AWARDS –
BEST FOR BARGAINS

2011

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

2012

LORRAINE AWARDS –
BEST ONLINE RETAILER

2013

LORRAINE AWARDS – BEST ONLINE RETAILER

2014

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

COSMOPOLITAN MAGAZINE FASHION AWARDS – BEST FOR CURVES

LORRAINE AWARDS – BEST ONLINE RETAILER

U MAGAZINE HIGH STREET STYLE AWARDS – BEST ONLINE RETAILER

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

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

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

2015

LORRAINE AWARDS – BEST ONLINE RETAILER

SPECIAL ACHIEVEMENT AWARD – BURNLEY BUSINESS AWARDS

U MAGAZINE (IRELAND) – WINNERS BEST EXCLUSIVE ONLINE STORE

FABULOUS HIGH STREET FASHION AWARDS – BEST PLACE TO SHOP FOR FASHION UNDER £30; BEST PARTY WEAR

“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**.”

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www.boohooplc.com

BOARD OF DIRECTORS

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PETER WILLIAMS
Non-executive Chairman

1

Peter is chairman of the Nomination Committee.

Peter is currently the Chairman Designate of U and I Group plc, Senior Independent Director and Chairman of Remuneration Committee of both Sportech PLC and Rightmove plc. He is Chairman of Mister Spex, an online retailer specialising in eyewear based in Berlin, and is a trustee of the Design Council. In the past, he was the Senior Independent Director of ASOS plc for almost eight years and also served on the boards of Jaeger, Cineworld Group plc, 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

2

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

CAROL KANE
Joint Chief Executive

3

Carol has 27 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

4

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

5

David is chairman of the Remuneration Committee and sits on the Audit and Nomination Committees.

David is currently Non-executive Chairman of Entu (UK) plc, a non-executive director of Addo Food Group and a non-executive director and Chairman of the Remuneration Committee at Renew Holdings plc. He was previously Non-executive Chairman of Northern Ballet Theatre Limited and MaxAim LLP. Former non-executive directorships included Vertu Motors plc and Codex Holdings. 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.

STEPHEN MORANA
Non-executive director

6

Stephen is chairman of the Audit Committee and sits on the Nomination and Remuneration Committees.

Stephen was until April 2016 the Chief Financial Officer of Zoopla Property Group plc, the FTSE 250 digital media business which he took through IPO in 2014. 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. He also chairs the Audit Committee at GVC, the UK-listed online gaming business. Stephen is a chartered accountant and an INSEAD alumnus.

MARK NEWTON-JONES
Non-executive director

7

Mark sits on the Audit, Nomination and Remuneration Committees.

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, during the last five of which he was responsible for Next Directory. Mark is chairman of the charity Graduate Fashion Week.

SARA MURRAY
Non-executive director

8

Sara joined the Board in April 2016.

Sara is founder and CEO of buddi, a provider of mobile tracking devices. Sara was the founder and CEO of Inspop.com Limited (trading as confused.com) until 2002. Sara was a non-executive director of Schering Health care for five years and member of the governing board of Innovate UK (Technology Strategy Board). She is a Member of the Council of Imperial College London and was awarded an OBE for services to entrepreneurship and innovation in 2012.

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 and are committed to maintaining high standards of corporate governance, although the company is not required to comply with the UK Corporate Governance Code.

THE BOARD

The directors' biographies appear on pages 28 and 29.

The board comprises eight directors, three of whom are executive directors and five of whom are non-executive directors, reflecting a blend of different experience and backgrounds. Each of Peter Williams, David Forbes, Mark Newton-Jones, Stephen Morana and Sara Murray 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.

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 enquiries 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 until recently was 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 statements for the year ended 28 February 2015, the half year results to 31 August 2015 and the report and financial statements for the year ended 29 February 2016; 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 and business continuity procedures; 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 committee also considers matters of succession planning. 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 and that it has reviewed these risks and the procedures with management before the financial year end.

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, inadequate financing, poor business performance, natural catastrophe and regulatory requirements. These involve a process of control, self-assessment and reporting that will be established to provide a documented trail of accountability, which will be reported to the board.

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.

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.

PERFORMANCE EVALUATION

The Chairman completed an internal evaluation of the board (including sub-committees and individual board members) in February 2016, involving anonymous questionnaires formulated to enable the board to confirm that its performance, as well as the contribution of each of the executive and non-executive directors, demonstrate 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 through 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.

CORPORATE GOVERNANCE REPORT CONTINUED

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

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

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Peter Williams	9	9	–	–	–	–	2	2
Mahmud Kamani	9	9	–	–	–	–	–	–
Carol Kane	9	8	–	–	–	–	–	–
Neil Catto	9	9	–	–	–	–	–	–
David Forbes	9	8	3	3	2	2	2	2
Stephen Morana	9	8	3	3	2	2	2	2
Mark Newton-Jones	9	8	3	3	2	2	2	2

As at 25 April 2016, the board has met once since the end of the financial year.

AUDITORS' 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 29 February 2016.

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 and to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS"). The strategic report on pages 2 to 23 provides this review and financial position and these are incorporated by cross-reference and form part of this report. The corporate governance report on pages 30 to 32 should be read as forming part of the directors' report.

RESULTS AND DIVIDENDS

Group profit after tax for the year to 29 February 2016 was £12.4 million (2015: £8.4 million). The audited financial statements for the year for the group and company are set out on pages 52 to 85.

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 28 and 29.

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 45.

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 18. The issued share capital at 29 February 2016 was 1,123,267,330 shares of 1p.

M Kamani, C Kane, 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). N Kamani and the trustees of N Kamani's children's trust have agreed not to dispose of the 76,422,349 shares gifted to them on 30 September 2015 by M Kamani for a period of 18 months from that date without the consent of Zeus Capital.

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 ("EBT") 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. The EBT holds 1,000,000 shares purchased on 1 August 2014 at 40p each with a view to hedging part of the company's liability to settle SIP, ESOP and SAYE 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.

SHARE INCENTIVE PLAN TRUST

The Share Incentive Plan ("SIP") trust is used by the company to provide free shares as share incentives to its employees. The trustees are Capita IRG Trustees, an independent UK professional body. The SIP trustee buys shares and holds them in trust for the benefit of employees who remain with the company for three years. The trust holds 4,090,641 shares, of which 2,922,000 were allocated upon flotation for a nominal value of £29,220 and 1,168,641 of which were purchased on 19 June 2015 for £331,244, by company loan. The trustees may vote on the beneficiaries' shares in accordance with the beneficiaries' instructions.

DIRECTORS' REPORT CONTINUED

SUBSTANTIAL SHAREHOLDERS

Shareholders holding more than 3% of the company's shares as at 15 April 2016:

Shareholder	Number of ordinary shares held	Percentage held
Mahmud Kamani	198,932,382	17.71%
Old Mutual Global Investors	127,192,217	11.32%
Jalal Kamani	76,485,370	6.81%
Rabia Kamani	76,485,370	6.81%
Nurez Kamani	61,772,280	5.50%
Baillie Gifford & Co Limited	58,563,415	5.21%
Carol Kane	50,980,421	4.54%
Ruane, Cunniff & Goldfarb	43,215,799	3.85%

ASSESSMENT OF PROSPECTS AND VIABILITY

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 2 to 23.

The group operates a regular budgeting, forecasting and long-range planning cycle, which is integrated with strategic plans and objectives. This planning cycle, in which the board are substantively involved, ensures, as far as is possible, that the profitability, cash flow and capital requirements of the business are sufficient to ensure its ongoing viability. Annual budgets, against which performance is compared, are prepared in advance of the next financial year. A cadence of weekly, monthly and quarterly forecasts is operated to monitor, control and report on performance in the current financial year. These forecasts form the basis upon which the board satisfies its requirements to update stakeholders with relevant financial performance and prospects. Once a year, three year financial plans are prepared to assess the medium and longer term prospects of the group and its finance requirements, based on its strategic plans.

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

The business model affords a great deal of flexibility in responding to demand and economic changes: the wide range of products and relatively low buy quantities reduce inventory risk; a large customer base across many countries reduces specific economic and fashion dependencies; retail customers pay at the time of order with a small risk of default; and the high marketing expenditure is very controllable over a short time period. In addition, the group has a strong cash position at the year end, with a cash balance of £58.3 million, which the directors consider is more than adequate for the planned investments and cash flow requirements of the group.

Based on their assessment of prospects and viability, the directors confirm that they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due in the three year period ending February 2019.

GOING CONCERN

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

FINANCIAL RISK MANAGEMENT

Financial risk management is detailed in note 20 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 22 and 23 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 24 June 2016 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
25 April 2016

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 second year of the company's trading on the AIM market of the London Stock Exchange.

REMUNERATION POLICY

The structure of our executive remuneration policy continues materially unchanged from the previous year as detailed in the policy report on page 37 that follows my statement. The Remuneration 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.

As part of the effort to optimise the achievement of our policy objectives, the company is proposing to introduce a new long-term incentive plan ("LTIP") for its directors and most senior managers. In future, these directors and managers will receive share incentives under the proposed LTIP rather than the existing Employee Share Option Plan ("ESOP"). Details of the proposed LTIP are included in the notice of AGM at which a resolution approving the LTIP will be proposed. The board recommends that shareholders vote in favour of this resolution as it will do in respect of its beneficial shareholdings.

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 to all employees under a UK HMRC-approved Share Incentive Plan during the 2015/16 financial year. In addition, during the year, we introduced an HMRC-approved Save As You Earn ("SAYE") plan that was met with significant interest, with over 40% of eligible employees electing to sign up for the scheme.

REMUNERATION FOR THE YEAR ENDING 28 FEBRUARY 2017

During the year, the Committee reviewed overall levels of pay and the operation of the incentive arrangements to ensure they remain appropriate in light of the current business strategy and the interests of shareholders. The key points in relation to how we are implementing our policy for 2016/17 are as follows:

- The salaries of Mahmud Kamani and Carol Kane will not be increased but Neil Catto's salary will be increased from 2015/16 levels.
- Maximum bonus opportunity will continue to be up to 75% of salary for executive directors dependent upon stretching revenue and EBITDA growth targets.
- Long-term incentive awards will be made under a new LTIP plan based on three year performance targets immediately after it is approved by shareholders. Personal limits are detailed in the remuneration policy.
- The founding shareholders and directors, Mahmud Kamani and Carol Kane, will continue to not be granted LTIP awards or other share incentives as they have retained substantial shareholdings in the company.

PERFORMANCE AND REWARD FOR THE YEAR ENDED 29 FEBRUARY 2016

For the year ended 29 February 2016, in relation to the annual bonus plan, the company achieved outstanding revenue growth and, as a result, the "stretch"revenue growth target was achieved. Strong EBITDA performance over the year also resulted in the payout of a proportion of bonus based on this measure. As a result, in combination, employees across the company received 90% of their bonus potential. In the case of the executive directors, bonus payouts equated to 67.5 % of their basic salary.

Changes were made with respect to the structure of the remuneration for non-executive directors. The revised approach was implemented with effect from March 2015 and full details of the changes are highlighted on page 42 of this report.

SHAREHOLDER FEEDBACK

The Remuneration 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 Remuneration Committee will consider shareholder feedback received in relation to the remuneration policy and the remuneration report at 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.

Consideration was given as to whether the remuneration policy should be put to a binding vote of shareholders as is required for fully listed companies. The board has taken advice and has considered the position of the vast majority of AIM listed companies and notes that no shareholder has raised any concerns about the company's remuneration policy or its implementation. The board has concluded that the directors' remuneration report will be subject to an advisory vote at the forthcoming annual general meeting of the company which we hope you will support as the directors will do in respect of their own beneficial shareholdings.

DAVID FORBES
Chairman of the Remuneration Committee

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 2015.

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 we operate an HMRC-approved Share Incentive Plan and an approved SAYE option plan.

Changes to the remuneration policy

Our pay philosophy and the broad structure of our remuneration policy will remain the same since the Remuneration Committee believes it is serving the Company well. However, one change to the policy for executive directors is proposed from the 2016/17 financial year onwards and this relates to the introduction of a new Long-Term Incentive Plan ("LTIP"). If approved by shareholders at the AGM in 2016 the LTIP will, for executive directors and selected members of our senior management team, replace awards previously made under our Executive Share Option Plan ("ESOP").

In addition, we have made a change to the policy relating to the way in which non-executive directors' fees are delivered such that now a proportion of the annual fee is satisfied in company shares.

Summary of our remuneration policy

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

DIRECTORS' REMUNERATION REPORT CONTINUED

REMUNERATION POLICY TABLE FOR EXECUTIVE DIRECTORS

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Base salary	◦ To aid recruitment and retention ◦ To reflect experience and expertise ◦ To provide an appropriate level of fixed basic income	◦ Reviewed annually, with any increase usually becoming effective 1 March ◦ Set initially at a level required to recruit suitable executives reflecting their experience and expertise ◦ Any subsequent increase influenced by: • Scope of the role • Experience and personal performance in the role • Average change in total workforce salary • Performance of the group • External economic conditions, such as inflation ◦ Account taken of practice in comparable companies (e.g. those of a similar size and complexity) ◦ No recovery or withholding provisions apply	◦ Annual increases will generally be restricted to those of the average of the wider workforce ◦ Increases beyond those awarded to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility or experience, or a significant increase in the scale or complexity of the role and/or size and value of the company	◦ The Committee reviews the salaries of executive directors each year taking due account of all the factors described in the salary policy
Annual bonus	◦ To reward the annual delivery of short to medium-term objectives relating to the business strategy	◦ All bonus payments are at the discretion of the Committee ◦ Not pensionable ◦ Payable in cash following the end of the year based on targets set at the start of the year ◦ Targets are set and/or reviewed annually ◦ 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 ◦ 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 ◦ Performance is measured over a single financial year ◦ 20% of maximum bonus will be payable for achievement of a threshold level of performance, rising to 100% of maximum bonus for reaching stretch target ◦ Measures and weightings may change each year to reflect any year on year changes to business priorities at the discretion of the Committee

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
Long-Term Incentive Plan ("LTIP")	◦ Intended to align the long-term interests of senior executives with those of shareholders ◦ To incentivise the delivery of key strategic objectives over the longer-term	◦ Awards may (though not necessarily) be granted annually in the form of performance shares ◦ Options will have an exercise price which is no lower than the nominal value of shares at grant ◦ Ability to exercise is dependent on performance targets being met during the performance period and continued service of the directors ◦ Recovery and withholding provisions apply in certain circumstances at the discretion of the Committee (including where there has been a misstatement of accounts, an error in assessing any applicable performance condition, or in the event of misconduct on the part of the participant)	◦ Maximum limit contained within the proposed plan rules is 150% of annual salary for executive directors and an award of up to 125% of annual basic salary in the ordinary course ◦ Awards are at the discretion of the Committee and may be made at lower levels than this ◦ Exceptionally, at the discretion of the Committee, awards may be made in excess of 150% of salary per annum	◦ Awards vest based on challenging targets measured over a three year period and are dependent upon continued service ◦ At least half of awards will normally be based on financial performance metrics (such as, *inter alia*, PBT or EPS) ◦ 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 ◦ 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 ◦ 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 LTIP 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 LTIP awards will be set at the time of each grant but will normally include at least half 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 LTIP 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 LTIP 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 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.

LTIP 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.

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 by rotation.

DIRECTORS' REMUNERATION REPORT CONTINUED

NON-EXECUTIVE DIRECTORS' FEES

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

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

ANNUAL REPORT ON REMUNERATION – AUDITED INFORMATION

This section of the remuneration report contains details as to how the company's remuneration policy was implemented during the year ended 29 February 2016.

DISCLOSURE OF DIRECTORS' SINGLE-FIGURE TOTAL REMUNERATION FOR THE YEAR

The total single-figure remuneration of the directors during the year ended 29 February 2016 is set out below:

Director	Base salary and fees £	Benefits £	Annual bonus £	Pension £	Other £	Total £
Executive directors						
Mahmud Kamani	225,000	–	151,875	–	–	**376,875**
Carol Kane	225,000	1,866	151,875	11,250	–	**389,991**
Neil Catto	160,000	1,543	108,000	7,958	3,700	**281,201**
Total executive directors	610,000	3,409	411,750	19,208	3,700	**1,048,067**
Non-executive directors						
Peter Williams	70,000	–	–	–	25,000	**95,000**
David Forbes	50,000	–	–	–	10,000	**60,000**
Stephen Morana	40,000	–	–	–	10,000	**50,000**
Mark Newton-Jones	40,000	–	–	–	10,000	**50,000**
Total non-executive directors	200,000	–	–	–	55,000	**255,000**
Total	**810,000**	**3,409**	**411,750**	**19,208**	**58,700**	**1,303,067**

There were no long-term incentives due to vest in the financial year ended 29 February 2016.

The total single-figure remuneration of the directors during the year ended 28 February 2015 is set out below:

Director	Base salary and fees £	Benefits £	Annual bonus £	Pension £	Other £	Total £
Executive directors						
Mahmud Kamani	216,634	–	–	–	–	**216,634**
Carol Kane	220,788	2,116	–	12,000	–	**234,904**
Neil Catto	158,438	1,710	–	7,640	3,000	**170,788**
Total executive directors	595,860	3,826	–	19,640	3,000	**622,326**
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**
Total non-executive directors	193,390	–	–	–	–	**193,390**
Total	**789,250**	**3,826**	**–**	**19,640**	**3,000**	**815,716**

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

Base salary and fees	The amount of salary or non-executive directors' fees
Other	The value of SIP awards and SAYE options granted in the financial period for executive directors (SAYE option calculated as the 20% discount at grant on the three year plan) and the value of free shares issued to non-executive directors as part of their fees
Annual bonus	The amount of performance-related bonus receivable
Benefits	The value of private medical insurance and life assurance

ANNUAL BONUS

For the year ended 29 February 2016, each director's potential bonus was 75% of basic salary. 50% of the potential bonus related to a revenue target and 50% of the potential bonus related to an EBITDA target. Bonus targets were as follows:

Financial target range	Bonus % of salary
EBITDA target:	
Threshold £14m	7.5%
Upper limit £19m or more	37.5%
Revenue target:	
Threshold £140m	7.5%
Upper limit £185m or more	37.5%

DIRECTORS' REMUNERATION REPORT CONTINUED

The amount of bonus payable varies on a sliding scale between the threshold and upper limit shown above. For the financial year ended 29 February 2016: EBITDA was £18.7 million, resulting in a payment of 30% of salary; and revenue was above the upper limit, resulting in a payment of 37.5% of salary. Bonuses payable were as follows:

Name	Bonus % of salary
Mahmud Kamani	67.5%
Carol Kane	67.5%
Neil Catto	67.5%

LONG-TERM SHARE INCENTIVES

No long-term incentive awards were due to vest during the year ended 29 February 2016.

As founder shareholders, neither Mahmud Kamani nor Carol Kane, both of whom have retained a significant equity stake in the company, received Executive Share Option Plan ("ESOP") awards either on Admission or as part of any subsequent grants. Of the executive directors, only Neil Catto holds options under the ESOP 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
	1,553,398	25.75	22/05/15	22/05/18 to 21/05/25

The performance targets applying to the ESOP awards granted on Admission on 14/03/14 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.

The performance targets for the shares granted on 22/05/15 are based upon the achievement of two key criteria, EBITDA (50%) and Total Shareholder Return (50%) over a three year period. Minimum "threshold" and "stretch" targets have been established by the Committee against these criteria.

These targets are regarded by the board as commercially sensitive and as such will be disclosed to shareholders at the end of the performance period.

ALL-EMPLOYEE SHARE INCENTIVE PLAN ("SIP")

The HMRC-approved all employee Share Incentive Plan purchases shares and holds them in trust for the benefit of employees who remain with the company for three years. There are no performance criteria for the SIP shares.

Name	No. of ordinary shares held in trust	Purchase price pence	Date of grant	Maturity date
Neil Catto	6,000	50	14/03/14	14/03/17
	3,571	28	19/06/15	19/06/18

SAVE AS YOU EARN SHARE SCHEME ("SAYE")

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

Name	Estimated shares to be purchased at option date	Option price pence	Date of grant	Option date
Neil Catto	50,467	21.4	29/06/15	01/08/18

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. Each of the non-executive directors that were awarded options waived his right to these awards during the year, such that no non-executive directors now hold any options in the company. It is not intended that further options be granted under the NED Plan, in accordance with best corporate governance practice.

DIRECTORS' INTERESTS IN SHARES

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

Name of director	Beneficially owned at 28 February 2015	Free share award under NED remuneration policy	Shares acquired/ (disposed of) during the year	Beneficially owned at 29 February 2016	As a % of share capital	Outstanding share options	Shares held under SIP	SAYE options granted	Total interests in shares at 29 February 2016
Mahmud Kamani	275,354,731	–	(76,422,349)	198,932,382	17.71	–	–	–	198,932,382
Carol Kane	50,980,421	–	–	50,980,421	4.54	–	–	–	50,980,421
Neil Catto	–	–	–	–	–	3,562,969	9,571	50,467	3,623,007
Peter Williams	400,000	61,350	–	461,350	0.04	–	–	–	461,350
Stephen Morana	379,098	24,540	–	403,638	0.04	–	–	–	403,638
Mark Newton-Jones	309,467	24,540	–	334,007	0.03	–	–	–	334,007
David Forbes	240,000	24,540	–	264,540	0.02	–	–	–	264,540

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. Under a variation to these letters of appointment, a share element was introduced to the remuneration package of the non-executive directors with effect from 1 March 2015 for a modest part of their total fee. It is agreed that there will be no increase in the remuneration of the non-executive directors for at least four years. Details of the remuneration of the non-executive directors is set out herein.

COMPOSITION OF THE REMUNERATION COMMITTEE

The members of the Committee during the year were David Forbes (Committee chairman), Stephen Morana and Mark Newton-Jones. Executive directors are invited to attend meetings, if requested by the Committee, in order to provide information and advice, to enable the Committee to make informed decisions. Each director is, however, specifically excluded from any matter concerning his own remuneration. Representatives of New Bridge Street, the Committee's retained advisor, may also attend meetings by invitation. The Company Secretary attends meetings as secretary to the Committee.

ADVISORS TO THE REMUNERATION COMMITTEE

During the year, the Committee received advice from Aon Hewitt Limited (part of the Aon plc group). No other company within the Aon plc group provides other services to the Company. The total fees paid to Aon Hewitt in respect of its services during the year were £18,610 (2015: £34,959). Aon Hewitt is a signatory to the Remuneration Consultants Group Code of Conduct. The Committee regularly reviews the external advisor relationship and is comfortable that Aon Hewitt's advice remains objective and independent.

DIRECTORS' REMUNERATION REPORT CONTINUED

IMPLEMENTATION OF REMUNERATION POLICY FOR THE YEAR ENDING 28 FEBRUARY 2017 – 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
- awards under the Long-Term Incentive Plan ("LTIP")
- all-employee Share Incentive Plan
- all-employee Save As You Earn scheme

BASE SALARY

The salaries of the executive directors are as follows:

		From 1 March 2016	From 1 March 2015
Mahmud Kamani	Joint CEO	**£225,000**	£225,000
Carol Kane	Joint CEO	**£225,000**	£225,000
Neil Catto	CFO	**£180,000**	£160,000

The Committee believes that, when compared to market data, Neil Catto has been paid a salary which is below the market rate for the position he holds. The increase in his salary this year reflects the aim of the Committee to adjust his salary towards a more market-related rate over a period of time.

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 2017 for executive directors remains the same as for the year ended February 2016 at 75% of base salary. Performance will be measured over the single financial year ending 28 February 2017. The performance targets are based on a combination of revenue and EBITDA metrics (as defined in the plan), with a 40/60 weighting respectively. 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 28 February 2017, 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, will be disclosed, as far as possible, in next year's annual report on remuneration.

LONG-TERM INCENTIVE PLAN ("LTIP")

Subject to shareholder approval at the 2016 AGM, awards will be made to the executive directors and other members of our senior management team in 2016 under the LTIP (replacing the ESOP) in line with the limits detailed in the remuneration policy. As founder shareholders, neither Mahmud Kamani nor Carol Kane, both of whom have retained a significant equity stake in the company, will receive LTIP awards.

ALL-EMPLOYEE SHARE PLANS

The board adopted a UK HMRC-approved Share Incentive Plan on Admission and made a second grant of free shares in 2015. No decision has yet been made as to whether an award under this scheme will be made in 2016/17. During 2015 the company introduced an HMRC-approved SAYE plan and it is intended that a second SAYE grant is offered during 2016. The executive directors are eligible to participate in the schemes on the same basis as other employees.

REMUNERATION FOR NON-EXECUTIVE DIRECTORS

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

The current annual remuneration is:

		From 1 March 2016		From 1 March 2015	
		Share awards	**Fees**	Share awards	Fees
Peter Williams	Non-executive Chairman	**£25,000**	**£70,000**	£25,000	£70,000
David Forbes	NED and Senior Independent Director	**£10,000**	**£50,000**	£10,000	£50,000
Stephen Morana	NED and Chairman of Audit Committee	**£10,000**	**£40,000**	£10,000	£40,000
Sara Murray	NED	**£10,000**	**£40,000**	–	–
Mark Newton-Jones	NED	**£10,000**	**£40,000**	£10,000	£40,000

The above remuneration will be reviewed annually by the board. The company and the non-executive directors have agreed that there will be no increase in the remuneration of non-executive directors until 1 March 2019.

DAVID FORBES
Chairman of the Remuneration Committee
25 April 2016

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 and International Financial Reporting Standards ("IFRS").

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.

So far as the directors are 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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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
25 April 2016

“THE GROUP HAS ACHIEVED A STRONG PERFORMANCE WITH REVENUES AND PROFITS INCREASING IN ALL TERRITORIES.”

CONTENTS

VISIT US ONLINE AT:
www.boohooplc.com

INDEPENDENT AUDITORS' REPORT

to the members of boohoo.com plc

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion the 29 February 2016 financial statements (the "financial statements") defined below:

- give a true and fair view of the state of the group's affairs as at 29 February 2016 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 group financial statements comprise:

- the consolidated statement of financial position as at 29 February 2016;
- 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 48, 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 group'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 auditors
Manchester

25 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 29 February 2016

	Note	2016 £000	2015 £000
Revenue	2	**195,394**	139,851
Cost of sales		**(82,483)**	(54,806)
Gross profit		**112,911**	85,045
Distribution costs		**(45,501)**	(30,653)
Administrative expenses		**(53,756)**	(43,814)
Other income	3	**1,392**	–
Operating profit	6	**15,046**	10,578
Finance income	4	**628**	490
Profit before tax		**15,674**	11,068
Taxation	10	**(3,236)**	(2,663)
Profit for the year		**12,438**	8,405
Other comprehensive (expense)/income for the year, net of income tax			
Net fair value (loss)/gain on cash flow hedges[1]		**(5,661)**	802
Total comprehensive income for the year		**6,777**	9,207
Earnings per share	7		
Basic		**1.11p**	0.75p
Diluted		**1.10p**	0.74p

1. Net fair value gains on cash flow hedges will be reclassified to profit or loss during the two years to 28 February 2018.

All activities relate to continuing operations.

Administrative expenses include the following exceptional items: £nil (2015: IPO expenses £1,254,000).

The notes on pages 58 to 75 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 29 February 2016

	Note	2016 £000	2015 £000
Assets			
Non-current assets			
Intangible assets	11	**4,542**	4,561
Property, plant and equipment	12	**21,426**	10,854
Financial assets	20	**28**	–
Deferred tax	14	**231**	46
		26,227	15,461
Current assets			
Inventories	15	**18,669**	11,188
Trade and other receivables	16	**7,096**	3,845
Financial assets	20	**35**	852
Cash and cash equivalents		**58,281**	54,146
Total current assets		**84,081**	70,031
Total assets		**110,308**	85,492
Liabilities			
Current liabilities			
Trade and other payables	17	**(30,013)**	(17,915)
Financial liabilities	20	**(4,291)**	(31)
Current tax liability		**(1,967)**	(1,173)
Total current liabilities		**(36,271)**	(19,119)
Non-current liabilities			
Financial liabilities	20	**(610)**	–
Total liabilities		**(36,881)**	(19,119)
Net assets		**73,427**	66,373
Equity			
Share capital	18	**11,233**	11,231
Share premium		**551,666**	551,612
Capital redemption reserve		**100**	100
Hedging reserve		**(4,839)**	822
EBT reserve		**(761)**	(430)
Translation reserve		**1**	–
Reconstruction reserve		**(515,282)**	(515,282)
Retained earnings		**31,309**	18,320
Total equity		**73,427**	66,373

Notes 1 to 24 form part of these financial statements.

These financial statements of boohoo.com plc, registered number 114397, on pages 54 to 75 were approved by the board of directors on 25 April 2016 and were signed on its behalf by:

MAHMUD KAMANI CAROL KANE NEIL CATTO

Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Capital redemption reserve £000	Hedging reserve £000	EBT reserve £000	Translation reserve £000	Reconstruction reserve £000	Retained earnings £000	Total equity £000
Balance as at 1 March 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	–	–	–	802	–	–	–	–	802
Balance at 28 February 2015	11,231	551,612	100	822	(430)	–	(515,282)	18,320	66,373
Purchase of shares by EBT	–	–	–	–	(331)	–	–	–	(331)
Share-based payments	2	54	–	–	–	–	–	551	607
Profit for the year	–	–	–	–	–	–	–	12,438	12,438
Translation of foreign operations	–	–	–	–	–	1	–	–	1
Other comprehensive expense	–	–	–	(5,661)	–	–	–	–	(5,661)
Balance at 29 February 2016	**11,233**	**551,666**	**100**	**(4,839)**	**(761)**	**1**	**(515,282)**	**31,309**	**73,427**

The notes on pages 58 to 75 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 29 February 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Profit for the year		**12,438**	8,405
Adjustments for:			
Share-based payments charge		**607**	292
Depreciation charges and amortisation		**3,058**	2,002
Gain on sale of property, plant and equipment		**(2)**	–
Transfer from hedging reserves		**(5,661)**	802
Finance income		**(628)**	(490)
Tax expense		**3,236**	2,663
		13,048	13,674
Increase in inventories	15	**(7,481)**	(1,393)
Increase in trade and other receivables		**(2,452)**	(523)
Increase in trade and other payables		**16,968**	3,053
Cash generated from operations		**20,083**	14,811
Tax paid		**(2,627)**	(2,650)
Net cash generated from operating activities		**17,456**	12,161
Cash flows from investing activities			
Acquisition of intangible assets	11	**(1,488)**	(2,442)
Acquisition of tangible property, plant and equipment	12	**(12,123)**	(5,724)
Proceeds from sale of property, plant and equipment		**2**	–
Finance income		**619**	368
Net cash used in investing activities		**(12,990)**	(7,798)
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		**(331)**	(401)
Repayment of borrowings		**–**	(2,742)
Net cash (used in) /generated from financing activities		**(331)**	44,372
Increase in cash and cash equivalents		**4,135**	48,735
Cash and cash equivalents at beginning of year		**54,146**	5,411
Cash and cash equivalents at end of year		**58,281**	54,146

Notes 1 to 24 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 1March 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 2015 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 34.

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 AIM. The group financial statements consolidate those of its subsidiaries and the Employee Benefit Trust. All intercompany transactions between group companies are eliminated.

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", and 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 licences 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 TO THE FINANCIAL STATEMENTS CONTINUED

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.

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. Free shares awarded are expensed immediately.

Taxation

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

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

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

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

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 21.

Option to buy Pretty Little Thing

The company has an option to buy 21Three Clothing Company Limited ("PLT") (trading as Pretty Little Thing) for £5 million less debt or such lower sum as the parties agree. Management has attempted to estimate the fair value of this option but because the range of valuations is significantly wide and the probabilities of the various estimates cannot be reasonably assessed, they have concluded that the fair value cannot be reliably measured and therefore the option is held at cost.

In addition, the directors have considered whether the existence of the option could indicate that the company has control over PLT but consider that the range of valuations does not indicate an economic argument for exercising the option to buy and that PLT continues to operate independently of boohoo.com and hence PLT's financial statements should not be consolidated with those of boohoo.com.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 SEGMENTAL ANALYSIS

IFRS 8, "Operating Segments", requires operating segments to be determined based on the group's internal reporting to the chief operating decision maker. The chief operating decision maker 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 29 February 2016			
	UK £000	**Rest of Europe £000**	**Rest of world £000**	**Total £000**
Revenue	**130,096**	**22,630**	**42,668**	**195,394**
Cost of sales	**(56,149)**	**(9,955)**	**(16,379)**	**(82,483)**
Gross profit	**73,947**	**12,675**	**26,289**	**112,911**
Distribution costs	**(27,838)**	**(5,711)**	**(11,952)**	**(45,501)**
Segment result	**46,109**	**6,964**	**14,337**	**67,410**
Administrative expenses	**–**	**–**	**–**	**(53,756)**
Other income	**–**	**–**	**–**	**1,392**
Operating profit				**15,046**
Finance income	**–**	**–**	**–**	**628**
Profit before tax				**15,674**

	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 costs	(19,078)	(3,953)	(7,622)	(30,653)
Segment result	37,353	6,858	10,181	54,392
Administrative expenses	–	–	–	(43,814)
Other income	–	–	–	–
Operating profit				10,578
Finance income	–	–	–	490
Profit before tax				11,068

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

	2016 £000	2015 £000
Income from warehouse management services (see note 19)	**1,033**	–
Gift to group from director for benefit of employees (see note 19)	**359**	–
	1,392	–

4 FINANCE INCOME

	2016 £000	2015 £000
Bank interest received	**628**	490

5 AUDITORS' REMUNERATION

	2016 £000	2015 £000
Audit of these financial statements	**5**	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**	40
Other services relating to taxation	**25**	10
Transaction services fees	**–**	400
Implementation of employee share plan	**7**	58
	77	513

6 PROFIT BEFORE TAX

Profit before tax is stated after charging:

	2016 £000	2015 £000
Operating lease rentals for buildings	**712**	588
Depreciation of property, plant and equipment	**1,551**	1,069
Amortisation of intangible assets	**1,507**	933
Exceptional items – IPO and capital reorganisation fees	**–**	1,254

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

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.

	2016	2015
Weighted average shares in issue for basic earnings per share	**1,118,429,548**	1,119,632,278
Dilutive share options	**11,761,758**	14,209,534
Weighted average shares in issue for diluted earnings per share	**1,130,191,306**	1,133,841,812

Earnings (£000)	**12,438**	8,405
Basic earnings per share	**1.11p**	0.75p
Diluted earnings per share	**1.10p**	0.74p

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	
	2016	2015
Administration	**489**	418
Distribution	**419**	270
	908	688

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	**23,461**	15,861
Social security costs	**2,224**	1,446
Pension costs	**325**	249
Share-based payment charges	**607**	292
	26,617	17,848

9 DIRECTORS' AND KEY MANAGEMENT COMPENSATION

	2016 £000	2015 £000
Short-term employee benefits	**2,925**	2,026
Post-employment benefits	**65**	49
Share-based payment charges	**111**	5
	3,101	2,080

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 42. Directors' emoluments are borne by the principal trading subsidiary and not recharged to the parent company.

10 TAXATION

	2016 £000	2015 £000
Analysis of charge in year		
Current tax on income for the year	**3,423**	2,621
Adjustments in respect of prior year taxes	**(2)**	55
Deferred taxation	**(185)**	(13)
Tax on profit on ordinary activities	**3,236**	2,663

The total tax charge differs from the amount computed by applying the blended UK rate of 20.1% for the year (2015: 21.1%) to profit before tax as a result of the following:

Profit on ordinary activities before tax	**15,674**	11,068
Profit before tax multiplied by the standard blended rate of corporation tax of the UK of 20.1% (2015: 21.1%)	**3,148**	2,332
Effects of:		
Expenses not deductible for tax purposes	**14**	246
Adjustments in respect of prior year taxes	**(2)**	55
Overseas tax differentials	**4**	–
Depreciation in excess of capital allowances	**72**	30
Tax on profit on ordinary activities	**3,236**	2,663

A change to reduce the main rate of corporation tax to 17% from 1 April 2020 was announced in the Chancellor's budget on 16 March 2016. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by an additional £35,000 and increase the tax expense by £35,000.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11 INTANGIBLE ASSETS

	Patents and licences £000	Computer software £000	Total £000
Cost			
Balance at 1 March 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
Additions	–	1,488	1,488
Disposals/retirements	–	(208)	(208)
Balance at 29 February 2016	**309**	**7,075**	**7,384**
Accumulated amortisation			
Balance at 1 March 2014	88	615	703
Amortisation for year	30	903	933
Disposals/retirements	–	(93)	(93)
Balance at 28 February 2015	118	1,425	1,543
Amortisation for year	31	1,476	1,507
Disposals/retirements	–	(208)	(208)
Balance at 29 February 2016	**149**	**2,693**	**2,842**
Net book value			
At 28 February 2014	213	2,839	3,052
At 28 February 2015	191	4,370	4,561
At 29 February 2016	**160**	**4,382**	**4,542**

12 PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Land and buildings £000	Total £000
Cost						
Balance at 1 March 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
Additions	123	6,201	285	22	5,492	12,123
Disposals/retirements	–	(26)	(31)	–	–	(57)
Balance at 29 February 2016	**766**	**9,498**	**1,565**	**113**	**13,169**	**25,111**
Accumulated depreciation						
Balance at 1 March 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
Depreciation charge for the year	116	819	454	21	141	1,551
Disposals/retirements	–	(26)	(31)	–	–	(57)
Balance at 29 February 2016	**479**	**1,815**	**994**	**51**	**346**	**3,685**
Net book value						
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
At 29 February 2016	**287**	**7,683**	**571**	**62**	**12,823**	**21,426**

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%
boohoo.com Australia Pty Ltd	Marketing office	Australia	100%
Shanghai Wasabi Frog Boohoo Ltd	Dormant company	China	100%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 DEFERRED TAX

	Depreciation in excess of capital allowances £000	Share-based payments £000	Total £000
At 1 March 2014	33	–	33
Recognised in statement of comprehensive income	(45)	58	13
At 28 February 2015	(12)	58	46
Recognised in statement of comprehensive income	74	111	185
At 29 February 2016	**62**	**169**	**231**

Recognition of the deferred tax assets is based upon the expected generation of future taxable profits. The deferred tax is expected to be recovered in more than one year's time.

15 INVENTORIES

	2016 £000	2015 £000
Finished goods	**18,669**	11,188

The value of inventories included within cost of sales for the year was £82,187,000 (2015: £54,682,000). An impairment provision of £296,000 (2015: £124,000) was charged to the statement of comprehensive income.

16 TRADE AND OTHER RECEIVABLES

	2016 £000	2015 £000
Amounts due from related party undertakings (note 19)	**613**	13
Trade and other receivables	**4,937**	2,768
Prepayments and accrued income	**1,546**	1,064
	7,096	3,845

Trade and other receivables represent amounts due from wholesale customers and advance payments to suppliers. Receivables past due are £142,000 (2015: £nil). The provision for impairment of receivables is £318,000 (2015: £116,000).

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

17 TRADE AND OTHER PAYABLES

	2016 £000	2015 £000
Trade payables	**11,255**	8,037
Amounts owed to related party undertakings (note 19)	**17**	9
Other payables	**175**	90
Accruals and deferred income	**15,272**	8,326
Taxes and social security payable	**3,294**	1,453
	30,013	17,915

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

18 SHARE CAPITAL AND RESERVES

	2016 £000	2015 £000
1,123,267,330 authorised and fully paid ordinary shares of 1p each (2015: 1,123,132,360)	**11,233**	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. On 25 February 2016, 134,970 new ordinary shares were issued to non-executive directors as part of their annual remuneration.

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 original cost of the investment in the parent company's financial statements.

No dividends have been paid or are payable for the year ended 29 February 2016 (2015: £nil).

19 RELATED PARTY DISCLOSURES

Related party	Company transacting with the related party	Nature of relationship	2016 £000	2015 £000
Amounts included in the statement of financial position				
Amounts due from related party undertakings				
21Three Clothing Company Limited (t/a Pretty Little Thing)	boohoo.com UK Limited	Owners and directors are the sons of Mahmud Kamani	**613**	–
Kamani Commercial Property Limited	boohoo.com UK Limited	Common directors and shareholders	**–**	13
Amounts owed to related party undertakings				
Kamani Construction Limited	boohoo.com UK Limited	Common directors and shareholders	**12**	–
Kamani Commercial Property Limited	boohoo.com UK Limited	Common directors and shareholders	**5**	9
Fixed assets – property				
Jogo Associates Limited Pension Scheme	boohoo.com UK Limited	Mahmud Kamani is a beneficiary of the Jogo pension scheme	**1,600**	–
Amounts included in the statement of comprehensive income				
Other income – warehouse management services				
21Three Clothing Company Limited (t/a Pretty Little Thing)	boohoo.com UK Limited	Owners and directors are the sons of Mahmud Kamani	**1,033**	–
Mahmud Kamani	boohoo.com UK Limited	Director's gift to company for benefit of employees re bonus payments	**359**	–
Purchases				
The Pinstripe Clothing Co. Limited	boohoo.com UK Limited	Common directors and shareholders	**–**	29
Kamani Construction Limited	boohoo.com UK Limited	Common directors and shareholders	**22**	75
Admin costs – marketing				
The White Cube Creative Limited	boohoo.com UK Limited	Director of supplier is a domestic partner of boohoo.com plc director	**71**	103
Admin costs – office rental				
Kamani Commercial Property Limited	boohoo.com UK Limited	Common directors and shareholders	**761**	773

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 RELATED PARTY DISCLOSURES continued

As disclosed in the Admission Document, the company has an option to buy the entire share capital of 21Three Clothing Company Limited ("21Three") (trading as Pretty Little Thing) at any time until 14 March 2017 for a consideration of £5,000,000 less debt, or such lesser sum as the buyer and sellers agree, or to require that 21Three cease trading and be wound up on that date. In the case of the winding up, the company will require the consent of the shareholders of 21Three to be able to use the intellectual property of 21Three for sale of fashion product online. The company has not made a decision regarding exercise of the option at this time but is monitoring and evaluating the prospects of the business and its integration with boohoo operations. The fair value of the option cannot be measured reliably because of the large range of future potential profits or losses of the company and the rapid change in revenue growth at present. The option is included in the financial statements at its nominal cost of £1. The three sons of Mahmud Kamani, joint CEO and director of boohoo.com plc, are directors and shareholders of 21Three.

boohoo.com UK Limited provided chargeable third party logistics services for 21Three from September 2015 and received income as shown above under warehouse management services.

boohoo.com UK Limited also acquired the freehold interest in office premises adjacent to its current head office, from Jogo Associates Limited Pension Scheme, a related company, for £1.6 million.

20 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

	2016 £000	2015 £000
Financial assets		
Cash and cash equivalents	**58,281**	54,146
Cash flow hedges	**63**	852
Trade and other receivables	**5,550**	2,781
	63,894	57,779

	2016 £000	2015 £000
Financial liabilities		
Cash flow hedges	**4,901**	31
Trade and other payables	**26,719**	16,462
	31,620	16,493

(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 third party sales are to a small number of large established corporations. 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.

(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 29 February 2016 the group had capital of £131.7 million (2015: £120.5 million), comprising equity of £73.4 million (2015: £66.4 million) and cash of £58.3 million (2015: £54.1 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 29 February 2016 was £63,000 (2015: £852,000) and within financial liabilities was £4,901,000 (2015: £31,000). The non-current element of the financial assets is £28,000 (2015: £nil) and of financial liabilities £610,000 (2015: £nil). Cash flows related to these contracts will occur during the two years to 28 February 2018 and gains or losses will be recognised in the statement of comprehensive income during those periods. The amount recognised in other comprehensive income during the year is a loss of £5,661,000 (2015: gain of £802,000) and the amount reclassified from other comprehensive income to profit and loss during the year is a gain of £802,000 (2015: gain of £20,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 SHARE-BASED PAYMENTS

Summary of movements in awards

Number of shares	ESOP	NED Plan	SIP	SAYE	Total	Weighted average exercise price pence
Outstanding at 14 March 2014	–	–	–	–	–	–
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	–	–	–	–	–	–
Granted during the year	11,539,854	–	1,942,624	5,241,493	18,723,971	21.86
Lapsed during the year	(1,667,000)	(3,100,000)	(802,891)	(480,780)	(6,050,671)	39.29
Exercised during the year	–	–	–	–	–	–
Outstanding at 29 February 2016	**20,670,854**	**–**	**3,459,666**	**4,760,713**	**28,891,233**	**29.99**
Exercisable at 29 February 2016	**–**	**–**	**–**	**–**	**–**	**–**

The group recognised a total expense of £607,000 during the year (2015: £292,000) relating to equity settled share-based payment transactions.

Employee Stock Ownership Plan ("ESOP")

The 2014 ESOP allows the grant of options to selected employees and executive directors of the group, based on a predetermined aggregate EBITDA target for the three financial years 2015 to 2017. The 2015 ESOP allows the grant of options to selected employees and executive directors of the group. With the exception of N Catto (CFO) there are no performance criteria. N Catto's options are subject to achieving performance criteria based on a predetermined aggregate EBITDA target and a measure of Total Shareholder Return for the three financial years ending 2016 to 2018. Options may be granted by either the board or the trustees of the Employee Benefit Trust.

Date of grant	1 March 2015 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	29 February 2016 no. of shares	Exercise price pence	Exercise period
14/03/14	9,034,000	–	(1,217,000)	–	**7,817,000**	50.00	14/03/17 – 13/03/24
27/03/14	776,000	–	–	–	**776,000**	50.00	27/03/17 – 26/03/24
04/07/14	988,000	–	–	–	**988,000**	50.00	04/07/17 – 03/07/24
22/05/15	–	11,539,854	(450,000)	–	**11,089,854**	25.75	22/05/18 – 21/05/25
	10,798,000	11,539,854	(1,667,000)	–	**20,670,854**		

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	22/05/15
Share price at grant date	50.00	59.25	44.25	25.75
Exercise price	50.00	50.00	50.00	25.75
Number of employees	118	4	2	154
Shares under option	7,817,000	776,000	988,000	11,089,854
Vesting period (years)	3	3	3	3
Expected volatility	33.33%	33.25%	33.45%	36.33%
Option life (years)	10	10	10	10
Expected life (years)	3	3	3	3
Risk free rate	0.976%	1.067%	1.303%	0.966%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%
Possibility of ceasing employment before vesting	30%	10%	10%	20%
Expectations of meeting performance criteria	nil	nil	nil	100%
Fair value per option (pence)	11.93	18.33	8.71	6.64

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. Each of the non-executive directors that were awarded options waived his right to these awards during the year, such that no non-executive directors now hold any options in the company. It is not intended that further options be granted under the NED Plan, in accordance with best corporate governance practice.

Date of grant	1 March 2015 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	29 February 2016 no. of shares	Exercise price pence	Exercise period
14/03/14	3,100,000	–	(3,100,000)	–	–	50.00	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	–
Shares under option	–
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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21 SHARE-BASED PAYMENTS continued

Share Incentive Plan (SIP)

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

Date of grant	1 March 2015 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	29 February 2016 no. of shares	Exercise price pence	Exercise period
14/03/14	2,172,000	–	(486,000)	–	**1,686,000**	nil	14/03/17 – 13/03/24
02/04/14	147,933	–	(38,353)	–	**109,580**	nil	02/04/17 – 01/04/24
19/06/15	–	1,942,624	(278,538)	–	**1,664,086**	nil	19/06/18 – 18/06/25
	2,319,933	1,942,624	(802,891)	–	**3,459,66**		

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	19/06/15
Share price at grant date	50.00	54.26	28.00
Exercise price	nil	nil	nil
Number of employees	281	20	466
Shares under option	1,686,000	109,580	1,664,086
Vesting period (years)	3	3	3
Expected volatility	33.33%	33.20%	35.89%
Option life (years)	10	10	10
Expected life (years)	3	3	3
Risk free rate	0.976%	1.143%	0.979%
Expected dividends expressed as a dividend yield	0%	0%	0%
Possibility of ceasing employment before vesting	50%	45%	45%
Expectations of meeting performance criteria	100%	100%	100%
Fair value per option (pence)	50.00	54.26	28.00

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

Save As You Earn (SAYE) scheme

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

Date of grant	1 March 2015 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	29 February 2016 no. of shares	Exercise price pence	Exercise period
29/06/15	–	5,241,493	(480,780)	–	**4,760,713**	21.40	29/06/18 – 28/12/18

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

Grant date	29/06/15
Share price at grant date	27.25
Exercise price	21.40
Number of employees	245
Shares under option	4,760,713
Vesting period (years)	3
Expected volatility	35.78%
Option life (years)	3.5
Expected life (years)	3
Risk free rate	1.052%
Expected dividends expressed as a dividend yield	0%
Possibility of ceasing employment before vesting	30%
Expectations of meeting performance criteria	100%
Fair value per option (pence)	9.63

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

22 CAPITAL COMMITMENTS

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

	2016 £000	2015 £000
Property, plant and equipment	**–**	2,622

23 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 totals of future minimum lease payments under non-cancellable operating leases due in each period are:

	2016 £000	2015 £000
Within one year	**734**	690
Within two to five years	**2,363**	2,257
In more than five years	**1,445**	1,976
	4,542	4,923

24 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 29 February 2016, 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 29 February 2016 financial statements (the "financial statements") defined below:

- give a true and fair view of the state of the company's affairs as at 29 February 2016 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 company financial statements comprise:

- the statement of financial position as at 29 February 2016;
- the statement of comprehensive income for the year then ended;
- the cash flow statement 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 48, 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 auditors
Manchester

25 April 2016

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 29 February 2016

	Note	2016 £000	2015 £000
Administrative expenses		**(281)**	(219,085)
Operating loss		**(281)**	(219,085)
Finance income		**1,237**	924
Profit/(loss) before tax		**956**	(218,161)
Taxation	4	**(192)**	(55)
Profit/(loss) and total comprehensive income/(loss) for the year		**764**	(218,216)

COMPANY STATEMENT OF FINANCIAL POSITION

at 29 February 2016

	Note	2016 £000	2015 £000
Assets			
Non-current assets			
Investments	5	**298,142**	297,591
Current assets			
Other receivables	6	**27,502**	36,722
Cash and cash equivalents		**20,095**	10,231
Total current assets		**47,597**	46,953
Total assets		**345,739**	344,544
Liabilities			
Current liabilities			
Other payables	7	**(18)**	–
Current tax liability		**(192)**	(55)
Total current liabilities		**(210)**	(55)
Net assets		**345,529**	344,489
Equity			
Share capital	8	**11,233**	11,231
Share premium		**551,666**	551,612
EBT reserve		**(761)**	(430)
Retained earnings		**(216,609)**	(217,924)
Total equity		**345,529**	344,489

The notes on pages 82 to 85 form part of these financial statements.

These financial statements of boohoo.com plc, registered number 114397, on pages 78 to 85 were approved by the board of directors on 25 April 2016 and were signed on its behalf by:

MAHMUD KAMANI CAROL KANE NEIL CATTO

Directors

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	EBT £000	Retained earnings £000	Total equity £000
Balance as at 1 March 2014	–	–	–	–	–
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 and total comprehensive loss	–	–	–	(218,216)	(218,216)
Balance at 28 February 2015	11,231	551,612	(430)	(217,924)	344,489
Issue of shares	2	54	–	–	56
Purchase of shares by EBT	–	–	(331)	–	(331)
Share-based payments credit	–	–	–	551	551
Profit for the year and total comprehensive income	–	–	–	764	764
Balance at 29 February 2016	**11,233**	**551,666**	**(761)**	**(216,609)**	**345,529**

The notes on pages 82 to 85 form part of these financial statements.

COMPANY CASH FLOW STATEMENT

for the year ended 29 February 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit/(loss) for the year	**764**	(218,216)
Adjustments for:		
Impairment of investment in subsidiary	**–**	218,000
Finance income	**(1,237)**	(924)
Tax expense	**192**	55
Loss before tax before changes in working capital and provisions	**(281)**	(1,085)
Decrease/(increase) in other receivables	**9,256**	(36,683)
Increase in other payables	**18**	–
Net cash inflow/(outflow) from operating activities	**8,993**	(37,768)
Cash flows from investing activities		
Interest received	**1,201**	885
Tax paid	**(55)**	–
Net cash inflow from investing activities	**1,146**	885
Cash flows from financing activities		
Proceeds from the issue of ordinary shares	**56**	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	**(331)**	(401)
Net cash (outflow)/inflow from financing activities	**(275)**	47,114
Increase in cash and cash equivalents	**9,864**	10,231
Cash and cash equivalents at beginning of year	**10,231**	–
Cash and cash equivalents at end of year	**20,095**	10,231

The notes on pages 82 to 85 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 ("IFRIC") 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 34 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 financial statements on page 58.

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 timeframes, which require management judgement and estimates that cannot be certain.

2 PROFIT FOR THE YEAR

Profit before tax is stated after charging:

	2016 £000	2015 £000
Impairment of investment in subsidiaries	–	218,000
Exceptional items – IPO expenses	–	873

3 DIRECTORS' EMOLUMENTS

Directors' emoluments and pension payments are detailed in the directors' remuneration report on page 42. Directors' emoluments are borne by the principal trading subsidiary and not recharged to the parent company.

4 TAXATION

	2016 £000	2015 £000
Analysis of charge in year		
Current tax on income for the year	**192**	55

The total tax charge differs from the amount computed by applying the blended UK rate of 20.1% for the year (2015: 21.1%) to profit before tax as a result of the following:

Profit/(loss) on ordinary activities before tax	**956**	(218,161)
Profit/(loss) before tax multiplied by the standard blended rate of corporation tax of the UK of 20.1% (2015: 21.1%)	**192**	(46,032)
Effects of:		
Expenses not deductible for tax purposes	–	46,087
Tax on profit/(loss) on ordinary activities	**192**	55

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 company's profits for this financial year are taxed at an effective rate of 20.1%. There is no tax payable in Jersey.

5 INVESTMENTS

	Investments £000	Capital contribution £000	Total £000
Cost			
Additions	515,299	292	515,591
Balance at 28 February 2015	515,299	292	515,591
Additions	–	551	551
Balance at 29 February 2016	**515,299**	**843**	**516,142**
Impairment			
Charge for year	218,000	–	218,000
Balance at 28 February 2015	218,000	–	218,000
Balance at 29 February 2016	**218,000**	**–**	**218,000**
Net book value			
At 28 February 2015	297,299	292	297,591
At 29 February 2016	**297,299**	**843**	**298,142**

NOTES TO THE COMPANY FINANCIAL STATEMENTS
CONTINUED

5 INVESTMENTS continued

Additions of investment balances during the year to 28 February 2015 were 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 investment in subsidiaries was impaired during the year to 28 February 2015 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 were 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 was estimated at £218 million.

The capital contribution represents the value of the share based payment charges that are expensed in the subsidiary's financial statements for shares issued in the company.

At 29 February 2016 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%
boohoo.com Australia Pty Ltd	Marketing office	Australia	100%
Shanghai Wasabi Frog Boohoo Ltd	Dormant company	China	100%

The accounting reference date of all subsidiaries of boohoo.com plc is 29 February, except for Shanghai Wasabi Frog Boohoo Ltd which has an accounting reference date of 31 December due to Chinese statutory requirements.

6 OTHER RECEIVABLES

	2016 £000	2015 £000
Prepayments and accrued income	**80**	45
Receivable from subsidiary undertaking	**27,422**	36,677
	27,502	36,722

The fair value of other receivables is not materially different to their carrying value. The directors believe that the receivable from the subsidiary undertaking of £27,422,000 as at 29 February 2016 is fully recoverable.

7 OTHER PAYABLES

	2016 £000	2015 £000
Accruals and deferred income	**18**	–

The fair value of other receivables is not materially different to their carrying value.

8 SHARE CAPITAL

	2016 £000	2015 £000
1,123,267,330 authorised and fully paid ordinary shares of 1p each (2015: 1,123,132,360)	**11,233**	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. On 25 February 2016, 134,970 ordinary shares were issued to non-executive directors as part of their annual remuneration.

9 RELATED PARTY TRANSACTIONS

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

	2016 £000	2015 £000
Costs recharged by subsidiary undertakings	**(318)**	(2,111)
Interest recharged to subsidiary undertakings	**965**	688
	647	(1,423)

Administrative expenses incurred by boohoo.com UK Limited on behalf of the company were recharged to the company and interest on the company's loan to boohoo.com UK Limited was recharged at commercial rates to boohoo.com UK Limited.

FIVE YEAR GROUP STATEMENT OF COMPREHENSIVE INCOME

	2012 £000	2013 £000	2014 £000	2015 £000	**2016 £000**
Revenue	29,012	67,282	109,791	139,851	**195,394**
Cost of sales	(13,627)	(30,619)	(44,879)	(54,806)	**(82,483)**
Gross profit	15,385	36,663	64,912	85,045	**112,911**
Distribution costs	(6,695)	(13,613)	(24,290)	(30,653)	**(45,501)**
Administrative expenses	(8,430)	(19,764)	(30,289)	(43,814)	**(53,756)**
Other income	–	–	488	–	**1,392**
Operating profit	260	3,286	10,821	10,578	**15,046**
Finance income/(expense)	(11)	(102)	(84)	490	**628**
Profit before tax	249	3,184	10,737	11,068	**15,674**
Taxation	–	(614)	(2,310)	(2,663)	**(3,236)**
Profit for the year	249	2,570	8,427	8,405	**12,438**
Other comprehensive income for the year, net of income tax					
Net fair value (loss)/gain on cash flow hedges	–	–	20	802	**(5,661)**
Total comprehensive income for the year	249	2,570	8,447	9,207	**6,777**
Earnings per share*					
Basic	0.02p	0.23p	0.75p	0.75p	**1.11p**
Diluted	0.02p	0.23p	0.74p	0.74p	**1.10p**

* 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

	2012 £000	2013 £000	2014 £000	2015 £000	**2016 £000**
Non-current assets	1,513	5,626	9,284	15,461	**26,227**
Current assets	5,848	12,320	19,258	70,031	**84,081**
Total assets	7,361	17,946	28,542	85,492	**110,308**
Equity attributable to the owners of the parent	(721)	1,849	9,760	66,373	**73,427**
Current liabilities	7,535	13,576	16,424	19,119	**36,271**
Non-current liabilities	547	2,521	2,358	–	**610**
Total liabilities, capital and reserves	7,361	17,946	28,542	85,492	**110,308**

FIVE YEAR GROUP CASH FLOW STATEMENT

	2012 £000	2013 £000	2014 £000	2015 £000	**2016 £000**
Net cash generated from operating activities	1,460	5,607	5,879	12,161	**17,456**
Net cash used in investing activities	(253)	(4,648)	(4,577)	(7,798)	**(12,990)**
Net cash (used in)/generated from financing activities	(209)	2,088	(498)	44,372	**(331)**
Net movement in cash and cash equivalents	998	3,047	804	48,735	**4,135**
Opening cash and cash equivalents	562	1,560	4,607	5,411	**54,146**
Closing cash and cash equivalents	1,560	4,607	5,411	54,146	**58,281**

SHAREHOLDER INFORMATION

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