boohoo

BOOHOO.COM PLC
ANNUAL REPORT
AND ACCOUNTS 2018

WELCOME

BOOHOO.COM PLC IS A LEADING ONLINE FASHION RETAIL GROUP. ITS BRANDS BOOHOO, BOOHOOMAN, PRETTYLITTLETHING AND NASTY GAL TARGET FASHION-CONSCIOUS 16 TO 30 YEAR OLDS IN THE UK AND INTERNATIONALLY.

02

READ MORE ABOUT OUR HIGHLIGHTS OF THE YEAR

04

READ MORE ABOUT OUR AWARD WINNING BUSINESS

12

READ MORE ABOUT OUR PERFORMANCE DURING THE YEAR

VISIT US ONLINE AT
WWW.BOOHOOPLC.COM

CONTENTS

GROUP FINANCIAL AND OPERATIONAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

GROUP
- Revenue £579.8 million, up 97% (92% CER[1])
- Strong revenue growth across all geographies with UK up 95% and international up 99%
- Gross margin 52.8% (2017: 54.6%)
- Adjusted EBITDA £56.9 million, 9.8% of revenue (2017: £35.6 million, 12.1%)
- Adjusted profit before tax £51.0 million (2017: £31.9 million)
- Strong balance sheet with net cash of £133.0 million (2017: £58.4 million), following £50 million share placing and with robust operating cash flow of £76.2 million (2017: £36.1 million)

boohoo
- Revenue £374.1 million, up 32% (29% CER)
- Gross margin 51.2%, down 330bps, driven by planned investments in the customer proposition (retail gross margin 53.4% (2017: 56.1%))

PRETTYLITTLETHING
- Revenue £181.3 million (up 228% on 12-month comparative period)
- Gross margin 55.2% (retail gross margin 57.2% (2017 12-month comparative: 57.3%))

NASTY GAL
- Revenue £24.4 million
- Revenue and customer growth both strong from start-up on 1 March 2017
- Gross margin 59.6%

1 CER designates Constant Exchange Rate translation of foreign currency revenue, which gives a truer indication of the performance in international markets by removing year-to-year exchange rate movements when local currency sales are converted to sterling.
2 Active customers defined as having shopped in the last year.

	2018 £m	2017 £m	Change
Revenue	**579.8**	294.6	+97%
Gross profit	**306.4**	160.8	+90%
Gross margin	***52.8%***	*54.6%*	*-180bps*
Adjusted EBITDA[1]	**56.9**	35.6	+60%
% of revenue	***9.8%***	*12.1%*	*-230bps*
Adjusted EBIT[2]	**50.4**	31.2	+61%
% of revenue	***8.7%***	*10.6%*	*-190bps*
Adjusted profit before tax[3]	**51.0**	31.9	+60%
Profit before tax	**43.3**	30.9	+40%
Adjusted diluted earnings per share[4]	**3.23p**	2.20p	+47%
Diluted earnings per share	**2.71p**	2.16p	+25%
Net cash[5] at year end	**133.0**	58.4	+£74.6 million

1 Adjusted EBITDA is calculated as profit before tax, interest, depreciation, amortisation, share-based payment charges and option gain on PrettyLittleThing acquisition (2017).
2 Adjusted EBIT is calculated as profit before tax, interest, share-based payment charges, amortisation of acquired PrettyLittleThing and Nasty Gal intangible assets and option gain on PrettyLittleThing acquisition (2017).
3 Adjusted profit before tax is calculated as profit before tax, excluding share-based payment charges, amortisation of acquired PrettyLittleThing and Nasty Gal intangible assets and option gain on PrettyLittleThing acquisition (2017).
4 Adjusted diluted earnings per share is calculated as diluted earnings per share, adding back amortisation of acquired PrettyLittleThing and Nasty Gal intangible assets, share-based payment charges and option gain on PrettyLittleThing acquisition (2017).
5 Net cash is cash less borrowings.

OPERATIONAL HIGHLIGHTS

GROUP
- Distribution centre extension build complete, fit-out on schedule, sufficient for over £1 billion future group operation

boohoo
- 6.4 million active customers[2], up 22% on prior year
- Transition to new website platform complete across all markets, with stability, flexibility and performance improvements
- Significant investments in customer service improving the customer proposition

PRETTYLITTLETHING
- 3.0 million active customers, up 128% on prior year
- Increasing momentum in brand awareness driving growth in customer numbers
- High profile celebrity associations driving traffic and international expansion

NASTY GAL
- 0.4 million active customers
- Product range built to over 5,000 lines in 12 months
- International appeal outside of US growing, increasing revenue
- New offices in Manchester to support a growing operational team and in Los Angeles focussing on marketing

REVENUE

2018	**£579.8m**
2017	£294.6m
2016	£195.4m

ADJUSTED EBITDA

2018	**£56.9m**
2017	£35.6m
2016	£18.7m

PROFIT BEFORE TAX

2018	**£43.3m**
2017	£30.9m
2016	£15.7m

AT A GLANCE

A WINNING BUSINESS

BOOHOO.COM PLC IS A LEADING ONLINE FASHION RETAIL GROUP, HOME TO A PORTFOLIO OF PURE-PLAY FASHION BRANDS WITH A PRESENCE IN THE UK AND GLOBALLY.

AWARDS

BOOHOO CONTINUES TO BE RECOGNISED EXTERNALLY FOR BOTH ITS PRODUCT AND ONLINE SHOPPING EXPERIENCE AND HAS WON NUMEROUS AWARDS.

2014

- Reveal Online Fashion Awards – Best for a Bargain, Best one-stop Shop, Best online Shop of the Year
- Lorraine Awards – Best Online Retailer
- Cosmopolitan Magazine Fashion Awards – Best for Curves
- 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 High Street Award win 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

2016

- Lorraine High Street Award win Best Online Retailer, Best Curvy Collection
- Best Online Retailer – Cosmopolitan #FashFest Fashion Awards
- Best Exclusive Online Retailer – U Magazine High Street Awards
- Fabulous High Street Awards – Best for Partywear, Best for Curves, Best Online shop, Best for under £30

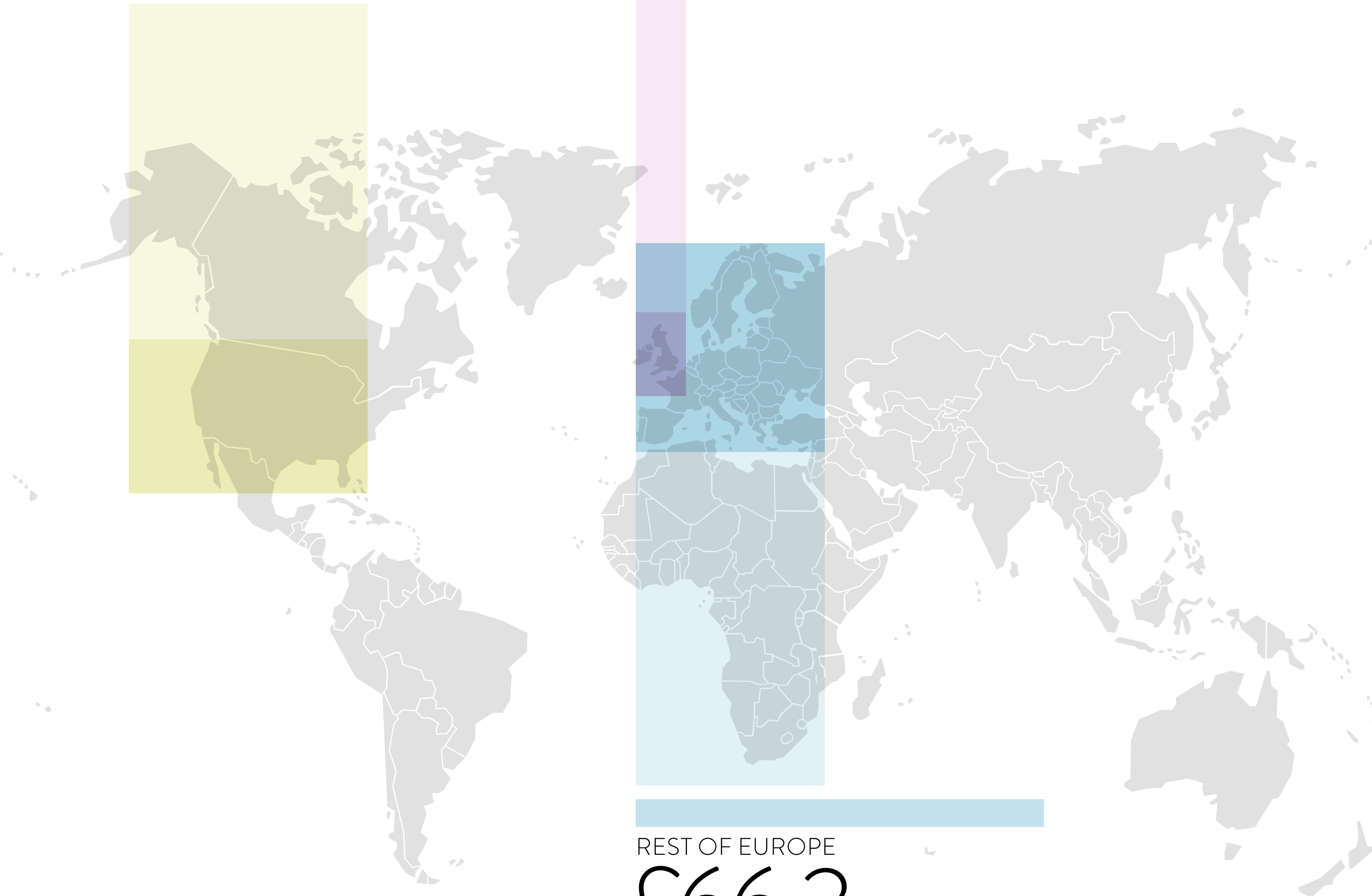
2017

- UK Stock Market Awards – AIM Company of the Year, Growth Company of the Year
- City A.M. Business of the Year Award

REVENUE BY REGION

UNITED KINGDOM
£355.6m

UNITED STATES
£92.7m



REST OF EUROPE
£66.3m

REST OF THE WORLD
£65.2m

GROUP STRUCTURE AND BRANDS

ABOUT OUR GROUP AND OUR BRANDS

BOOHOO.COM PLC OWNS THE BRANDS BOOHOO, BOOHOOMAN, PRETTYLITTLETHING AND NASTY GAL AND DESIGNS, SOURCES, MARKETS AND SELLS CLOTHING, SHOES, ACCESSORIES AND BEAUTY PRODUCTS TARGETED AT 16-30 YEAR OLD CONSUMERS IN THE UK AND INTERNATIONALLY. THE GROUP HAS A STRONG PRESENCE IN THE UK, US, AUSTRALIA AND IRELAND, AND SELLS PRODUCTS TO CUSTOMERS IN ALMOST EVERY COUNTRY IN THE WORLD.

boohoo

Founded in Manchester in 2006, boohoo is an inclusive and innovative brand targeting young, value-orientated customers. For over 11 years, boohoo has been pushing boundaries to bring its customers up-to-date and inspirational fashion, 24/7. boohoo has grown rapidly in the UK and internationally, expanding its offering with range extensions into menswear, through boohooMAN, and now has over six million active customers.

Currently boohoo operates through English, French, German, Italian and Spanish language websites. Products are designed, sourced and subsequently distributed globally from a central UK warehouse. Hundreds of products are added to the website each week, uploaded via the company's on-site photography and art studio and displayed in gallery photos. The speed and agility of the company ensures it is first to market with the latest on-trend styles and fashion.

PRETTYLITTLETHING

The group acquired a 66% interest in PrettyLittleThing.com Limited on 3 January 2017 and has an option to buy the non-controlling interest of 34% on 14 March 2022 for market value or less, subject to performance criteria.

Founded in 2012, PrettyLittleThing originated as an accessories-only website. Since then it has grown into a forward-thinking fashion brand aimed at bringing affordable style to young female fashion breakers and makers. It has experienced rapid growth since inception and continues to grow rapidly. The business is all about the right here, right now, not just anticipating trends but creating them, taking inspiration from the catwalk, celebrities and influencers and making sure products are available for the customer to shop online before they are available anywhere else. PrettyLittleThing now has three million active customers.

NASTY GAL

The group acquired the Nasty Gal brand (trademarks and customer lists) on 28 February 2017.

Founded by Sophia Amoruso in 2006, Nasty Gal is a bold and distinctive brand for fashion-forward, free-thinking young women, offering limited edition clothing to a global audience. The brand's largest market so far has been in the USA and has a global reach with enormous potential for growth.

THE GROUP
BOOHOO.COM PLC

OUR BRANDS

boohoo
boohooMAN
PRETTYLITTLETHING
NASTY GAL

WHAT WE DO

SELL
DESIGN
MARKET
SOURCE

CLOTHES
SHOES
ACCESSORIES
BEAUTY PRODUCTS

TARGET GROUP

Globally

16 TO 30
YEAR-OLDS

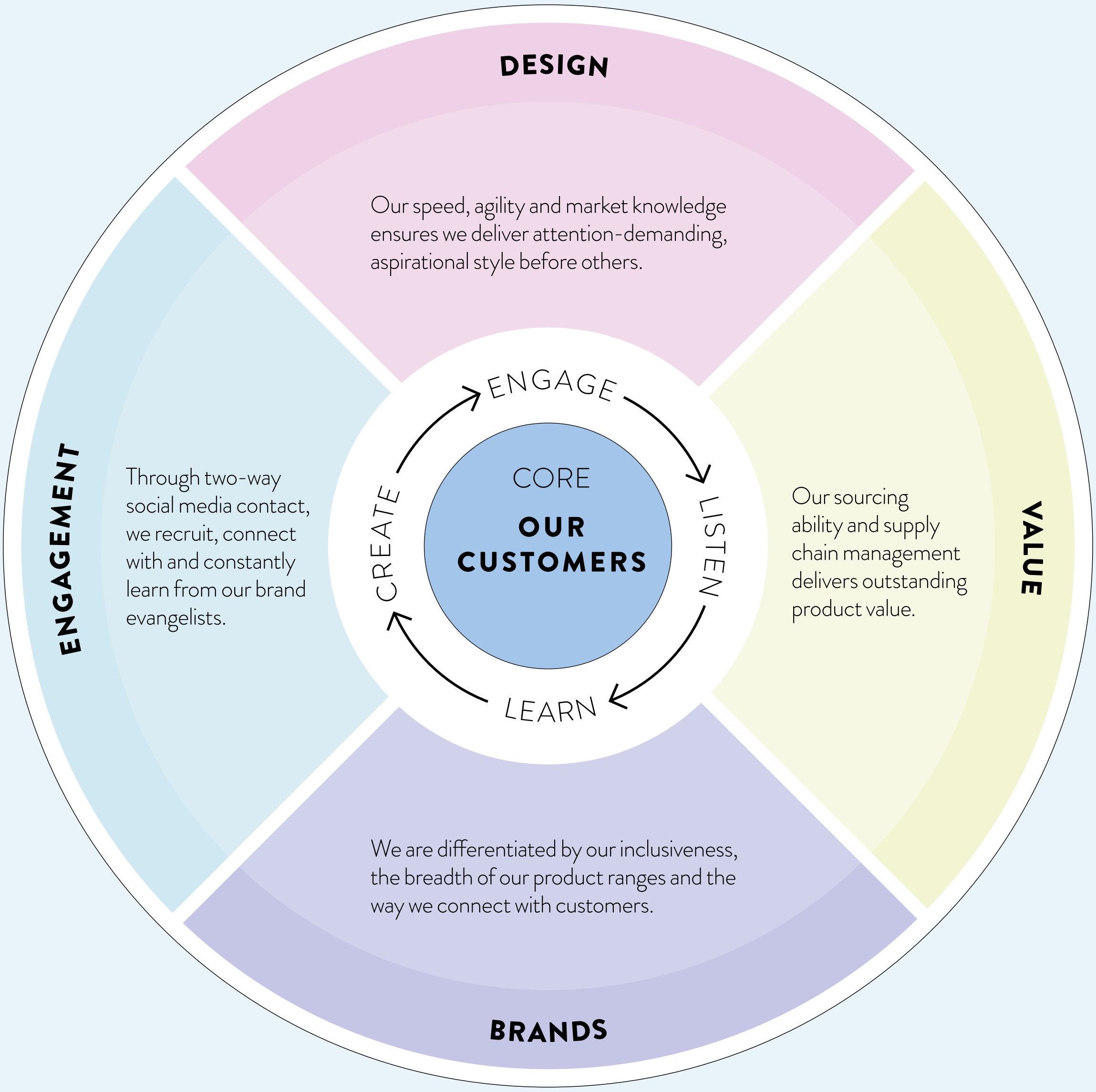
On own website and other online third parties'

OUR BUSINESS MODEL, AMBITION AND STRATEGY

HOW WE RUN OUR BUSINESS

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

BUSINESS MODEL



VISION AND AMBITION

The group's ambition and growth prospects are underpinned by forecast growth in both the domestic and international online fashion retail markets, a highly efficient product sourcing model and a robust infrastructure development plan.

Our vision is to be leading the e-commerce fashion market for 16 to 30 year-olds, which we will drive through our strategic priorities:

INSIGHT
CREATING A COMPETITIVE CUSTOMER PROPOSITION

INVESTMENT
DELIVERING ORGANIC GROWTH TO INCREASE MARKET SHARE

INNOVATION
DRIVING CUSTOMER ENGAGEMENT

INTEGRATION
INTEGRATING NEW BRANDS

PRODUCT STRATEGY

boohoo

boohoo's strategy is to be the young person's fashion best friend, offering the most up-to-date fashion at incredible prices with an unbeatable choice, great quality and excellent service. The brand's core values are fun, fashion, social and inclusive. This translates into a product range for every young woman and man around the world.

PRETTYLITTLETHING

PrettyLittleThing's product strategy is to be a youthful trend leader in online women's fashion, offering a wide range of products at great prices, supported by an engaging global social media presence. The brand aims to let every girl feel like a celebrity with her clothes.

NASTY GAL

The Nasty Gal brand has strong consumer awareness, particularly in the USA, and an even greater global potential. Nasty Gal's product strategy is to create distinct, aspirational fashions drawing on the unique DNA of the brand's heritage.

CHAIRMAN'S STATEMENT

BUILDING A SUCCESSFUL GROUP

"THE DIVERSIFICATION OF THE GROUP FOLLOWING THE ACQUISITION LAST YEAR OF PRETTYLITTLETHING AND NASTY GAL HAS GIVEN THE GROUP A SIGNIFICANT INCREASE IN SCALE AND FUTURE POTENTIAL. TRADING HAS BEEN HIGHLY SUCCESSFUL, DESPITE WEAK CONDITIONS IN THE UK RETAIL SECTOR AND, AGAINST MORE CHALLENGING COMPARATIVES, GROWTH HAS BEEN STRONG WHILST INTERNATIONAL GROWTH IS ACCELERATING."

This is now my fourth year as chairman of boohoo and it gives me the greatest pleasure to report another set of outstanding results for the group. There has been a significant step-change in the size and scale of the group's operations, following last year's acquisitions of PrettyLittleThing and Nasty Gal. Not only that, but all of our brands continue to perform extremely well, with outstanding revenue growth and solid profitability.

Group revenue growth was 97%, with revenue reaching £ 579.8 million. Growth in boohoo revenue was 32% and the outstanding like-for-like growth of PrettyLittleThing of 228% has been complemented by Nasty Gal's achieving £24.4 million in its first year under new ownership. All the brands have performed very well in the UK, which is the largest market for the group, whilst international growth has been very impressive.

Profitability of the group was also very strong with adjusted EBITDA of £56.9 million, up 60% on the prior year, at 9.8% of revenue compared to 12.1% in the prior year. Profit before tax was up 40% at £43.3 million and earnings per share was 2.78p compared to 2.19p last year.

It is particularly gratifying to see the progress of the group in international markets, where the continued growth rate underlines the fact that there is so much opportunity for even more success for each brand overseas. Whilst growth in our key markets remains robust, this year has been marked by a real acceleration in a number of European countries as we break into those markets, with potential for a substantial increase in business.

The growth in revenues has required a significant investment in infrastructure: a new distribution centre in Burnley has been built on schedule and fit-out is underway; new offices in Burnley for a larger customer services team have been completed; and Nasty Gal has moved into new office facilities in Los Angeles and in Manchester, adjacent to the boohoo head office. Technological improvements continue to improve the website, app and the customer journey, including faster refunds for overseas customers and improved delivery options.

This has been accomplished by a great team working together and I wish to congratulate Mahmud, Carol and the management team on another year of success and to extend my appreciation to every employee in the group for their efforts that have made this achievement possible.

Peter Williams
Chairman
25 April 2018

GROUP REVENUE
£579.8m
REVENUE UP BY 97%

GROSS PROFIT
£306.4m
GROSS MARGIN OF 52.8%

ADJUSTED EBITDA
£56.9m
UP BY 60%

BASIC EARNINGS PER SHARE
2.78p
UP BY 27%


MAN

REVIEW OF THE BUSINESS

PERFORMANCE DURING THE YEAR

"AN OUTSTANDING YEAR, WITH THE INTEGRATION OF PRETTYLITTLETHING AND NASTY GAL ADDING TO THE ALREADY SUCCESSFUL BOOHOO BRAND AND INTRODUCING A STEP-CHANGE TO THE REVENUE AND PROFITS OF THE GROUP."

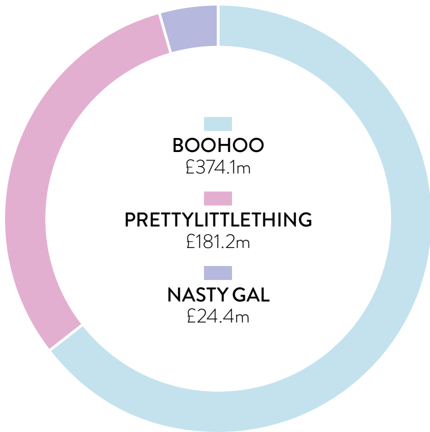
OVERVIEW

	2018 £000	2017 £000	Change
Revenue	**579,800**	294,635	+97%
Gross profit	**306,355**	160,829	+90%
Gross margin	***52.8%***	*54.6%*	*-180bps*
EBITDA	**53,663**	35,073	+53%
% of revenue	***9.3%***	*11.9%*	*-265bps*
Profit before tax	**43,313**	30,945	+40%
Diluted earnings per share	**2.71**	2.16p	+25%
Net cash[1] at year end	**133,047**	58,420	+£74.6m
Underlying:			
Adjusted EBITDA[2]	**56,932**	35,563	+60%
% of revenue	***9.8%***	*12.1%*	*-230bps*
Adjusted EBIT[3]	**50,403**	31,232	+61%
% of revenue	***8.7%***	*10.6%*	*-190bps*
Adjusted profit before tax[4]	**51,031**	31,869	+60%
Adjusted diluted earnings per share[5]	**3.23p**	2.20p	+47%

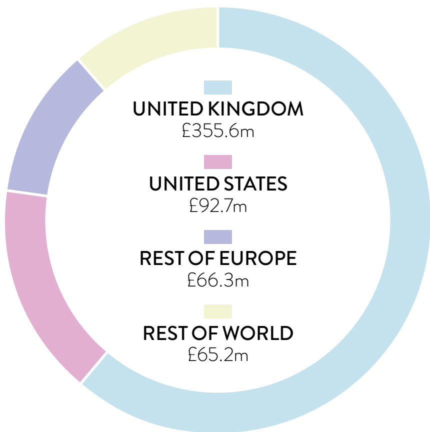
1 Net cash is cash less borrowings.
2 Adjusted EBITDA is calculated as profit before tax, interest, depreciation, amortisation, share-based payment charges and option gain on PrettyLittleThing acquisition (2017).
3 Adjusted EBIT is calculated as profit before tax, interest, share-based payment charges, amortisation of acquired PrettyLittleThing and Nasty Gal intangible assets and option gain on PrettyLittleThing acquisition (2017).
4 Adjusted profit before tax is calculated as profit before tax, excluding share-based payment charges and amortisation of acquired intangible assets and option gain on PrettyLittleThing acquisition (2017).
5 Adjusted diluted earnings per share is calculated as diluted earnings per share, adding back amortisation of acquired intangibles, share-based payment charges and option gain on PrettyLittleThing acquisition (2017).

Our enlarged group distribution centre in Burnley will be ready for use in early 2019.

REVENUE BY BRAND



REVENUE BY REGION



REVIEW OF THE BUSINESS
CONTINUED

BOOHOO REVENUE
£374.1m
INCREASE OF 32% ON 2017

OVERVIEW

The group made great progress during the year, integrating a new company, PrettyLittleThing, and a new brand, Nasty Gal, into the boohoo group. Revenue from boohoo continued to grow strongly, whilst there has been an exceptional performance from PrettyLittleThing, and Nasty Gal exceeded our estimates in its first year. Against a backdrop of difficult trading in the UK clothing sector, the group continued to perform well, gaining market share in the expanding online sector. Our international business showed much higher growth rates and we are particularly pleased with its gathering momentum. The group despatched 22 million orders to 9.8 million active customer accounts across all its brands, achieving total revenue of £579.8 million.

We raised £50 million from a share placing during the year, for investment in building and automation of our new distribution centre and, combined with significant cash generation by the group, our net cash balance rose to £133.0 million. Capital investment during the year amounted to £46.4 million, much of this being for our distribution centre extension, with capital commitments at the end of the year of £28 million.

Distribution centre

Our group distribution centre in Burnley has been enlarged by a new building, with a footprint of 166,000 square feet, now complete and undergoing fit-out ready for use in early 2019. A key aspect of the new facility will be the introduction of a significant amount of automation, which will greatly improve picking efficiency and have a short payback period on the capital invested. The enlarged facility will be sufficient for an operation capable of generating over £1 billion in net sales. We have also opened substantial employee welfare facilities at the distribution and customer services centre, which include a gym, exercise studio, leisure facilities and subsidised canteen. PrettyLittleThing is to move into its own warehouse in the first half of the FY19 financial year. This brings incremental sales capacity in addition to that in our Burnley operations, will help underpin our infrastructure needs and add further operational flexibility for the group. It represents a significant milestone as we develop a distribution network capable of generating £3 billion of net sales globally, in line with our vision to lead the fashion eCommerce market.

BOOHOO AND BOOHOOMAN

Performance

Revenue for the year increased to £374.1 million, up 32% (29% CER) on the previous year.

Revenue growth in the UK, the largest geographic market, has been robust and international growth very strong as the reach and appeal of the brand increases. Additional breadth in the product range has contributed to revenue growth, with several new product categories introduced in the year.

Product

boohoo's comprehensive range of clothing, footwear, accessories and beauty products has continued to grow during the year, with new additions and greater depth in ranges. Our extended women's size ranges of plus size and curve, petite and tall have performed extremely well and new additions such as premium, soft tailoring, lingerie, maternity and athleisure have contributed to revenue growth and to attracting a more diverse customer base. Menswear has continued to perform very well, with a rapidly growing and more comprehensive product line. Introductions this year included big and tall sizing, an extended activewear line and a MAN logo range.

Our offering changes daily, with hundreds of new styles added and the very latest fashions appearing within days or weeks of trends being spotted by our fashion experts and offered to our customers at affordable prices. The breadth of the range makes boohoo a destination to which customers keep returning to find their desired items with ease.

Marketing

Marketing activity is focussed on a successful formula of a mix of media, including social media influencers, bloggers, TV, outdoor, email, students and digital acquisition channels. Our Instagram site has greatly increased its reach, with followers doubling this year and content much increased. Our social media presence continues to grow and we now have 4.8 million followers on Instagram, 2.7 million Facebook likes and 0.6 million followers on Twitter.

Customer interaction

Active customer numbers over the last 12 months increased by 22% to 6.4 million. Conversion rate to sale increased from 4.0% to 4.3% of sessions, when measured on website statistics alone, in order to remove duplicated sessions on the app. Order frequency remained unchanged with customers placing an order with us, on average, 2.13 times in 12 months, whilst the number of items per basket rose 6% to 3.06.

We have continued to refine the customer proposition with free returns and next day delivery available in more overseas markets. Future developments will include more country-specific websites and even faster customer service response times.

boohoo Premier, offering unlimited shipping for an annual fee and introduced in late 2016 in the UK, has continued to attract many new subscribers. We have introduced several new payment types in overseas markets, in line with our aim to attain best-in-class customer service.

Technology

All our remaining regional websites were successfully migrated to the new website platform during the year. The new platform has proven to have superior stability, with no downtime during the peak Black Friday and pre-Christmas periods, greater flexibility for development and faster response times for customers.

We have continued to increase our use of cloud platforms for scalability and resilience of our systems. A continual programme of app improvement and development is ongoing, including roll-out of the app to more international markets.

REVIEW OF THE BUSINESS
CONTINUED

PRETTYLITTLETHING REVENUE

£181.2m

REVENUE GROWTH OF 228%

We have now implemented an image recognition capability. The first implementation of this technology allows customers to upload an image and find similar products from the boohoo range. We are experimenting with other uses of this in, for example, outfit builder, shop the look and other uses. boohooMAN launched apps for the UK, US and Australian markets during the year. All our sites are optimised for mobile browsing, whilst mobile device use continues to rise and now accounts for 73% of sessions.

PRETTYLITTLETHING

Performance
PrettyLittleThing (PLT) achieved outstanding revenue growth of 228% over the comparable 12-month period and 209% in the like-for-like two-month post-acquisition period. The UK is the brand's largest market, where revenue growth and market share have increased significantly. International sales growth has been exceptionally strong, up 364%. The international markets have enormous potential to grow given our relatively small market share in large opportunity markets including the USA, France and the rest of continental Europe. Gross margin has remained strong at 55.2% (2017 12-month comparative: 56.8%), with retail gross margin at 57.2% (2017 12-month comparative: 57.3%).

Product
PLT brings the latest and most relevant celebrity looks at affordable prices to our customers, with a choice of over 12,500 styles and new items available daily. We have widened our product range in the year to include higher price point premium categories, more beauty products and, from September 2017, a shape range. We launched two celebrity collections in the year with Kourtney Kardashian (October 2017) and Olivia Culpo (August 2017), which attracted significant global media interest across both traditional and social media channels. Our new curve, shape, plus and petite ranges have proved popular with customers in all markets and we have also introduced an activewear range.

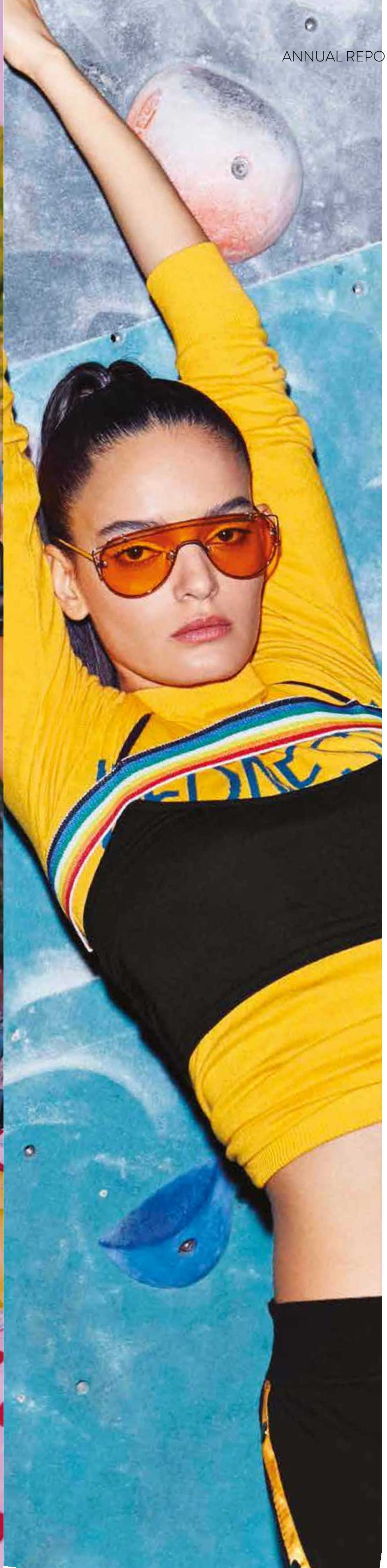
Marketing
Social media advertising is highly effective in reaching our target audience and we have seen the number of our followers increase significantly across all social media platforms. Our celebrity collaborations with Kourtney Kardashian, Kylie Jenner and Olivia Culpo have also been instrumental in raising brand awareness globally and the brand is recognised by the younger generation as one of the hottest in the UK.

Customer interaction
The number of country-specific websites increased to seven following the addition of our first foreign language website in French, with more foreign language websites set to be launched in the 2019 financial year. We have also strengthened our overall customer proposition and during the 2019 financial year there will be a continued focus on enhancing the customer experience, with the launch of fully tracked returns portals planned for Q1 of the financial year across multiple international markets.

Active customer numbers over the last 12 months increased by 128% to 3.0 million. We have 1.2 million followers on Facebook (an increase of 51% in 12 months), 0.3 million followers on Twitter, 3.3 million Instagram followers (an increase of 106% in 12 months), 2.0 million YouTube views as well as a presence on several other social media channels.

Significant investment has been made, and continues to be made, in our customer services team, enabling us to deliver market leading customer service across multiple platforms.

Technology
We have continued to invest in our technology infrastructure to enable us to support the growth of the business, as well as to offer the best quality customer proposition. Development has been underway throughout the year to enhance our websites to support the increasing product range and make the customer's shopping experience as seamless as possible. We have continued to invest in the development of our app which operates on both iOS and Android, with 20% of all customer visits coming via the app in the 2018 financial year, up from 10% in the prior period.



NASTY GAL REVENUE

£24.4m

ACHIEVED IN FIRST YEAR UNDER NEW OWNERSHIP

NASTY GAL

Performance

From a start-up in March 2017, revenue has increased steadily and strongly throughout the year. Revenue for the year amounted to £24.4 million, which was greater than our expectations. It is gratifying to see the growth in sales outside of the USA, where Nasty Gal predominated under its previous ownership, as this is highly encouraging in indicating the international appeal of the brand. We have invested heavily in marketing to increase brand awareness and re-energise the brand, concentrating on the key markets of the USA and UK initially.

We opened new offices in Los Angeles for our US marketing team and in Manchester for the expanding design, product and buying teams.

Product

Nasty Gal's distinctive product offering covers higher price points than those of boohoo and targets the confident girl who is not afraid to be herself. From a new start-up in March of this year, the range has increased to a comprehensive offering of clothing, shoes and accessories. We expect continued momentum in revenue growth as the range widens and the brand is reactivated through targeted marketing.

Marketing

The marketing strategy has focussed on building and extending the number of bloggers and influencers and staging key media events to re-engage customer interest and promote brand loyalty. A pop-up store in London generated much interest, contributing to a growing awareness of the brand in the UK.

Customer interaction

Nasty Gal has six country and regional websites, developed since start-up in March 2017 and Android and iOS apps for the UK, US and the Australian markets.

On social media we have 2.6 million followers on Instagram, 1.3 million Facebook likes and 0.2 million followers on Twitter.

FINANCIAL REVIEW

FROM STRENGTH TO STRENGTH

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

KEY PERFORMANCE INDICATORS

1 Defined as having shopped in the last 12 months.
2 Defined as number of orders in last 12 months divided by number of active customers.
3 Defined as the percentage of orders taken to internet sessions.
4 Calculated as gross sales including sales tax divided by the number of orders.
5 2017 restated on consistent basis as in 2018, based on website sessions only due to changing the app platform during 2018.

BOOHOO

KPI	Change	2018	2017
ACTIVE CUSTOMERS[1]	+22%	6.4m	5.2m
NUMBER OF ORDERS	+22%	13.6m	11.1m
ORDER FREQUENCY[2]	–	2.13	2.13
CONVERSION RATE TO SALE[3]	+30BPS	4.3%	4.0%[5]
AVERAGE ORDER VALUE[4]	+4%	£39.25	£37.76
NUMBER OF ITEMS PER BASKET	+6%	3.06	2.89

PRETTYLITTLETHING

KPI	Change	2018	2 months 2017	12 months 2017
ACTIVE CUSTOMERS[1]	+128%	3.0m	1.3m	1.3m
NUMBER OF ORDERS	+189%	7.5m	0.5m	2.6m
ORDER FREQUENCY[2]	+28%	2.55	2.0	2.0
CONVERSION RATE TO SALE[3]	–	3.7%	3.7%	3.7%
AVERAGE ORDER VALUE[4]	+5%	£36.05	£33.18	£34.36
NUMBER OF ITEMS PER BASKET	+16%	2.43	2.03	2.10

NASTYGAL

KPI	2018
ACTIVE CUSTOMERS[1]	0.4m
NUMBER OF ORDERS	0.6m
ORDER FREQUENCY[2]	1.37
CONVERSION RATE TO SALE[3]	1.7%
AVERAGE ORDER VALUE[4]	£52.82
NUMBER OF ITEMS PER BASKET	2.89

GROUP REVENUE BY BRAND	**2018 £000**	2017 £000	Change	Change CER
boohoo	**374,115**	283,378	+32%	+29%
PrettyLittleThing	**181,269**	11,257		
Nasty Gal	**24,416**	–		
	579,800	294,635	+97%	+92%

The sales revenue in 2017 above for PrettyLittleThing is for the two months to 28 February 2017 following acquisition. For comparative purposes, PrettyLittleThing's revenue for the twelve months to 28 February 2017 was £55.3 million.

GROUP REVENUE BY GEOGRAPHICAL MARKET	**2018 £000**	2017 £000	Change	Change CER
UK	**355,614**	181,981	+95%	+95%
Rest of Europe	**66,281**	34,735	+91%	+73%
USA	**92,690**	40,435	+129%	+121%
Rest of world	**65,215**	37,484	+74%	+64%
	579,800	294,635	+97%	+92%

CONSOLIDATED INCOME STATEMENT	**2018 £000**	2017 £000	Change
Revenue	**579,800**	294,635	+97%
Cost of sales	**(273,445)**	(133,806)	+104%
Gross profit	**306,355**	160,829	+90%
Gross margin	***52.8%***	*54.6%*	*-180bps*
Operating costs	**(249,582)**	(128,723)	
Other income	**159**	3,457	
Adjusted EBITDA	**56,932**	35,563	+60%
Adjusted EBITDA margin %	***9.8%***	*12.1%*	*-230bps*
Depreciation	**(3,997)**	(2,488)	
Amortisation of other intangible assets	**(2,532)**	(1,843)	
Adjusted EBIT	**50,403**	31,232	+61%
Adjusting items:			
Amortisation of acquired PrettyLittleThing and Nasty Gal intangible assets	**(4,449)**	(434)	
Equity-settled share-based payment charges	**(3,269)**	(1,895)	
Gain on option to acquire PrettyLittleThing.com Limited	**–**	1,405	
Operating profit	**42,685**	30,308	+41%
Finance income	**774**	637	
Finance expense	**(146)**	–	
Profit before tax	**43,313**	30,945	+40%
Tax	**(7,313)**	(6,284)	
Profit before tax for the year	**36,000**	24,661	+46%
Diluted earnings per share	**2.71p**	2.16p	+25%
Adjusted profit after tax for the year	**42,310**	25,119	+68%
Amortisation of acquired PrettyLittleThing and Nasty Gal intangible assets	**(4,449)**	(434)	
Share-based payment charges	**(3,269)**	(1,895)	
Gain on option to acquire PrettyLittleThing.com Limited	**–**	1,405	
Adjustment for tax	**1,408**	466	
Profit after tax for the year	**36,000**	24,661	
Adjusted profit for the period attributable to shareholders of the company	**37,610**	24,916	+51%
Adjusted diluted earnings per share	**3.23p**	2.20p	+47%

FINANCIAL REVIEW
CONTINUED

Gross margin reduced from 54.6% to 52.8%, primarily due to an increase in promotional activity, which has in turn increased sales growth, and to a lesser extent due to an increase in the proportion of wholesale revenue.

Operating costs comprise distribution costs and administrative expenses excluding depreciation and amortisation and have slightly decreased by 70bps on revenue. Distribution costs have increased with revenue growth and remained broadly in line with the prior year as a percentage of revenue. 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 and also remained in line with the prior year percentage of revenue.

Adjusted EBITDA, which is not a statutory measure, represents earnings before interest, tax, depreciation, amortisation, non-cash share-based payments charges and exceptional items. It provides a useful measure of the underlying profitability of the business. Adjusted EBITDA increased by 60% from £35.6 million to £56.9 million and, as a percentage of revenue, decreased from 12.1% to 9.8%, due to a combination of investment in the customer proposition in boohoo driving revenue growth and to the immaturity of the newly acquired and rapidly growing businesses, PrettyLittleThing and Nasty Gal.

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

TAXATION
The effective rate of tax for the year was 16.9% (2017: 20.0%), which is less than the blended UK statutory rate of tax for the year of 19.1% (2017: 20.0%), due to prior year tax adjustments relating to UK tax incentives on qualifying expenditure.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2018 £000	2017 £000
Intangible assets	30,877	35,446
Property, plant and equipment	71,994	32,019
Financial assets	2,445	231
Deferred tax asset	6,479	4,494
Non-current assets	111,795	72,190
Working capital	(30,923)	(11,939)
Net financial assets	5,466	(11,817)
Cash and cash equivalents	142,575	70,330
Interest-bearing loans and borrowings	(9,528)	(11,910)
Deferred tax liability	(2,101)	(2,597)
Current tax liability	(4,505)	(3,761)
Net assets	212,779	100,496

Working capital has reduced primarily due to an increase in payables and accruals relating to our increased trading activity and the acquisition of the new brands.

INTANGIBLE AND FIXED ASSET ADDITIONS AND ACQUISITIONS	2018 £000	2017 £000
Acquired intangible and fixed assets		
Pretty Little Thing intangible assets	–	14,952
PrettyLittleThing tangible fixed assets	–	994
	–	15,946
Purchased intangible and fixed assets		
Intangible assets		
Nasty Gal intangible assets	–	16,096
Patents and licences	9	1
Software	2,403	2,213
	2,412	18,310
Tangible fixed assets		
Distribution centre	33,753	8,958
Offices, office equipment, fixtures and fit-outs	9,991	3,261
Motor vehicles	228	145
	43,972	12,364
Total intangible and fixed asset additions	46,384	46,620

LIQUIDITY AND FINANCIAL RESOURCES

Operating cash flow was £76.2 million compared to £36.1 million in the previous year and free cash flow was £29.9 million compared to £5.4 million in the previous financial year. Capital expenditure was £46.4 million, which includes a £33.8 million investment in our distribution centre to support projected growth in trade. A share placing during the year raised £50 million. The closing cash balance for the group was £142.6 million and the net cash balance £133.0 million.

CONSOLIDATED CASH FLOW STATEMENT	2018 £000	2017 £000
Profit for the year	**36,000**	24,661
Depreciation charges and amortisation	**10,978**	4,765
Share-based payments charge	**3,269**	1,895
Tax expense	**7,313**	6,284
Finance income	**(774)**	(637)
Finance expense	**146**	–
Increase in inventories	**(14,078)**	(11,925)
Increase in trade and other receivables	**(5,393)**	(4,107)
Increase in trade and other payables	**38,780**	15,166
Operating cash flow	**76,241**	36,102
Capital expenditure and intangible asset purchases	**(46,384)**	(30,675)
Free cash flow	**29,857**	5,427
Acquisition of 66% interest in PrettyLittleThing.com Limited (excess of cash acquired over consideration)	**–**	655
Gain on option to acquire PrettyLittleThing.com Limited	**–**	(1,405)
Proceeds from the issue of ordinary shares	**51,531**	54
Finance income received	**612**	614
Finance expense paid	**(146)**	–
Tax paid	**(7,227)**	(5,206)
Proceeds from new loan	**–**	11,910
Repayment of borrowings	**(2,382)**	–
Net cash flow	**72,245**	12,049
Cash and cash equivalents at beginning of year	**70,330**	58,281
Cash and cash equivalents at end of year	**142,575**	70,330

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 a wide choice of quality products at value prices lower than those available on the high street with the convenience of home delivery. The group's target market has a high propensity to spend on fashion and the market is resilient to external macroeconomic factors.

OUTLOOK

We are very encouraged by the continued growth of our brands across all geographic regions. As online fashion retail grows globally, the group is well-placed to benefit from changing consumer preferences. Our strategy will remain focussed on providing the best fashion at great prices coupled with excellent customer service. To this end we have a plan of continuous investment in systems and technology to ensure we offer an optimal online shopping experience. International expansion will continue as we add more country-specific websites, refine our customer proposition and raise brand awareness through marketing and social media.

Our extended Burnley distribution centre, which will have a significant element of automation to drive efficiency savings, is scheduled for operational use in early 2019 and will provide sufficient capacity for an operation of over £1 billion net sales. PrettyLittleThing is also to move into its own warehouse in the first half of the FY19 financial year. This brings incremental sales capacity in addition to that in our Burnley operations, will help underpin our infrastructure needs and add further operational flexibility for the group. It represents a significant milestone as we develop a distribution network capable of generating £3 billion of net sales globally, in line with our vision to lead the fashion eCommerce market.

Trading in the first few weeks of the 2019 financial year has made a strong start. Group revenue growth for the next financial year (FY19) is expected to be 35% to 40% with adjusted EBITDA margin between 9% to 10% and capital expenditure of £50 to £60 million.

Looking beyond the current year we will continue to lead the market on value, service and proposition in all our key geographies. Whilst this will require a continued investment in people and infrastructure, we believe that the benefits of our investments in marketing and warehouse automation will generate economies of scale to allow us to drive sales growth of at least 25%, whilst maintaining a 10% EBITDA margin.

RISK MANAGEMENT

HOW WE MANAGE RISK

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 TYPE	RISK FACTORS	MITIGATION
COMPETITION RISK	› Competitors may be able to offer consumers like-for-like better quality, better value, superior customer service, more generous or superior delivery service, better website functionality or better brand image, thereby eroding market share › European competitors may gain an advantage over the group following the UK's decision to leave the EU if higher duties are imposed on UK imports into the EU	› 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) › Developments in the EU are being monitored subsequent to the UK's decision to leave the EU
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

OPERATIONAL RISKS

RISK TYPE	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 and PCI requirements, with additional mapping and controls introduced to ensure compliance with GDPR
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 › Labour or environmental abuse in the supply chain could result in closure of supply or reputational damage	› 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 › Regular auditing of suppliers, unscheduled inspections and imposition of conformance agreements ensures adequate standards are maintained in the supply chain as far as possible
KEY FACILITIES	› Fire, flood, or other disaster could lead to part or total, temporary or permanent closure of facilities › Failure to adequately plan for warehouse capacity to cater for business expansion could restrict revenue growth	› 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 recovery committee exists › Long-range planning aims to ensure adequate warehouse facilities are available to keep pace with business growth
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 person dependencies

RISK MANAGEMENT
CONTINUED

REPUTATIONAL RISKS

RISK TYPE	RISK FACTORS	MITIGATION
NEGATIVE PERCEPTION OF THE BRANDS	› 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 opinion

FINANCIAL RISKS

RISK TYPE	RISK FACTORS	MITIGATION
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

SOCIAL RESPONSIBILITY

A RESPONSIBLE BUSINESS

AT BOOHOO, WE ARE GUIDED BY OUR VALUES OF PASSION, AGILITY, CREATIVITY AND TEAMWORK. WE PRIDE OURSELVES ON OUR INCLUSIVE CULTURE AND TEAM SPIRIT AND WE BELIEVE IN OPERATING IN A FAIR AND SUSTAINABLE MANNER.

It is important for us to run our business in a way that benefits all of our stakeholders and we seek to engage with them on a regular basis. We have a proactive programme for delivering our social responsibility policy, which is regularly reviewed and reported upon to the Audit Committee.

SUPPLY CHAIN OPERATIONS

As a fast-growing responsible brand, we recognise our duty of care to the people involved in the creation of our products. We therefore take our supply chain operations extremely seriously and have a demanding set of procedures and policies to which all suppliers must adhere. We are dedicated to working with our suppliers to help promote better working standards for the future and we hope to lead the way in encouraging an open and transparent supply chain.

- boohoo is a member of SEDEX (the Supplier Ethical Data Exchange), a not-for-profit organisation that provides access to independent and comprehensive third-party audit reports on suppliers and their factories
- Our suppliers are required to undertake a SMETA (SEDEX Members Ethical Trade Audit) to assess the quality of their operations
- SMETA audits are supplemented by regular unannounced audits from our in-house Sourcing and Compliance team who help suppliers ensure they are compliant with law and regulations
- We have an in-house Quality Assurance team whose remit is to ensure our products are compliant with consumer protection and product safety legislation, including REACH (Registration, Evaluation, Authorisation & Restriction of Chemicals) regulations, and are consistent in size
- We require our suppliers to periodically sign compliance letters acknowledging their adherence to our standards and code of conduct. This document also asks for suppliers to ensure sub-contractors meet these requirements. This is periodically reviewed and updated as and when required and is part of boohoo's ongoing commitment to improving its supply chain for both first and second tier suppliers
- We hold an annual supplier conference and all of our suppliers have access to our supplier manual via a portal to ensure they are aware of boohoo's standards, policies and procedures.

We expect our suppliers to comply with all relevant laws and regulations regarding the protection and preservation of the environment and as such, all factories and raw material suppliers must adhere to the boohoo Restricted Substances Policy and all materials, components and finished products must comply with:

- International law on the restriction of hazardous substances
- REACH legislation
- The European Chemical Agency (ECHA) Restricted Substances List.

boohoo requires verification from suppliers of compliance with REACH. Accepted forms of verification include:

- Independent testing
- Certification from suppliers of raw materials and trimmings
- Declarations verified by independent audit
- Suppliers should ensure that the appropriate verification is submitted to boohoo before goods are shipped or delivered.

ANIMAL WELFARE POLICY

- **Animal fur:** Real fur will never be knowingly used in any boohoo product. This commitment applies both to farmed fur and to fur which is a by-product of the meat industry.

BOOHOO CODE OF CONDUCT

boohoo's current Ethical Trade Policy is based on the Ethical Trade Initiative (ETI) base code, which sets worldwide standards of labour practice. The ETI is an alliance of retailers, manufacturers, NGOs and trade union organisations. The group continues to assess a number of options with regard to how it can improve upon its current ethical position, including improving standards with third party governance oversight.

boohoo's Code of Conduct advises suppliers that:

- **Employment is freely chosen:** there must be no forced, bonded or involuntary prison labour. Workers should be free to leave their employer after a reasonable notice period
- **Child labour shall not be used:** suppliers must not use child labour and have sufficient policies in place in relation to slavery and human trafficking
- **No harsh or inhumane treatment is allowed:** physical abuse or discipline, the threat of physical abuse, sexual or other harassment, verbal abuse, or other forms of intimidation shall be prohibited
- **Suppliers must comply with local laws:** boohoo expects its suppliers to be in full compliance with the laws and regulations of the countries in which they operate
- **Living wages must be paid:** wages and benefits for a standard working week must meet the minimum, national legal standards or industry benchmark standards, whichever is higher
- **There should be no discrimination in the work place:** discrimination on the basis of race, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation is prohibited
- **Suppliers must comply with all relevant laws and regulations regarding the protection and preservation of the environment**
- **Regular employment must be provided:** to every extent possible, work performed must be on the basis of a recognised employment relationship established through national law and practice
- **Working conditions must be safe and hygienic:** a safe and hygienic working environment must be provided, bearing

SOCIAL RESPONSIBILITY
CONTINUED

in mind prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury occurring in the course of work. Workers shall receive regular and recorded health and safety training and such training shall be repeated for new or reassigned workers

- **Working hours must not be excessive:** working hours must comply with national laws and benchmark industry standards, whichever affords greater protection
- **The supplier will conduct itself with proper business integrity:** there shall be no improper advantage sought, including the payment of bribes, to secure delivery of goods or services to boohoo
- **Suppliers must co-operate with boohoo to ensure these standards are met.**

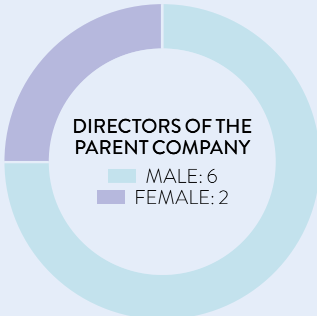
WORKPLACE AND COMMUNITY

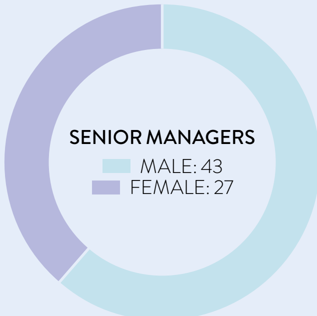
We take the welfare of all of our 2,126 employees extremely seriously and we continue to invest in our people, who we encourage to develop and grow with the business.

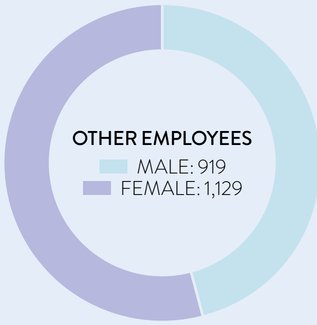
- We encourage diversity in the workforce: last year the percentage of males was 46% and females 54%, with 37% of our senior management positions held by women
- Our gender pay gap reporting in April 2018 showed no difference in pay between male and female using the median results and a very low 5.9% difference using mean results (male average pay being the higher due to a higher proportion of males in the most senior roles)
- Our annual “your-view” all-employee survey is a key activity in employee engagement in which anonymous and honest feedback is encouraged
- We actively seek ways to alleviate unemployment in young people and provide opportunities for young people to reach their potential. Our recruitment team work closely with local job centres to provide employment opportunities wherever possible
- In 2017, 296 agency employees accepted permanent positions at our Burnley warehouse
- We have two Employee Forums at our Burnley site representing our distribution centre and customer service colleagues, meeting at least once per month with senior management
- Our starting salaries at the Burnley distribution centre are above the National Living Wage with further increments paid after the successful completion of a probationary period
- All full time employees are paid at least the National Minimum Wage regardless of their age. We currently employ 308 employees under the age of 25 who are paid significantly more than the National Minimum Wage for their age category
- We work in partnership with Burnley College/University of Central Lancashire to support our existing staff on apprenticeship programmes and we continue to invest in the number of apprenticeship opportunities we offer including four new apprentice schemes in 2017
- This year we have launched a new initiative with the introduction of English lessons via an external company to improve the language capability of boohoo employees to further enhance their progression opportunities. 60 employees undertook the 12 week courses in 2017 with further programmes planned for 2018
- The group supported the Wellman and Wellwoman fitness initiatives launched in 2017 by Burnley Football Club and a number of classes were held both on site and at the Football Club
- In January 2018, we completed the refurbishment of our Burnley distribution centre, improving our staff amenities for our colleagues. The new refurbishment includes the addition of
  - a gym open to all colleagues
  - an exercise studio
  - a subsidised canteen offering freshly cooked meals
  - leisure facilities.

GENDER DIVERSITY

Number of employees of each gender at the year end:







IN THE COMMUNITY

£59,369

RAISED THROUGH COLLEAGUE FUNDRAISING EVENTS AND CHARITABLE DONATIONS.

WE LOVE MANCHESTER

£174,000

RAISED FOR THE MANCHESTER EVENING NEWS AND RED CROSS 'WE LOVE MANCHESTER' VICTIMS' FUND

We are proud to give back to the local community via a number of initiatives. In 2017, boohoo raised £59,369 through colleague fundraising events and charitable donations. Our charity strategy centres on supporting Teenage Cancer Trust, together with a number of charities local to the head office in Manchester and the Burnley distribution centre.

Highlights for the year included:

- Events for the Pendleside Hospice in Burnley, including sponsoring the Pendleside colour run in Burnley and donating sample products to the hospice's store
- Donation of approximately 80,000 units of product to local charities, resulting in an estimated £110,000 of sales in charity shops
- Platinum sponsorship of Graduate Fashion Week
- boohoo's Student Ambassador Programme works with students across 33 different universities in the UK. In 2017 boohoo raised £20,000 for charity via two student sample sale tours
- Staff fundraising initiatives generated £15,000 for Teenage Cancer Trust, which involved fundraising from boohoo's participation in the Manchester 10k and £10,000 was raised through a Christmas Jumper collaboration for Teenage Cancer Trust
- In the wake of the terror attack at the Manchester Arena in May 2017, boohoo raised a combined £174,000 for the Manchester Evening News and Red Cross 'We Love Manchester' victims' fund. After making an initial donation of £100,000, the group took an active role in the further fundraising effort, launching a OneLove charity clothing collection on its website with the profits going to the Manchester Emergency Funds. Additionally, boohoo leveraged its relationships with its supply base, asking them to help make a difference and donate to the cause.

MODERN SLAVERY

boohoo has a zero-tolerance approach to modern slavery. We are committed to acting ethically and with integrity and transparency and we accept that we have a responsibility to implement sufficient systems and controls to safeguard against any form of modern slavery and to protect the rights of workers and recognise this is an ongoing process. Our Modern Slavery Statement can be found on our website at http://www.boohooplc.com/boohoo-social-responsibility/modern-slavery.aspx.

ENVIRONMENT

boohoo acts responsibly to reduce energy consumption and to use energy more efficiently to reduce its environmental impact. We monitor and report on all wastage.

- All of the cardboard and plastic waste from our warehouse is recycled
- For our Manchester site, we recycle all paper and plastic waste
- At the 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
- Energy efficient storage heaters have been installed in offices unconnected to the wet system
- Solar panels are to be installed in one of the recently acquired head office buildings with a view to rolling this out across the various sites
- The CO_2 output from heating and lighting in the offices and warehouse in the year was 2,856 tonnes (2017: 2,165 tonnes) and from employee air travel was 418 tonnes (2017: 244 tonnes).

OUR CUSTOMERS

At boohoo we pride ourselves on our inclusive brand and its ability to celebrate and promote diversity. Our customers continue to inspire us and motivate us to supply the latest cutting-edge trends at the best prices around. We continue to develop our ranges to offer clothing to suit every shape and size and we work very closely with several model agencies in order to promote responsible and healthy body images.

We are passionate about customer services. As a brand that focusses on 24/7 fashion we recognise that getting our products to our customers hassle-free is extremely important. We offer free returns in the UK and several overseas markets and our customer services team is on hand to support 24/7 through convenient and flexible channels.

On behalf of the board

Mahmud Kamani
Carol Kane
Neil Catto

25 April 2018

BOARD OF DIRECTORS

STRONG LEADERSHIP

THE BOARD AS A WHOLE IS COLLECTIVELY RESPONSIBLE FOR THE SUCCESS OF THE GROUP, PROVIDING ENTREPRENEURIAL LEADERSHIP, STRONG GOVERNANCE AND EXPERTISE IN ALL AREAS OF THE BUSINESS.

PETER WILLIAMS
NON-EXECUTIVE CHAIRMAN

N

Peter is currently the Chairman of U and I Group plc and DP Eurasia N.V. and Senior Independent Director and Chairman of Remuneration Committee of Rightmove plc. He is also Chairman of Mister Spex, an online retailer specialising in eyewear based in Berlin. In the past, he was the Senior Independent Director of ASOS plc for almost eight years and also served on the boards of Sportech plc, 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

Mahmud founded boohoo 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

Carol has 27 years of experience in the fashion industry. Starting her career as a designer, then fashion buyer, Carol has worked with Mahmud Kamani for the past 20 years supplying high street retailers. Carol co-founded boohoo in 2006 and since inception has worked on marketing, product and brand strategy both domestically and abroad.

NEIL CATTO
CHIEF FINANCIAL OFFICER

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

N Chairman of the Nomination Committee	N Member of the Nomination Committee
A Chairman of the Audit Committee	A Member of the Audit Committee
R Chairman of the Remuneration Committee	R Member of the Remuneration Committee

DAVID FORBES
NON-EXECUTIVE DIRECTOR AND SENIOR INDEPENDENT DIRECTOR

A R N

David is currently Chairman of Renew Holdings plc and Non-Executive Director of Adare SEC Holdings Limited. Previous positions included Non-executive Chairman of Entu (UK) plc, Non-executive Chairman of Northern Ballet Theatre Limited and MaxAim LLP. Former non-executive directorships included Addo Food Group, 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.

IAIN MCDONALD
NON-EXECUTIVE DIRECTOR

R A N

Iain joined the board in September 2017. Iain is a specialist technology and e-commerce investor who has invested in some of the most successful businesses in Europe including Asos, The Hut Group, Eagle Eye Solutions, Anatwine and Metapack. Iain is also the chairman of AIM-listed MySale Group, a leading e-commerce platform based in Sydney and a NED of The Hut Group, CentralNic and Fishing Republic. Iain was previously a top-ranked retail and e-commerce analyst.

SARA MURRAY
NON-EXECUTIVE DIRECTOR

A N R

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.

PIERRE CUILLERET
NON-EXECUTIVE DIRECTOR

A N R

Pierre joined the Board in September 2017. Pierre founded The Phone House in 1996, which became the number one independent mobile phone retailer in Europe. Between 2005 and 2014, Pierre was CEO of Micromania, the number one video game retailer in France. From 2011 to 2016, Pierre served as an independent non-executive director of DIA, a €10Bn + food retailer, listed on the Madrid Stock Exchange. Pierre currently serves as an independent non-executive director on the board of Barcelona-based fashion retailer Desigual.

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, Pierre Cuilleret, David Forbes, Iain McDonald 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

David Forbes 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. David Forbes has recent and relevant financial experience. He is a chartered accountant and has previously held a number of senior finance positions in corporate finance. Sara Murray, Ian McDonald and Pierre Cuilleret are the other members of the Audit Committee.

The Audit Committee met three times during the year and also after the year end. Matters considered at these meetings included: reviewing and approving the report and financial statements for the year ended 28 February 2017, the half year results to 31 August 2017 and the report and financial statements for the year ended 28 February 2018; 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 and supplier conformance functions; reviewing compliance with minimum pay legislation and fairness at work procedures; and considering the adequacy of the whistle-blowing facility, the anti-bribery training and monitoring and data protection policy and procedures.

The Audit Committee 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. The Audit Committee oversees the work performed by the group's internal audit function, established during the year.

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. Pierre Cuilleret, David Forbes, Iain McDonald and Sara Murray are the other members of the Nomination Committee.

REMUNERATION COMMITTEE

The chairman of the Remuneration Committee is Iain McDonald. This committee reviews the performance of the executive directors and determines their terms and conditions of service, including their remuneration and the grant of share awards, having due regard to the interests of shareholders. The Remuneration Committee meets at least twice a year. Pierre Cuilleret, David Forbes and Sara Murray 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 will complete an internal evaluation of the board (including sub-committees and individual board members) in autumn 2018, involving anonymous questionnaires formulated to enable the board to confirm that its performance and 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. As there have been several new directors joining mid-way through the year, this evaluation is taking place later than its usual time in March.

CORPORATE GOVERNANCE REPORT
CONTINUED

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

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS
The table below shows the attendance of individual directors at board meetings and committee meetings of which they are members 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	7	–	–	–	–	–	–
Carol Kane	9	8	–	–	–	–	–	–
Neil Catto	9	9	–	–	–	–	–	–
Pierre Cuilleret	5	4	2	1	1	1	–	–
David Forbes	9	8	3	3	3	3	2	2
Iain McDonald	5	5	2	2	1	1	–	–
Stephen Morana	3	2	1	1	2	2	2	1
Sara Murray	9	9	3	3	3	3	2	2

As at 25 April 2018, the board has met twice 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 28 February 2018.

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 retailers.

BUSINESS REVIEW

The directors are required by Company Law to set out a fair review of the business, its position at the year end and a description of the principal risks and uncertainties facing the group and to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS). The strategic report on pages 2 to 27 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 28 to 32 should be read as forming part of the directors' report.

RESULTS AND DIVIDENDS

Group profit after tax for the year to 28 February 2018 was £36.0 million (2017: £24.7 million). The audited financial statements for the year for the group and company are set out on pages 49 to 89.

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

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 19. A share placing raised £50 million during the year. The issued share capital at 28 February 2018 was 1,149,574,495 shares of 1p.

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

EMPLOYEE BENEFIT TRUST

The Employee Benefit Trust (EBT) is used by the company to provide share incentives to its employees. The trustees are Estera Trust (Jersey) Limited, an independent professional body based in Jersey. The EBT held 1,000,000 shares purchased on 1 August 2014 at 40p to hedge part of the company's liability to settle SIP, ESOP and SAYE awards and utilised all these shares in part satisfaction of the ESOP share issue in 2017.

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 Link Asset Services, an independent UK professional body. The SIP trustee buys shares and holds them in trust for the benefit of employees who remain with the company for three years. The trust holds 3,114,077 shares, of which 2,922,000 were allocated upon flotation for a nominal value of £29,220, 1,168,641 of which were purchased on 19 June 2015 for £331,244 by company loan and 976,564 transferred to employees in 2017. 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 11 April 2018:

Shareholder	Number of ordinary shares held	Percentage held
Mahmud Kamani	187,679,880	16.33%
Old Mutual Global Investors	177,884,003	15.47%
Baillie Gifford & Co Limited	90,266,574	7.85%
Jalal Kamani	65,291,863	5.68%
Rabia Kamani	65,232,868	5.67%
Nurez Kamani	62,419,742	5.43%
Carol Kane	46,330,421	4.03%
Hargreaves Landsdown Asset Mgt	46,276,875	4.02%
OppenheimerFunds Inc	39,816,630	3.46%

ASSESSMENT OF PROSPECTS AND VIABILITY
The group's business activities together with the factors that are likely to affect the future development, performance, position and risks of the group are set out in the strategic report on pages 2 to 27.

The directors have considered the prospects of the group through an analysis of the markets for the group's product offering online in the UK and overseas and have concluded that potential growth rates remain strong as the markets continue to develop as more customers become comfortable with online shopping. This provides great opportunities for future expansion. There is a diverse supply chain with no key dependencies, enabling sourcing to be dynamic. Major expense categories relate to carriage and marketing services, which are widely diversified amongst suppliers. The business model affords a great deal of flexibility in responding to demand and economic changes: the wide range of products and relatively low buy quantities reduce inventory risk; a large customer base across many countries reduces specific economic and fashion dependencies; retail customers pay at the time of order with a small risk of default; and the high marketing expenditure is very controllable over a short time period. In addition, the group maintains a strong cash position, with a net cash balance of £133 million at the year end, which the directors consider is more than adequate for the planned investments and cash flow requirements of the group.

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

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 2021.

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 21 to the financial statements.

EMPLOYEE POLICIES

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

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

HEALTH AND SAFETY

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

GREENHOUSE GAS EMISSIONS

The group measures its operational carbon footprint in order to limit and control its environmental impact. Only the impact of the group's direct activities are included, as the full impact of the entire supply chain of large numbers of suppliers cannot be measured practically. The section on social responsibility on pages 25 to 27 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 22 June 2018 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 21 days before the meeting.

On behalf of the board

Mahmud Kamani
Carol Kane
Neil Catto

25 April 2018

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. This is my first report as chairman of the committee and I wish to thank my predecessor, David Forbes for his contribution in the last four years. This directors' remuneration report will be put to an advisory shareholder vote at the forthcoming Annual General Meeting on 22 June 2018.

Remuneration policy

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 the company's management structure, size and listing.

Our approach to remuneration is governed by our directors' remuneration policy. The primary objectives of the policy continue to be to attract and retain the highest calibre directors and to design remuneration which promotes the long-term success of the company. In order to put these objectives into effect, 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.

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 Committee concluded that the current overarching framework of base salary (plus modest pension and benefits provision), annual bonus and the operation of a long-term incentive plan (LTIP) remains best suited to the business. We are not therefore proposing any fundamental changes to this model.

Remuneration for the year ending 28 February 2019

The key points in relation to how we are implementing our policy for 2019, including details of the changes, are as follows:

- The salaries and overall remuneration packages of the executive directors will be increased from a positioning that is below the mid-market level to a position which is aligned more closely with companies of similar size, growth rates and complexity. Whilst the main focus of the overall remuneration policy remains on the performance-related variable elements, the increases to the executive directors' base salaries reflect the substantial increase in the scale and complexity of the company following of the acquisitions of Nasty Gal and PLT and the resulting increase in the responsibilities of the executive directors
- Maximum bonus opportunity will continue to be up to 100% of salary for executive directors and up to 200% for the joint CEOs dependent upon stretching revenue and EBITDA growth targets
- Long-term share incentive awards will continue to be made under an LTIP plan based on stretching three year performance targets. Personal limits remain unchanged and are detailed in the remuneration policy
- The founding shareholders and directors, Mahmud Kamani and Carol Kane, will continue not to be granted share-based LTIP awards or other share incentives as they have retained substantial shareholdings in the company.

Performance and reward for the year ended 28 February 2018

For the year ended 28 February 2018, in relation to the annual bonus plan, the group achieved outstanding revenue growth and, as a result, the "stretch" revenue growth target was achieved. EBITDA performance over the year also resulted in the achievement above the threshold target. As a result, in combination, the executive directors received 100% of their bonus potential.

Encouraging equity ownership

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 and 2016 financial year ends and intend to make another award in the financial year ending 2019. Discounted options were issued under an HMRC-approved Save As You Earn (SAYE) plan in the financial years ended 2016, 2017 and 2018, which have achieved a high level of participation by employees, and are intended to continue in subsequent years. We have also introduced a formal shareholding requirement for the executive directors to support the alignment of the interests of executive directors with those of shareholders.

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 changes in remuneration policy in the remuneration report. In addition, where such changes are considered to be major, having taken advice from relevant advisers, significant shareholders will be consulted in advance.

We hope you will support the advisory vote on the directors' remuneration report at the forthcoming Annual General Meeting, as the directors will do in respect of their own beneficial shareholdings.

Iain McDonald
Chairman of the Remuneration Committee

POLICY REPORT

Pay philosophy

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

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

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

Consideration of employment conditions elsewhere in the group

When setting the remuneration policy for executive directors, the Committee takes into account the overall approach to reward for, and the pay and employment conditions of, other employees in the group, especially when determining annual salary increases. This process ensures that any increase to the pay of executive directors is set in an appropriate context 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 group as a whole and a key aim of the remuneration policy is to encourage widespread equity ownership across the whole employee base. In support of this objective we operate an 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. The policy is as follows:

Summary of our remuneration policy

The table on pages 38 to 40 provides a summary of the key aspects of the group's remuneration policy for executive directors.

DIRECTORS' REMUNERATION REPORT
CONTINUED

REMUNERATION POLICY TABLE FOR EXECUTIVE DIRECTORS

BASE SALARY	PURPOSE AND LINK TO STRATEGY	› To aid recruitment and retention › To reflect experience and expertise › To provide an appropriate level of fixed basic income
	OPERATION	› Normally reviewed annually, with any increase usually becoming effective 1 May › Set initially at a level required to recruit suitable executives reflecting their experience and expertise › Any subsequent increase influenced by: — Scope of the role — Experience and personal performance in the role — Average change in total workforce salary — Performance of the group — External economic conditions, such as inflation › Account taken of practice in comparable companies (e.g. those of a similar size and complexity) › No recovery or withholding provisions apply
	MAXIMUM OPPORTUNITY	› 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
	FRAMEWORK USED TO ASSESS PERFORMANCE	› The Committee reviews the salaries of executive directors each year taking due account of all the factors described in the salary policy

ANNUAL BONUS	PURPOSE AND LINK TO STRATEGY	› To reward the annual delivery of short- to medium-term objectives relating to the business strategy
	OPERATION	› All bonus payments are at the discretion of the Committee › Not pensionable › Normally 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)
	MAXIMUM OPPORTUNITY	› Up to 200% of salary for the joint CEOs and up to 100% of salary for all other executive directors, dependent on performance
	FRAMEWORK USED TO ASSESS 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 (e.g. strategic and/or personal objectives) – where appropriate – representing the balance › Performance is measured over a single financial year › 30% of maximum bonus will be payable for achievement of a threshold level of performance, rising to 100% of maximum bonus for reaching stretch target › Measures and weightings may change each year to reflect any year-on-year changes to business priorities at the discretion of the Committee
LONG-TERM INCENTIVE PLAN (LTIP)	PURPOSE AND LINK TO STRATEGY	› 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
	OPERATION	› Awards are normally granted annually in the form of nominal cost options › Ability to exercise is dependent on performance targets being met during the performance period and continued service of the directors › Recovery and withholding provisions apply in certain circumstances at the discretion of the Committee (including where there has been a misstatement of accounts, an error in assessing any applicable performance condition, or in the event of misconduct on the part of the participant)
	MAXIMUM OPPORTUNITY	› Maximum limit contained within the 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
	FRAMEWORK USED TO ASSESS PERFORMANCE	› 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 the annual report on remuneration for the year in which the award was granted unless the targets are commercially sensitive, in which case they will be disclosed retrospectively

DIRECTORS' REMUNERATION REPORT
CONTINUED

PENSION	PURPOSE AND LINK TO STRATEGY	› To aid recruitment and retention › To provide an appropriate level of fixed income
	OPERATION	› Executive directors may receive an employer's pension contribution or cash allowance
	MAXIMUM OPPORTUNITY	› Employer's defined contribution or cash allowance up to 5% of salary
	FRAMEWORK USED TO ASSESS PERFORMANCE	N/A
OTHER BENEFITS	PURPOSE AND LINK TO STRATEGY	› Provide competitive benefits package
	OPERATION	› 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)
	MAXIMUM OPPORTUNITY	› The value of benefits may vary from year to year depending on the cost to the company
	FRAMEWORK USED TO ASSESS PERFORMANCE	N/A
SHARE-HOLDING REQUIREMENT	PURPOSE AND LINK TO STRATEGY	› To support long-term commitment to the company and the alignment of executive director interests with those of shareholders
	OPERATION	› The Remuneration Committee has adopted formal shareholding guidelines that will encourage executive directors to build up over a five year period and then subsequently hold a shareholding equivalent to a percentage of base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements
	MAXIMUM OPPORTUNITY	› 150% of salary
	FRAMEWORK USED TO ASSESS PERFORMANCE	None

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 group'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 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.

DIRECTORS' REMUNERATION REPORT
CONTINUED

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 following few years, subject to satisfactory individual performance and development in the role
› The Committee may offer additional cash and/or share-based elements when it considers these to be in the best interests of the company and 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 Annual General Meeting by rotation.

NON-EXECUTIVE DIRECTORS' FEES
The non-executive directors' fees policy is described below:

FEES	PURPOSE AND LINK TO STRATEGY	› To recruit and retain high calibre non-executives
	OPERATION	› Fees are determined by the board, with non-executive directors abstaining from any discussion or decision in relation to their fees › Non-executive directors are paid an annual fee for all board duties, which will include an annual award of shares (with the value of shares normally determined at the market price in February of each year) › In relation to the cash element, fees are normally paid monthly › In relation to the share element there will be certain restrictions 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 › In exceptional circumstances, if there is a temporary yet material increase in the time commitment for non-executive directors, the board may pay extra fees to recognise the additional workload › Non-executive directors shall be entitled to have reimbursed all expenses that they reasonably incur in the performance of their duties, including taxes payable thereon
	MAXIMUM OPPORTUNITY	› 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 group's remuneration policy was implemented during the year ended 28 February 2018.

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

The total single-figure remuneration of the directors during the year ended 28 February 2018 is set out below:

	Fixed remuneration				Variable remuneration		
	Base salary and fees £	Benefits £	Pension £	Other £	Annual bonus £	Long-term incentives £	**Total £**
Executive directors							
Mahmud Kamani	287,500	5,201	–	–	575,000	–	**892,701**
Carol Kane	287,500	12,240	14,375	–	575,000	–	**914,115**
Neil Catto	217,500	2,601	10,875	–	217,500	2,483,883	**2,932,359**
Total executive directors	792,500	20,042	25,250	–	1,367,500	2,483,883	**4,689,175**
Non-executive directors							
Peter Williams	70,000	–	–	25,000	–	–	**95,000**
Pierre Cuilleret	19,282	–	–	10,000	–	–	**29,282**
David Forbes	50,000	–	–	10,000	–	–	**60,000**
Iain McDonald	20,000	–	–	10,000	–	–	**30,000**
Stephen Morana	13,333	–	–	–	–	–	**13,333**
Sara Murray	40,000	–	–	10,000	–	–	**50,000**
Total non-executive directors	212,615	–	–	65,000	–	–	**277,615**
Total	**1,005,115**	**20,042**	**25,250**	**65,000**	**1,367,500**	**2,483,883**	**4,966,790**

The total single-figure remuneration of the directors during the year ended 28 February 2017 is set out below:

	Fixed remuneration				Variable remuneration		
	Base salary and fees £	Benefits £	Pension £	Other £	Annual bonus £	Long-term incentives £	**Total £**
Executive directors							
Mahmud Kamani	225,000	1,954	–	–	168,750	–	**395,704**
Carol Kane	225,000	5,232	11,250	–	168,750	–	**410,232**
Neil Catto	180,000	1,732	9,000	1,800	135,000	1,638,000	**1,965,532**
Total executive directors	630,000	8,918	20,250	1,800	472,500	1,638,000	**2,771,468**
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**
Sara Murray	34,872	–	–	10,000	–	–	**44,872**
Mark Newton-Jones	16,667	–	–	–	–	–	**16,667**
Total non-executive directors	211,539	–	–	55,000	–	–	**266,539**
Total	**841,539**	**8,918**	**20,250**	**56,800**	**472,500**	**1,638,000**	**3,038,007**

DIRECTORS' REMUNERATION REPORT
CONTINUED

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. Further details of the performance outcome can be found below
LONG-TERM INCENTIVES	The value of long-term incentives vesting based on performance ending in the year under review. Further details of the share options granted in 2015 and vesting on 22 May 2018 based on performance measured to 28 February 2018 can be found below. A share price of 185.65p (the closing share price on 28 February 2018) has been used for the purposes of valuing the gain
BENEFITS	The value of private medical insurance, life assurance and driver services

ANNUAL BONUS
For the year ended 28 February 2018, Neil Catto's maximum potential bonus was 100% of basic salary and the joint CEOs' was 200%. 40% of the potential bonus related to a revenue target and 60% of the potential bonus related to an adjusted EBITDA target. Bonus entitlement targets were as follows:

Financial target range	Bonus entitlement %
Revenue target:	
Threshold £446.6m	12.0%
Upper limit £500m or more	40.0%
EBITDA target:	
Threshold £45.5m	18.0%
Upper limit £55m or more	60.0%

The amount of bonus payable varies on a sliding scale between the threshold and upper limit shown above. For the financial year ended 28 February 2018, revenue and adjusted EBITDA were above the upper limits, resulting in payments of 40% and 60% of bonus entitlement respectively. Bonuses payable were as follows:

Name	Bonus % of salary
Mahmud Kamani	200%
Carol Kane	200%
Neil Catto	100%

LONG-TERM SHARE INCENTIVES
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 and LTIP subject to the achievement of performance conditions as follows:

Name	Option scheme	No. of ordinary shares under option	Exercise price pence	Date of grant	Exercise period
Neil Catto	2015 ESOP	1,553,398	25.75	22/05/15	22/05/18 to 21/05/25
	2016 LTIP	404,822	1	30/06/16	30/06/19 to 30/06/26
	2017 LTIP	138,037	1	13/06/17	13/06/20 to 13/06/27

The performance targets for the shares granted on 22/05/15 are based upon the achievement of two key criteria, adjusted aggregate 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. Vesting against the adjusted aggregate EBITDA target is on a straight line basis between £56.25 million (at which point 50% vesting of this tranche will occur) and £75 million (at which point 100% vesting of this tranche will occur). Vesting against the TSR target is on a straight line basis between a Total Shareholder Return of 50% (at which point 25% vesting of this tranche will occur) and 150% (at which point 100% vesting of this tranche will occur).

LONG-TERM SHARE INCENTIVES CONTINUED

The performance targets for the shares granted on 30/06/16 are based upon the achievement of two key criteria, Three-Year Aggregate Adjusted Earnings per Share (67%) and Total Shareholder Return (33%) over a three year period. Minimum "threshold" and "stretch" targets have been established by the Committee against these criteria. The EPS element vests on a straight line basis between target intervals from 1.6p for a 25% vesting to 2.4p for 100% vesting for the EPS element of the performance criteria. The TSR element vests on a straight line basis between target intervals from 50% growth in TSR for a 25% vesting to 125% growth in TSR for a 100% vesting for the TSR element of the performance criteria.

The performance targets for the shares granted on 13/06/17 are based upon the achievement of two key criteria, Three Year Aggregate Adjusted Earnings per Share (67%) and Total Shareholder Return (33%) over a three year period. Minimum "threshold" and "stretch" targets have been established by the Committee against these criteria. The EPS element vests on a straight line basis between target intervals from 7.5p for a 25% vesting to 12p for 100% vesting for the EPS element of the performance criteria. The TSR element vests on a straight line basis between target intervals from 50% growth in TSR for a 25% vesting to 125% growth in TSR for a 100% vesting for the TSR element of the performance criteria.

ALL-EMPLOYEE SHARE INCENTIVE PLAN (SIP)

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

Name	No. of ordinary shares held in trust	Purchase price pence	Date of grant	Maturity date
Neil Catto	6,000	50	14/03/14	14/03/17
	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. The directors hold the following options over shares under this scheme:

Name	Estimated shares to be purchased at option date	Option price pence	Date of grant	Option date
Neil Catto	50,467	21.4	29/06/15	01/08/18
	9,137	78.8	25/10/16	25/10/19

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 2017	Free share award under NED remuneration policy	Shares acquired during the year	Shares disposed of during the year	Beneficially owned at 28 February 2018	As a % of share capital	Outstanding share options	Shares held under SIP	SAYE options granted	**Total interests in shares at 28 February 2018**
Mahmud Kamani	198,932,382	–	–	(11,252,502)	187,679,880	16.33%	–	–	–	**187,679,880**
Carol Kane	50,980,421	–	–	(4,650,000)	46,330,421	4.03%	–	–	–	**46,330,421**
Neil Catto	–	–	1,574,306	(1,560,000)	14,306	–	2,096,257	9,571	59,604	**2,179,738**
Peter Williams	478,414	13,548	–	–	491,962	0.04%	–	–	–	**491,962**
Pierre Cuilleret	–	5,419	100,000	–	105,419	0.01%	–	–	–	**105,419**
David Forbes	271,365	5,419	–	–	276,784	0.02%	–	–	–	**276,784**
Iain McDonald	404,000	5,419	25,000		434,419	0.04%	–	–	–	**434,419**
Sara Murray	6,825	5,419	–	–	12,244	–	–	–	–	**12,244**

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive directors has a service contract, under which there is a 12 month notice period from both the company and the director.

It has been agreed that there will be no increase in the remuneration of the non-executive directors for at least four years from 1 March 2015. Details of the remuneration of the non-executive directors is set out herein.

DIRECTORS' REMUNERATION REPORT
CONTINUED

COMPOSITION OF THE REMUNERATION COMMITTEE

The members of the Committee during the year were Iain McDonald (committee chairman from September 2017), Pierre Cuilleret, David Forbes (committee chairman to September 2017), Stephen Morana (to July 2017) and Sara Murray. 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 PricewaterhouseCoopers, the Committee's retained advisor, may also attend meetings by invitation. The Company Secretary attends meetings as secretary to the Committee.

ADVISERS TO THE REMUNERATION COMMITTEE

During the year, the Committee received advice from PricewaterhouseCoopers. The total fees paid to PricewaterhouseCoopers in respect of its services during the year were £6,000 (2017: New Bridge Street £5,928). PricewaterhouseCoopers is a signatory to the Remuneration Consultants Group Code of Conduct and operates voluntarily under this Code which sets out the scope and conduct of the role of executive remuneration consultants when advising UK listed companies. The Committee regularly reviews the external advisor relationship and is comfortable that PricewaterhouseCoopers' advice remains objective and independent.

IMPLEMENTATION OF REMUNERATION POLICY FOR THE YEAR ENDING 28 FEBRUARY 2019 – UNAUDITED

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

› base salary
› pension and other benefits
› annual bonus
› awards under the Long-Term Incentive Plans
› opportunity to participate in the all-employee Share Incentive Plan and Save As You Earn scheme

BASE SALARY

The salaries of the executive directors are as follows:

		From 1 May 2018	From 1 May 2017
Mahmud Kamani	Joint CEO	350,000	£300,000
Carol Kane	Joint CEO	350,000	£300,000
Neil Catto	CFO	260,000	£225,000

PENSION AND OTHER BENEFITS

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

Carol Kane and Neil Catto receive company health care benefits and life assurance. Carol Kane and Mahmud Kamani receive driver services.

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 2019 for Neil Catto will be 100%. The maximum bonus payable to the joint CEOs will be 200%. Performance will be measured over the single financial year ending 28 February 2019. 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 group'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 annual bonus targets, in relation to the financial year ending 28 February 2019, are considered to be commercially sensitive. Details of the targets, performance against those targets, and any payments resulting, will be disclosed in next year's annual report on remuneration.

LONG-TERM INCENTIVE PLAN (LTIP)

Awards will be made to Neil Catto and other members of our senior management team under the LTIP in line with the limits detailed in the remuneration policy. Neil Catto's award for the fiscal year 2019 has not yet been agreed but will be subject to performance targets relating to EPS and other financial measures measured over a three year period. 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. It is intended to grant a further issue of free shares to all employees in the financial year ending 2019. The company offered HMRC-approved SAYE plans in the financial years ended 2016, 2017 and 2018 and it is intended that a further SAYE grant is offered during 2019. 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 each year to cover all their duties.

The current annual remuneration is:

		From 1 March 2018		From 1 March 2017	
		Share awards	**Fees**	Share awards	Fees
Peter Williams	Non-executive Chairman	**£25,000**	**£70,000**	£25,000	£70,000
Pierre Cuilleret	NED	**£10,000**	**£40,000**	–	–
David Forbes	NED, Senior Independent Director and Chairman of Audit Committee	**£10,000**	**£50,000**	£10,000	£50,000
Iain McDonald	NED and Chairman of Remuneration Committee	**£10,000**	**£40,000**	–	–
Sara Murray	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.

Iain McDonald
Chairman of the Remuneration Committee

25 April 2018

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

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable Jersey law and International Financial Reporting Standards, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with The Companies (Jersey) Law, 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

On behalf of the board

Mahmud Kamani
Carol Kane
Neil Catto

25 April 2018

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BOOHOO.COM PLC

REPORT ON THE AUDIT OF THE GROUP FINANCIAL STATEMENTS

OPINION
In our opinion, boohoo.com plc's group financial statements (the "financial statements"):

› give a true and fair view of the state of the group's affairs as at 28 February 2018 and of its profit and cash flows for the year then ended;
› have been properly prepared in accordance with IFRSs as adopted by the European Union; and
› have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated statement of financial position as at 28 February 2018; the consolidated statement of comprehensive income for the year then ended, the consolidated statement of changes in equity for the year then ended, and the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH
Overview

MATERIALITY	› Overall group materiality: £2.2 million which represents 5% of profit before tax
AUDIT SCOPE	› We have audited both of the group's material trading entities (boohoo.com UK limited and PrettyLittleThing.com Limited) together with boohoo.com plc (the parent company of the group), which account for 96% and 98% of the consolidated revenue and profit before tax respectively
KEY AUDIT MATTERS	› Accounting for share-based payments in relation to the PrettyLittleThing transaction › Valuation of inventory › Valuation of credit note provision

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

INDEPENDENT AUDITORS' REPORT CONTINUED
TO THE MEMBERS OF BOOHOO.COM PLC

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
ACCOUNTING FOR SHARE-BASED PAYMENTS IN RELATION TO THE PRETTYLITTLETHING ("PLT") TRANSACTION Refer to note 22 Share-based payments; note 1 Critical accounting judgements and estimates; and note 20 Related party transactions. The consolidated statement of comprehensive income includes a share-based payment expense of £3.3 million of which £1.2 million relates to the Shareholders Agreement (the "Agreement") entered into between PrettyLittleThing.com Limited (formerly 21Three Clothing Company Limited), boohoo.com plc and the minority shareholders of PLT. The Agreement gives boohoo.com plc the option to acquire the minority shareholding of PLT in a number of scenarios where the calculation of the purchase price is dependent on the performance of PLT and the continued employment of the PLT minority shareholders. The agreement is accounted for as an equity-settled share-based payment. The estimation of the grant date fair value of the share-based payment was based on the equity value of PLT calculated as at the date of the Agreement. This equity valuation was then adjusted to take account of the minority shareholding discount and probability attached to the non-market vesting conditions. There is uncertainty attached to a number of the underlying assumptions used in determining the fair value of the share-based payment and the valuation involved the directors making various estimates which include the discount rate, perpetuity growth rate of earnings, minority discount rate and volatility rate.	In concluding on the appropriate accounting treatment for the Agreement we read the Agreement and considered the following factors to be key: › There are conditions attached to the executive directors' ability to sell their minority interest in PLT for market value (i.e. to earn the full rights of an ordinary shareholder), specifically remaining in employment for five years and meeting certain performance targets; and › The group has the option but not the obligation to purchase the minority shareholding in a number of scenarios. We agree with management's treatment of the Agreement as an equity-settled share-based payment. We have audited management's calculations of the grant date equity value of PLT and fair value of the share-based payment. The audit of these valuations involved challenging the following key assumptions by comparing to independent market data and benchmarking against comparable organisations and transactions: › Discount rate; › Perpetuity growth rate of earnings; › Minority discount rate; and › Volatility rate. In addition to the market based assumptions, we have also agreed forecast cash flows of PLT to approved budgets that were available at the grant date.
VALUATION OF INVENTORY Refer to note 15 Inventory. The gross value of inventory at the year end was £51.7 million (2017: £34.5 million), against which a provision of £3.4 million (2017: £0.3 million) was recorded. The group operates in a dynamic and fast moving fashion market which inherently means there is a risk of inventory falling out of fashion and therefore becoming difficult to sell above cost. The provisioning policy is primarily based on the age of items, with additional amounts recognised against stock lines that management expects to be discounted. Stock items that management expect to sell at a discount via alternatives to its website are written down to reflect this discounted sales price. The quantity of individual inventory lines and the rate at which new lines are added, combined with the total value of gross inventory makes the calculation of the related provision material to the financial statements.	We have reviewed management's provisioning policy, compared it to the prior year and assessed its appropriateness given our knowledge of the group. We have tested the validity of the aged stock listing used as the basis for management's inventory provision calculation and found it to be accurate and complete. We have tested management's calculation of the inventory provision based on the underlying data and group accounting policy and found this to be accurate. We have reviewed the post year end financial information to identify any significant inventory write offs with none noted.

VALUATION OF CREDIT NOTE PROVISION Refer to note 17 Trade and other payables. Included in trade and other payables is a credit note provision relating to sales made pre year end that are expected to be returned post year end. The group offers a returns policy on all sales which is extended for faulty items. Management calculates the credit note provision using historical returns data, combined with the gross value of sales made in the final two months of the year.	We have reviewed management's provisioning policy and found it to be consistent with the prior year and appropriate given the circumstances. In doing this we have reviewed the group's published returns policy and have ensured this is accurately reflected in the calculation. We have tested the validity of the inputs to management's credit note provision calculation and found these to be accurate and complete. This specifically included listings of sales and credit notes during the year. We have compared the year end provision to actual credit notes raised subsequent to the year end related to sales made prior to the year end and found the difference to not be material.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

The group comprises the following entities: boohoo.com plc, parent company of the group; boohoo.com UK Limited, PrettyLittleThing.com Limited and Nasty Gal Limited, which are trading entities that are based in the UK; and nine non-trading entities. The group audit team in the UK performed an audit of the complete financial information of boohoo.com plc, boohoo.com UK Limited, PrettyLittleThing.com Limited and Nasty Gal Limited, which we regarded as financially significant components of the group. These components accounted for 96% of the revenue and 98% of profit before tax for the group.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

OVERALL MATERIALITY	£2.2 million (2017: £1.5 million).
HOW WE DETERMINED IT	5% of profit before tax.
RATIONALE FOR BENCHMARK APPLIED	profit before tax is the key measure used both internally by the board and externally by shareholders in evaluating the performance of the group.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.6 million and £2.1 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £110,000 (2017: £74,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT CONTINUED
TO THE MEMBERS OF BOOHOO.COM PLC

REPORTING ON OTHER INFORMATION
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT
Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of this report
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.

OTHER REQUIRED REPORTING
Companies (Jersey) Law 1991 exception reporting
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. We have no exceptions to report arising from this responsibility.

OTHER MATTER
We have reported separately on the company financial statements of boohoo.com plc for the year ended 28 February 2018.

Philip Storer
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
Manchester

25 April 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2018

	Note	2018 £000	2017 £000
Revenue	2	579,800	294,635
Cost of sales		(273,445)	(133,806)
Gross profit		306,355	160,829
Distribution costs		(126,757)	(66,849)
Administrative expenses		(132,623)	(68,100)
Amortisation of acquired intangibles		(4,449)	(434)
Other income	3	159	4,862
Operating profit	6	42,685	30,308
Finance income	4	774	637
Finance expense		(146)	–
Profit before tax		43,313	30,945
Taxation	10	(7,313)	(6,284)
Profit for the year		36,000	24,661
Profit for the year attributable to:			
Owners of the parent company		31,652	24,458
Non-controlling interests		4,348	203
		36,000	24,661
Total other comprehensive income/(expense) for the year, net of income tax			
Loss reclassified to profit and loss during the year		6,516	9,604
Fair value gain/(loss) on cash flow hedges during the year [1]		12,981	(16,351)
Total comprehensive income for the year		55,497	17,914
Total comprehensive income attributable to:			
Equity attributable to owners of the parent company		51,149	17,711
Non-controlling interests		4,348	203
Total equity		55,497	17,914
Earnings per share	7		
Basic		2.78p	2.19p
Diluted		2.71p	2.16p

1 Net fair value gains on cash flow hedges will be reclassified to profit or loss during the two years to 29 February 2020.

All activities relate to continuing operations.

The notes on pages 57 to 76 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2018

	Note	2018 £000	2017 £000
ASSETS			
Non-current assets			
Intangible assets	11	30,877	35,446
Property, plant and equipment	12	71,994	32,019
Financial assets	21	2,445	231
Deferred tax	14	6,479	4,494
		111,795	72,190
Current assets			
Inventories	15	48,248	34,170
Trade and other receivables	16	17,499	11,944
Financial assets	21	6,770	489
Cash and cash equivalents		142,575	70,330
Total current assets		215,092	116,933
Total assets		326,887	189,123
LIABILITIES			
Current liabilities			
Trade and other payables	17	(96,670)	(58,053)
Interest-bearing loans and borrowings	18	(2,382)	(2,382)
Financial liabilities	21	(837)	(10,229)
Current tax liability		(4,505)	(3,761)
Total current liabilities		(104,394)	(74,425)
Non-current liabilities			
Interest-bearing loans and borrowings	18	(7,146)	(9,528)
Financial liabilities	21	(467)	(2,077)
Deferred tax	14	(2,101)	(2,597)
Total liabilities		(114,108)	(88,627)
Net assets		212,779	100,496
Equity			
Share capital	19	11,496	11,233
Share premium		602,578	551,720
Capital redemption reserve		100	100
Hedging reserve		7,911	(11,586)
EBT reserve		(351)	(761)
Translation reserve		168	5
Reconstruction reserve		(515,282)	(515,282)
Non-controlling interest		8,761	3,978
Retained earnings		97,398	61,089
Total equity		212,779	100,496

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

These financial statements of boohoo.com plc, registered number 114397, on pages 53 to 76 were approved by the board of directors on 25 April 2018 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	Recon-struction reserve £000	Non-controlling interest £000	Retained earnings £000	Total equity £000
Balance at 29 February 2016	11,233	551,666	100	(4,839)	(761)	1	(515,282)	–	31,309	73,427
Acquisition of 66% interest in PrettyLittleThing.com Limited	–	–	–	–	–	–	–	3,775	–	3,775
Issue of shares	–	54	–	–	–	–	–	–	–	54
Share-based payments credit	–	–	–	–	–	–	–	–	1,895	1,895
Excess deferred tax on share-based payments	–	–	–	–	–	–	–	–	3,427	3,427
Profit for the year	–	–	–	–	–	–	–	203	24,458	24,661
Translation of foreign operations	–	–	–	–	–	4	–	–	–	4
Loss reclassified to profit and loss	–	–	–	9,604	–	–	–	–	–	9,604
Fair value loss on cash flow hedges during the year	–	–	–	(16,351)	–	–	–	–	–	(16,351)
Balance at 28 February 2017	11,233	551,720	100	(11,586)	(761)	5	(515,282)	3,978	61,089	100,496
Issue of shares	264	50,857	–	–	410	–	–	–	–	51,531
Share-based payments credit	–	–	–	–	–	–	–	435	2,834	3,269
Excess deferred tax on share-based payments	–	–	–	–	–	–	–	–	1,823	1,823
Profit for the year	–	–	–	–	–	–	–	4,348	31,652	36,000
Translation of foreign operations	–	–	–	–	–	163	–	–	–	163
Loss reclassified to profit and loss	–	–	–	6,516	–	–	–	–	–	6,516
Fair value gain on cash flow hedges during the year	–	–	–	12,981	–	–	–	–	–	12,981
Balance at 28 February 2018	**11,496**	**602,578**	**100**	**7,911**	**(351)**	**168**	**(515,282)**	**8,761**	**97,398**	**212,779**

The notes on pages 57 to 76 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Profit for the year		36,000	24,661
Adjustments for:			
Share-based payments charge		3,269	1,895
Depreciation charges and amortisation		10,978	4,765
Gain on option to acquire PrettyLittleThing.com Limited		–	(1,405)
Finance income		(774)	(637)
Finance expense		146	–
Tax expense		7,313	6,284
		56,932	35,563
Increase in inventories	15	(14,078)	(11,925)
Increase in trade and other receivables	16	(5,393)	(4,107)
Increase in trade and other payables	17	38,780	15,166
Cash generated from operations		76,241	34,697
Tax paid		(7,227)	(5,206)
Net cash generated from operating activities		69,014	29,491
Cash flows from investing activities			
Acquisition of intangible assets	11	(2,412)	(18,311)
Acquisition of property, plant and equipment	12	(43,972)	(12,364)
Acquisition of 66% interest in PrettyLittleThing.com Limited (excess of cash acquired over consideration)		–	655
Finance income received		612	614
Net cash used in investing activities		(45,772)	(29,406)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares		52,281	54
Share issue costs written off to share premium		(750)	–
Finance expense paid		(146)	–
Proceeds from new loan		–	11,910
Repayment of borrowings		(2,382)	–
Net cash generated from financing activities		49,003	11,964
Increase in cash and cash equivalents		72,245	12,049
Cash and cash equivalents at beginning of year		70,330	58,281
Cash and cash equivalents at end of year		142,575	70,330

Notes 1 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(FORMING PART OF 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.

Standards, amendments and interpretations to standards that are effective and have been adopted by the group and/or company.

IAS 7, "Statement of Cash flows" (effective 1 January 2017) requires a schedule of movements in financing activity liabilities, which is shown in note 18.

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 2018 but have not been early adopted by the group or company and could have an impact on the group and company financial statements:

IFRS 9, "Financial instruments" (effective 1 January 2018) is not expected to have a material effect on the financial statements. It has been determined that all existing effective hedging instruments will continue to qualify for hedge accounting under IFRS 9.

IFRS 16, "Leases" (effective 1 January 2019). The group has several property leases for office accommodation and some office machinery leases. These assets and liabilities will be capitalised on the balance sheet under IFRS 16, where the effect will be material with an estimated £3.2 million increase in assets and liabilities as at 28 February 2019, whereas the effect on the income statement will not be material overall.

IFRS 15, "Revenue from contracts with customers" (effective 1 January 2018) is not expected to have a material effect on the financial statements. Revenue is already recognised in the financial statements when the customer receives the goods ordered. Revenue from the purchase of annual delivery services is spread over the period of the service.

A number of other new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 March 2018 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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
(FORMING PART OF THE FINANCIAL STATEMENTS)

1 ACCOUNTING POLICIES CONTINUED

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

Intangible assets
Trademark and licences are stated at cost less accumulated amortisation and impairment losses and are amortised over their expected lives of ten years and charged to administrative expenses. Customer lists are amortised over expected customer lifetime value of three years.

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: short leasehold assets over the life of the lease or 2%; buildings 2%; motor vehicles and computer equipment 33%; 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.

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

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.

1 ACCOUNTING POLICIES CONTINUED

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 is 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 customer has received the products and is adjusted for 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 received. 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.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
(FORMING PART OF THE FINANCIAL STATEMENTS)

1 ACCOUNTING POLICIES CONTINUED

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. The historic difference between the accrual estimates and the actual results, known at a later stage, has never been, nor is expected to be, material. A difference of 1%pt in the percentage of sales returns rate would have an impact of +/- £0.3 million on reported revenue and +/- £0.1 million on operating profit.

Inventory valuation
Inventory is carried at the lower of cost or net realisable value. The judgement of net realisable value may be different from the future actual value realised, but that difference is not expected ever to be material. A difference of 1%pt in the provision as a percentage of gross inventory would give rise to a difference of +/- £0.5m in gross margin.

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. These require management judgement, the assumptions of which are detailed in the notes.

Option to acquire the minority stake in Pretty Little Thing.com Limited
The company has an option to buy the 34% non-controlling interest in PrettyLittleThing.com Limited ("PrettyLittleThing", formerly 21Three Clothing Company Limited) for market value or a lesser sum, depending upon financial performance in five years' time. The performance period for the option commences on 1 March 2017 and has attracted a share-based-payment charge over the five year performance period in accordance with IFRS 2, as detailed in note 13.

Sensitivity:
The estimates and assumptions in determining the share-based payments charge are driven by the enterprise value at inception of the option and by the assumptions in the model to calculate the option value. The enterprise value was estimated using a discounted cash flow model that produced a range of values for the enterprise between £48 million and £50 million using a 40% discount rate and perpetuity growth rates of 1.1% and 3.1% respectively with the mid-point of £49 million being selected as most reasonable. The discount rate of 40%, applied to PrettyLittleThing.com Limited, was selected as the mid-point of the cost of capital of the range of 30% to 50% for second stage of development of companies per Scherlis and Sahlman. Using a different discount rate of +/- 10% would lead to a valuation change of c+/- £17 million.

Intangible asset valuation
Critical estimates and assumptions are made with regard to the calculation of the fair value of intangible assets, based on management's best assessment of the value of each type of asset.

The fair value of the PrettyLittleThing (PLT) trademark was calculated using the relief from royalty method, with assumptions as follows: royalty rate 3.0%; and discount rate 30%. The fair value of the customer lists was calculated using the cost that PLT has incurred to acquire the customers during the period prior to acquisition.

Sensitivity:
Changes to the royalty rate assumption amounting to +/- 0.5% would change the valuation of the PLT brand by +/- £1.7 million.

2 SEGMENTAL ANALYSIS

IFRS 8, "Operating Segments", requires operating segments to be determined based on the group's internal reporting to the chief operating decision maker. The chief operating decision maker is considered to be the executive board, which has determined that the primary segmental reporting format of the group for 2018 is by business unit. This is based on the group's management and internal reporting structure, i.e. boohoo including boohooMAN, PrettyLittleThing (PLT) and Nasty Gal.

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

Year ended 28 February 2018	**boohoo £000**	**PLT £000**	**Nasty Gal £000**	**Total £000**
Revenue	**374,115**	**181,269**	**24,416**	**579,800**
Cost of sales	**(182,394)**	**(81,175)**	**(9,876)**	**(273,445)**
Gross profit	**191,721**	**100,094**	**14,540**	**306,355**
Distribution costs	**(80,417)**	**(40,661)**	**(5,679)**	**(126,757)**
Segment result	**111,304**	**59,433**	**8,861**	**179,598**
Administrative expenses	**–**	**–**	**–**	**(137,072)**
Other income	**–**	**–**	**–**	**159**
Operating profit	**–**	**–**	**–**	**42,685**
Finance income	**–**	**–**	**–**	**774**
Finance expense	**–**	**–**	**–**	**(146)**
Profit before tax	**–**	**–**	**–**	**43,313**

Year ended 28 February 2017	boohoo £000	PLT £000	Total £000
Revenue	283,378	11,257	294,635
Cost of sales	(129,026)	(4,780)	(133,806)
Gross profit	154,352	6,477	160,829
Distribution costs	(64,375)	(2,474)	(66,849)
Segment result	89,977	4,003	93,980
Administrative expenses	–	–	(68,534)
Other income	–	–	4,862
Operating profit	–	–	30,308
Finance income	–	–	637
Finance expense	–	–	–
Profit before tax	–	–	30,945

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

No analysis of the assets and liabilities of each operating segment is provided to the chief operating decision maker in the monthly management accounts, therefore no measure of segmental assets or liabilities is disclosed in this note. Non-current assets located outside the UK comprise an office in the USA with a net book value of £2.7 million.

Revenue by geographic region

	2018 £000	2017 £000
UK	**355,614**	181,981
Rest of Europe	**66,281**	34,735
USA	**92,690**	40,435
Rest of world	**65,215**	37,484
	579,800	294,635

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
(FORMING PART OF THE FINANCIAL STATEMENTS)

3 OTHER INCOME

	2018 £000	2017 £000
Income from warehouse management services (see note 20)	–	3,457
Rental income	159	–
Gain on option to acquire PrettyLittleThing.com Limited	–	1,405
	159	4,862

The income from warehouse management services provided to PLT ceased after PLT became part of the group in January 2017.

4 FINANCE INCOME AND EXPENSE

	2018 £000	2017 £000
Finance income: Bank interest received	774	637
Finance expense: Loan interest paid	(146)	–

5 AUDITORS' REMUNERATION

	2018 £000	2017 £000
Audit of these financial statements	10	10
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	120	88
Other services relating to taxation	104	72
Other advisory services	52	–
	271	170

6 PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):	2018 £000	2017 £000
Operating lease rentals for buildings	1,509	1,060
Equity-settled share-based payment charges	3,269	1,895
Gain on option to acquire PrettyLittleThing.com Limited	–	(1,405)
Depreciation of property, plant and equipment	3,997	2,488
Amortisation of intangible assets	2,532	1,843
Amortisation of acquired intangible assets	4,449	434

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax attributable to members of the holding company by the weighted average number of shares in issue during the year. Own shares held by the Employee Benefit Trust are eliminated from the weighted average number of shares. Diluted earnings per share is calculated by dividing the profit after tax attributable to members of the holding company by the weighted average number of shares in issue during the year, adjusted for potentially dilutive share options.

	2018	2017
Weighted average shares in issue for basic earnings per share	1,138,722,751	1,118,177,098
Dilutive share options	27,108,839	16,269,059
Weighted average shares in issue for diluted earnings per share	1,165,831,590	1,134,446,158
Earnings (£000)	31,652	24,458
Basic earnings per share	2.78p	2.19p
Diluted earnings per share	2.71p	2.16p
Earnings (£000)	31,652	24,458
Adjusting items:		
Amortisation of intangible assets arising on acquisitions	4,449	434
Share-based payment charges	3,269	1,895
Gain on option to acquire PrettyLittleThing.com Limited	–	(1,405)
Adjustment for tax	(1,408)	(466)
Adjustment for non-controlling interest	(352)	–
Adjusted earnings	37,610	24,916
Basic adjusted earnings per share	3.30p	2.23p
Diluted adjusted earnings per share	3.23p	2.20p

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

8 STAFF NUMBERS AND COSTS

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

	Number of employees	
	2018	2017
Administration	955	689
Distribution	1,220	612
	2,175	1,301

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	49,510	31,567
Social security costs	5,553	4,551
Post-employment benefits	647	410
Equity-settled share-based payment charges	3,269	1,895
	58,979	38,423

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
(FORMING PART OF THE FINANCIAL STATEMENTS)

9 DIRECTORS' AND KEY MANAGEMENT COMPENSATION

	2018 £000	2017 £000
Short-term employee benefits	5,856	5,006
Post-employment benefits	131	86
Equity-settled share-based payment charges	454	17
	6,441	5,109

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

10 TAXATION

	2018 £000	2017 £000
Analysis of charge in year		
Current tax on income for the year	9,294	7,126
Adjustments in respect of prior year taxes	(1,323)	(6)
Deferred taxation	(658)	(836)
Tax on profit on ordinary activities	7,313	6,284

The total tax charge differs from the amount computed by applying the blended UK rate of 19.08% for the year (2017: 20.0%) to profit before tax as a result of the following:

	2018	2017
Profit on ordinary activities before tax	43,313	30,945
Profit before tax multiplied by the standard blended rate of corporation tax of the UK of 19.08% (2017: 20.0%)	8,273	6,189
Effects of:		
Expenses not deductible for tax purposes	375	246
Income not subject to tax	–	(320)
Adjustments in respect of prior year taxes	(1,323)	(6)
Overseas tax differentials	9	5
Depreciation in excess of capital allowances	(21)	170
Tax on profit on ordinary activities	7,313	6,284

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 17% from 1 April 2020 had already been substantively enacted on 15 September 2016. The prior year tax adjustment is in respect of tax incentives for research and development expenditure.

11 INTANGIBLE ASSETS

	Patents and licences £000	Trademarks £000	Customer lists £000	Computer software £000	Total £000
Cost					
Balance at 1 March 2016	309	–	–	7,075	7,384
On acquisition	–	10,000	4,800	152	14,952
Additions	1	15,070	1,026	2,213	18,310
Disposals	–	–	–	(232)	(232)
Balance at 28 February 2017	310	25,070	5,826	9,208	40,414
Additions	9	–	–	2,403	2,412
Disposals	–	–	–	(567)	(567)
Balance at 28 February 2018	**319**	**25,070**	**5,826**	**11,044**	**42,259**
Accumulated amortisation					
Balance at 1 March 2016	149	–	–	2,693	2,842
On acquisition	–	–	–	81	81
Amortisation for year	31	167	267	1,812	2,277
Disposals	–	–	–	(232)	(232)
Balance at 28 February 2017	180	167	267	4,354	4,968
Amortisation for year	31	2,507	1,942	2,501	6,981
Disposals	–	–	–	(567)	(567)
Balance at 28 February 2018	**211**	**2,674**	**2,209**	**6,288**	**11,382**
Net book value					
At 29 February 2016	160	–	–	4,382	4,542
At 28 February 2017	130	24,903	5,559	4,854	35,446
At 28 February 2018	**108**	**22,396**	**3,617**	**4,756**	**30,877**

The cost and accumulated amortisation of trademarks and customer lists on acquisition represent those of PrettyLittleThing and the cost of trademarks and customer lists additions represent those of Nasty Gal.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
(FORMING PART OF THE FINANCIAL STATEMENTS)

12 PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Land & buildings £000	Total £000
Cost						
Balance at 1 March 2016	766	9,498	1,565	113	13,169	25,111
On acquisition	409	157	401	27	–	994
Additions	172	6,631	689	145	4,727	12,364
Disposals	(226)	(681)	(171)	–	–	(1,078)
Balance at 28 February 2017	1,121	15,605	2,484	285	17,896	37,391
Additions	1,156	19,911	1,593	228	21,084	43,972
Disposals	(54)	(72)	(540)	(74)	–	(740)
Balance at 28 February 2018	**2,223**	**35,444**	**3,537**	**439**	**38,980**	**80,623**
Accumulated depreciation						
Balance at 1 March 2016	479	1,815	994	51	346	3,685
On acquisition	66	30	176	5	–	277
Depreciation charge for the year	118	1,538	512	66	254	2,488
Disposals	(226)	(681)	(171)	–	–	(1,078)
Balance at 28 February 2017	437	2,702	1,511	122	600	5,372
Depreciation charge for the year	328	2,463	763	85	358	3,997
Disposals	(54)	(72)	(540)	(74)	–	(740)
Balance at 28 February 2018	**711**	**5,093**	**1,734**	**133**	**958**	**8,629**
Net book value						
At 29 February 2016	287	7,683	571	62	12,823	21,426
At 28 February 2017	684	12,903	973	163	17,296	32,019
At 28 February 2018	**1,512**	**30,351**	**1,803**	**306**	**38,022**	**71,994**

The cost and accumulated depreciation on acquisition represent those of PrettyLittleThing.

13 INVESTMENTS

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

Name of company	Principal activity	Country of incorporation	Address	Percentage ownership
ABK Limited	Holding company	Jersey	12 Castle St, St Helier, Jersey	100%
boohoo.com UK Limited	Trading company	UK	49-51 Dale St, Manchester	100%
Boo Who Limited	Dormant company	UK	49-51 Dale St, Manchester	100%
boohoo.com USA Limited	Dormant company	UK	49-51 Dale St, Manchester	100%
boohoo.com USA Inc	Marketing office	USA	3 West 13th Street, New York	100%
boohoo.com Australia Pty Ltd	Marketing office	Australia	468 St Kilda Road, Melbourne	100%
PrettyLittleThing.com Limited	Internet fashion retail	UK	Wellington Mill, Pollard Street East, Manchester	66%
21Three Clothing Company Limited	Dormant company	UK	Wellington Mill, Pollard Street East, Manchester	66%
PrettyLittleThing.com USA Inc	Marketing office	USA	1209 Orange Street, Delaware	66%
Nasty Gal.com Limited	Trading company	UK	49-51 Dale St, Manchester	100%
Nasty Gal.com USA Inc	Marketing office	USA	6600 W Sunset Boulevard, Los Angeles	100%
Shanghai Wasabi Frog Boohoo Ltd	Dormant company	China	49-51 Dale St, Manchester	100%

14 DEFERRED TAX

ASSETS	Depreciation in excess of capital allowances £000	Share-based payments £000	Total £000
Asset at 1 March 2016	62	169	231
Recognised in statement of comprehensive income	170	666	836
Credit in equity	–	3,427	3,427
Asset at 28 February 2017	232	4,262	4,494
Recognised in statement of comprehensive income	(72)	234	162
Credit in equity	–	1,823	1,823
Asset at 28 February 2018	**160**	**6,319**	**6,479**

LIABILITIES	Business combinations £000	Total £000
Recognised in statement of comprehensive income	(2,597)	(2,597)
Liability at 28 February 2017	(2,597)	(2,597)
Recognised in statement of comprehensive income	496	496
Liability at 28 February 2018	**(2,101)**	**(2,101)**

Recognition of the deferred tax assets is based upon the expected generation of future taxable profits. The deferred tax asset is expected to be recovered in more than one year's time and the deferred tax liability will reverse in more than one year's time as the intangible assets are amortised.

15 INVENTORIES

	2018 £000	2017 £000
Finished goods	**48,248**	34,170

The value of inventories included within cost of sales for the year was £270,323,000 (2017: £133,515,000). An impairment provision of £3,413,000 (2017: £291,000) was charged to the statement of comprehensive income. There were no write-backs of prior period provisions during the year.

16 TRADE AND OTHER RECEIVABLES

	2018 £000	2017 £000
Trade receivables	**13,381**	9,446
Prepayments	**3,658**	2,489
Accrued income	**460**	9
	17,499	11,944

Trade receivables represent amounts due from wholesale customers and advance payments to suppliers. Receivables past due are £339,000 (2017: £698,000). The provision for impairment of trade receivables is £674,000 (2017: £573,000). The fair value of trade and other receivables is not materially different from the carrying value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
(FORMING PART OF THE FINANCIAL STATEMENTS)

17 TRADE AND OTHER PAYABLES

	2018 £000	2017 £000
Trade payables	**34,203**	23,124
Amounts owed to related party undertakings (note 20)	**31**	2
Other creditors	**1,084**	3,090
Accruals	**50,399**	24,098
Deferred income	**5,556**	3,367
Taxes and social security payable	**5,397**	4,372
	96,670	58,053

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

18 INTEREST-BEARING LOANS AND BORROWINGS

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

	2018 £000	2017 £000
Non-current liabilities		
Secured bank loans	**7,146**	9,528
Current liabilities		
Current portion of secured bank loans	**2,382**	2,382

TERMS AND DEBT REPAYMENT SCHEDULE

	Currency	Nominal interest rate	Year of maturity	2018 £000	2017 £000
Secured bank loan	GB£	LIBOR + 0.95%	2022	**9,528**	11,910

The loan is repayable in instalments over the five years to 2022. The loan is secured by a debenture comprising fixed and floating charges over all the assets and undertakings of boohoo.com UK Limited of £99.4 million (2017: £48.4 million), including all present and future freehold property, book and other debts, chattels and goodwill, both present and future.

MOVEMENT IN FINANCIAL LIABILITIES	2018 £000	2017 £000
Opening balance	**11,910**	–
Additions	**–**	11,910
Interest accrued	**146**	–
Interest paid	**(146)**	–
Capital paid	**(2,382)**	–
Closing balance	**9,528**	11,910

19 SHARE CAPITAL AND RESERVES

	2018 £000	2017 £000
1,149,574,495 authorised and fully paid ordinary shares of 1p each (2017: 1,123,304,869)	**11,496**	11,233

During the year, a total of 3,504,814 shares were issued under the share incentive plans (2017: nil). On 7 June 2017, 22,727,273 shares were issued in a private placing of shares, raising £50 million. On 23 February 2018, 35,224 new ordinary shares were issued to non-executive directors as part of their annual remuneration (2017: 37,539).

19 SHARE CAPITAL AND RESERVES CONTINUED

Under merger accounting principles, a reconstruction reserve of £515,282,000 was created upon the acquisition of the group and flotation on 14 March 2014.

The directors do not recommend the payment of a dividend so that cash is retained in the group for capital expenditure projects that are required for the rapid growth and efficiency improvements of the business and for suitable business acquisitions (2017: £nil).

20 RELATED PARTY DISCLOSURES

Related party	Company transacting with the related party	Nature of relationship	2018 £000	2017 £000
Amounts included in the statement of financial position				
Amounts owed to related party undertakings				
Kamani Construction Limited	boohoo.com UK Limited	Common directors and shareholders	–	2
Kamani Commercial Property Limited	boohoo.com UK Limited	Common directors and shareholders	**31**	–
Amounts included in the statement of comprehensive income				
Other income – warehouse management services				
PrettyLittleThing.com Limited	boohoo.com UK Limited	Shareholders and directors are the sons of Mahmud Kamani	–	3,457
Other income – gain on exercise of option to acquire PrettyLittleThing.com Limited				
PrettyLittleThing.com Limited	boohoo.com plc	Shareholders and directors are the sons of Mahmud Kamani	–	1,405
Purchases				
The Pinstripe Property Investment Co. Limited	PrettyLittleThing.com Limited	Common directors and shareholders	**1,641**	358
Kamani Construction Limited	boohoo.com UK Limited	Common directors and shareholders	**173**	4
Kamani Commercial Property Limited	PrettyLittleThing.com Limited	Common directors and shareholders	**326**	–
Admin costs – marketing				
The White Cube Creative Limited	boohoo.com UK Limited	Director of supplier is the husband of boohoo.com plc director	**104**	71
Admin costs – office rental				
Kamani Commercial Property Limited	boohoo.com UK Limited	Common directors and shareholders	**679**	691
Kamani Commercial Property Limited	PrettyLittleThing.com Limited	Common directors and shareholders	**80**	–
Fixed asset purchases				
The Pinstripe Property Investment Co. Limited	boohoo.com UK Limited	Common directors and shareholders	**115**	–

The company has an option to buy the non-controlling interest of 34% of the share capital of PrettyLittleThing.com Limited (formerly 21Three Clothing Company Limited) on 14 March 2022 for market value or less, subject to performance criteria. Umar Kamani, the son of Mahmud Kamani, joint CEO and director of boohoo.com plc, is a director and shareholder of PrettyLittleThing.com Limited.

boohoo.com plc acquired 66% of PrettyLittleThing.com Limited for £5.9 million from the sons of Mahmud Kamani on 3 January 2017.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
(FORMING PART OF THE FINANCIAL STATEMENTS)

21 FINANCIAL INSTRUMENTS

(a) Fair values of financial instruments

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

Cash flow hedges

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

Fair values

	2018 £000	2017 £000
Financial assets		
Cash and cash equivalents	142,575	70,330
Cash flow hedges	9,215	720
Trade and other receivables	13,841	9,455
	165,631	80,505

	2018 £000	2017 £000
Financial liabilities		
Cash flow hedges	1,304	12,306
Trade and other payables	91,114	54,686
Interest-bearing loans and borrowings	9,528	11,910
	101,946	78,902

21 FINANCIAL INSTRUMENTS CONTINUED

(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 28 February 2018 the group had capital of £345.8 million (2017: £158.9 million), comprising equity of £212.8 million (2017: £100.5 million) and net cash of £133.0 million (2017: £58.4 million).

(e) Foreign currency risk

Financial risk management

The group trades internationally and is exposed to exchange rate risk on purchases and sales, primarily in Australian dollars, euros and US dollars. The group's results are presented in sterling and are exposed to exchange rate risk on translation of foreign currency assets and liabilities.

The group's approach to managing foreign currency risk is to use financial instruments in the form of forward foreign exchange contracts to hedge foreign currency cash flows.

The fair value of forward foreign exchange contracts recognised in the statement of financial position within financial assets at 28 February 2018 was £9,215,000 (2017: £720,000) and within financial liabilities was £1,304,000 (2017: £12,306,000). The non-current element of the financial assets is £2,445,000 (2017: £231,000) and of financial liabilities is £467,000 (2017: £2,077,000). Cash flows related to these contracts will occur during the two years to 29 February 2020 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 profit of £12,981,000 (2017: loss of £16,351,000) and the amount reclassified from other comprehensive income to profit and loss during the year is a loss of £6,516,000 (2017: £9,604,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
(FORMING PART OF THE FINANCIAL STATEMENTS)

22 SHARE-BASED PAYMENTS

Summary of movements in awards

Number of shares	ESOP	LTIP	SIP	SAYE	Total	Weighted average exercise price pence
Outstanding at 29 February 2016	20,670,854	–	3,459,666	4,760,713	28,891,233	29.99
Granted during the year	2,597,500	2,287,514	–	2,815,108	7,700,122	48.59
Lapsed during the year	(2,581,500)	(184,239)	(419,733)	(385,591)	(3,799,063)	31.69
Exercised during the year	–		–	–	–	–
Outstanding at 28 February 2017	20,686,854	2,103,275	3,039,933	7,190,230	33,020,292	34.15
Exercisable at 28 February 2017	–	–	–	–	–	–
Granted during the year	4,867,500	1,144,134	–	1,685,365	7,696,999	191.77
Lapsed during the year	(2,263,415)	(513,217)	(78,562)	(559,597)	(3,186,791)	47.18
Exercised during the year	(4,451,205)	–	(920,583)	–	(5,371,788)	41.24
Outstanding at 28 February 2018	**18,839,734**	**2,734,192**	**2,040,788**	**8,315,998**	**31,930,712**	**69.66**
Exercisable at 28 February 2018	**2,202,380**	**–**	**719,518**	**–**	**2,921,898**	**37.69**

The group recognised a total expense of £3,269,000 during the year (2017: £1,895,000) 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 Neil Catto (CFO) there are no performance criteria. Neil Catto's options are subject to achieving performance criteria based on a predetermined aggregate EBITDA target and a measure of Total Shareholder Return for the three financial years ending 2016 to 2018. The 2016 and 2017 ESOPs allow the grant of options to selected employees of the group, without any performance criteria. Options may be granted by either the board or the trustees of the Employee Benefit Trust.

Date of grant	1 March 2017 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	**28 February 2018 no. of shares**	Exercise price pence	Exercise period
14/03/14	7,322,000	–	(1,710,680)	(4,094,560)	**1,516,760**	50.00	14/03/17 – 13/03/24
27/03/14	776,000	–	(170,720)	(304,980)	**300,300**	50.00	27/03/17 – 26/03/24
04/07/14	494,000	–	(108,680)	–	**385,320**	50.00	04/07/17 – 03/07/24
22/05/15	9,819,854	–	(155,278)	(44,722)	**9,619,854**	25.75	22/05/18 – 21/05/25
09/06/16	2,275,000	–	(93,057)	(6,943)	**2,175,000**	57.75	09/06/19 – 08/06/26
13/06/17	–	4,867,500	(25,000)	–	**4,842,500**	244.50	13/06/20 – 12/06/27
	20,686,854	**4,867,500**	**(2,263,415)**	**(4,451,205)**	**18,839,734**		

22 SHARE-BASED PAYMENTS CONTINUED

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

Grant date	14/03/14	27/03/14	04/07/14	22/05/15	09/06/16	13/07/17
Share price at grant date	50.00	59.25	44.25	25.75	57.75	244.50
Exercise price	50.00	50.00	50.00	25.75	57.75	244.50
Number of employees	55	3	1	125	114	201
Shares under option	1,516,760	300,300	385,320	9,619,854	2,175,000	4,842,500
Vesting period (years)	3	3	3	3	3	3
Expected volatility	33.33%	33.25%	33.45%	36.33%	36.75%	40.85%
Option life (years)	10	10	10	10	10	10
Expected life (years)	3	3	3	3	3	3.5
Risk free rate	0.976%	1.067%	1.303%	0.966%	0.523%	0.192%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%	0%
Possibility of ceasing employment before vesting	26%	0%	50%	20%	30%	30%
Expectations of meeting performance criteria	78%	78%	78%	100%	100%	100%
Fair value per option (pence)	11.93	18.33	8.71	6.64	14.76	73.35

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

Long Term Incentive Plan (LTIP)
The 2016 and 2017 LTIPs allow the grant of options to executive directors and senior management of the group, based on a predetermined aggregate Earnings per Share and Total Shareholder Return targets for the three financial years 2017 to 2019 and 2018 to 2020 respectively. Options may be granted by either the board or the trustees of the Employee Benefit Trust.

Date of grant	1 March 2017 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	**28 February 2018 no. of shares**	Exercise price pence	Exercise period
30/06/16	2,103,275	–	(359,842)	–	**1,743,433**	1.00	30/06/19 – 29/06/26
13/06/17	–	1,144,134	(153,375)	–	**990,759**	1.00	13/06/20 – 12/06/27
	2,103,275	1,144,134	(513,217)	–	**2,734,192**		

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

Grant date	30/06/16	13/06/17
Share price at grant date	57.25	244.50
Exercise price	1.00	1.00
Number of employees	8	17
Shares under option	1,743,433	990,759
Vesting period (years)	3	3
Expected volatility	37.06%	40.85%
Option life (years)	10	10
Expected life (years)	3	3.5
Risk free rate	0.173%	0.192%
Expected dividends expressed as a dividend yield	0%	0%
Possibility of ceasing employment before vesting	30%	39%
Expectations of meeting performance criteria	100%	67%
Fair value per option (pence)	56.26	243.51

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
(FORMING PART OF THE FINANCIAL STATEMENTS)

22 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 2017 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	**28 February 2018 no. of shares**	Exercise price pence	Exercise period
14/03/14	1,536,000	–	–	(857,264)	**678,736**	nil	14/03/17 – 13/03/24
02/04/14	104,101	–	–	(63,319)	**40,782**	nil	02/04/17 – 01/04/24
19/06/15	1,399,832	–	(78,562)	–	**1,321,270**	nil	19/06/18 – 18/06/25
	3,039,933	**–**	**(78,562)**	**(920,583)**	**2,040,788**		

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	54.75	28.00
Exercise price	nil	nil	nil
Number of employees	130	8	370
Shares under option	678,736	40,782	1,321,270
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	44%	37%	40%
Expectations of meeting performance criteria	100%	100%	100%
Fair value per option (pence)	50.00	54.75	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 2017 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	**28 February 2018 no. of shares**	Exercise price pence	Exercise period
29/06/15	4,440,680	–	(101,771)	–	**4,338,909**	21.40	29/06/18 – 28/12/18
25/10/16	2,749,550	–	(376,460)	–	**2,373,090**	78.80	25/10/19 – 24/04/20
13/11/17	–	1,685,365	(81,366)	–	**1,603,999**	169.00	13/11/20 – 12/05/21
	7,190,230	**1,685,365**	**(559,597)**	**–**	**8,315,998**		

22 SHARE-BASED PAYMENTS CONTINUED

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

Grant date	29/06/15	25/10/16	06/11/17
Share price at grant date	27.25	119.25	209.25
Exercise price	21.40	78.80	169.00
Number of employees	211	363	539
Shares under option	4,338,909	2,373,090	1,603,999
Vesting period (years)	3	3	3
Expected volatility	35.78%	38.40%	41.67%
Option life (years)	3.5	3.5	3.5
Expected life (years)	3	3	3
Risk free rate	1.052%	0.277%	0.513%
Expected dividends expressed as a dividend yield	0%	0%	0%
Possibility of ceasing employment before vesting	20%	30%	30%
Expectations of meeting performance criteria	100%	100%	100%
Fair value per option (pence)	9.63	51.02	76.86

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

Share-based payment charge for option to acquire shares in PrettyLittleThing

Under the terms of the Shareholders Agreement relating to 21 Three Clothing Company Limited (company name now changed to PrettyLittleThing.com Limited) (PLT), boohoo.com plc has the option to acquire the remaining 34% of the share capital of PLT at any time after 28 February 2022. As there are performance conditions that determine the price boohoo will pay for the shares, if the option is exercised, this gives rise to a share-based payments charge in the accounts of PLT and hence in the group accounts also. This charge is not for the issue of shares in boohoo.com plc but for the shares that are already held by the directors of PLT and which boohoo has the option to acquire at the end of the option period in 2022 or sooner if the directors leave or default. The price payable for the shares could be based on 34% of £1.9 million plus either 79% of the market value if maximum performance conditions are met or 74% of the market value if none of the performance criteria are met. Performance between minimum and maximum is calculated on a pro-rata basis. The performance criteria are a range of EBITDA targets and sales targets as follows:

	Minimum threshold		Maximum threshold	
Fiscal year ending	EBITDA	Sales	EBITDA	Sales
28/02/2018	£2,462,000	£57,789,000	£2,645,000	£62,412,000
28/02/2019	£3,201,000	£69,347,000	£3,702,000	£81,136,000
28/02/2020	£4,001,000	£79,749,000	£4,998,000	£101,420,000
28/02/2021	£4,801,000	£91,711,000	£6,498,000	£126,775,000
28/02/2022	£5,522,000	£100,882,000	£8,122,000	£154,665,000

The share price was calculated using a discounted cash flow method using a discount rate of 40% and perpetuity growth rate of 2.1% on management's four year projections as at March 2017.

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

Grant date	01/03/17
Share price at grant date, discounted for minority interest	£26,329
Minority interest discount factor	45%
Number of employees	2
Shares under option	340
Vesting period (years)	5
Expected volatility	60.00%
Option life (years)	5
Expected life (years)	5
Risk free rate	0.42%
Expected dividends expressed as a dividend yield	0%
Possibility of ceasing employment before vesting	0%
Expectations of meeting performance criteria	
Ranging from 15% to 90% depending on the year	
Total option fair value	£206,764

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
(FORMING PART OF THE FINANCIAL STATEMENTS)

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

23 CAPITAL COMMITMENTS

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

	2018 £000	2017 £000
Property, plant and equipment	27,999	2,100

24 OPERATING LEASES

The group has lease agreements in respect of property, 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:

	2018 £000	2017 £000
Within one year	1,028	1,229
Within two to five years	3,066	2,785
In more than five years	792	916
	4,886	4,930

25 CONTINGENT LIABILITIES

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

As at 28 February 2018, there are no pending claims or proceedings against the group which are expected to have a material adverse effect on its liquidity or operations.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BOOHOO.COM PLC

REPORT ON THE AUDIT OF THE COMPANY FINANCIAL STATEMENTS

Opinion
In our opinion, boohoo.com plc's company financial statements (the "financial statements"):

› give a true and fair view of the state of the company's affairs as at 28 February 2018 and of its loss and cash flows for the year then ended;
› have been properly prepared in accordance with IFRSs as adopted by the European Union; and
› have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the company statement of financial position as at 28 February 2018; the company statement of comprehensive income for the year then ended, the company statement of changes in equity for the year then ended, and the company cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach
Overview

MATERIALITY	› Overall materiality: £1.6m (2017: £1.4m), based on the lower of component and statutory materiality (statutory materiality based on 1% of total assets)
AUDIT SCOPE	› We performed full scope audit procedures over boohoo.com plc (the parent company of the group)
KEY AUDIT MATTERS	› We do not consider there to be any key audit matters in relation to the parent company

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

We do not consider there to be any key audit matters in relation to the parent company.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We performed an audit of the complete financial information of boohoo.com plc, which accounts for 100% of the revenue and 100% of profit before tax for the company.

INDEPENDENT AUDITORS' REPORT CONTINUED
TO THE MEMBERS OF BOOHOO.COM PLC

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

OVERALL MATERIALITY	£1.6m (2017: £1.4m)
HOW WE DETERMINED IT	Based on the lower of component and statutory materiality (statutory materiality based on 1% of total assets)
RATIONALE FOR BENCHMARK APPLIED	We believe that calculating statutory materiality based on 1% total assets is appropriate as total assets is a typical primary measure for users of the financial statements of holding companies and is a generally accepted auditing benchmark

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £110,000 (2017: £74,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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.

OTHER REQUIRED REPORTING

Companies (Jersey) Law 1991 exception reporting

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
› proper 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.

OTHER VOLUNTARY REPORTING

Directors' remuneration

The company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the United Kingdom Companies Act 2006. The directors requested that we audit the part of the Directors' Remuneration Report specified by the United Kingdom Companies Act 2006 to be audited as if the company were a United Kingdom incorporated quoted company.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the United Kingdom Companies Act 2006.

OTHER MATTER

We have reported separately on the group financial statements of boohoo.com plc for the year ended 28 February 2018.

Philip Storer
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
Manchester

25 April 2018

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2018

	Note	2018 £000	2017 £000
Administrative expenses		(4,381)	(1,365)
Operating loss		(4,381)	(1,365)
Finance income		1,402	1,156
Loss before tax		(2,979)	(209)
Taxation	3	543	(137)
Loss and total comprehensive loss for the year		(2,436)	(346)

COMPANY STATEMENT OF FINANCIAL POSITION
AT 28 FEBRUARY 2018

	Note	2018 £000	2017 £000
ASSETS			
Non-current assets			
Investments	4	**308,074**	305,961
Intangible assets	5	**14,247**	16,096
Total non-current assets		**322,321**	322,057
Current assets			
Other receivables	6	**47,062**	13,370
Current tax receivable		**474**	–
Cash and cash equivalents		**28,518**	12,386
Total current assets		**76,054**	25,756
Total assets		**398,375**	347,813
LIABILITIES			
Current liabilities			
Other payables	7	**(36)**	(551)
Current tax liability		**–**	(131)
Total current liabilities		**(36)**	(682)
Net assets		**398,339**	347,131
Equity			
Share capital	8	**11,496**	11,233
Share premium		**602,578**	551,720
EBT reserve		**(351)**	(761)
Retained earnings		**(215,384)**	(215,061)
Total equity		**398,339**	347,131

The notes on pages 84 to 87 form part of these financial statements.

These financial statements of boohoo.com plc, registered number 114397, on pages 80 to 87 were approved by the board of directors on 25 April 2018 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 reserve £000	Retained earnings £000	Total equity £000
Balance as at 1 March 2016	11,233	551,666	(761)	(216,609)	345,529
Issue of shares	–	54	–	–	54
Share-based payments credit	–	–	–	1,894	1,894
Loss for the year and total comprehensive loss	–	–	–	(346)	(346)
Balance at 28 February 2017	11,233	551,720	(761)	(215,061)	347,131
Issue of shares	263	50,858	410	–	51,531
Share-based payments credit	–	–	–	2,113	2,113
Loss for the year and total comprehensive loss	–	–	–	(2,436)	(2,436)
Balance at 28 February 2018	**11,496**	**602,578**	**(351)**	**(215,384)**	**398,339**

The notes on pages 84 to 87 form part of these financial statements.

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2018

	2018 £000	2017 £000
Cash flows from operating activities		
Loss for the year	(2,436)	(346)
Adjustments for:		
Depreciation charges and amortisation	1,849	–
Finance income	(1,402)	(1,156)
Tax (expense)/income	(543)	137
Loss before tax before changes in working capital and provisions	(2,532)	(1,365)
(Increase)/decrease in other receivables	(33,591)	14,093
(Decrease)/increase in other payables	(515)	533
Net cash (outflow)/inflow from operating activities	(36,638)	13,261
Cash flows from investing activities		
Acquisition of intangible assets	–	(16,096)
Acquisition of 66% interest in PrettyLittleThing.com Limited	–	(5,924)
Interest received	1,301	1,194
Tax paid	(62)	(198)
Net cash inflow/(outflow) from investing activities	1,239	(21,024)
Cash flows from financing activities		
Proceeds from the issue of ordinary shares	51,531	54
Net cash inflow from financing activities	51,531	54
Increase/(decrease) in cash and cash equivalents	16,132	(7,709)
Cash and cash equivalents at beginning of year	12,386	20,095
Cash and cash equivalents at end of year	28,518	12,386

The notes on pages 84 to 87 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(FORMING PART OF 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 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 57.

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 DIRECTORS' EMOLUMENTS AND STAFF COSTS

Directors' emoluments and pension payments are detailed in the directors' remuneration report on page 43. Directors' emoluments incurred by the parent company are as follows:

	2018 £000	2017 £000
Short-term employee benefits	1,832	–

3 TAXATION

	2018 £000	2017 £000
Analysis of (credit)/charge in year		
Current tax on income for the year	**(475)**	131
Adjustments in respect of prior year taxes	**(68)**	6
Tax on loss on ordinary activities	**(543)**	137

The total tax charge differs from the amount computed by applying the blended UK rate of 19.08% for the year (2017: 20.0%) to profit before tax as a result of the following:

Loss on ordinary activities before tax	**(2,979)**	(209)
Loss before tax multiplied by the standard blended rate of corporation tax of the UK of 19.08% (2017: 20.0%)	**(569)**	(42)
Effects of:		
Expenses not deductible for tax purposes	**94**	173
Adjustments in respect of prior year taxes	**(68)**	6
Tax on loss on ordinary activities	**(543)**	137

The company's profits for this financial year are taxed at an effective UK rate of 19.08%. There is no tax payable in Jersey.

4 INVESTMENTS

	Investments £000	Capital contribution £000	Total £000
Cost			
Balance at 1 March 2016	515,299	843	516,142
Additions	5,924	1,895	7,819
Balance at 28 February 2017	521,223	2,738	523,961
Additions	–	2,113	2,113
Balance at 28 February 2018	**521,223**	**4,851**	**526,074**
Impairment			
Balance at 1 March 2016	218,000	–	218,000
Balance at 28 February 2017	218,000	–	218,000
Balance at 28 February 2018	**218,000**	**–**	**218,000**
Net book value			
At 28 February 2016	297,299	843	298,142
At 28 February 2017	303,223	2,738	305,961
At 28 February 2018	**303,223**	**4,851**	**308,074**

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
(FORMING PART OF THE FINANCIAL STATEMENTS)

4 INVESTMENTS CONTINUED

At 28 February 2018 the company's subsidiaries were as follows:

Name of company	Principal activity	Country of incorporation	Address	Percentage ownership
ABK Limited	Holding company	Jersey	12 Castle St, St Helier, Jersey	100%
boohoo.com UK Limited	Trading company	UK	49-51 Dale St, Manchester	100%
Boo Who Limited	Dormant company	UK	49-51 Dale St, Manchester	100%
boohoo.com USA Limited	Dormant company	UK	49-51 Dale St, Manchester	100%
boohoo.com USA Inc	Marketing office	USA	3 West 13th Street, New York	100%
boohoo.com Australia Pty Ltd	Marketing office	Australia	468 St Kilda Road, Melbourne	100%
PrettyLittleThing.com Limited	Internet fashion retail	UK	Wellington Mill, Pollard Street East, Manchester	66%
21Three Clothing Company Limited	Dormant company	UK	Wellington Mill, Pollard Street East, Manchester	66%
PrettyLittleThing.com USA Inc	Marketing office	USA	1209 Orange Street, Delaware	66%
Nasty Gal.com Limited	Trading company	UK	49-51 Dale St, Manchester	100%
Nasty Gal.com USA Inc	Marketing office	USA	6600 W Sunset Boulevard, Los Angeles	100%
Shanghai Wasabi Frog Boohoo Ltd	Dormant company	China	49-51 Dale St, Manchester	100%

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

5 INTANGIBLE ASSETS

	Trademarks £000	Customer lists £000	Total £000
Cost			
Additions	15,070	1,026	16,096
Balance at 28 February 2017	15,070	1,026	16,096
Additions	–	–	–
Balance at 28 February 2018	**15,070**	**1,026**	**16,096**
Accumulated amortisation			
Amortisation for year	1,507	342	1,849
Balance at 28 February 2018	**1,507**	**342**	**1,849**
Net book value			
At 28 February 2017	15,070	1,026	16,096
At 28 February 2018	**13,563**	**684**	**14,247**

The trademarks and customers list additions on acquisition are those of Nasty Gal.

6 OTHER RECEIVABLES

	2018 £000	2017 £000
Prepayments and accrued income	137	43
Receivable from subsidiary undertaking	46,925	13,327
	47,062	13,370

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 £46,925,000 as at 28 February 2018 is fully recoverable.

7 OTHER PAYABLES

	2018 £000	2017 £000
Accruals and deferred income	**36**	551

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

8 SHARE CAPITAL

	2018 £000	2017 £000
1,149,574,495 authorised and fully paid ordinary shares of 1p each (2017: 1,123,304,869)	**11,496**	11,233

During the year, a total of 3,507,129 shares were issued under the share incentive plans (2017: nil). On 7 June 2017, 22,727,273 shares were issued in a private placing of shares, raising £50 million. On 23 February 2018, 35,224 new ordinary shares were issued to non-executive directors as part of their annual remuneration (2017: 37,539).

9 RELATED PARTY TRANSACTIONS

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

	2018 £000	2017 £000
Costs recharged by subsidiary undertakings	**(2,975)**	(969)
Interest recharged to subsidiary undertakings	**1,117**	826
	(1,858)	(143)

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.

boohoo.com plc acquired 66% of PrettyLittleThing.com Limited for £5.9 million from the sons of Mahmud Kamani on 3 January 2017.

FIVE YEAR GROUP STATEMENT OF COMPREHENSIVE INCOME

	2014 £000	2015 £000	2016 £000	2017 £000	**2018** **£000**
Revenue	109,791	139,851	195,394	294,635	**579,800**
Cost of sales	(44,879)	(54,806)	(82,483)	(133,806)	**(273,445)**
Gross profit	64,912	85,045	112,911	160,829	**306,355**
Distribution costs	(24,290)	(30,653)	(45,501)	(66,849)	**(126,757)**
Administrative expenses	(30,289)	(43,814)	(53,756)	(68,534)	**(137,072)**
Other income	488	–	1,392	4,862	**159**
Operating profit	10,821	10,578	15,046	30,308	**42,685**
Finance income/(expense)	(84)	490	628	637	**628**
Profit before tax	10,737	11,068	15,674	30,945	**43,313**
Taxation	(2,310)	(2,663)	(3,236)	(6,284)	**(7,313)**
Profit for the year	8,427	8,405	12,438	24,661	**36,000**
Other comprehensive income for the year, net of income tax					
Net fair value gain/(loss) on cash flow hedges	20	802	(5,661)	(6,747)	**19,497**
Total comprehensive income for the year	8,447	9,207	6,777	17,914	**55,497**
Total comprehensive income attributable to:					
Equity attributable to owners of the parent	8,447	9,207	6,777	17,711	**51,149**
Non-controlling interests	–	–	–	203	**4,348**
Total equity	8,447	9,207	6,777	17,914	**55,497**
Earnings per share*					
Basic	0.75p	0.75p	1.11p	2.19p	**2.78p**
Diluted	0.74p	0.74p	1.10p	2.16p	**2.71p**

* Earnings per share is calculated on the basis of the number of shares on Admission for 2014.

FIVE YEAR GROUP STATEMENT OF FINANCIAL POSITION

	2014 £000	2015 £000	2016 £000	2017 £000	**2018 £000**
Non-current assets	9,284	15,461	26,227	72,190	**111,795**
Current assets	19,258	70,031	84,081	116,933	**215,092**
Total assets	28,542	85,492	110,308	189,123	**326,887**
Equity attributable to the owners of the parent	9,760	66,373	73,427	96,518	**204,018**
Non-controlling interest	–	–	–	3,978	**8,761**
Current liabilities	16,424	19,119	36,271	74,425	**104,394**
Non-current liabilities	2,358	–	610	14,202	**9,714**
Total liabilities, capital and reserves	28,542	85,492	110,308	189,123	**326,887**

FIVE YEAR GROUP CASH FLOW STATEMENT

	2014 £000	2015 £000	2016 £000	2017 £000	**2018 £000**
Net cash generated from operating activities	5,879	12,161	17,456	29,491	**69,014**
Net cash used in investing activities	(4,577)	(7,798)	(12,990)	(29,406)	**(45,772)**
Net cash generated from/(used in) financing activities	(498)	44,372	(331)	11,964	**49,003**
Net movement in cash and cash equivalents	804	48,735	4,135	12,049	**72,245**
Opening cash and cash equivalents	4,607	5,411	54,146	58,281	**70,330**
Closing cash and cash equivalents	5,411	54,146	58,281	70,330	**142,575**

SHAREHOLDER INFORMATION

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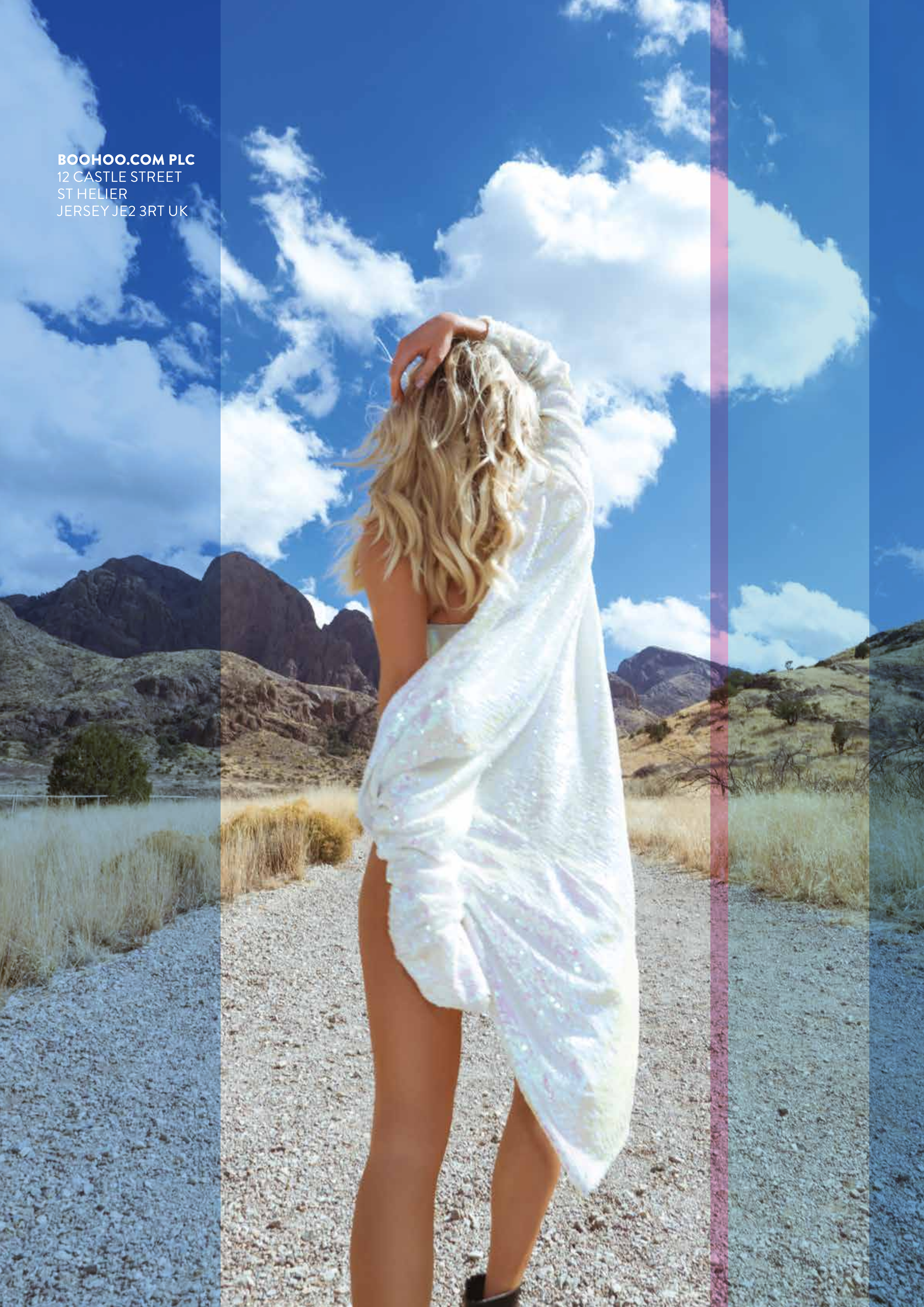
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