boohoo.com plc

TWENTYFOUR | SEVEN | FASHION

# Admission to AIM

Zeus Capital

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser who specialises in advising on the acquisition of shares and other securities and is duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA").**

Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM, a market operated by London Stock Exchange plc. It is expected that Admission will become effective, and dealings in the Ordinary Shares will commence on 14 March 2014. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required, pursuant to the AIM Rules for Companies published by London Stock Exchange plc ("AIM Rules"), to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the United Kingdom Listing Authority nor the London Stock Exchange plc have examined or approved the contents of this document.

A copy of this document has been delivered to the Jersey registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and it has given, and has not withdrawn, its consent to its publication. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958, to the issue of the Ordinary Shares of 1 pence by the Company. It must be distinctly understood that, in giving these consents, neither the Jersey registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it.

Prospective investors should read the whole text of this document and should be aware that an investment in the Company is speculative and involves a high degree of risk. Prospective investors should carefully consider the section entitled "Risk Factors" set out in Part II of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of these risk factors.

This document, which is drawn up as an admission document in accordance with the AIM Rules, has been issued in connection with the application for admission to trading on AIM of the entire issued and to be issued ordinary share capital of the Company. This document does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and, accordingly, this document does not constitute a prospectus for the purposes of FSMA and the Prospectus Rules and has not been pre-approved by the Financial Conduct Authority ("FCA") pursuant to section 85 of FSMA. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Zeus Capital Limited, 3 Ralli Courts, West Riverside, Manchester M3 5FT and the registered office of the Company, 12 Castle Street, St Helier, Jersey, JE2 3RT from the date of this document until one month from the date of Admission in accordance with the AIM Rules.

The Directors and the Proposed Directors, whose names appear on page 6 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors, the Proposed Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such document.

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boohoo.com

# boohoo.com plc

*(Incorporated and registered in Jersey and registered with number 114397)*

## Placing of 600,000,000 Ordinary Shares at 50 pence per Ordinary Share
## and
## Admission to trading on AIM

***Nominated Adviser and Broker:***

Zeus Capital

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**Expected Ordinary Share Capital immediately following Admission**

| *Number* | *Issued and fully paid* | *Amount £* |
|---|---|---|
| 1,120,210,360 | ordinary shares of 1p each | 11,202,104 |

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The Placing is conditional, *inter alia*, on Admission taking place by 8.00 am on 14 March 2014 (or such later date as the Company and Zeus Capital may agree, being not later than 31 March 2014). The Placing Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared paid or made in respect of the Ordinary Shares after Admission. It is emphasised that no application is being made for the Enlarged Ordinary Share Capital to be admitted to the Official List of the UK Listing Authority or to any other recognised investment exchange.

Zeus Capital, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the proposed admission of the Enlarged Ordinary Share Capital to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Zeus Capital as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Zeus Capital will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to customers of Zeus Capital or for providing advice in relation to the contents of this document or any other matter.

The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against any liability arising from the discharge of its functions under that law. Nothing in this document or anything communicated to a shareholder by or on behalf of the Company is intended to constitute, or should be construed as, advice on the merits of the subscription for Ordinary Shares or the exercise of any rights attached thereto for the purposes of the Financial Services (Jersey) Law 1998.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, shares to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, neither the Existing Ordinary Shares or the Placing Shares may, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Existing Ordinary Shares and the Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, any province or territory of Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa and they may not be offered or sold, directly or indirectly, within the United States of America or Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States of America, Canada, Australia, Japan, the Republic of Ireland or the Republic of South Africa or to any US person (within the definition of Regulation S made under the United States Securities Act 1933 as amended).

The distribution of this document outside the UK may be restricted by law. No action has been taken by the Company or Zeus Capital that would permit a public offer of shares in any jurisdiction outside the UK or possession of this document where action for that purpose is required. Persons outside the UK who come into possession of this document should inform themselves about the distribution of this document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdiction.

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# KEY STATISTICS

| | |
|---|---|
| **Existing Share Capital at the date of this document** | |
| Current number of Existing Ordinary Shares in issue (1) | 520,210,360 |
| **Principal Value of Convertible Loan Notes in issue at the date of this document** | £239,899,026 |
| **Placing Shares** | |
| Number of Placing Shares | 600,000,000 |
| Gross Proceeds of the Placing | £300,000,000 |
| Proceeds used to repay Convertible Loan Notes | £239,899,026 |
| Estimated net proceeds of the Placing | £46,100,974 |
| **Upon Admission** | |
| Number of Ordinary Shares in issue at Admission | 1,120,210,360 |
| Number of Ordinary Shares which are subject to Options at Admission (1) | 15,728,000 |
| Approximate market capitalisation of the Company at Admission (2) | £560,105,180 |
| AIM symbol | **BOO** |
| ISIN number | JE00BG6L7297 |

*Notes*

(1) It is intended that, in aggregate, 15,728,000 Ordinary Shares will be (i) the subject of Options granted under the ESOP and the NED Plan and (ii) issued pursuant to the SIP, on Admission or soon thereafter.

(2) This is based on the Placing Price and on the assumption that the Options will not be exercised. If the Options are exercised in full then the market capitalisation at Admission, based on the Placing Price, would be approximately £567,969,180.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | *2014* |
|---|---|
| Publication of this Admission Document | 5 March |
| Admission and commencement of dealings in the Enlarged Ordinary Share Capital on AIM | 8.00 am on 14 March |
| CREST accounts credited (where applicable) | 14 March |
| Dispatch of definitive share certificates (where applicable) | 28 March |

*Notes*

1. References to time in this document are to London (GMT) time.
2. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RIS.

## DIRECTORS, PROPOSED DIRECTORS AND ADVISERS

| | |
|---|---|
| Directors: | Mahmud Abdullah Kamani *(Joint Chief Executive Officer)*<br>Carol Mary Kane *(Joint Chief Executive Officer)*<br>Neil James Catto *(Chief Financial Officer)*<br>Petar Cvetkovic *(Non executive Director)* |
| Proposed Directors: | Peter Williams *(Non-executive Chairman)*<br>David Forbes *(Non-executive Director and Senior Independent Director)*<br>Mark Newton-Jones *(Non-executive Director)*<br>Stephen Gavin Morana *(Non-executive Director)*<br><br>All Directors' and Proposed Directors' business address is at<br>49-51 Dale Street,<br>Manchester<br>M1 2HF |
| Registered Office: | 12 Castle Street<br>St Helier<br>Jersey<br>JE2 3RT |
| Head Office: | 49-51 Dale Street<br>Manchester<br>M1 2HF |
| Company Secretary: | Louise Fishwick |
| Corporate website: | www.boohooplc.com |
| Trading websites: | www.boohoo.com<br>www.boohoo.fr |
| Nominated Adviser and Broker: | **Zeus Capital Limited**<br>3 Ralli Courts<br>West Riverside<br>Manchester<br>M3 5FT<br><br>23 Berkeley Square<br>Mayfair<br>London<br>W1J 6HE |
| Reporting Accountants: | **PricewaterhouseCoopers LLP**<br>101 Barbirolli Square<br>Lower Mosley Street<br>Manchester<br>M2 3PW |
| Solicitors to the Company: | **DLA Piper UK LLP**<br>101 Barbirolli Square<br>Lower Mosley Street<br>Manchester<br>M2 3DL<br><br>**Pannone Corporate LLP**<br>Lincoln House<br>Brazennoze Street<br>Manchester<br>M2 5FJ |

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|---|---|
| Solicitors to the Company – Jersey: | **Ogier**<br>Ogier House<br>The Esplanade<br>St Helier<br>Jersey<br>JE4 9WG |
| Solicitors to the Nominated Adviser and Broker: | **Addleshaw Goddard LLP**<br>100 Barbirolli Square<br>Manchester<br>M2 3AB |
| Financial PR: | **Buchanan**<br>107 Cheapside<br>London<br>EC2V 6DN |
| Company Registrars: | **Capita Registrars (Jersey) Limited**<br>12 Castle Street<br>St. Helier<br>Jersey<br>JE2 3RT |
| Bankers: | **HSBC Bank**<br>4 Hardman Square<br>Spinningfields<br>Manchester<br>M3 3EB |

## IMPORTANT INFORMATION

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective Shareholders should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see "Part II: Risk Factors" of this document).

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the laws and practices currently in force in England and Wales, and the Bailiwick of Jersey and are subject to changes therein.

This document should be read in its entirety before making any investment in the Company.

### Forward looking statements

Certain statements contained herein are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and industry and markets in which the Group operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "may", "should", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

**Presentation of financial information**

The Company, ABK Limited and the Operating Group publish their financial statements in pounds sterling.

The Operating Group and the Company have a year end of 28 February. ABK Limited has a year end on the last day of February. Up until the year ended 31 December 2012, its year end was 31 December.

The financial information contained in this document, including that financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Certain non-IFRS measures such as operating profit before finance costs, taxation, depreciation, amortisation and exceptional one-off transaction costs ("**EBITDA**"), GP Margin or Gross Profit Margin, Adjusted Gross Profit and Adjusted Gross Margin have been included in the financial information, as the Directors believe that these provide important alternative measures with which to assess the Group's performance. You should not consider EBITDA, GP Margin or Gross Profit Margin, Adjusted Gross Profit and Adjusted Gross Margin as alternatives for Revenue or Operating Profit which are IFRS measures. Additionally, the Company's calculation of EBITDA, GP Margin or Gross Profit Margin, Adjusted Gross Profit and Adjusted Gross Margin may be different from the calculation used by other companies and therefore comparability may be limited.

**General notice**

This document has been drawn up in accordance with the AIM Rules and it does not comprise a prospectus for the purposes of the Prospectus Regulations 2005 in the United Kingdom. It has been drawn up in accordance with the requirements of the Prospectus Directive only in so far as required by the AIM Rules and has not been delivered to the Registrar of Companies in England and Wales for registration.

This document has been prepared for the benefit only of a limited number of persons all of whom qualify as "qualified investors" for the purposes of the Prospectus Directive, to whom it has been addressed and delivered and may not in any circumstances be used for any other purpose or be viewed as a document for the benefit of the public. The reproduction, distribution or transmission of this document (either in whole or in part) without the prior written consent of the Company and Zeus Capital is prohibited.

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

| | |
|---|---|
| "Act" | the Companies Act 2006 (as amended) |
| "Adjusted Gross Margin" | Adjusted Gross Profit as a percentage of revenue |
| "Adjusted Gross Profit" | Gross Profit, as adjusted by adding back Gross Profit recognised within Associated Companies (also referred to as related party companies) on items sold by Wasabi Frog |
| "Admission" | admission of the Enlarged Ordinary Share Capital to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules |
| "Admission Document" or "document" | this document dated 5 March 2014 |
| "AIM" | the market of that name operated by the London Stock Exchange |
| "AIM Rules" | the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM |
| "Articles" | the articles of association of the Company to be adopted immediately prior to and conditional on Admission |
| "Associated Companies" | companies majority owned or controlled by the Kamani Family |
| "Audit Committee" | the audit committee of the Board, as constituted from time to time |
| "Board" | the board of Directors of the Company from time to time, or a duly constituted committee thereof |
| "boohoo" or "Group" | the Company and its subsidiary undertakings |
| "boohoo.com" | a trading name of Wasabi Frog and the domain name from which Wasabi Frog trades |
| "certificated" or "in certificated form" | recorded on the relevant register of the share or security concerned as being held in certificated form (that is not in CREST) |
| "Company" | boohoo.com plc, a company incorporated in Jersey with company number 114397 |
| "Companies Law" | the Companies (Jersey) Law 1991 (as amended) |
| "Convertible Loan Notes" | convertible loan notes with an aggregate nominal value of £239,899,026, issued by the Company on 3 March 2014 which are to be redeemed using proceeds of the Placing, further details of which are set out in paragraph 15.5 of Part V of this document |
| "Convertible Loan Note Holders" | Mahmud Kamani, Jalaludin Kamani, Nurez Kamani, Rabia Kamani, Carol Kane, Christopher Bale and Petar Cvetkovic |
| "CREST" | the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & Ireland |

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|---|---|
| "CREST Regulations" | the Companies (Uncertificated Securities) (Jersey) Order 1999 (as amended) |
| "Directors" | the directors of the Company as at the date of this document, whose details are set out on page 6 of this document |
| "EBITDA" | operating profit before finance costs, taxation, depreciation and amortisation |
| "Enlarged Ordinary Share Capital" | the entire issued Ordinary Share capital of the Company as enlarged by the issue of the Placing Shares |
| "ESOP" | the boohoo.com plc 2014 ESOP incorporating the facility to award HMRC approved Options (under Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003) and unapproved Options, details of which are summarised in paragraph 6 of Part V of this document |
| "Euroclear UK & Ireland" | Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 2878738 and the operator of CREST |
| "Existing Ordinary Shares" | the Ordinary Shares in issue immediately prior to Admission as a result of the pre-Admission reorganisation of the A1 Shares, the A2 Shares, the A Shares, the B Shares, the C Shares, the D1 Shares, the D2 Shares, and the E shares (as defined in paragraph 4.1 of Part V of this document) |
| "FCA" | Financial Conduct Authority |
| "FSMA" | the Financial Services and Markets Act 2000 (as amended) |
| "Graphic" | Graphic Clothing Limited, a company incorporated in England and Wales with registered number 5501279, an Associated Company |
| "Gross Profit Margin" or "GP Margin" | gross profit expressed as a percentage of revenue |
| "HMRC" | HM Revenue and Customs |
| "Jersey" | the Bailiwick of Jersey |
| "Jogo" | Jogo Associates Limited, a company incorporated in England and Wales with registered number 1653845, an Associated Company |
| "Kamani Family" | Mahmud Kamani, his parents, brothers (Jalaludin Kamani and Nurez Kamani) and sister (Rabia Kamani), and natural and adoptive children of such persons |
| "KCL" | Kamani Construction Limited, a company incorporated in England and Wales with registered number 3764610, an Associated Company |
| "KCPL" | Kamani Commercial Properties Limited, a company incorporated in England and Wales with registered number 3766744, an Associated Company |
| "London Stock Exchange" | London Stock Exchange plc |
| "NED Plan" | the non-executive director plan allowing the grant of unapproved Options to non-executive Directors, details of which are summarised in paragraph 6 of Part V of this document |

| | |
|---|---|
| "Operating Group" | Wasabi Frog Limited together with its subsidiaries |
| "Options" | options to acquire or subscribe for Ordinary Shares pursuant to the ESOP and the NED Plan |
| "Ordinary Shares" | ordinary shares of 1 pence each in the capital of the Company |
| "Pinstripe" | The Pinstripe Clothing Company Limited, a company incorporated in England and Wales with registered number 2305888, an Associated Company |
| "Placees" | the subscribers for Placing Shares pursuant to the Placing |
| "Placing" | the conditional placing of the Placing Shares by Zeus Capital, as agent for the Company, pursuant to the Placing Agreement |
| "Placing Agreement" | the conditional placing agreement dated 5 March 2014 between (amongst others) (1) the Company, (2) the Directors, (3) the Proposed Directors, (4) Zeus Capital and (5) the Convertible Loan Note Holders, relating to the Placing |
| "Placing Price" | 50 pence per Placing Share |
| "Placing Shares" | the 600,000,000 new Ordinary Shares to be issued pursuant to the Placing |
| "PLT Option" | the option agreement pursuant to which the Group may acquire PLT, further details of which are set out in paragraph 15.6.1 of Part V of this document |
| "Pretty Little Thing" or "PLT" | 21 Three Clothing Company Limited, a company incorporated in England and Wales with registered number 7352417, an Associated Company trading as "prettylittlething.com" |
| "Proposals" | the Placing and Admission |
| "Proposed Directors" | Peter Williams to be appointed as non-executive Chairman, and each of David Forbes, Mark Newton-Jones and Stephen Morana to be appointed as non-executive Directors, in each case with effect from Admission |
| "Prospectus Rules" | the Prospectus Rules made by the FCA pursuant to sections 73(A)(1) and (4) of FSMA |
| "QCA Corporate Governance Code" | QCA Corporate Governance Code for Small and Midsize Quoted Companies 2013 published by the Quoted Companies Alliance |
| "Red Orange" | The Red Orange Clothing Company Limited, a company incorporated in England and Wales with registered number 4646324, an Associated Company |
| "Relationship Agreement" | the relationship agreement dated 5 March 2014 between (1) Mahmud Kamani,(2) Jalaludin Kamani, (3) Nurez Kamani, (4) Rabia Kamani and (5) Carol Kane, further details of which are detailed in paragraph 15.3 of Part V of this document |
| "RIS" | Regulatory Information Service |
| "Senior Managers" | the senior employees of the Company other than the Directors and the Proposed Directors being as of the date of this document, Jalaludin Kamani, Christopher Bale and Louise Fishwick |

| | |
|---|---|
| "Shareholder(s)" | holders of Ordinary Shares |
| "Share Plans" | the ESOP, the NED Plan and the SIP |
| "SIP" | the boohoo.com plc share incentive plan established under the provisions of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003, details of which are summarised in paragraph 6 of Part V of this document |
| "UK" | the United Kingdom of Great Britain and Northern Ireland |
| "UK Listing Authority" | the FCA, acting in its capacity as the competent authority for the purposes of FSMA |
| "uncertificated" or "in uncertificated form" | recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST |
| "USA" | the United States of America and all of its territories and possessions |
| "VAT" | value added tax |
| "Wasabi Frog" | Wasabi Frog Limited, a company incorporated in England and Wales with registered number 5723154, to be renamed boohoo.com Limited |
| "Zeus Capital" | Zeus Capital Limited, a company incorporated in England and Wales with registered number 4417845 |
| "£" or "Sterling" | British pounds sterling |

## EXECUTIVE SUMMARY

**The following information is derived from, and should be read in conjunction with, the whole of this document including in particular the section headed Risk Factors relating to the Company in Part II of this document. Shareholders should read the whole of this document and not rely on this Executive Summary section.**

### Introduction

boohoo is one of the UK's largest pure-play online own brand fashion retailers. The Group designs, sources, markets and sells own brand clothing, shoes and accessories through the www.boohoo.com website to a core market of 16-24 year old consumers in the UK and globally.

boohoo has grown rapidly since being founded in 2006, developing a brand identity and an international online proposition for consumers, and now has over 2.3 million active customers (i.e. those who have placed an order in the last 12 months).

The Company is seeking Admission and raising up to £300 million through the Placing. The funds raised pursuant to the Placing will be used to repay £239.9 million of Convertible Loan Notes, and £50.1 million to accelerate the implementation of the Group's growth strategy.

### Information on boohoo

boohoo is one of the UK's largest pure-play online own brand fashion retailers selling products to a core market of 16-24 year old consumers globally.

The Directors believe that boohoo is a lifestyle driven, online destination for young, fashion conscious women and men, offering customers access to the latest, on-trend fashions across a range of boohoo branded, value oriented products, sold through aspirational imagery.

The Group has a well established brand in the UK, Ireland and Australia, and currently sells products into over 100 countries. The Directors have plans to further extend reach into existing and new territories including the USA, Central Europe and Scandinavia, supported by foreign language websites.

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

### www.boohoo.com – the website

The boohoo.com website is the key point of interaction with the Company's customers. boohoo has devoted significant time and resources to developing its website, and has produced its own bespoke merchandising model.

On average, hundreds of new products are added to the website each week. boohoo has its own, dedicated on-site photography and art studios employing a team of photographers, stylists, wardrobe and makeup artists, videographers and editors. All gallery photos (website still images) and catwalk videos are produced in-house.

The speed and control that having its own studios provides is key to boohoo's strategy of trying to be first to market with the latest, on-trend styles and fashions.

### Market

The global apparel retail market was worth £789 billion in 2012 with average annual growth of 2.8 per cent. since 2008. It is expected to be worth £987 billion by 2017 *(Source: Marketline)*.

The total UK online clothing market was valued at £6 billion in 2012, and is forecast to grow to over £11 billion by 2016 *(Source: Mintel)*.

Growth in online retail sales in the UK is forecast to outperform other forms of retail to take 23.5 per cent. of total fashion retail sales by 2016, compared to 14.2 per cent. in 2012 *(Source: Verdict and Mintel)*.

**Strategy**

boohoo's strategy can be summarised as follows:

*Recruitment*

Opportunities for recruiting new customers include extending the range and improving marketing efficiency

*Reach*

Target new international market opportunities through local marketing campaigns and local language websites

*Retention*

Improve the customer order frequency by investing in product, customer services and website functionality

*Keeping it Real*

Maintain a tight control on costs whilst investing in people and systems to support the continuing growth of the business

The Directors believe that as an online led retailer, boohoo can capitalise on the growth of the online retail sector as it continues to outperform the wider clothing and footwear markets. Given the anticipated sector growth and the size of the of addressable market in the UK and overseas, the Directors believe that the Company is well placed to increase its market share by developing wider ranges and providing engaging content to customers.

## PART I

## INFORMATION ON THE COMPANY

# boohoo.com plc

### 1. INTRODUCTION

boohoo is one of the UK's largest pure-play online, own brand fashion retailers. The Group designs, sources, markets and sells own brand clothing, shoes and accessories through the www.boohoo.com website to a core market of 16-24 year old consumers in the UK and globally.

boohoo has grown rapidly since being founded in 2006, developing a brand identity and an international online proposition for consumers, and now has over 2.3 million active customers (i.e. those who have placed an order in the last 12 months).

The Directors believe that boohoo is a lifestyle driven, online destination for young, fashion conscious women and men, offering customers access to the latest, on-trend fashions across a range of boohoo branded, value oriented products, sold through aspirational imagery.

The Group has a well established brand in the UK, Ireland and Australia, and currently sells products into over 100 countries. The Directors have plans to further extend reach into existing and new territories including the USA, Central Europe and Scandinavia, to be supported by foreign language websites. Further details on the Company's future strategy are outlined in paragraph 5 of this Part I.

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

The Company is seeking Admission and raising up to £300 million through the Placing. The funds raised pursuant to the Placing will be used to repay the Convertible Loan Notes, and to accelerate the implementation of the Group's growth strategy.

Further details of the Placing are outlined in paragraph 10 of this Part I.

### 2. HISTORY AND BACKGROUND

boohoo.com plc is the ultimate holding company of Wasabi Frog, which trades as boohoo.com and was founded in 2006 by the Joint Chief Executives of the Company, Mahmud Kamani and Carol Kane. Both Mahmud and Carol have a long history of supplying fashionable clothing to high street retailers and launched www.boohoo.com in order to capitalise on the growing trend for online retail.

In the eight years since launch, boohoo has built a recognised brand and an international business, utilising UK based distribution and until recently, only an English language website.

The boohoo product range was initially focused on clothing, in particular dresses for young women, however it now covers a much wider range of fashion-led clothing items, including footwear, accessories and menswear under the boohooMan brand launched in mid 2013.

As at the date of this document, boohoo has over 2.3 million active customers (i.e. those who have placed an order in the last 12 months), with currently approximately 140,000 new customers registering on the website per month. boohoo reached 500,000 active customers by August 2010 and passed through one million active customers in August 2012.

The average monthly number of staff employed by the Group for the year ended 28 February 2013 was 210, with 121 of these being administration staff, and 89 being selling and distribution staff. As at 4 March 2014, being the latest practicable date prior to publication of this document, the Group had 481 full time staff.

## 3. MARKET AND COMPETITION

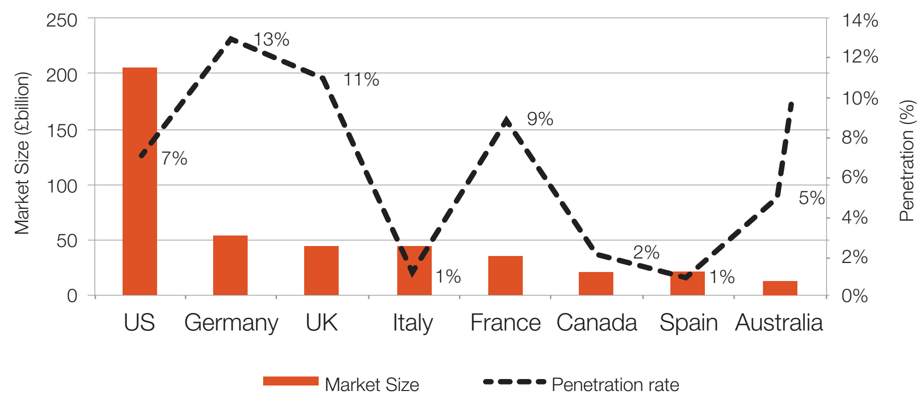
boohoo operates within the apparel retail market comprising clothing, footwear and accessories. As an online retailer, boohoo has global reach, with sales to over 100 countries.

### The global apparel retail market

The global apparel retail market was worth £789 billion in 2012 with average annual growth of 2.8 per cent. since 2008. It is expected to be worth £987 billion by 2017 (*source: Marketline*).

The graph below shows the estimated 2012 clothing and footwear sales and online penetration rates (being the percentage of retail sales that are online) for certain markets:

**Key Global Clothing and Footwear Markets**



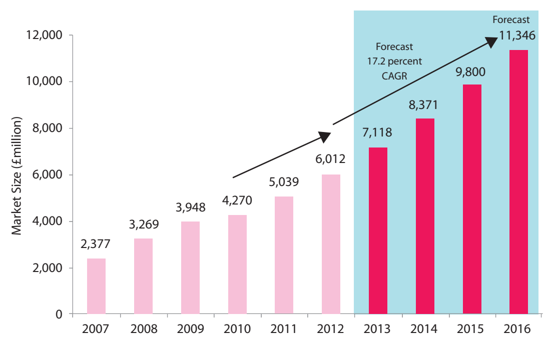

Source: *Verdict*

The UK has a high online sales penetration rate for clothing and footwear, significantly higher than the USA, Australia and many major European economies. Other large developed economies (not shown above) where total online sales (across all retail products) are estimated to be currently less than 5 per cent. include Brazil and Russia (Source: *Morgan Stanley*).

The Directors believe that online sales will grow significantly in other developed economies in the future, as they have in the UK, as more consumers gain broadband internet access and become more familiar and comfortable with shopping online. These expanding online markets represent attractive opportunities to grow revenues for online retailers such as boohoo.

### UK online fashion retail market

The total UK online clothing market was valued at £6 billion in 2012, and is forecast to grow to over £11 billion by 2016 as illustrated in the graph below.




Source: *Mintel*

Growth in online retail sales in the UK is forecast to outperform other forms of retail to take 23.5 per cent. of total fashion retail sales by 2016, compared to 14.2 per cent. in 2012. (*Source: Verdict and Mintel*)

The Directors believe that as an online retailer, boohoo can capitalise on the growth of the online retail sector as it continues to outperform the wider clothing and footwear markets. Given the anticipated sector growth and the size of the of addressable market in the UK, the Directors believe that the Company is well placed to increase its market share by developing wider ranges and providing engaging content to customers.

**Competition**

boohoo faces competition from a range of traditional "bricks and mortar", multi-channel and pure-play online retailers in both the UK and in international markets. The Directors believe that boohoo has built a strong and differentiated competitive position in the UK market on the back of its clear focus on the latest on-trend fashions at value for money prices, and that this will be replicated in other markets as the brand develops internationally.

Key online competitors to boohoo can be identified through web traffic rankings, published by Experian Hitwise. The rankings from January 2014 identify boohoo as the 6th most visited online fashion website in the UK market and the highest ranked exclusively own brand, pure-play online clothing retailer. The only other solely online retailer above boohoo in the top ten is ASOS Plc, with the remainder comprising high street retailers with an online presence.

Domestic and international competitors include:

| *UK* | *Ireland* | *USA* | *Canada* | *Australia* | *New Zealand* | *France* |
|---|---|---|---|---|---|---|
| ASOS | Awear | Forever 21 | Le Chateau | ASOS | ASOS | Pimkie |
| Next | Penney's | Nasty Gal | Joe Fresh | The Iconic | The Iconic | Zalando |
| H&M | Dunnes | Singer 22 | | Glassons | Glassons | Place des Tendances |
| New Look | Primark | Express | | Sportsgirl | Top Shop | Spartoo |
| Primark | | | | Forever New | | Showroom Privé |
| River Island | | | | Supre | | Jennyfer |
| Topshop | | | | Cotton On | | |

## 4. BOOHOO BUSINESS OVERVIEW

boohoo is one of the UK's largest pure-play online own brand fashion retailers selling products to a core market of 16-24 year old consumers globally.

This target market represents the largest segment of the online clothing, footwear and accessories market. The Directors believe this to be the most attractive age profile to target, as they believe:

- spending on clothing, footwear and accessories is a high priority in the context of limited disposable income;
- younger consumers tend to shop online (and for fashion) more frequently and exhibit a high level of engagement with the internet and social media; and
- disposable income, although limited, is less impacted by interest rates and inflation.

**Product Offering**

boohoo sells a wide range of on-trend, value led fashion items and accessories targeted at the 16-24 year old consumer, and typically carries a range of around 9,000 styles.

boohoo produces ranges for the traditional seasons of Spring/Summer and Autumn/Winter, with each range including many styles and trends. Dresses are the Group's leading products and typically make up over 30 per cent. of the product range. New products are launched into the range on a daily basis throughout each season to keep the range fresh, create excitement with consumers and ensure the very latest trends are always represented on the website.

The price point at which boohoo sells is considered a key factor in the popularity of the brand. The Directors believe that boohoo is an industry leader in terms of selling the latest, on-trend fashions at lower prices than its competition. The average product price across the entire range is approximately £17, with prices typically ranging from as low as £3 for basic vest tops to £70 for the most expensive jacket. In the boutique range, products are sold at a higher average price, to reflect the exclusivity and aspirational qualities of the brand.

**Product Collections**

boohoo's products fall into four key collections which have different, yet complementary, design offerings and price points:

*1. Main Range*

Focused on a core audience of 16-24 year old young women and looking to provide the latest, on-trend fashions across a range of aspirational but value oriented products.

The main range comprises the majority of the total range and has been developed to be both high fashion and low cost. Women's dresses make up the largest percentage of the range and a dress will typically be priced between £12-£25. The items in the main range are mostly exclusive to boohoo with the exception of new products which may be purchased on short "test and repeat" runs.

*2. Style Steals*

This range is a fashion focused basics range with an entry price point of £3. A larger proportion of this range is not exclusive to boohoo as it is less important to differentiate this product offering.

*3. Boutique*

boohoo's Boutique Collection was created as a higher priced, entirely exclusive range which extends the appeal of the boohoo brand to a wider range of customers, including to a slightly older age group with more disposable income. There are currently four ranges introduced each year with approximately 50 products in each release.

The boutique collection has generated significant PR and increased the aspirational image of the boohoo brand through its polished imagery.

In the boutique collection, an average dress is priced around £30.

*4. BoohooMAN*

This range was introduced in mid 2013 in a bid to further extend the offering to men whilst keeping consistent with the principles of fast, value orientated fashion. BoohooMAN products are priced between £5 and £50 and offers a mix of both the high fashion of the Boohoo Main Range and the basic offering of Style Steals.

In February 2014 the first male only oriented marketing was launched, including TV and bill board adverts.

**www.boohoo.com – the website**

boohoo currently operates an English language website for all sales in the UK and globally and a local, French language website for sales into France and Belgium which was launched in October 2013. The UK website enables international customers to purchase products in one of six currencies: Euros, US Dollars, Australian Dollars, Canadian Dollars, New Zealand Dollars and Pounds Sterling.

The boohoo.com website is the key point of interaction with the Company's customers. boohoo has devoted significant time and resources to developing its website, and has produced its own bespoke merchandising model. The initial few pages that a customer can click through to on the website are compiled manually by the merchandising team several times every day. Product selection, placement on the page, colours, promotional activity and banner content, amongst other decisions, are made to ensure the site remains fresh, relevant and interesting for potential customers and to ensure "on-trend", fast moving and promoted products are presented in the most effective way. The presentation of the website is often changed over the course of a day as the typical visitor changes.

On average, hundreds of new products are added to the website per week. boohoo has its own, dedicated on-site photography and art studios employing a team of photographers, stylists, wardrobe and makeup artists, videographers and editors. All gallery photos (website still images) and catwalk videos are produced in-house. The speed and control that having its own studios provides is key to boohoo's strategy of being first to market with the latest, on-trend styles and fashions. It also allows a rapid response (hours rather than weeks) in the event of the need to reshoot a style or change the imagery on the website.

**Marketing**

The growth of the business is driven by focussing on new customers, retaining existing customers, reactivating lapsed customers and driving order frequency, and boohoo has invested in a range of online and other marketing activities to promote this.

boohoo operates a multi-channel marketing strategy and utilises TV, outdoor press, digital and social media advertising to increase awareness of the boohoo brand and product offering. boohoo TV is available both on the boohoo.com website and YouTube, generating thousands of views. boohoo also publishes and distributes its own magazine, 'StyleFix' into six countries.

boohoo makes extensive use of social media sites including Facebook, Twitter, Instagram and Pinterest for advertising to and engaging with consumers. boohoo has approximately 1.98 million Facebook likes, over 350,000 followers on Twitter and around 12,000 followers on Pinterest.

**Suppliers and Sourcing**

boohoo currently has an extensive network of active product suppliers. The majority of products (some 71 per cent.) are sourced in the UK (including products sourced from UK importers), with the balance (of some 29 per cent.) sourced overseas. boohoo does not have any significant reliance on any single supplier, or any small group of suppliers, with no supplier accounting for over 10 per cent. of sold products.

The performance of suppliers is continually monitored by the buying team in terms of pricing, level of returns, responsiveness, on-time delivery, quality and product sales. boohoo are able to switch suppliers quickly in the event of underperformance, with minimal disruption to the business.

The Directors believe that there is still significant capacity for expansion using the existing supplier base and new suppliers are continually being sought and evaluated to support the continued growth of the business.

boohoo has developed an efficient sourcing model to allow it to react quickly to emerging fashions or trends. The Company has the ability to operate a 'test and repeat' purchasing strategy under which new products can be ordered in small quantities and if successful re-ordered in larger quantities.

Historically, some products were sourced via a number of Associated Companies with common ownership to boohoo. Now all new products are sourced direct from third party suppliers. In order to facilitate this transition to direct sourcing, a number of employees have transferred from these Associated Companies to boohoo. Further information on related party transactions with Associated Companies is contained in paragraph 16 of this Part I.

**Design Process**

Typically the design work for a product starts three to six months ahead of the new season or planned launch date. The design and sourcing teams work together to identify the latest trends from around the globe and incorporate these into the upcoming range. This advance work forms the outline of the new season's product range, although designers revisit key trends and inject further ideas, styles and designs into the range up to one month before the planned launch date. The Directors believe that the ability to amend their range with such a short lead time helps to ensure that boohoo stays on-trend.

### Website, IT and Systems

boohoo's public websites are provided through a shared e-commerce platform, in respect of the UK website, and an externally hosted system in respect of the French website. The Group's office systems are based on mainstream commercial software, and hosted by the Company at its head office.

The Company has plans to further invest in its IT systems during 2014 to ensure expected sales growth is underpinned by robust infrastructure.

Tablets and smart phones are increasingly being used to browse and buy online, particularly by younger consumers. It is estimated that over 20 per cent. of 15-24 year olds browse or buy apparel on tablets or smartphones, versus 10 per cent. for consumers as a whole (source: *Mintel*). In December 2013, over 35 per cent. of boohoo's sales were made via a mobile device.

A new, bespoke mobile site is due to be launched in 2014 with a more user-friendly interface and increased functionality. boohoo is also considering the launch of a mobile application alongside the new mobile website.

### Warehouse and Distribution

boohoo's warehouse operates 24 hours a day, seven days per week from a modern facility with a mezzanine level, over 150,000 sq. ft. of space and approximately 100,000 product locations, located in Burnley, North West England. The site is located close to the motorway road network and approximately 40 miles from Manchester International Airport. Currently all UK and international orders are fulfilled from the UK warehouse. The Company also utilises an inbound processing centre in Simonstone, 5 miles outside Burnley.

The Directors intend to increase the capacity of the Burnley warehouse in order to manage the expected future growth in sales. Over the next 12 months the Directors intend to extend the existing site to provide an additional 100,000 sq. ft. of warehouse space at an estimated cost of £6.5 million.

boohoo typically offers free standard delivery on all UK orders over £40, whilst free delivery is available for European orders over €25. Express delivery carries an additional charge in all territories. Free returns are offered on all UK deliveries, whilst international customers must return products at their own expense.

The Group delivers products using a number of carriers including DX Group, An Post, Royal Mail, Parcelforce, Hermes and DHL. Deliveries are distributed between the carriers with two major carriers being used for each service (next day, international etc.) to reduce risk and provide pricing competition.

boohoo is in the process of implementing a new warehouse management system ("WMS"). Warehouse management is currently carried out via a module of the Sage accounting system, however, the projected growth of the business will require a standalone WMS to manage the growth in the volume of transactions whilst delivering additional operational efficiencies. The system to be implemented is a stand alone WMS, provided and maintained by a third party, and will enable more efficient stock control and management. The current intention is that the WMS will be implemented by mid 2014.

### Domain Names and Trademarks

boohoo owns a portfolio of internet domain names, trademarks and other intellectual property, both in the UK and overseas. The Directors believe that this portfolio will enable the Group to implement its global strategy and protect its business in each of its key markets.

## 5. GROUP STRATEGY

The Group's strategy is built around four key pillars of growth – Recruitment, Reach, Retention and Keeping it Real.

### Recruitment of New Customers

The number of new customers visiting boohoo has grown (both in the UK and globally) as awareness of the brand has increased and through the increase in online clothing and footwear retailing. The Directors believe that these factors will continue to drive growth, alongside boohoo's strategy to broaden the appeal of the brand, and increase the efficiency and individualisation of its marketing spend to drive additional customers to the website.

### International Reach

New market opportunities have been prioritised based on a number of key criteria including market size, existing competitive environment, spending on fashion and delivery infrastructure.

The short to medium term focus is continued growth within the USA, Central Europe and Scandinavia. In the medium term, boohoo plans to develop additional foreign language websites for a number of its overseas markets.

China represents a large mid to long term opportunity given the forecast growth in apparel sales, and boohoo plans to test potential demand and delivery capabilities in China before committing significant marketing resource or launching a dedicated website.

### Customer Retention

A number of specific retention programs are expected to be implemented to improve the customer experience and build increased brand loyalty. These include initiatives such as ensuring consistent product sizing, increased development of website functionality, growing the design team to increase the number of products unique to boohoo, and focusing on customer satisfaction.

### Keeping it Real

The discipline of controlled growth has been promoted by the management team, with several initiatives designed to improve efficiency and productivity whilst monitoring cost.

#### *Product Strategy*

The Company's product strategy includes an expansion of its current range, to allow it to broaden its target market. Product areas into which boohoo may look to expand include:

- Larger sizes – extend the boohoo plus range to offer a larger number of styles in UK size 16 and above;
- Accessories – an extended range including handbags, jewellery, belts, hosiery, hats and scarves;
- Shoes – extending the range and supplier base for high fashion footwear; and
- Menswear – increase the range of menswear and actively seek to extend the appeal of the boohoo brand to men via the recently launched boohooMan brand.

## 6. FINANCIAL INFORMATION

Section B of Part III of this document contains audited historical financial information on Wasabi Frog (the main trading subsidiary of the Group), and its subsidiaries ("Operating Group") for the years ended 28 February 2011, 29 February 2012 and 28 February 2013 and the ten months ended 31 December 2013. Section D of Part III of this document also contains historical financial information on ABK Limited, an intermediate holding company, for the three years ended 31 December 2011, 2012 and 2013.

The following financial information on the Operating Group has been derived from the financial information contained in Section B of Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

| | Year ended 28 Feb 2011 £'000 | Year ended 29 Feb 2012 £'000 | Year ended 28 Feb 2013 £'000 | Ten Months ended 31 Dec 2012 (Unaudited) £'000 | Ten Months ended 31 Dec 2013 £'000 |
|---|---|---|---|---|---|
| Revenue | 24,486 | 29,012 | 67,282 | 54,065 | 91,921 |
| **Gross Profit** | 12,580 | 15,385 | 36,663 | 29,612 | 54,324 |
| **Gross Profit Margin** | 51.4% | 53.0% | 54.5% | 54.8% | 59.1% |
| **Operating Profit** | 177 | 260 | 3,286 | 3,054 | 9,003 |
| Net Interest | (38) | (11) | (102) | (52) | (118) |
| Tax | – | – | (614) | (579) | (2,044) |
| **Profit after tax** | 139 | 249 | 2,570 | 2,423 | 6,841 |

| | Year ended 28 Feb 2011 £'000 | Year ended 29 Feb 2012 £'000 | Year ended 28 Feb 2013 £'000 | Ten Months ended 31 Dec 2012 (Unaudited) £'000 | Ten Months ended 31 Dec 2013 £'000 |
|---|---|---|---|---|---|
| Operating Profit | 177 | 260 | 3,286 | 3,054 | 9,003 |
| Depreciation | 305 | 254 | 414 | 336 | 499 |
| Amortisation | 78 | 96 | 154 | 125 | 232 |
| Exceptional one-off transaction costs | – | – | – | – | 355 |
| **EBITDA** | **560** | **610** | **3,854** | **3,515** | **10,089** |

(1) Exceptional costs of £355,000 were incurred in the ten months to 31 December 2013 relating to professional fees in relation to one-off transactional activity.

The split of revenues by geographic location for the Operating Group can be summarised as follows;

| *Geographical Location* | Year ended 28 Feb 2011 £'000 | Year ended 29 Feb 2012 £'000 | Year ended 28 Feb 2013 £'000 | Ten Months ended 31 Dec 2012 (Unaudited) £'000 | Ten Months ended 31 Dec 2013 £'000 |
|---|---|---|---|---|---|
| United Kingdom | 22,037 | 26,102 | 43,770 | 35,639 | 58,295 |
| Europe | 1,962 | 2,331 | 7,203 | 6,290 | 8,062 |
| Rest of the World | 487 | 579 | 16,309 | 12,136 | 25,564 |
| **Total Revenue** | **24,486** | **29,012** | **67,282** | **54,065** | **91,921** |

The results for the year to 28 February 2013 showed an increase in revenues of £38.3 million, compared with the period ended 29 February 2012. This was due to a number of factors including increased brand awareness in the UK as well as in international markets. Whilst non-UK sales represented 10 per cent. of total sales in the period ended 28 February 2011, significant growth overseas has seen non-UK sales reach 35 per cent. of sales in the period ended 28 February 2013.

Profit after tax in the year to 28 February 2013 increased to £2.6 million, compared to £0.25 million in the year ended 29 February 2012. This is reflective of the increased sales and leveraging of operational efficiencies developed in previous years. Interest costs relate to a loan taken to fund the purchase of the Burnley warehouse. It is proposed that this loan be repaid in full from the proceeds of the Placing.

In the ten months to 31 December 2013, revenues increased by 70 per cent. to £91.9 million (ten months to 31 December 2012: £54.1 million). Over the same period gross profit margin also increased from 54.8 per cent. in 2012 to 59.1 per cent. in 2013, reflecting the impact of the shift towards direct sourcing (discussed further in the paragraph below). Over the same period profit after tax also increased substantially to £6.8 million (2012: £2.4 million), whilst the percentage of sales from international markets also increased to 36.6 per cent. (2012: 34.1 per cent.)

Historically, some products have been sourced from Associated Companies. These Associated Companies have purchased products from third party suppliers and applied a mark up (typically at 10 per cent. of the purchase price) before selling these products to boohoo, thereby reducing the margin realised by Wasabi Frog. During the track record period there was also an element of overhead, mainly people costs, in relation to the supplies incurred by related parties. During the period from 1 March 2013 to 31 December 2013 57 people transferred across from these parties to Wasabi Frog. A summary of the gross margin figures that would have been reported within Wasabi Frog, if all products were sourced directly is below. These figures have been extracted from the historical financial information on the Operating Group presented in Section B of Part III of this Document.

| | *Year ended 28 Feb 2011* | *Year ended 29 Feb 2012* | *Year ended 28 Feb 2013* | *Ten Months ended 31 Dec 2012 (Unaudited)* | *Ten Months ended 31 Dec 2013* |
|---|---|---|---|---|---|
| | *£'000* | *£'000* | *£'000* | *£'000* | *£'000* |
| Revenue | 24,486 | 29,012 | 67,282 | 54,065 | 91,921 |
| **Gross Profit as recorded** | **12,580** | **15,385** | **36,663** | **29,612** | **54,324** |
| Related Party adjustment | 3,274 | 2,885 | 6,700 | 4,580 | 2,153 |
| **Adjusted Gross Profit** | **15,854** | **18,270** | **43,363** | **34,192** | **56,477** |
| **Adjusted Gross Margin** | ***64.7%*** | ***63.0%*** | ***64.4%*** | ***63.2%*** | ***61.4%*** |

From 1 November 2013, all purchases from Associated Companies ceased and boohoo now sources all products directly from third party suppliers, and will incur any overheads associated with these new arrangements. Further information on related party transactions with Associated Companies is contained in paragraph 14 of Part V of this Document.

## 7. CURRENT TRADING, FUTURE PROSPECTS AND INTENTION TO LIST ON THE MAIN MARKET

The financial information for the year ended 28 February 2013, and the ten months to 31 December 2013 is set out in Part III of this document.

Since 31 December 2013, trading has continued to be in line with Directors expectations.

In February 2014 Boohoo launched television and billboard advertisements for BoohooMAN, featuring men's products only, for the first time.

Plus size dress (UK: 16 - 24) have been available on the site since early 2013, however, in early 2014 a Boohoo Plus range will be formally launched in order to clearly distinguish the product on the site.

The Company also expects to launch further foreign language websites in 2014 following the successful launch of the French site and plans to support each site with appropriate marketing campaigns.

The Directors continue to implement the Group's strategy, as set out in paragraph 5 of this Part I and remain confident about the future prospects of the Group.

It is the Directors intention that the Company will apply for a listing on the Premium Segment of the Official List of the London Stock Exchange subject to an overriding assessment of the Company's eligibility. The timing of such an application is expected to be as soon as reasonably practicable following publication of the accounts for the period ending 28 February 2016.

## 8. DIRECTORS, PROPOSED DIRECTORS AND SENIOR MANAGEMENT

The Board currently comprises Mahmud Kamani and Carol Kane as Joint Chief Executives, Neil Catto as Chief Financial Officer and Petar Cvetkovic as non-executive Director. Peter Williams, David Forbes, Mark Newton-Jones and Stephen Morana are Proposed Directors, with their appointments conditional only on Admission. Peter Williams will take up his role as non-executive Chairman and each of David Forbes, Mark Newton-Jones and Stephen Morana will take up their roles as non-executive Directors.

### *Directors*

**Mahmud Abdullah Kamani** (aged 49) – *Joint Chief Executive*

Mahmud founded boohoo with Carol Kane in 2006, leveraging over 28 years of experience in the fashion industry. Mahmud's involvement in the fashion and apparel industry spans all areas of the supply chain from importer to wholesaler to retailer. Mahmud has sourced garments from all over the world. An entrepreneur with previous experience in fashion and clothing, Mahmud has developed a loyal team, some of whom have remained with him for 20 years.

**Carol Mary Kane** (aged 47) – *Joint Chief Executive*

Carol has 25 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 James Catto** (aged 46) – *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.

**Petar Cvetkovic** (aged 52) – *Non-executive Director*

Petar is currently the CEO of DX (Group) Plc and is a non-executive director of Crawford Healthcare Holdings Limited. He is the former MD of DFDS Logistics, Norbert Dentressangle in the UK and was latterly chief executive officer of Target Express and MD of City Link.

During his 29 years in the logistics industry, Petar has worked in parcels, contract and shared-user distribution as well as supply chain and international logistics.

### *Proposed Directors*

**Peter Williams** (aged 60) – *Non-executive Chairman*

Peter was formerly the Senior Independent Director of ASOS plc and is currently the senior independent director of Sportech PLC and a non-executive director of both Rightmove plc and Cineworld Group plc. He is Chairman of both Mister Spex, an online retailer specialising in eyewear based in Berlin, and OfficeTeam, an office supplies business, and is a trustee of the Design Council. In the past, he has also served on the boards of the EMI group, Blacks Leisure Group plc, 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 Chief Executive of Selfridges plc where he also acted as Chief Financial Officer for over ten years. Mr Williams has a degree in Mathematics from Bristol University and is a chartered accountant.

**David Malcolm Forbes** (aged 53) – *Non-executive Director and Senior Independent Director*

David qualified as a chartered accountant in 1984 and has been a leading figure in Corporate Finance advisory services for many years including 22 years in the Investment Banking division of N M Rothschild.

David's areas of expertise include mergers and acquisitions, corporate strategy and corporate finance involving both equity and debt. David is currently a non-executive director, and Chairman of the Remuneration Committee, at Vertu Motors plc and Renew Holdings plc.

**Mark Newton-Jones** (aged 46) – *Non-executive Director*

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

**Stephen Morana** (aged 42) – *Non-executive Director*

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

***Senior Managers***

**Jalaludin Abdulla Kamani** (aged 53) – *Trading Director*

Jalal has close to 30 years experience in the clothing industry, as a distributor to independent retailers and high street chains. Jalal brought his experience to boohoo in 2011 and as Trading Director is responsible for buying and merchandising.

**Christopher Cyril Bale** (aged 50) – *Strategy Director*

Chris has 20 years experience as a senior IT and logistics manager, encompassing all aspects of logistical operations; warehousing, distribution, supply chain management, international logistics and domestic parcel carriage. Chris has held director roles with TDG, Target Express, Citylink and NYK Logistics. Chris originally joined boohoo as a non-executive director to assist with IT development before becoming Operations Director in 2008 overseeing Logistics, IT, ecommerce and customer services.

**Louise Fishwick** (aged 39) – *Company Secretary and Head of Legal*

Louise is a qualified solicitor with 13 years of post qualification legal and commercial experience. She was an in-house corporate and commercial lawyer at The Co-operative Group between 2005 and 2013 and has also worked in legal practice at DLA Piper, Slaughter and May and Hammond Suddards.

## 9. SHARE PLANS

The Directors recognise the importance of ensuring that employees of the Group are well motivated and identify closely with the future success of the Company.

The Company intends to operate both discretionary and all employee incentive arrangements by way of the introduction of:

- an ESOP, being a share option plan which will allow the award of HMRC approved and unapproved Options to executive directors and employees. These Options will generally have an exercise price equal to market value of the shares at grant, and may be exercisable subject to the achievement of performance conditions;
- a NED Plan allowing the award of Options to certain non-executive Directors which will generally mirror the principal terms of the ESOP (other than personal participation limits); and
- a SIP, under which employees may be offered the opportunity to receive free shares and to purchase shares.

Further details of the ESOP, the NED Plan, and the SIP are set out in paragraph 6 of Part V of this document.

## 10. PLACING AND PLACING AGREEMENT

The Company is proposing to raise £300 million by way of a conditional placing by the Company with investors of the Placing Shares at the Placing Price. The Placing Shares will represent approximately 54 per cent. of the Enlarged Ordinary Share Capital at Admission. Pursuant to the Placing Agreement, Zeus Capital has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares and the Company, the Directors, the Proposed Directors, and the Convertible Loan Note Holders have given certain warranties (and the Company has given an indemnity) to Zeus Capital, all of which are normal for this type of agreement.

The Placing, which is not underwritten, is conditional, *inter alia*, on:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and

- Admission occurring no later than 14 March 2014 (or such later date as Zeus Capital and the Company may agree, being no later than 31 March 2014).

Further details of the Placing Agreement are set out in paragraph 13 of Part V of this document.

## 11. USE OF FUNDS

The estimated gross proceeds of the Placing are approximately £300 million, of which approximately £239.9 million will be used by the Group to repay the Convertible Loan Notes (under the share for share exchange agreement dated 3 March 2014, the Convertible Loan Note Holders have effectively met approximately £10 million of fees relating to the Placing), and the balance, after payment of costs in respect of the Proposals will be used as follows:

*Warehouse Expansion*

The Group has plans to extend the Burnley warehouse in the future, if sales continue to grow in line with expectations, which could provide additional warehouse space and additional picking slots. The estimated cost of the plans is approximately £6.5 million.

*Repayment of Mortgage*

A subsidiary of the Company has an outstanding mortgage of £2.5 million as at 31 December 2013 in connection with the Burnley warehouse. This will be repaid out of the proceeds of the Placing.

*Infrastructure and IT*

As boohoo grows, the increased number of transactions handled will require more robust and higher capacity IT systems, as well as enhanced warehousing and distribution capabilities and systems. Appropriate levels of investment in this infrastructure will be essential to mitigate the risk of service outages, meet distribution requirements and keep customer satisfaction levels high, thereby driving repeat business. Additionally, as boohoo expands into new territories, additional foreign language websites will need to be launched, and these will require up front investment to design and build.

*Working Capital*

The balance of funds raised and not used for the purposes outlined above will be used by the Company as additional working capital to support and implement the growth strategy.

## 12. TAXATION

The Company is registered in Jersey however will be UK resident for tax purposes. Information regarding taxation is set out in paragraph 9 of Part V of this document. These details are intended only as a general guide to the current tax position in the UK and Jersey. **If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK or Jersey, he or she should consult his or her own independent financial adviser immediately.**

## 13. ADMISSION, SETTLEMENT AND DEALINGS

Application has been made to the London Stock Exchange for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares on AIM will commence at 8.00 am on 14 March 2014.

The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST).

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations.

## 14. INTERESTS IN ORDINARY SHARES AND LOCK IN ARRANGEMENTS

At Admission, the Directors will in aggregate be interested in, directly and indirectly, 337,185,514 Ordinary Shares representing approximately 30 per cent. of the Enlarged Ordinary Share Capital. Interests in a further 5,100,000 Ordinary Shares are in the form of Options (over unissued Ordinary Shares granted on Admission pursuant to the ESOP and NED Plan) or in respect of awards proposed to be made pursuant to the SIP. Further details of the ESOP, the NED Plan and the SIP are set out in paragraph 6 of Part V of this document. On the assumption that all Options are exercised on Admission and all Ordinary Shares proposed to be issued on or soon after Admission pursuant to the SIP, are so issued, the Directors would in aggregate be interested in, directly and indirectly 342,285,514 Ordinary Shares representing approximately 30.56 per cent. of the fully diluted Enlarged Ordinary Share Capital.

Each of the Directors have undertaken, pursuant to the Placing Agreement, not to dispose of any of the Ordinary Shares in which they are interested at Admission within 36 months of Admission, with disposal in the period after the first 18 months permitted only with the permission of Zeus Capital and through Zeus Capital (or such broker as may be nominated by a successor nominated advisor).

## 15. RELATIONSHIP AGREEMENT

The Company has entered into an agreement ("Relationship Agreement") with Mahmud Kamani, Jalaludin Kamani, Nurez Kamani, Rabia Kamani and Carol Kane (together the "RA Parties") to regulate the ongoing relationship between the Company and the RA Parties, to ensure that the Group is capable of carrying on its business independently of the RA Parties, and that any transactions and relationships between the Group and the RA Parties are at arms' length and do not affect the Group's continuing appropriateness as a company quoted on AIM.

The Relationship Agreement applies for as long as the RA Parties and any persons connected to them hold, in aggregate, an interest in 30 per cent. or more of the Company's Ordinary Shares.

Under the Relationship Agreement, any transaction, arrangement or agreement between any part of the Group and any member of the RA Parties (or persons connected to them) must have the prior approval of the Board (with any of the RA Parties abstaining from any such resolution). In addition, under the Relationship Agreement, the RA Parties shall collectively have the power to appoint one Director to the Company's Board, and to remove and replace that Director as they see fit (conditional on the approval of the Company's Nominated Adviser at that time). At the time of Admission, the nominated Director is Mahmud Kamani.

Further information on the Relationship Agreement is contained in paragraph 15.3 of Part V of this document.

## 16. RELATED PARTY TRANSACTIONS

Historically, the Group has sourced products via, and shared services with, a number of Associated Companies that lie outside the boohoo.com plc group, but that have common ownership (i.e. are majority owned/controlled by the Kamani Family). This has resulted in some historical gross margin that would have been recognised by the Operating Group (had products been sourced directly) being recognised within the Associated Companies, and in some historical overheads being recognised in Associated Companies rather than within the Group. This gross margin recognised within Associated Companies is shown as an adjustment to the historical gross margin of Wasabi Frog in Section B of Part III of this document.

From 1 November 2013 all trading between the Group and the Associated Companies ceased.

Further information on related party transactions is contained in paragraph 14 of Part V of this document.

## 17. PRETTYLITTLETHING AND PRETTYLITTLETHING OPTION

PrettyLittleThing is a trading name of 21 Three Clothing Company Limited, and is the owner and operator of www.prettylittlething.com, an online retailer of women's fashion and accessories. PrettyLittleThing's product range is geared more towards niche, high end fashion than boohoo, however it does operate in the same market space. PrettyLittleThing is owned by Umar, Adam and Samir Kamani, all of whom are sons of Mahmud Kamani.

The Company has entered into an option agreement ("PLT Option") with Umar Kamani, Adam Kamani and Samir Kamani, pursuant to which the Company may, should it so choose, acquire the entire issued share capital PrettyLittleThing.

The PLT Option lasts for a period of three years from the date of Admission, and the purchase price is the lower of either £5 million or the price otherwise agreed between the parties. Should the PLT Option lapse, the Company has the power under the PLT Option to require that PrettyLittleThing cease trading and be wound up immediately. In the event of lapse the Company shall also acquire, for the sum of £1, the domain name www.prettylittlething.com as well as any intellectual property owned by PrettyLittleThing (including any other domain names and trade marks owned by PrettyLittleThing).

Further details of the PLT Option are contained in paragraph 15.6.1 of Part V of this document.

## 18. CORPORATE GOVERNANCE

The Directors acknowledge the importance of the principles set out in the QCA Corporate Governance Code. Although the QCA Corporate Governance 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's size and nature in accordance with the QCA Corporate Governance Code for Small and Mid-Size quoted companies 2013.

Following Admission, the Board will comprise 8 Directors, 3 of whom shall be executive Directors and 5 of whom shall be non-executive Directors, reflecting a blend of different experience and backgrounds. Each of Peter Williams, David Forbes, Mark Newton-Jones and Stephen Morana are prior to appointment considered to be "independent" non-executive Directors under the criteria identified in the QCA Corporate Government Code. In addition, David Forbes will be the Senior Independent Director.

The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors will receive appropriate and timely information. Briefing papers will be distributed to all Directors in advance of Board meetings. All Directors will have access to the advice and services of the Chief Financial Officer, who will be responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures will be 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 will, upon Admission, have Audit, Nomination and Remuneration Committees.

The Audit Committee will have Stephen Morana as Chairman, and will have 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 will meet at least twice a year. Mark Newton-Jones and David Forbes will be the other members of the Audit Committee.

The Nomination Committee will have Peter Williams as Chairman, and will identify and nominate for the approval of the Board candidates to fill board vacancies as and when they arise. The Nomination Committee will meet at least twice a year. David Forbes, Mark Newton-Jones and Stephen Morana will be the other members of the Nomination Committee.

The Remuneration Committee will have David Forbes as Chairman, and will review the performance of the executive Directors and determine 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 will meet at least twice a year. Mark Newton-Jones and Stephen Morana will be the other members of the Remuneration Committee.

The Directors understand the importance of complying with the AIM Rules relating to Directors' dealings and have established a share dealing code which is appropriate for an AIM quoted company.

## 19. DIVIDEND POLICY

The Directors and the Proposed Directors' current intention is that for the foreseeable future, the earnings of the Company will be reinvested in the business in order to fund the Company's ongoing growth strategy. In the future, if it is commercially prudent to do so, the Board may consider the payment of a dividend.

## 20. RISK FACTORS

Your attention is drawn to the risk factors set out in Part II of this document and to the section entitled "Forward Looking Statements" therein. In addition to all other information set out in this document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

## 21. ADDITIONAL INFORMATION

You should read the whole of this document and not just rely on the information contained in this Part I. Your attention is drawn to the information set out in Parts II to V (inclusive) of this document which contains further information on the Company.

# PART II

# RISK FACTORS

**Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below. Ordinary Shares may not be a suitable investment for all recipients of this document. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.**

**In addition to the usual risks associated with an investment in a company, the Directors consider that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this Document, prior to making any investment decision in respect of the Ordinary Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.**

**It should be noted that the risks described below are not the only risks faced by the Company and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware.**

**If any of the events described in the following risk factors actually occur, the Company's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment. The information set out below is not set out in any order of priority. The Company's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it operates or intends to operate as well as overall global financial conditions.**

## Risks specific to boohoo

The following sets out some of the risks relating to boohoo's business. If any of the following risks are borne out in reality, the Group's business, financial condition or results of operations could be seriously affected.

### *Rapid growth*

The Group's business has grown rapidly and is expected to grow rapidly. Operations and practices adopted at earlier stages of the Group's development may be considered to be inappropriate for a business of the size and scale of the Group, however, the Board will continue to actively monitor and respond to maintain systems and practices that are appropriate for the operations and scale of the Group.

The Group may need to expand and enhance its infrastructure and technology, and improve its operational and financial systems and procedures and controls from time to time in order to be able to match the expected expansion. The Group may face challenges in matching the pace of its expansion with achieving corresponding improvements and enhancements in its controls and procedures in the future. It will also need to expand, train and manage its growing employee base. There can be no assurance that the Group's current and planned personnel, infrastructure, systems, procedures and controls will be adequate to support its expanding operations in the future. If the Group fails to manage its expansion effectively, its business, operations and prospects may be materially and adversely affected.

The Group may be subject to foreign laws regulating the business operations of the Group. There is a risk that with such rapid growth, the Group has not always been fully compliant with the regulatory laws of foreign countries. Failure to comply with these laws may leave it open to sanctions or the commission of offences.

### *Regulatory*

The application or modification of existing laws or regulations, or adoption of new laws and regulations relating to e-commerce, m-commerce, online operations and protection of consumers online etc. could adversely affect the manner in which the Group currently conducts its business.

As the Group implements its strategy to develop local language websites outside the UK it will be subject to laws and regulation in multiple jurisdictions, both in relation to the establishment of any business operation overseas and in undertaking an online business from each relevant jurisdiction. Continued compliance with the laws in multiple jurisdiction will require increased costs to monitor and comply and may require implementation of alternate practices tailored to comply with local laws, which may reduce synergies. There is also an increased risk of non-compliance by the Group due to complexities in compliance with multiple laws in multiple jurisdictions.

The Group will consider taking legal advice as required when entering new territories.

***Technological changes***

Unless the Group is able to respond to technological advances, e.g. through optimising the boohoo websites for alternative devices, including mobile telephones, smart phones, internet televisions or other set-top television devices, on a cost-effective and timely basis, it may not be able to effectively maintain a competitive advantage which would have a material adverse effect on the Group's business, financial condition and results of operations.

***Intellectual property***

The Group's business carries with it the risk of alleged intellectual property right infringement, including but not limited to: copyright infringement, design right infringement, trademark infringement and passing off.

Although claims for intellectual property infringement have been made against the Group to date, these have had minimal impact on boohoo. The group's design team continue to monitor competing clothing lines to minimise the risk of any such intellectual property infringements by boohoo arising.

Similarly, other businesses could infringe boohoo's intellectual property rights. The Group retains advisers who provide a 'watching service' alerting the Group, on a weekly basis, to any trade mark applications that are filed in certain countries around the world, which are similar or identical to the Group's marks BOO and BOOHOO in certain classes. The Group then determines whether to apply to oppose any such filing. There was a partially successful opposition of an application for a secondary Community Trade Mark for BOOHOO in October 2013 in respect of certain limited classes of goods and services. The Group does not consider this to be an issue given that the Group already has an earlier existing Community Trade Mark for BOOHOO providing protection for those same goods and services. Policing unauthorised use of proprietary information is difficult and expensive.

The Group tries to protect its intellectual property rights by relying on trademark and copyright protection and confidentiality laws and contracts. There may be instances in the future when the Group is not able to acquire appropriate intellectual property in certain countries, however the Directors believe that the Group's current portfolio will enable the execution of its strategy.

***Domain Names***

The Group may not be able to register or maintain their domain names in all countries in which it operates or into which it may seek to expand its operations. Companies with similar domain names may be able to successfully oppose the Group's right to operate country-specific domain names or rely on earlier rights to challenge the Group's domain names. In addition, if the Group's brand is confused with another's it may dilute the value of the Group's brand or damage the Group's reputation.

Similarly, the Group may from time to time become, and is, involved in claims made by other companies for passing off or infringing their intellectual property rights or damaging their brand or commercial interests, especially as the Group expands into new territories. Investors should be aware that there is a possibility that the Group could become involved in a claim alleging that it and others have acted to damage a competitor's commercial interests. Such claim could arise out of an existing dispute between two third parties regarding the registration and use of certain domain names. However, the Group is not a party to the dispute. Furthermore, the Group does not believe that this or any such existing claims are material in the context of the Group.

### *Litigation*

Whilst the Group has taken, and the Company intends the Group to continue to take, such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of litigation being brought against the Group.

There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

### *Dependence on key personnel*

The Group has a relatively small senior management team and the loss of any key individual or the inability to attract appropriate personnel could impact upon the Group's future performance.

While employment agreements are in place with all employees, these agreements do not prevent employees from terminating their employment at any time and there can be no certainty that restrictive covenants designed to prevent them competing against the Group will be enforceable.

In addition, as the Group's business expands, it may need to add new information technology personnel to maintain and expand the website and systems and customer support personnel to service the Group's increased customer base. The Group may experience difficulties in attracting and retaining appropriately experienced and qualified employees. Should the Group fail to retain or attract qualified and experienced personnel, it may not be able to compete successfully.

### *Warehouse Management System*

The Group is due to implement a new Warehouse Management System ("WMS") which is expected to be fully operational by mid 2014. Effective management of the warehouse and deliveries is a business critical function, and as with any large scale software implementation, it is possible that the WMS implementation will not be 100 per cent. successful and will result in delays and/or errors in managing stock and deliveries.

In order to mitigate this risk the Directors have undertaken extensive testing of the WMS in parallel with the current system.

### *Fashion*

The success of the Group relies on the company having a strong reputation for providing fashionable products whilst customer tastes can change very quickly. If products are purchased that are not fashionable or if a marketing campaign is unsuccessful this could result in left over stock and reduced revenues.

boohoo attempts to mitigate this risk by closely monitoring and forecasting fashions and developing a wide range of fashionable products which are sold into multiple trends and product categories. The Group has a demand reactive sourcing model which results in only successful product lines having a significant stock holding. There is also a close link between the buying and merchandising functions to ensure the most effective products are both prevalent on the site and available for customers to purchase. boohoo also has an onsite studio and editing facilities which allows for quick updates of campaigns.

### *Reputation*

The Group has been able to attribute a lot of its success due to the recent trend of "aspirational thrift" that has emerged since the down turn in the economy. Given the price point that boohoo operates in there is a risk that the products are perceived as poor quality.

boohoo's customers are typically young people who are often actively involved on social media platforms. As such it is possible that negative customer experiences will spread quickly and brand and/or reputational damage could occur before the Company is able to rectify the initial issue.

In order to reduce this risk the Group invests in dedicated Quality Assurance and Customer Services teams that constantly review supplier performance and monitor and respond to customer feedback.

### *Customer Service*

The wellbeing of the customer is crucial to the success of boohoo. A strong customer service offering is required to ensure customer complaints are dealt with swiftly and to the customer's satisfaction. Although boohoo does not have the face to face contact with the customer that is afforded through 'bricks and mortar' retail, the Directors and Proposed Directors perceive this as an advantage for online retail.

All customer interactions are controlled centrally, hence the risk of poor customer service from specific stores or individuals is mitigated. The dedicated customer service team responds to customer complaints through email and social media and written nature of the medium means a consistent "brand voice" can be upheld throughout all contact with the customer.

boohoo continues to invest in training for dedicated customer services representatives as well as providing increased levels of options for delivery and returns options.

### *Market and competition*

Fashion retailing is highly competitive and, due to the growing prevalence of online retail, increasingly global. boohoo runs the risk of not competing effectively with a wide range of fashion retailers both domestically and abroad.

boohoo attempts to mitigate this risk by creating a value led aspirational brand with clearly defined pricing and fashionability points. Senior management are directly involved in pricing and buying decisions when structuring new product offerings which assists in ensuring that the Group maintains its reputation for supplying fashionable product at low prices.

### *Foreign Currency Risk*

Due to boohoo's overseas operations, the Group both generates revenues and incurs costs in foreign currencies. As a result, the Group is exposed to the risk that adverse exchange rate movements cause the value (relative to its reporting currency) of its revenues to decrease, or costs to increase, resulting in reduced profitability.

The Group's management (including an experienced foreign exchange and treasury manager) take steps to mitigate this risk by putting in place hedging arrangements to reduce exposure to currency risk, however these may not always be entirely effective, and residual currency risk may exist.

### *Online demand*

The online retail market has grown very quickly as customers become more used to shopping online. Although the UK is thought to be at the forefront of consumer behaviour when it comes to buying online due to high levels of broadband penetration, this makes forecasting market growth difficult. The UK is currently the largest market for boohoo, currently accounting for over 60 per cent. of sales. If either or both of the clothing, or online retail markets do not grow as expected, boohoo's performance could be negatively impacted.

The fact that boohoo products are sold solely through the boohoo website enables tight control of the product and brand, which could protect the Company in the event of reduced market growth and enable revenues to continue to grow at a faster rate than competitors. This is because boohoo products are not sold via other retailers, which could cannibalise the Group's revenues, and complete control is retained over price points and brand image.

The Group is following a strategy of international and product range diversification to reduce reliance on any single market.

### *Distribution and logistics*

The supply of product to customers in a timely manner is critical to the success of the Group. If there are any unforeseen logistical delays this can have knock-on effects for all areas of the Group. boohoo therefore operates its own warehouse, with senior management that have many years of experience in the sector. There is a continuous monitoring of capacity at the warehouse and there is a step plan in place that the Directors believe will allow boohoo to service levels of gross sales at significantly higher than current levels from the existing site. The Company has applied for planning permission to extend the Warehouse and until granted such permission is not guaranteed and if not successful would delay the Company's plans and could have a material impact on the capacity levels and future growth. The Company has multiple delivery service providers to reduce the dependency on any single provider and constantly tracks service level agreements.

***Future strategy***

There can be no certainty that the Group will be able to implement successfully the strategy set out in this document. The ability of the Group to implement its strategy in a competitive market will require effective management planning and operational controls.

***Data security and IT reliability***

The Company relies on its IT infrastructure and in particular the website. If the website were to fail or be damaged this could seriously impact the Group's ability to trade. boohoo mitigates this risk by investing in IT infrastructure including having appropriate backup systems although additions and improvements are being considered in relation to its back up systems to keep apace with the growth of the Group and technological advancements. The Group does not presently have a comprehensive disaster recovery plan in effect but it is proposed to put a plan of this nature into place. Business recovery plans are in place which have been designed to minimise the impact of damage or denied access to third party IT systems.

There is further reputation risk associated with handling large quantities of customer data. If the data were to be obtained by third parties without the consent of the customer this would have serious risks for the Group from both a reputational and regulatory perspective.

Furthermore, interruptions or delays in service from such third party service providers (including providers of the e-commerce systems), could impact or otherwise impair the delivery of services to customers and therefore harm the Group. Any such errors or loss of service could harm the reputation of the business and would likely result in a loss of revenues.

***Acquisition risk***

The Group may acquire other businesses if suitable opportunities become available. Any future acquisition poses integration and other risks which may significantly affect the Group's results or operations. To the extent that suitable opportunities arise, the Group may expand its business through the identification and acquisition of companies, technologies, products and services.

There can be no assurance that the Group will identify suitable acquisitions or opportunities, obtain the financing necessary to complete and support such acquisitions or acquire businesses on satisfactory terms, or that any business acquired will prove to be profitable. In addition, the acquisition and integration of independent companies is a complex, costly and time-consuming process involving a number of possible problems and risks, including possible adverse effects on the Group's operating results, diversion of management's attention, failure to retain personnel, failure to maintain customer service levels, disruption to relationships with customers and other third parties, risks associated with unanticipated events or liabilities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired companies.

No assurance can be given that the Group will be able to manage future acquisitions profitably or to integrate such acquisitions successfully without substantial costs, delays or other problems and any failure to achieve successful integration of such acquisitions could have a material adverse effect on the results of operations or financial condition of the Group. If the Group is unable to attract and retain key officers, managers and technical personnel, to adequately effect any such acquisitions and integration, the Group's ability to execute its business strategy successfully and to provide quality services to its customers could be materially and adversely affected.

***Reliance on key suppliers***

The Group does not have any significant reliance upon key suppliers. No single supplier provides more than 10 percent of sold product and the most suppliers provide less than five per cent. boohoo has developed a wide supplier network that allows even unique product designs be switched to alternative suppliers very quickly, with minimal loss to the Group.

***Operational costs***

Any change in the costs of operating the Group could impact on the Group's profitability. Such cost increases could be realised from increments in supplier costs (including, amongst other things, raw materials or exchange rates) or increases in costs to be incurred due to regulatory change, e.g. following introduction of auto-enrolment in respect of employee participation in pension schemes, with an obligation on employers to make contributions to employee pension schemes. Although such costs are accounted for, where these can be estimated, in future budgets for the Group, not all cost increases are capable of being estimated adequately in advance. However, it is expected competitors would be subject to similar commercial or regulatory cost increases.

***Lack of funds available to the Group***

Following the first 12 months after Admission, the Group may need additional working capital as it implements its strategy. Such funds may not be available on acceptable terms or at all when required and, without additional funds, the Group may not be able to effectively execute its growth strategy, take advantage of future opportunities, respond to competitive pressures or unanticipated requirements.

**General Risk Factors**

***Liquidity and possible price volatility***

Following Admission, the market price of the Ordinary Shares may be subject to significant fluctuations in response to many factors, including variations in the results of the Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Group's sector and other events and factors outside of the Group's control.

In addition, stock market prices may be volatile and may go down as well as up. The price at which investors may dispose of their Ordinary Shares in the Group may be influenced by a number of factors, some of which may pertain to the Group and others of which are extraneous. These factors could include the performance of the Group's business, changes in the values of its investments, changes in the amount of distributions or dividends, changes in the Group's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Group encounters competition, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, legislative or regulatory or taxation changes and general economic conditions.

The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying value. Investors may realise less than the original amount invested.

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise an investment in the Group than in a company whose shares are quoted on the Official List. In addition, the market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets.

***Legislation and tax status***

This document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' and the Proposed Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any change in legislation and in particular in tax status or tax residence of the Group or in tax legislation or practise may have an adverse effect on the returns available on an investment in the Company.

***Economic, political, judicial, administrative, taxation, environmental or other regulatory matters***

In addition to the impact of the downturn of the world's economies, the Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters. The Group may not have been and may not be at all times in complete compliance with environmental laws, regulations and permits, and the nature of the Group's operations, expose it to the risk of liabilities or claims with respect to environmental, regulatory and worker health and safety matters. If the Group violates or fails to comply with environmental laws, regulations and permits, it could be subject to penalties, fines, restrictions on operations or other sanctions, and the Group's operations could be interrupted or suspended.

### *Areas of investment risk*

The prices of publicly quoted securities can be volatile. The price of securities is dependent upon a number of factors, some of which are general or market or sector specific and others that are specific to the Company.

The Ordinary Shares will not be listed on the Official List of the UK Listing Authority and although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore an investment in the Ordinary Shares may be difficult to realise and the price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case.

An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List of the UK Listing Authority. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Ordinary Shares cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company and others which are extraneous. On any disposal of their Ordinary Shares, investors may realise less than the original amount invested.

### *Taxation*

The attention of potential investors is drawn to paragraph 9 of Part V of this document headed “UK Taxation”. The tax rules and their interpretation relating to an investment in the Company may change during its life.

Any change in the Company’s tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company’s ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change.

Current and potential investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Ordinary Shares.

# PART III

## HISTORICAL FINANCIAL INFORMATION

### Section A: Accountants' Report on Operating Group

pwc

The Directors
boohoo.com plc
12 Castle Street
St. Helier
Jersey
JE2 3RT

Zeus Capital Limited (the "**Nominated Adviser**")
3 Ralli Courts
West Riverside
Manchester
M3 5FT

5 March 2014

Dear Sirs

**Wasabi Frog Limited (the "Operating Company" and together with its subsidiaries the "Operating Group")**

We report on the financial information set out in section B of Part III as at and for the years ended 28 February 2011, 29 February 2012 and 28 February 2013 and the ten months ended 31 December 2013 (the "**Operating Group IFRS Financial Information**"). The Operating Group IFRS Financial Information has been prepared for inclusion in the admission document dated 5 March 2014 (the "**Admission Document**") of boohoo.com plc (the "**Company**") on the basis of the accounting policies set out in note 2 of the Operating Group IFRS Financial Information. This report is required by Schedule Two of the AIM rules for Companies published by the London Stock Exchange plc (the "**AIM Rules**") and is given for the purpose of complying with that Schedule and for no other purpose.

We have not audited the financial information for the ten months ended 31 December 2012 and accordingly do not express an opinion thereon.

### Responsibilities

The Directors of the Company are responsible for preparing the Operating Group IFRS Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Operating Group IFRS Financial Information gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Operating Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

**Opinion**

In our opinion, the Operating Group IFRS Financial Information gives, for the purposes of the Admission Document dated 5 March 2014, a true and fair view of the state of affairs of the Operating Group as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

## Section B: IFRS Financial Information on the Operating Group

**Consolidated income statement**

| | Note | *Year ended 28 February 2011 £'000* | *Year ended 29 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|---|
| Revenue | 4 | 24,486 | 29,012 | 67,282 | 54,065 | 91,921 |
| Cost of sales | 5a | (11,906) | (13,627) | (30,619) | (24,453) | (37,597) |
| **Gross profit** | | 12,580 | 15,385 | 36,663 | 29,612 | 54,324 |
| Distribution costs | 5a | (5,869) | (6,695) | (13,613) | (10,517) | (20,473) |
| Administrative expenses | 5a | (6,534) | (8,430) | (19,764) | (16,041) | (24,848) |
| **Operating profit** | | 177 | 260 | 3,286 | 3,054 | 9,003 |
| Finance costs | 7 | (38) | (11) | (102) | (52) | (118) |
| **Profit before income tax** | | 139 | 249 | 3,184 | 3,002 | 8,885 |
| Income taxation expense | 8 | – | – | (614) | (579) | (2,044) |
| **Profit for the year/period** | | 139 | 249 | 2,570 | 2,423 | 6,841 |
| **Earnings per share** | | | | | | |
| – Basic and diluted | 9a | 613p | 1,098p | 11,329p | 10,681p | 30,155p |

There were no material elements of other comprehensive income for any of the financial periods above other than those included in the consolidated income statements and therefore no statement of comprehensive income has been presented.

**Consolidated statements of financial position**

| | Note | *As at 28 February 2011* *£'000* | *As at 29 February 2012* *£'000* | *As at 28 February 2013* *£'000* | *As at 31 December 2013* *£'000* |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 11 | 1,253 | 1,090 | 4,967 | 5,986 |
| Intangible assets | 12 | 357 | 423 | 626 | 2,605 |
| Deferred tax | 18 | – | – | 33 | 33 |
| **Total non-current assets** | | 1,610 | 1,513 | 5,626 | 8,624 |
| **Current assets** | | | | | |
| Inventories | 13 | 3,394 | 3,398 | 6,840 | 10,787 |
| Trade and other receivables | 14 | 221 | 890 | 873 | 3,146 |
| Derivative financial instruments | | – | – | – | 191 |
| Cash and cash equivalents | 15 | 562 | 1,560 | 4,607 | 8,269 |
| **Total current assets** | | 4,177 | 5,848 | 12,320 | 22,393 |
| **Total assets** | | 5,787 | 7,361 | 17,946 | 31,017 |
| **Current liabilities** | | | | | |
| Trade and other payables | 16 | (5,896) | (7,430) | (12,710) | (19,171) |
| Current taxation payable | | – | – | (647) | (881) |
| Borrowings | 17 | (211) | (105) | (219) | (324) |
| Derivative financial liabilities | | – | – | – | (7) |
| **Total current liabilities** | | (6,107) | (7,535) | (13,576) | (20,383) |
| **Non-current liabilities** | | | | | |
| Borrowings | 17 | (650) | (547) | (2,521) | (2,328) |
| **Total non-current liabilities** | | (650) | (547) | (2,521) | (2,328) |
| **Total liabilities** | | (6,757) | (8,082) | (16,097) | (22,711) |
| **Net (liabilities)/assets** | | (970) | (721) | 1,849 | 8,306 |
| **Equity** | | | | | |
| Share capital | 19 | 100 | 100 | 100 | 100 |
| Share premium | 20 | 28 | 28 | 28 | 28 |
| Hedging reserve | | – | – | – | 16 |
| (Accumulated deficit)/Retained earnings | 20 | (1,098) | (849) | 1,721 | 8,162 |
| **Total equity** | | (970) | (721) | 1,849 | 8,306 |

**Consolidated statement of changes in equity**

| | *Note* | *Share capital £'000* | *Share premium £'000* | *Retained earnings £'000* | *Total equity £'000* |
|---|---|---|---|---|---|
| Balance at 1 March 2010 | | 100 | – | (1,237) | (1,137) |
| Profit for the year and total comprehensive income | 20 | – | – | 139 | 139 |
| Transactions with owners: | | | | | |
| Issue of Ordinary shares | 20 | – | 28 | – | 28 |
| **Total transactions with owners** | | – | 28 | – | 28 |
| **Balance at 28 February 2011** | | 100 | 28 | (1,098) | (970) |
| Balance at 1 March 2011 | | 100 | 28 | (1,098) | (970) |
| Profit for the year and total comprehensive income | 20 | – | – | 249 | 249 |
| **Balance at 29 February 2012** | | 100 | 28 | (849) | (721) |
| Balance at 1 March 2012 | | 100 | 28 | (849) | (721) |
| Profit for the year and total comprehensive income | 20 | – | – | 2,570 | 2,570 |
| **Balance at 28 February 2013** | | 100 | 28 | 1,721 | 1,849 |
| Balance at 1 March 2013 | | 100 | 28 | 1,721 | 1,849 |
| Cash flow hedges | | – | – | 16 | 16 |
| Profit for the period | 20 | – | – | 6,841 | 6,841 |
| **Total comprehensive income for the period** | | – | – | 6,857 | 6,857 |
| Transactions with owners: | | | | | |
| Ordinary dividends | 20 | – | – | (400) | (400) |
| **Total transactions with owners** | | – | – | (400) | (400) |
| **Balance at 31 December 2013** | | 100 | 28 | 8,178 | 8,306 |

## Consolidated statement of cash flows

| | Note | *Year ended 28 February 2011 £'000* | *Year ended 29 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | |
| Cash generated from operations | 21 | 1,983 | 1,471 | 5,709 | 7,994 | 9,747 |
| Taxation paid | | – | – | – | – | (1,810) |
| Finance costs | | (38) | (11) | (102) | (52) | (118) |
| **Net cash generated from operating activities** | | 1,945 | 1,460 | 5,607 | 7,942 | 7,819 |
| **Cash flows from investing activities** | | | | | | |
| Purchases of property, plant and equipment (PPE) | 11 | (1,420) | (91) | (4,291) | (3,983) | (1,518) |
| Proceeds from the sale of property, plant and equipment | | – | – | – | – | 60 |
| Purchases of intangible assets | 12 | (257) | (162) | (357) | (342) | (2,211) |
| **Net cash used in investing activities** | | (1,677) | (253) | (4,648) | (4,325) | (3,669) |
| **Cash flows from financing activities** | | | | | | |
| Proceeds from the issue of Ordinary shares | 20 | 28 | – | – | – | – |
| Proceeds from borrowings | | 335 | – | 2,667 | 2,667 | – |
| Repayments of borrowings | | (96) | (209) | (579) | (81) | (88) |
| Dividends paid | 10 | – | – | – | – | (400) |
| **Net cash generated from/(used in) financing activities** | | 267 | (209) | 2,088 | 2,586 | (488) |
| **Net increase in cash and cash equivalents** | | 535 | 998 | 3,047 | 6,203 | 3,662 |
| Cash and cash equivalents at beginning of the year | 15 | 27 | 562 | 1,560 | 1,560 | 4,607 |
| **Cash and cash equivalents at the end of the year** | 15 | 562 | 1,560 | 4,607 | 7,763 | 8,269 |

## Notes to the financial information

### 1. General information

The principal activity of Wasabi Frog Limited ("Wasabi Frog") and its subsidiaries (together, the "Operating Group") is that of an internet clothing retailer. Wasabi Frog is incorporated and domiciled in the United Kingdom. The address of its registered office is: 49-51 Dale Street, Manchester, M1 2HF.

The registered number of Wasabi Frog is 05723154. The financial information presented is for the years ended 28 February 2011, 29 February 2012 and 28 February 2013 and the ten month periods ended 31 December 2012 (unaudited), and 31 December 2013.

### 2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial information are set out below. These policies have been consistently applied to all years and periods presented, unless otherwise stated.

***Basis of preparation***

This historical financial information presents the financial track record of the Operating Group for the years ended 28 February 2011, 29 February 2012 and 28 February 2013 and the ten month periods ended 31 December 2013 and 31 December 2012 and is prepared for the purposes of admission to the Alternative Investment Market ("AIM") operated by the London Stock Exchange. This special purpose financial information has been prepared in accordance with the requirements of the Prospectus Directive regulation, the Listing Rules, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), and with those parts of the Companies Act 2006 as applicable to companies reporting under IFRS.

The consolidated financial information has been prepared on a going concern basis and under the historical cost convention. The consolidated financial information is presented in sterling and has been rounded to the nearest thousand (£'000), unless otherwise stated.

The preparation of financial information in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual events ultimately may differ from those estimates.

***Going concern***

This historical financial information relating to the Operating Group has been prepared on the going concern basis, which assumes that the Operating Group will continue to be able to meet its liabilities as they fall due for the foreseeable future. The use of the going concern basis takes into account the receipt of the net proceeds from the proposed admission of the ordinary shares of boohoo.com plc to AIM. boohoo.com plc is to become the parent company of the Operating Group following the admission of its ordinary shares to AIM (refer note 27).

***New standards and interpretations***

There are no new IFRSs or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are effective for the first time for the financial year beginning on or after 1 March 2013 that have had a material impact on the Operating Group.

At the date of authorisation of the financial information, the following standards and interpretations, which have not yet been applied in the financial information, were in issue but not yet effective, and have not been early adopted by the Operating Group:

- IFRS 9, 'Financial instruments' (mandatory effective date to be confirmed but will be no earlier than 2017)*
- IFRS 10, 'Consolidated Financial Statements' (effective 1 January 2013)†
- IFRS 11, 'Joint arrangements' (effective 1 January 2013)†
- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013)†

- IAS 27 (revised 2011), 'Separate Financial Statements' (effective 1 January 2013)†
- Amendment to IAS 32, 'Financial Instruments – Presentation' on offsetting financial assets and liabilities (effective 1 January 2014)†
- Amendment to IAS 36, "Impairment of assets" on recoverable amount disclosures (effective 1 January 2014)*

* Not EU endorsed.
† EU endorsed effective from 1 January 2014.

The adoption of these standards and interpretations is not expected to have a material impact on the Operating Group in the period they are applied.

***Basis of consolidation***

The financial information comprises a consolidation of the financial information of Wasabi Frog Limited and all its subsidiaries. The financial year ends of all entities in the Operating Group are coterminous.

Subsidiaries are all entities over which the Operating Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Operating Group. They are de-consolidated from the date that control ceases.

Acquisitions are accounted for using the acquisition method. Acquisition related costs are expensed as incurred. The excess of the consideration transferred over the fair value of the Operating Group's share of the identifiable net assets acquired is recorded as goodwill. If the consideration transferred is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between Operating Group companies are eliminated.

***Segment reporting***

Operating segments are reporting in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of operating segments, has been identified as the Board of Directors and the Chief Financial Officer.

***Foreign currency translation***

*(a) Functional and presentation currency*

Items included in the financial information of each of the Operating Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial information is presented in Sterling, which is Wasabi Frog's and subsidiaries' functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

***Revenue***

Revenue is attributable to the one principal activity of the business and represents net invoiced sales of goods, excluding value added tax. Revenue from the sale of goods is recognised when Wasabi Frog has despatched the goods from the warehouse. Returns are dealt with on receipt back into the warehouse, which triggers an automatic credit card/PayPal refund. A provision for expected returns is made at each period end, based upon recent returns history.

### ***Cost of sales***

Cost of sales represent the cost to the Operating Group of the product sold. It consists of all external costs incurred in procuring goods for resale, as well as any adjustments to inventory.

### ***Distribution costs***

Distribution costs consist of all the costs incurred, excluding product costs, in delivering products to the customers. This includes the costs associated with the warehouse.

### ***Administrative expenses***

Administrative expenses consist of all advertising and marketing expenditure, the payroll-related expenses of all marketing, IT, finance and other Head Office functions, property costs for the Head Office and all fees for professional services.

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

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. 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 the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at the following annual rates in order to write off each asset on a systematic basis over its estimated useful life.

| | |
|---|---|
| Short leasehold improvements | 3-5 years |
| Fixtures and fittings | 3-5 years |
| Computer equipment | 3 years |
| Motor vehicles | 3 years |
| Land and buildings | 50 years |

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. Land is not depreciated.

### ***Intangible assets***

Intangible assets are valued at cost less accumulated amortisation. Cost includes the original purchase price of the asset. Wasabi Frog purchased various domain names and the registered trademark which have been included in patents and licences. These are expected to have an estimated useful life of 10 years and are being amortised over this period on a straight-line basis. Computer software is amortised over its estimated life of 3 or 4 years on a straight-line basis.

### ***Impairment***

*Non-financial assets*

The carrying amounts of the Operating Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from the other assets or group of assets. Impairment losses are recognised in the income statement.

The recoverable amount of an asset or cash generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value for money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

*Financial assets*

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of Wasabi Frog's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

***Inventories***

Inventories comprise goods held for resale which are valued at the lower of cost and net realisable value. Provision is made for slow moving or obsolete stock if required, and is valued on a first-in, first-out basis.

***Other receivables***

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

***Cash and cash equivalents***

Cash and cash equivalents include cash in hand and deposits held at call with banks.

***Trade and other payables***

Trade payables are obligations to pay for goods and services which have been acquired in the commercial operations of the Operating Group. Trade payables are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

***Share capital***

Ordinary shares are classified as equity.

***Classification of financial instruments issued by Wasabi Frog***

Financial instruments issued by Wasabi Frog are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Operating Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Operating Group; and

(b) where the instrument will or may be settled in Wasabi Frog's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of Wasabi Frog's own equity instruments or is a derivative that will be settled by Wasabi Frog's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified as a financial liability takes the legal form of Wasabi Frog's own shares, the amounts presented in these financial information for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance costs. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

***Financial risk management***

The Operating Group seeks to mitigate partially against increased interest rates whilst maintaining a degree of flexibility to benefit from decreased rates of interest by holding a mix of short and long term loans sourced both externally and from related parties.

***Leases***

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Operating Group. All other leases are classified as operating leases. For property leases, the land and building elements are treated separately to determine the appropriate lease classification.

***Operating leases***

Assets leased under operating leases are not recorded in the statement of financial position. Rental payments are charged directly to the income statement on a straight line basis.

***Taxation***

The tax expense for the period comprises current and deferred tax.

*(a) Current taxation*

Current tax is the expected tax payable on the taxable profit for the period, using tax rates enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*(b) Deferred taxation*

Deferred tax is recognised using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the historical financial information. Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to set off current tax assets against current tax liabilities and it is the intention to settle these on a net basis.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised in equity.

***Pension costs***

Contributions are paid into a defined contribution scheme on behalf of certain employees and are charged to the income statement as incurred.

***Critical accounting estimates and assumptions***

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Operating Group makes certain estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are considered to relate to:

*Inventory provisions*

Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost. Net realisable value is based on both historical experience and assumptions regarding future selling prices, and is consequently a source of estimation uncertainty. The provision is determined based on the choice of an appropriate percentage in accordance with the ageing of stock.

## 3. Financial risk management

### *Financial risk factors*

The Operating Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The policy for each of the above risks is described in more detail below.

*(a) Market risk*

The Operating Group finances its operations through a mixture of retained earnings, bank and other borrowings and ordinary and preference shares. The Operating Group's interest rate risk arises from long-term borrowings, which in general tend to be held at fixed rates. The interest rate exposure of financial assets and liabilities of the Operating Group is shown in note 17.

*(b) Credit risk*

The Operating Group faces minimal credit risk as customers pay for their orders in full at the time of purchase. Credit risk in relation to cash and deposits with financial institutions is considered low, given the credit ratings of the counterparties, as set out in note 17.

*(c) Liquidity risk*

The Operating Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. The maturity of borrowings is set out in note 17, together with the level of undrawn committed facilities available.

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

The Operating Group's approach to managing liquidity is to use both short-term and long-term cash forecasts to assist in monitoring cash flow requirements, as set out under the "going concern" section.

### *Capital risk management*

The Operating Group manages its capital to ensure that the Operating Group will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance. The capital structure of the Operating Group consists of debt, which includes the borrowings disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, share premium and retained earnings as disclosed in notes 19 and 20 and the statement of changes in equity. In order to maintain or adjust the capital structure, the Operating Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Operating Group's capital is not restricted.

## 4. Segment information

The Operating Group's activities consist of internet clothing retailing. The Board of Directors and the Chief Financial Officer are together considered to be the chief operating decision maker. The business is managed as one entity, and activities are not split into any further regional or product subdivisions in the internal management reporting, as any such split would not provide the Operating Group's management with meaningful information. Consequently, all activities relate to this one segment. All non-current assets are located in the Operating Group's country of domicile, being the UK.

An analysis of revenue by geographical market is as follows:

| | Year ended 28 February 2011 £'000 | Year ended 29 February 2012 £'000 | Year ended 28 February 2013 £'000 | Ten months ended 31 December 2012 £'000 unaudited | Ten months ended 31 December 2013 £'000 |
|---|---|---|---|---|---|
| United Kingdom | 22,037 | 26,102 | 43,770 | 35,639 | 58,295 |
| Europe | 1,962 | 2,331 | 7,203 | 6,290 | 8,062 |
| Rest of the world | 487 | 579 | 16,309 | 12,136 | 25,564 |
| **Total revenue** | 24,486 | 29,012 | 67,282 | 54,065 | 91,921 |

## 5a. Expenses by nature

| | Note | Year ended 28 February 2011 £'000 | Year ended 29 February 2012 £'000 | Year ended 28 February 2013 £'000 | Ten months ended 31 December 2012 £'000 unaudited | Ten months ended 31 December 2013 £'000 |
|---|---|---|---|---|---|---|
| Cost of goods sold | | 11,906 | 13,627 | 30,619 | 24,453 | 37,597 |
| Distribution (carriage) | | 5,869 | 6,695 | 13,613 | 10,517 | 20,473 |
| Employee benefit expense | 6a | 2,894 | 2,972 | 5,020 | 3,926 | 7,637 |
| Depreciation | 11 | 305 | 254 | 414 | 336 | 499 |
| Amortisation of | | | | | | |
| – Patents and licences | 12 | 12 | 19 | 26 | 21 | 23 |
| – Computer software | 12 | 66 | 77 | 128 | 104 | 209 |
| Operating lease payments | | 131 | 105 | 44 | 37 | – |
| Other expenses | | 3,126 | 5,003 | 14,132 | 11,617 | 16,480 |
| **Total cost of sales, distribution costs and administrative expenses** | | 24,309 | 28,752 | 63,996 | 51,011 | 82,918 |

## 5b. Analysis of gross margin

Wasabi Frog historically sourced product through its related party companies as described in note 25. These related party companies bought the products from third party suppliers, which were then sold onto Wasabi Frog at a mark-up. During the track record period there was also an element of overhead, mainly people costs, in relation to these supplies incurred by related parties. During the period from 1 March 2013 to 31 December 2013 57 people transferred across from these related parties to Wasabi Frog. The analysis below presents Wasabi Frog's gross margin over the track record period as if product had been sourced directly from the third party suppliers, rather than being purchased through the related party companies:

| | *Year ended 28 February 2011 £'000* | *Year ended 29 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|
| Revenue as recorded | 24,486 | 29,012 | 67,282 | 54,065 | 91,921 |
| Cost of goods sold – externally sourced | (8,632) | (10,742) | (23,919) | (19,873) | (35,444) |
| Adjusted gross profit | 15,854 | 18,270 | 43,363 | 34,192 | 56,477 |
| *Adjusted gross profit %* | *64.7* | *63.0* | *64.4* | *63.2* | *61.4* |
| Adjustment for related party profit | (3,274) | (2,885) | (6,700) | (4,580) | (2,153) |
| **Gross profit as recorded** | 12,580 | 15,385 | 36,663 | 29,612 | 54,324 |
| ***Gross profit % as recorded*** | *51.4* | *53.0* | *54.5* | *54.8* | *59.1* |

The above analysis represents a non-GAAP measure and has been included to assist understanding of the Operating Group's business and should be used in conjunction with the relevant GAAP numbers.

### 5c. Auditor remuneration

During the periods, the Operating Group obtained the following services from Wasabi Frog's auditor:

| | *Year ended 28 February 2011 £'000* | *Year ended 29 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|
| Fees payable to Wasabi Frog's auditors for the audit of the statutory financial statements | 15 | 17 | 27 | 23 | 37 |
| Fees payable to Wasabi Frog's auditors and its associates for other services: | | | | | |
| – The audit of Wasabi Frog's subsidiaries pursuant to legislation | 2 | 3 | 3 | 1 | 1 |
| – Other services relating to taxation | 32 | 5 | 3 | 1 | – |
| | 49 | 25 | 33 | 25 | 38 |

The figures for the ten months to December 2012 and 2013 are pro-rated annual figures. The fees for all periods to February 2013 were paid to the predecessor auditor, and from December 2013 to the new auditor.

## 6a. Employee benefit expense

| | *Year ended 28 February 2011 £'000* | *Year ended 29 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|
| Wages and salaries | 2,660 | 2,720 | 4,594 | 3,592 | 6,936 |
| Social security costs | 234 | 252 | 426 | 334 | 701 |
| **Employee benefit expenses included in operating profit** | 2,894 | 2,972 | 5,020 | 3,926 | 7,637 |

## 6b. Average number of people employed

The average monthly number of people (including executive directors) employed by the Operating Group during the year was:

| | *Year ended 28 February 2011 Number* | *Year ended 29 February 2012 Number* | *Year ended 28 February 2013 Number* | *Ten months ended 31 December 2012 Number unaudited* | *Ten months ended 31 December 2013 Number* |
|---|---|---|---|---|---|
| Administration | 65 | 70 | 121 | 112 | 245 |
| Selling and distribution | 87 | 64 | 89 | 85 | 134 |
| | 152 | 134 | 210 | 197 | 379 |

## 6c. Key management compensation

The key management comprises the executive directors and the Chief Financial Officer, and the compensation is as follows:

| | *Year ended 28 February 2011 £'000* | *Year ended 29 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|
| Salaries, fees and other short-term employee benefits | 202 | 265 | 364 | 331 | 505 |
| Pension costs – defined contribution plans | – | – | 20 | 23 | 23 |
| | 202 | 265 | 384 | 354 | 528 |

The highest paid Director's compensation is as follows:

| | *Year ended 28 February 2011 £'000* | *Year ended 28 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|
| Salaries, fees and other short-term employee benefits | 112 | 148 | 148 | 123 | 201 |
| | 112 | 148 | 148 | 123 | 201 |

***Directors' and Key Management Personnel's interests***

The Directors' and Key Management Personnel's beneficial interests in the Ordinary Shares of Wasabi Frog at the beginning and the end of the financial year or date of appointment are below:

| | *As at 28 February 2011 Number* | *As at 29 February 2012 Number* | *As at 28 February 2013 Number* | *As at 31 December 2013 Number* |
|---|---|---|---|---|
| M A Kamani | 2,100 | 2,100 | 2,100 | 2,100 |
| J A Kamani | 2,100 | 2,100 | 2,100 | 2,100 |
| C Kane | 1,428 | 1,428 | 1,428 | 1,428 |
| P Cvetkovic | 286 | 286 | 286 | 286 |
| R Hughes | 286 | 286 | 286 | 286 |
| C Bale | 286 | 286 | 286 | 286 |
| N Catto | – | – | – | – |
| | 6,486 | 6,486 | 6,486 | 6,486 |

## 7. Finance costs

| | *Year ended 28 February 2011 £'000* | *Year ended 29 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|
| **Finance costs** | | | | | |
| Bank interest payable | 38 | 11 | 102 | 52 | 118 |
| **Total finance costs** | 38 | 11 | 102 | 52 | 118 |

## 8. Income tax expense

| | *Year ended 28 February 2011 £'000* | *Year ended 29 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|
| Current tax: | | | | | |
| Current tax on profits for the year/period | – | – | 647 | 579 | 2,044 |
| **Total current tax** | – | – | 647 | 579 | 2,044 |
| Deferred tax: | | | | | |
| Origination and reversal of temporary differences | – | – | (33) | – | – |
| **Total deferred tax (note 18)** | – | – | (33) | – | – |
| **Income tax expense** | – | – | 614 | 579 | 2,044 |

The tax on the Operating Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

| | *Year ended 28 February 2011 £'000* | *Year ended 29 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|
| Profit before income tax | 139 | 249 | 3,184 | 3,002 | 8,885 |
| Profit on ordinary activities multiplied by rate of corporation tax in the UK of 24.2% (2012: 26.2%; 2011: 28%) | 39 | 65 | 770 | 693 | 2,052 |
| Tax effects of: | | | | | |
| – Expenses not deductible for tax purposes | 9 | 10 | 57 | 44 | 46 |
| – Depreciation in excess of/(less than) capital allowances | 25 | 6 | – | – | (54) |
| – Unrecognised tax losses utilised | (73) | (81) | (213) | (158) | – |
| **Tax charge** | – | – | 614 | 579 | 2,044 |

Factors that may affect future tax charges:

During the year ended 28 February 2013, as a result of the change in the UK main corporation tax rate from 24 per cent. to 23 per cent. that was substantively enacted on 3 July 2012 and that was effective from 1 April 2013, the relevant deferred tax balances have been re-measured. Further reductions in the UK corporation tax rate were announced in the March 2013 Budget. The changes, reducing the rate to 21 per cent. from 1 April 2014 and to 20 per cent. from 1 April 2015 were substantively enacted on 2 July 2013 and have been reflected in the statement of financial position as at 31 December 2013.

### 9a. Earnings per share

| | *Year ended 28 February 2011* | *Year ended 29 February 2012* | *Year ended 28 February 2013* | *Ten months ended 31 December 2012 unaudited* | *Ten months ended 31 December 2013* |
|---|---|---|---|---|---|
| Profit attributable to ordinary shareholders (£'000s) | 139 | 249 | 2,570 | 2,423 | 6,841 |
| Basic earnings per share | 612.7p | 1,097.6p | 11,328.6p | 10,680.6p | 30,155.2p |

Basic earnings per share are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of shares in issue.

| | *Year ended 28 February 2011 Number* | *Year ended 29 February 2012 Number* | *Year ended 28 February 2013 Number* | *Ten months ended 31 December 2012 Number unaudited* | *Ten months ended 31 December 2013 Number* |
|---|---|---|---|---|---|
| Basic weighted average | 22,686 | 22,686 | 22,686 | 22,686 | 22,686 |

There are no shares or options with a dilutive effect and hence the basic and diluted earnings per share are the same.

### 9b. Illustrative earnings per share

As Wasabi Frog will not be listed at Admission, an illustrative EPS calculation has been presented below using the Ordinary shares of boohoo.com plc, as existing immediately prior to admission and following the share restructure described in note 27, in order to demonstrate the earnings attributable to the Ordinary shares prior to Admission. The calculation of illustrative basic earnings per Ordinary share is based on profit attributable to Ordinary shareholders, as disclosed below, and on 520,210,360 Ordinary shares.

| | *Year ended 28 February 2011* | *Year ended 29 February 2012* | *Year ended 28 February 2013* | *Ten months ended 31 December 2012 unaudited* | *Ten months ended 31 December 2013* |
|---|---|---|---|---|---|
| Profit attributable to Ordinary shareholders (£'000s) | 139 | 249 | 2,570 | 2,423 | 6,841 |
| Basic earnings per share | 0.03p | 0.05p | 0.49p | 0.47p | 1.32p |

Basic and diluted earnings per share are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of shares at Admission.

| | *Year ended 28 February 2011 Number* | *Year ended 29 February 2012 Number* | *Year ended 28 February 2013 Number* | *Ten months ended 31 December 2012 Number unaudited* | *Ten months ended 31 December 2013 Number* |
|---|---|---|---|---|---|
| Basic weighted average | 520,210,360 | 520,210,360 | 520,210,360 | 520,210,360 | 520,210,360 |

The calculation of illustrative basic and diluted earnings per Ordinary share does not reflect the New Ordinary Shares expected to be issued pursuant to the Offer. The above analysis in note 9b represents a non-GAAP metric and has been included to assist understanding of the Operating Group's business and should be used in conjunction with the relevant GAAP numbers.

### 10. Dividends

Amounts recognised as distributions to Ordinary shareholders in the year comprise:

| | *Year ended 28 February 2011 £'000* | *Year ended 29 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|
| Interim dividend for the year ending 28 February 2014 of £17.63 per Ordinary share | – | – | – | – | 400 |

## 11. Property, plant and equipment

| | *Short leasehold improvements £'000* | *Fixtures and fittings £'000* | *Computer equipment £'000* | *Motor vehicles £'000* | *Land and buildings £'000* | *Total £'000* |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 March 2010 | 4 | 51 | 227 | 9 | – | 291 |
| Additions | 225 | 531 | 146 | 146 | 372 | 1,420 |
| At 28 February 2011 | 229 | 582 | 373 | 155 | 372 | 1,711 |
| At 1 March 2011 | 229 | 582 | 373 | 155 | 372 | 1,711 |
| Additions | 49 | 17 | 25 | – | – | 91 |
| At 29 February 2012 | 278 | 599 | 398 | 155 | 372 | 1,802 |
| At 1 March 2012 | 278 | 599 | 398 | 155 | 372 | 1,802 |
| Additions | 132 | 361 | 174 | 25 | 3,599 | 4,291 |
| At 28 February 2013 | 410 | 960 | 572 | 180 | 3,971 | 6,093 |
| At 1 March 2013 | 410 | 960 | 572 | 180 | 3,971 | 6,093 |
| Additions | 772 | 289 | 451 | – | 6 | 1,518 |
| Disposals | – | – | – | (172) | – | (172) |
| At 31 December 2013 | 1,182 | 1,249 | 1,023 | 8 | 3,977 | 7,439 |
| **Accumulated depreciation** | | | | | | |
| At 1 March 2010 | 2 | 25 | 123 | 3 | – | 153 |
| Charge for the year | 41 | 122 | 90 | 52 | – | 305 |
| At 28 February 2011 | 43 | 147 | 213 | 55 | – | 458 |
| At 1 March 2011 | 43 | 147 | 213 | 55 | – | 458 |
| Charge for the year | 36 | 82 | 84 | 52 | – | 254 |
| At 29 February 2012 | 79 | 229 | 297 | 107 | – | 712 |
| At 1 March 2012 | 79 | 229 | 297 | 107 | – | 712 |
| Charge for the year | 62 | 147 | 93 | 69 | 43 | 414 |
| At 28 February 2013 | 141 | 376 | 390 | 176 | 43 | 1,126 |
| At 1 March 2013 | 141 | 376 | 390 | 176 | 43 | 1,126 |
| Charge for the period | 96 | 188 | 141 | 4 | 70 | 499 |
| On disposals | – | – | – | (172) | – | (172) |
| At 31 December 2013 | 237 | 564 | 531 | 8 | 113 | 1,453 |
| **Net book value** | | | | | | |
| At 28 February 2010 | 2 | 26 | 104 | 6 | – | 138 |
| At 28 February 2011 | 186 | 435 | 160 | 100 | 372 | 1,253 |
| At 29 February 2012 | 199 | 370 | 101 | 48 | 372 | 1,090 |
| At 28 February 2013 | 269 | 584 | 182 | 4 | 3,928 | 4,967 |
| At 31 December 2013 | 945 | 685 | 492 | – | 3,864 | 5,986 |

## 12. Intangible assets

| | Patents and licences £'000 | Computer software £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 March 2010 | 142 | 75 | 217 |
| Additions | 41 | 216 | 257 |
| At 28 February 2011 | 183 | 291 | 474 |
| At 1 March 2011 | 183 | 291 | 474 |
| Additions | 15 | 147 | 162 |
| At 29 February 2012 | 198 | 438 | 636 |
| At 1 March 2012 | 198 | 438 | 636 |
| Additions | 75 | 282 | 357 |
| At 28 February 2013 | 273 | 720 | 993 |
| At 1 March 2013 | 273 | 720 | 993 |
| Additions | 27 | 2,184 | 2,211 |
| At 31 December 2013 | 300 | 2,904 | 3,204 |
| **Accumulated amortisation** | | | |
| At 1 March 2010 | 2 | 37 | 39 |
| Charge for the year | 12 | 66 | 78 |
| At 28 February 2011 | 14 | 103 | 117 |
| At 1 March 2011 | 14 | 103 | 117 |
| Charge for the year | 19 | 77 | 96 |
| At 29 February 2012 | 33 | 180 | 213 |
| At 1 March 2012 | 33 | 180 | 213 |
| Charge for the year | 26 | 128 | 154 |
| At 28 February 2013 | 59 | 308 | 367 |
| At 1 March 2013 | 59 | 308 | 367 |
| Charge for the period | 23 | 209 | 232 |
| At 31 December 2013 | 82 | 517 | 599 |
| **Net book value** | | | |
| At 28 February 2010 | 140 | 38 | 178 |
| At 28 February 2011 | 169 | 188 | 357 |
| At 29 February 2012 | 165 | 258 | 423 |
| At 28 February 2013 | 214 | 412 | 626 |
| At 31 December 2013 | 218 | 2,387 | 2,605 |

## 13. Inventories

| | As at 28 February 2011 £'000 | As at 29 February 2012 £'000 | As at 28 February 2013 £'000 | As at 31 December 2013 £'000 |
|---|---|---|---|---|
| Finished goods | 3,394 | 3,398 | 6,840 | 10,787 |

The cost of inventories recognised as an expense and included in cost of sales amounts to £35,265,000 in the period to 31 December 2013 and £29,931,710 in the year to 28 February 2013 (2012: £13,431,656; 2011:£11,303,219). Impairment provision costs of £1,280,000 were recorded in the period to 31 December 2013 and £687,449 in the year to 28 February 2013 (2012:£195,510; 2011:£603,071) and included within cost of sales.

Inventories are stated net of provisions at 31 December 2013 of £416,000 (3.8 per cent.) and at 28 February 2013 of £695,000 (9.2 per cent.) (2012: £687,000, 16.8 per cent.; 2011: £973,000, 22.3 per cent.). The relative reduction in the level of provision between 28 February 2013 and 31 December 2013 follows the introduction of a new provisioning methodology during 2013 calculated on the basis of an enhanced level of historic inventory data. The provision for inventory at 28 February 2013 under the new methodology would have been £335,000.

## 14. Trade and other receivables

| | As at 28 February 2011 £'000 | As at 29 February 2012 £'000 | As at 28 February 2013 £'000 | As at 31 December 2013 £'000 |
|---|---|---|---|---|
| **Current** | | | | |
| Amounts due from related parties | – | – | – | 1,101 |
| Other receivables | 25 | 63 | 197 | 1,009 |
| Prepayments and accrued income | 196 | 827 | 676 | 1,036 |
| | 221 | 890 | 873 | 3,146 |

The carrying amount of the Operating Group's trade and other receivables are all denominated in sterling. The trade and other receivables were fully performing throughout the track record period.

## 15. Cash and cash equivalents

| | As at 28 February 2011 £'000 | As at 29 February 2012 £'000 | As at 28 February 2013 £'000 | As at 31 December 2013 £'000 |
|---|---|---|---|---|
| Cash and cash equivalents | 562 | 1,560 | 4,607 | 8,269 |

## 16. Trade and other payables

| | As at 28 February 2011 £'000 | As at 29 February 2012 £'000 | As at 28 February 2013 £'000 | As at 31 December 2013 £'000 |
|---|---|---|---|---|
| Trade payables | 3,879 | 5,040 | 7,910 | 11,547 |
| Amounts due to related parties | 594 | 283 | 953 | 234 |
| Other payables | 254 | 150 | 14 | 83 |
| Social security and other taxes | 258 | 980 | 592 | 940 |
| Accruals | 911 | 977 | 3,241 | 6,367 |
| | 5,896 | 7,430 | 12,710 | 19,171 |

Trade and other payables comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 91 days for the period to 31 December 2013 (December 2012: 74 days) and for the year to 28 February 2013 is 73 days (2012: 92 days; 2011: 126 days). The Directors consider the carrying amount of trade and other payables approximates to their fair value.

## 17. Borrowings

| | *As at 28 February 2011 £'000* | *As at 29 February 2012 £'000* | *As at 28 February 2013 £'000* | *As at 31 December 2013 £'000* |
|---|---|---|---|---|
| **Non-current** | | | | |
| Secured bank loans | 67 | – | 2,482 | 2,328 |
| Other loans | 583 | 547 | 39 | – |
| | 650 | 547 | 2,521 | 2,328 |
| **Current** | | | | |
| Secured bank loans | 192 | 72 | 185 | 185 |
| Other loans | 19 | 33 | 34 | 139 |
| | 211 | 105 | 219 | 324 |
| **Total borrowings** | 861 | 652 | 2,740 | 2,652 |

The earliest years in which the lenders of the above bank loans and other loans require repayment are as follows:

| | *As at 28 February 2011 £'000* | *As at 29 February 2012 £'000* | *As at 28 February 2013 £'000* | *As at 31 December 2013 £'000* |
|---|---|---|---|---|
| **Within one year** | | | | |
| Secured bank loans | 192 | 72 | 185 | 185 |
| Other loans | 19 | 33 | 34 | 139 |
| **Between one and two years** | | | | |
| Secured bank loans | 67 | – | – | – |
| Other loans | – | 547 | 39 | – |
| **Between two and five years** | | | | |
| Secured bank loans | – | – | – | – |
| Other loans | 583 | – | – | – |
| **After five years** | | | | |
| Secured bank loans | – | – | 2,482 | 2,328 |
| **Total borrowings** | 861 | 652 | 2,740 | 2,652 |

All borrowings are denominated in Sterling. The secured bank loan figure was comprised of liabilities arising on two loans that attracted interest in the years to 28 February 2011 and 2012 at 15 per cent. and 3 per cent. The bank loans were repaid in the year to 28 February 2013, and the new secured bank loan is made up of one facility. The interest rate on the loan is 2.75 per cent., is repayable in monthly instalments and has a termination date of July 2027. All of the loans are secured on the Burnley warehouse.

The other loans comprised two separate loans with a 0 per cent. interest rate. The loans were substantially repaid in the year ended 28 February 2013 and replaced by an import loan facility carrying interest at an average of 2.35 per cent.

The table below shows the levels of fixed, floating and interest free financial assets and liabilities:

| *31 December 2013* | *Fixed £'000* | *Floating £'000* | *Zero £'000* | *Total £'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | – | 8,269 | – | 8,269 |
| Trade and other receivables | – | – | 3,146 | 3,146 |
| Derivative financial instruments | | – | 191 | 191 |
| **Financial liabilities** | | | | |
| Trade and other payables | – | – | 18,231 | 18,231 |
| Secured bank loans | 2,513 | – | – | 2,513 |
| Derivative financial instruments | | – | 7 | 7 |
| Other loans | – | – | 139 | 139 |

| *28 February 2013* | *Fixed £'000* | *Floating £'000* | *Zero £'000* | *Total £'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | – | 4,607 | – | 4,607 |
| Trade and other receivables | – | – | 873 | 873 |
| **Financial liabilities** | | | | |
| Trade and other payables | – | – | 12,118 | 12,118 |
| Secured bank loans | 2,667 | – | – | 2,667 |
| Other loans | – | – | 73 | 73 |

| *29 February 2012* | *Fixed £'000* | *Floating £'000* | *Zero £'000* | *Total £'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | – | 1,560 | – | 1,560 |
| Trade and other receivables | – | – | 890 | 890 |
| **Financial liabilities** | | | | |
| Trade and other payables | – | – | 6,450 | 6,450 |
| Secured bank loans | 72 | – | – | 72 |
| Other loans | – | – | 580 | 580 |

| *28 February 2011* | *Fixed £'000* | *Floating £'000* | *Zero £'000* | *Total £'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | – | 562 | – | 562 |
| Trade and other receivables | – | – | 221 | 221 |
| **Financial liabilities** | | | | |
| Trade and other payables | – | – | 5,638 | 5,638 |
| Secured bank loans | 259 | – | – | 259 |
| Other loans | – | – | 602 | 602 |

The Operating Group had the following undrawn facilities:

| | *As at 28 February 2011 £'000* | *As at 29 February 2012 £'000* | *As at 28 February 2013 £'000* | *As at 31 December 2013 £'000* |
|---|---|---|---|---|
| Undrawn facilities | 500 | 1,500 | 1,500 | 9,861 |
| **Total** | 500 | 1,500 | 1,500 | 9,861 |

### *Fair values*

Financial instruments utilised by the Operating Group during the years ended 28 February 2013, 29 February 2012 and 28 February 2011 and the period ended 31 December 2013, together with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

### *Current assets and liabilities*

Financial instruments included within current assets and liabilities (excluding cash and cash equivalents and borrowings) are generally short-term in nature and accordingly their fair values approximate to their book values.

### *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.

### *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. The financial instruments held by the Operating Group do not, either individually or as a class, create potentially significant exposure to the market, credit, liquidity or cash flow interest rate risk.

### *Fair values of financial assets and financial liabilities*

Set out below is a comparison by category of the carrying values and fair values of all the Operating Group's financial assets and financial liabilities.

| *Carrying amount and fair value* | *As at 28 February 2011 £'000* | *As at 29 February 2012 £'000* | *As at 28 February 2013 £'000* | *As at 31 December 2013 £'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and cash equivalents | 562 | 1,560 | 4,607 | 8,269 |
| Trade and other receivables | 221 | 890 | 873 | 3,146 |
| Derivative financial instruments | – | – | – | 191 |
| **Financial liabilities** | | | | |
| Trade and other payables | 5,638 | 6,450 | 12,118 | 18,231 |
| Secured bank loans | 259 | 72 | 2,667 | 2,513 |
| Other loans | 602 | 580 | 73 | 139 |
| Derivative financial instruments | – | – | – | 7 |

The fair value of trade receivables and payables is considered to be equal to the carrying values of these items due to their short-term nature. Cash and cash equivalents are held with counterparties with a credit rating of AAA and BBB+.

### *Derivative financial instruments*

During the ten-month period ended 31 December 2013, forward foreign exchange contracts were entered into. These derivative contracts, which mature within 12 months had a fair value of £191,000 (asset) which is shown within current assets, and £7,000 (liability) which is shown within current liabilities. The net notional principal amounts of the outstanding forward foreign exchange contracts at 31 December were £5,723,626.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 December 2013 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement. This is generally within 12 months from the balance sheet date.

## 18. Deferred tax asset

| | *Other timing differences £'000* |
|---|---|
| At 1 March 2010 | – |
| Credited to the income statement | – |
| **At 28 February 2011** | – |
| Credited to the income statement | – |
| **At 29 February 2012** | – |
| Credited to the income statement | 33 |
| **At 28 February 2013** | 33 |
| Credited to the income statement | – |
| **At 31 December 2013** | 33 |

The deferred tax asset is made up as follows:

| | *As at 28 February 2011 £'000* | *As at 29 February 2012 £'000* | *As at 28 February 2013 £'000* | *As at 31 December 2013 £'000* |
|---|---|---|---|---|
| Accelerated capital allowances | – | – | – | – |
| Other timing differences | – | – | 33 | 33 |
| | – | – | 33 | 33 |

The Operating Group had unrecognised deferred tax assets relating to timing differences, including losses, of £1,134,000 at 28 February 2011 and £804,000 at 29 February 2012.

## 19. Share capital

| | *28 February 2011 £* | *29 February 2012 £* | *28 February 2013 £* | *31 December 2013 £* |
|---|---|---|---|---|
| **Issued and fully paid** | | | | |
| 22,686 Ordinary shares of £0.01 each | 227 | 227 | 227 | 227 |
| 9,991,700 Irredeemable preference shares of £0.01 each | 99,917 | 99,917 | 99,917 | 99,917 |
| **Total** | 100,144 | 100,144 | 100,144 | 100,144 |

Cumulative preference share dividends of £2,428 were not recognised at 28 February 2013, but were paid in March 2013. (2011: £nil, 2012: £nil).

The number of Ordinary shares in issue is set out below.

| | *28 February 2011 Number* | *29 February 2012 Number* | *28 February 2013 Number* | *31 December 2013 Number* |
|---|---|---|---|---|
| A1 Preferred Ordinary shares of £0.01 each | 2,100 | 2,100 | 2,100 | 2,100 |
| A2 Preferred Ordinary shares of £0.01 each | 6,300 | 6,300 | 6,300 | 6,300 |
| B Ordinary shares of £0.01 each | 12,000 | 12,000 | 12,000 | 12,000 |
| C Ordinary shares of £0.01 each | 1,428 | 1,428 | 1,428 | 1,428 |
| D Ordinary shares of £0.01 each | 572 | 572 | 572 | 572 |
| E Ordinary shares of £0.01 each | 286 | 286 | 286 | 286 |
| | 22,686 | 22,686 | 22,686 | 22,686 |

Voting rights are attached to the shares in the values of 80 per cent. (A1 shares), 15 per cent. (A2 shares), 5 per cent. (C shares). Holders of the B, D and E shares have no right to vote at general meetings. The preference shares do not hold any voting rights. In anticipation of the IPO, steps to restructure the share capital of Wasabi Frog have been performed as set out in note 27.

## 20. Other reserves

| | *Share premium £'000* | *Hedging reserve £'000* | *Retained earnings £'000* |
|---|---|---|---|
| At 1 March 2010 | – | – | (1,237) |
| Profit for the year | – | – | 139 |
| On shares issued in the year | 28 | – | – |
| **At 28 February 2011** | 28 | – | (1,098) |
| Profit for the year | – | – | 249 |
| **At 29 February 2012** | 28 | – | (849) |
| Profit for the year | – | – | 2,570 |
| **At 28 February 2013** | 28 | – | 1,721 |
| Profit for the period | – | – | 6,841 |
| Gain on cash flow hedges | – | 16 | – |
| Ordinary dividends | – | – | (400) |
| **At 31 December 2013** | 28 | 16 | 8,162 |

## 21. Cash generated from operations

| | *Year ended 28 February 2011 £'000* | *Year ended 29 February 2012 £'000* | *Year ended 28 February 2013 £'000* | *Ten months ended 31 December 2012 £'000 unaudited* | *Ten months ended 31 December 2013 £'000* |
|---|---|---|---|---|---|
| Profit before income tax | 139 | 249 | 3,184 | 3,002 | 8,885 |
| Depreciation | 305 | 254 | 414 | 336 | 499 |
| Amortisation | 78 | 96 | 154 | 125 | 232 |
| Finance costs | 38 | 11 | 102 | 52 | 118 |
| Gain on sale of fixed assets | – | – | – | – | (60) |
| Non-cash movement in derivatives | – | – | – | – | (168) |
| Increase in inventories | (2,016) | (4) | (3,442) | (3,125) | (3,947) |
| (Increase)/decrease in trade and other receivables | 484 | (669) | 17 | (1,750) | (2,273) |
| Increase in trade and other payables | 2,955 | 1,534 | 5,280 | 9,354 | 6,461 |
| **Net cash inflow from operations** | 1,983 | 1,471 | 5,709 | 7,994 | 9,747 |

## 22. Contingencies

There were no contingent liabilities or assets to be disclosed throughout the track record period.

## 23. Commitments

### *(a) Capital commitment*

There were no capital commitments as at 28 February 2011, 28 February 2013 or 31 December 2013. As at 29 February 2012, a subsidiary of Wasabi Frog Limited had a commitment to purchase the warehouse in Burnley for £3,600,000 on 27 July 2012.

### *(b) Operating lease commitments*

At the reporting date the Operating Group had the following future aggregate minimum lease payments under non-cancellable operating leases:

| | *As at 28 February 2011 £'000* | *As at 29 February 2012 £'000* | *As at 28 February 2013 £'000* | *As at 31 December 2013 £'000* |
|---|---|---|---|---|
| Within 1 year | 128 | 44 | 22 | – |
| Within 2 year to 5 years inclusive | 44 | – | – | – |
| After 5 years | – | – | – | – |
| **Total** | 172 | 44 | 22 | – |

## 24. Pension commitments

There were no pension commitments or assets to be disclosed throughout the track record period.

## 25. Related parties

The Directors consider Mahmud Kamani to be the controlling party by virtue of his holding of the majority of the voting rights of Wasabi Frog.

The following transactions, which were all on an arms' length basis, were carried out with related parties:

Wasabi Frog transacts with Jogo Associates Limited, a company in which J A Kamani is interested in as director and shareholder, and in which M A Kamani is interested as shareholder. Included within amounts due (to)/from related undertakings was a balance of £1,088,881 at 31 December 2013, £13,710 at 31 December 2012, and £(419,500) at 28 February 2013 (2012: £(4,916): 2011 £8,480), and within trade payables was a balance of £3,752 at 28 February 2011. Wasabi Frog made purchases from Jogo Associates Limited of £453,000 in the period ended 31 December 2013 and £426,000 in the year ended 28 February 2013 (2012: £9,000, 2011: £1,689,000.)

Wasabi Frog transacts with The Pinstripe Clothing Co. Limited, a company in which J A Kamani and M A Kamani are interested as Shareholders and were as directors until their resignation in November 2013. Included within amounts due to related undertakings were balances of £207,297 as at 31 December 2013, £987,331 as at 31 December 2012, £533,925 as at 28 February 2013 (28 February 2012: £278,411, 28 February 2011: £577,767). Included within trade payables were balances of £nil as at 31 December 2013, £2,768,851 as at 31 December 2012, and £4,082,892 as at 28 February 2013 (28 February 2012: £1,940,575, 28 February 2011: £1,782,553). Wasabi Frog made purchases of £10,167,000 in the period to 31 December 2013 (31 December 2012: £18,730,000) and of £30,995,000 in the year to 28 February 2013 (28 February 2012:£13,386,000, 28 February 2011 £10,226,000).

Wasabi Frog transacts with Red Orange Clothing Company Limited, a company in which M A Kamani and C Kane are interested as Shareholders and were as directors until their resignation in November 2013. Included within amounts due from related undertakings were balances of £21,972 as at 31 December 2013, £27,904 receivable as at 31 December 2012 and £33,290 as at 28 February 2013 (28 February 2012: £13,885, 28 February 2011: £2,497). Included within trade payables were balances of £nil as at 31 December 2013, £493,981 as at 31 December 2012 and £561,932 as at 28 February 2013 (28 February 2012: £800,060, 28 February 2011: £365,039). Wasabi Frog made purchases of £1,157,000 in the period to 31 December 2013 (31 December 2012: £2,677,000) and of £4,230,000 in the year to 28 February 2013 (28 February 2012: £2,102,000, 28 February 2011 £2,386,000).

Wasabi Frog transacts with Kamani Commercial Property Ltd, a company in which M A Kamani and J A Kamani are interested as directors (M A Kamani until November 2013). Included within trade receivables were balances of £109,758 as at 28 February 2011. Included within trade payables were balances of £nil as at 31 December 2013, £6,266 as at 28 February 2013 (28 February 2012: £24,984, 28 February 2011: £16,026). Included in amounts due (to)/from related undertakings is £(5,134) as at 31 December 2013,

£39,388 as at 31 December 2012 and £4,006 as at 28 February 2013 (2012: £(24,416)). Wasabi Frog paid rent and service charges of £575,000 in the period to 31 December 2013 (31 December 2012: £376,000) and of £458,000 in the year to 28 February 2013 (28 February 2012: £415,000, 28 February 2011 £642,000).

Wasabi Frog transacts with Kamani Construction Limited, a company in which M A Kamani and J A Kamani are interested as directors. Included within amounts owed by related parties were balances of £1,928 as at 31 December 2013, £3,816 as at 31 December 2012 and £1,928 as at 28 February 2013 (28 February 2012: £2,166, 28 February 2011 £535). Included within trade payables were balances of £28,420 as at 31 December 2013, £3,816 as at 31 December 2012, and £20,568 as at 28 February 2013 (28 February 2012: £3,169, 28 February 2011: £1,443). Wasabi Frog made purchases of £166,000 in the period to 31 December 2013 (31 December 2012: £86,000) and of £161,000 in the year to 28 February 2013 (29 February 2012: £28,000, 28 February 2011 £166,000).

Wasabi Frog transacts with Boo Who Limited, which is a subsidiary company. Included within amounts owed by related party undertakings were balances of £1,147,734 as at 31 December 2013, £1,562,834 as at 31 December 2012 and £1,240,173 at 28 February 2013 (2012: £292,929). Wasabi Frog paid interest of £16,000 in the period to 31 December 2013 (31 December 2012: £83,000, year ended 28 February 2013: £41,000) and paid rent of £270,000 in the period to 31 December 2013 (31 December 2012: £136,000, year ended 28 February 2013: £335,000).

Wasabi Frog transacts with White Cube Creative Limited, a company in which the domestic partner of C Kane is interested as a director and shareholder. Included within trade payables is a balance of £8,654 as at 31 December 2013; 28 February 2011: £6,000. Wasabi Frog made purchases for marketing services of £74,000 in the period to 31 December 2013 (31 December 2012: £67,000) and of £98,000 in the year to 28 February 2013 (2012: £87,000, 2011: £82,000).

Wasabi Frog transacts with Pannone LLP, a partnership in which S Grant is interested as a Partner. Included within trade payables were balances of £5,461 as at 31 December 2013, £17,061 as at 31 December 2012 and £47,366 as at 28 February 2013 (2012: £34,625, 2011: £32,226). Wasabi Frog paid for legal services of £189,000 in the period to 31 December 2013 (31 December 2012: £30,000) and in the year to 28 February 2013: £100,000 (2012: £144,000, 2011: £132,000).

Wasabi Frog transacts with Zeus Capital Limited, a company in which R Hughes is interested as a director and shareholder. Included in trade payables is an amount of £10,000 as at 31 December 2013. Zeus Capital Limited provided professional service during the period ended 31 December 2013 of £100,000.

Wasabi Frog transacts with Graphic Clothing Limited, a company in which J A Kamani was interested as a director until November 2013. Wasabi Frog made purchases during the period ended 31 December 2013 of £600,432.

Included within amounts owed to related party undertakings is an amount of £10,000 at 31 December 2013 receivable from ABK Limited, a company in which M A Kamani and J A Kamani are interested as directors and shareholders.

In the period to 31 December 2013, Wasabi Frog sold a motor vehicle to M A Kamani for £60,000 which represented market value.

## 26. Principal subsidiaries

| *Name* | *Country of incorporation* | *Nature of the business* | *Proportion of ordinary share held* |
|---|---|---|---|
| Boo Who Limited | UK | Property company | 100% |

All subsidiary undertakings are included in the consolidation.

## 27. Events after the reporting period

In anticipation of the initial public offering of boohoo.com plc, steps to restructure the share capital of Wasabi Frog have been performed post year-end, and included:

- the repurchase of the irredeemable preference shares by Wasabi Frog at the aggregate of the nominal value;
- the payment of accrued preference dividends;
- the cancellation of the entire preference share capital; and
- the exchange by the shareholders of their shares in Wasabi Frog for shares in ABK Limited.

In addition, certain steps have been performed at the ABK Limited level, which included:

- the issuance of 137.900 new 1p ordinary shares (of various classes) to the existing Wasabi Frog shareholders in exchange for their shares in Wasabi Frog;
- the exchange by certain shareholders of 50 per cent. of their existing shares in ABK Limited for shares in the newly created entity, boohoo.com plc; and
- the exchange by certain shareholders of the remaining 50 per cent. of their shares in ABK Limited for shares and convertible loan notes in boohoo.com plc which would be redeemed on listing.

Following these steps, the immediate parent undertaking of Wasabi Frog became ABK Limited and the ultimate parent and controlling party became boohoo.com plc.

The Directors
boohoo.com plc
12 Castle Street
St. Helier
Jersey
JE2 3RT

Zeus Capital Limited (the "**Nominated Adviser**")
3 Ralli Courts
West Riverside
Manchester
M3 5FT

5 March 2014

Dear Sirs

**ABK Limited**

We report on the financial information set out section D of Part III as at and for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 (the "**ABK IFRS Financial Information**"). The ABK IFRS Financial Information has been prepared for inclusion in the admission document dated 5 March 2014 (the "**Admission Document**") of boohoo.com plc (the "**Company**") on the basis of the accounting policies set out in note 2 of the ABK IFRS Financial Information. This report is required by Schedule Two of the AIM rules for Companies published by the London Stock Exchange Plc (the "**AIM Rules**") and is given for the purpose of complying with that Schedule and for no other purpose.

## Responsibilities

The Directors of the Company are responsible for preparing the ABK IFRS Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the ABK IFRS Financial Information gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two to the AIM Rules, consenting to its inclusion in the Admission Document.

*PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester M2 3PW*

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to ABK Limited's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

**Opinion**

In our opinion, the ABK IFRS Financial Information gives, for the purposes of the Admission Document dated 5 March 2014, a true and fair view of the state of affairs of the ABK Limited as at the dates stated and of its profits/losses, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

## Section D: IFRS Financial Information on ABK Limited

**Income statement**

| | Note | *Year ended 31 December 2011 £'000* | *Year ended 31 December 2012 £'000* | *Year ended 31 December 2013 £'000* |
|---|---|---|---|---|
| Administrative expenses | 5 | (4) | (4) | (35) |
| Other income | | – | – | 38 |
| **Operating (loss)/profit, (loss)/profit before tax and (loss)/profit for the year** | | (4) | (4) | 3 |
| (Loss)/profit per share – Basic and diluted | 8 | (40p) | (40p) | 30p |

There were no elements of other comprehensive income for any of the financial periods above other than those included in the income statements and therefore no statement of comprehensive income has been presented.

**Statement of financial position**

| | Note | *As at 31 December 2011 £'000* | *As at 31 December 2012 £'000* | *As at 31 December 2013 £'000* |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Unquoted investments | 9 | 12 | 12 | 12 |
| **Total non-current assets** | | 12 | 12 | 12 |
| **Current assets** | | | | |
| Other receivables | | – | – | – |
| Cash and cash equivalents | | – | – | 10 |
| **Total current assets** | | – | – | 10 |
| **Total assets** | | 12 | 12 | 22 |
| **Current liabilities** | | | | |
| Trade and other payables | 10 | (2) | (1) | (33) |
| Borrowings | 11 | (15) | (20) | (10) |
| **Total current liabilities** | | (17) | (21) | (43) |
| **Non-current liabilities** | | | | |
| Borrowings | 11 | (15) | (15) | – |
| **Total non-current liabilities** | | (15) | (15) | – |
| **Total liabilities** | | (32) | (36) | (43) |
| **Net (liabilities)** | | (20) | (24) | (21) |
| **Equity** | | | | |
| Share capital | 12 | 1 | 1 | 1 |
| Accumulated deficit | | (21) | (25) | (22) |
| **Total shareholders' deficit** | | (20) | (24) | (21) |

**Statement of changes in equity**

| | *Share capital £'000* | *Retained earnings £'000* | *Total equity £'000* |
|---|---|---|---|
| Balance at 1 January 2011 | 1 | (17) | (16) |
| Loss for the year and total comprehensive loss | – | (4) | (4) |
| **Balance at 31 December 2011** | 1 | (21) | (20) |
| Balance at 1 January 2012 | 1 | (21) | (20) |
| Loss for the year and total comprehensive loss | – | (4) | (4) |
| **Balance at 31 December 2012** | 1 | (25) | (24) |
| Balance at 1 January 2013 | 1 | (25) | (24) |
| Profit for the year and total comprehensive income | – | 3 | 3 |
| **Balance at 31 December 2013** | 1 | (22) | (21) |

**Statements of cash flows**

| | Note | *Year ended 31 December 2011 £'000* | *Year ended 31 December 2012 £'000* | *Year ended 31 December 2013 £'000* |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash (used in) operations | 13 | (18) | (5) | – |
| **Net cash generated from/(used in) operating activities** | | (18) | (5) | – |
| **Cash flows from financing activities** | | | | |
| Proceeds from borrowings | 11 | 15 | 5 | 10 |
| **Net cash from financing activities** | | 15 | 5 | 10 |
| Net increase/(decrease) in cash and cash equivalents | | (3) | – | 10 |
| Cash and cash equivalents at beginning of the year | | 3 | – | – |
| **Cash and cash equivalents at the end of the year** | | – | – | 10 |

## Notes to the financial information

### 1 General information

The principal activity of ABK Limited ("ABK") is that of an investment holding company. ABK is incorporated and domiciled in Jersey. The address of its registered office is: 12, Castle Street, St Helier, Jersey JE2 3RT.

The registered number of ABK is 106424. The financial information presented is for the years ended 31 December 2011, 31 December 2012 and 31 December 2013.

### 2 Accounting policies

The principal accounting policies applied in the preparation of the financial information are set out below. These policies have been consistently applied to all years and periods presented, unless otherwise stated.

***Basis of preparation***

This historical financial information presents the financial track record of ABK for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 and is prepared for the purposes of admission to the Alternative Investment Market ("AIM") operated by the London Stock Exchange. This special purpose financial information has been prepared in accordance with the requirements of the Prospectus Directive regulation, the Listing Rules, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

ABK's deemed transition date is the date of incorporation on 1 September 2010. The principles and requirements for first time adoption of IFRS are set out in IFRS 1.

The financial information has been prepared on a going concern basis and under the historical cost convention. The financial information is presented in sterling and has been rounded to the nearest thousand (£'000), unless otherwise stated.

The preparation of financial information in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

ABK has an investment of 100 per cent. of the B Ordinary shares in Wasabi Frog Limited. The B ordinary shares do not attract any voting rights, and as such, ABK does not control Wasabi Frog Limited, and was not a parent entity for any of the periods presented.

***Going concern***

The historical financial information has been prepared on the basis that ABK remains a going concern. The use of the going concern basis relies on the receipt of the net proceeds from the proposed admission of the ordinary shares of boohoo.com plc to AIM. boohoo.com plc is to become the parent company of ABK following the admission of its ordinary shares to AIM (refer note 15).

***New standards and interpretations***

There are no new IFRSs or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that have had a material impact on ABK.

At the date of authorisation of the financial information, the following standards and interpretations, which have not yet been applied in the financial information, were in issue but not yet effective, and have not been early adopted by ABK:

- IFRS 9, 'Financial instruments' (effective date to be confirmed)*
- IFRS 10, ' Financial Statements' (effective 1 January 2013)†
- IFRS 11, 'Joint arrangements' (effective 1 January 2013)†
- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013)†

- IAS 27 (revised 2010), 'Separate Financial Statements' (effective 1 January 2013)†
- Amendment to IAS 32, 'Financial Instruments – Presentation' on offsetting financial assets and liabilities (effective 1 January 2014)
- Amendment to IAS 36, "Impairment of assets" on recoverable amount disclosures (effective 1 January 2014)*

* Not EU endorsed.
† EU endorsed effective from 1 January 2014.

The adoption of these standards and interpretations and not expected to have a material impact on ABK in the period they are applied.

***Segment reporting***

ABK operates as a holding company and has no revenue. The profit and loss for the periods relates solely to ABK's principal activity of acting as an investment holding company.

***Foreign currency translation***

*a) Functional and presentation currency*

Items included in the financial information of ABK are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial information is presented in Sterling, which is ABK's functional and presentation currency.

*b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

***Administrative expenses***

Administrative expenses consist of fees for professional services, including legal and accountancy fees, and sundry expenses of operating as an investment holding company, and are accounted for on an accruals basis.

***Investments***

Investments are initially accounted for at cost. The carrying amounts are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of the investment exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of an asset is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value for money and the risks specific to the asset.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks.

***Trade and other payables***

Trade payables are obligations to pay for goods and services which have been acquired in the commercial operations of ABK. Accounts payable are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statements over the period of the borrowings using the effective interest method.

***Classification of financial instruments issued by ABK***

Financial instruments issued by ABK are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon ABK to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to ABK; and

b) where the instrument will or may be settled in ABK's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of ABK's own equity instruments or is a derivative that will be settled by ABK's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of ABK's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

***Taxation***

ABK is currently taxed in Jersey at the standard rate of 0 per cent. and as a result has no liability to either current or deferred tax.

***Critical accounting estimates and assumptions***

Estimates and judgements, if any are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Given the simple nature of ABK's operations, there are no critical accounting estimates that require disclosure.

## 3 Financial risk management

***Financial risk factors***

ABK's activities expose it to a variety of financial risks: market risk and liquidity risk.

The policy for each of the above risks is described in more detail below.

*a) Market risk*

ABK finances its operations through a mixture of loans from related parties and ordinary shares. As ABK's the loans are at a zero interest rate, there is no interest rate risk. The interest rate exposure of financial assets and liabilities of ABK is shown in note 11.

*b) Liquidity risk*

ABK seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. The maturity of borrowings is set out in note 11. Liquidity risk is the risk that ABK will not be able to meet its financial obligations as they fall due. ABK has received confirmation from the major shareholder that he will continue to support ABK for the foreseeable future, thereby minimising liquidity risk.

***Capital risk management***

ABK manages its capital to ensure that ABK will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance. The capital structure of ABK consists of debt, which includes the borrowings disclosed in note 11, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in note 12 and the statement of changes in equity. In order to maintain or adjust the capital structure, ABK may, in the future, adjust the amount of dividends paid to shareholders (although at present no dividends may be paid due to the deficit on reserves), return capital to shareholders, issue new shares or sell assets to reduce debt. ABK's capital is not restricted.

## 4 Segment information

ABK does not have any revenue. The operating profit and loss relates to ABK's principal activity of an investment holding company.

## 5 Expenses by nature

All of ABK's expenses are administrative in nature and principally relate to professional fees.

ABK has not been required to appoint auditors under the Companies (Jersey) Law 1991. The results during the track record period have been audited for the purposes of the proposed transaction, and audit fees of £10,000 have been charged for the track record period.

## 6 Employee benefit expense

ABK has no employees and as such the employee benefit expense is nil.

## 7 Income tax expense

ABK is currently taxed in Jersey at the standard rate of 0 per cent. and as a result has no liability to either current or deferred tax.

## 8 (Loss)/profit per share

| | *Year ended 31 December 2011* | *Year ended 31 December 2012* | *Year ended 31 December 2013* |
|---|---|---|---|
| (Loss)/profit attributable to Ordinary shareholders (£'000s) | (4) | (4) | 3 |
| Basic (loss)/profit per share | (40p) | (40p) | 30p |

Basic (loss)/profit per share are calculated by dividing the loss for the year attributable to equity holders by the weighted average number of shares in issue.

| | *Year ended 31 December 2011* | *Year ended 31 December 2012* | *Year ended 31 December 2013* |
|---|---|---|---|
| Basic weighted average | 10,000 | 10,000 | 10,000 |

## 9 Unquoted investments

ABK holds 12,000 "B" ordinary shares of 1p each in Wasabi Frog Limited, a company incorporated in England and Wales for the purpose of internet clothing retail.

## 10 Trade and other payables

| | As at 31 December 2011 £'000 | As at 31 December 2012 £'000 | As at 31 December 2013 £'000 |
|---|---|---|---|
| Accruals | 2 | 1 | 33 |
| | 2 | 1 | 33 |

Trade and other payables comprise amounts outstanding for trade purchases and on-going costs. The Directors consider the carrying amount of trade and other payables approximates to their fair value.

## 11 Borrowings

| | As at 31 December 2011 £'000 | As at 31 December 2012 £'000 | As at 31 December 2013 £'000 |
|---|---|---|---|
| **Non-current** | | | |
| Loans from related parties | 15 | 15 | – |
| | 15 | 15 | – |
| **Current** | | | |
| Loans from related parties | 15 | 20 | 10 |
| | 15 | 20 | 10 |
| **Total borrowings** | 30 | 35 | 10 |

The earliest years in which the lenders of the loans from related parties require repayment are as follows

| | As at 31 December 2011 £'000 | As at 31 December 2012 £'000 | As at 31 December 2013 £'000 |
|---|---|---|---|
| **Within one year** | | | |
| Loans from related parties (i) | 15 | 20 | 10 |
| Between two and five years | | | |
| Loans from related parties (ii) | 15 | 15 | – |
| **Total borrowings** | 30 | 35 | 10 |

(i) The loans are unsecured, interest free and repayable on demand.

(ii) The loan is unsecured, interest free and repayable on the earlier of 24 September 2015, or a disposal by ABK of the shares in Wasabi Frog Limited.

All borrowings are denominated in Sterling.

The table below shows the levels of fixed, floating and interest free financial assets and liabilities:

| *31 December 2013* | *Fixed £'000* | *Floating £'000* | *Zero £'000* | *Total £'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and short-term deposits | – | 10 | – | 10 |
| **Financial liabilities** | | | | |
| Trade and other payables | – | – | 33 | 33 |
| Loans from related entities | – | – | 10 | 10 |

| *31 December 2012* | *Fixed £'000* | *Floating £'000* | *Zero £'000* | *Total £'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and short-term deposits | – | – | – | – |
| **Financial liabilities** | | | | |
| Trade and other payables | – | – | 1 | 1 |
| Loans from related entities | – | – | 35 | 35 |

| *31 December 2011* | *Fixed £'000* | *Floating £'000* | *Zero £'000* | *Total £'000* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and short-term deposits | – | – | – | |
| **Financial liabilities** | | | | |
| Trade and other payables | – | – | 2 | 2 |
| Loans from related entities | – | – | 30 | 30 |

ABK had no undrawn facilities during the track record period.

***Fair values***

Financial instruments utilised by ABK, together with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

***Current assets and liabilities***

Financial instruments included within current assets and liabilities (excluding cash and borrowings) are generally short-term in nature and accordingly their fair values approximate to their book values.

***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 balance sheet date.

***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 balance sheet date. The financial instruments held by ABK do not, either individually or as a class, create potentially significant exposure to the market, credit, liquidity or cash flow interest rate risk.

***Fair values of financial assets and financial liabilities***

ABK's book values equate to their fair values for all periods during the track record period.

The fair value of trade receivables and payables is considered to be equal to the carrying values of these items due to their short-term nature. Cash is held with counterparties with a credit rating of BBB+.

## 12 Share capital and share premium

| Authorised | 31 December 2011 £ | 31 December 2012 £ | 31 December 2013 £ |
|---|---|---|---|
| 464,500 Ordinary A shares of £0.10 each | 46,450 | 46,450 | 46,450 |
| 535,500 Ordinary B shares of £0.10 each | 53,550 | 53,550 | 53,550 |
| **Total** | 100,000 | 100,000 | 100,000 |

| Issued and fully paid | 31 December 2011 £ | 31 December 2012 £ | 31 December 2013 £ |
|---|---|---|---|
| 4,645 Ordinary A shares of £0.10 each | 465 | 465 | 465 |
| 5,355 Ordinary B shares of £0.10 each | 535 | 535 | 535 |
| **Total** | 1,000 | 1,000 | 1,000 |

The above shares were issued on incorporation on 1 September 2010. In anticipation of the IPO steps to restructure the share capital of ABK have been performed as set out in note 15.

## 13 Cash generated from/(used in) operations

| | *Year ended 31 December 2011 £'000* | *Year ended 31 December 2012 £'000* | *Year ended 31 December 2013 £'000* |
|---|---|---|---|
| (Loss)/profit before tax | (4) | (4) | 3 |
| Increase/(decrease) in trade and other payables | (14) | (1) | 32 |
| Non-cash write-back of related party borrowings | – | – | (35) |
| **Net cash (outflow) from operations** | (18) | (5) | – |

## 14 Related parties

In the opinion of the Directors, there is no ultimate controlling party, however the majority shareholder is Mr M Kamani.

Nurez Kamani, Mahmud Kamani and Rabia Kamani were shareholders in ABK Limited until 2013 when Nurez Kamani ceased to be a shareholder and Jalal Kamani became a shareholder.

ABK owes the following loans to related parties:

| | *As at 31 December 2011 £* | *As at 31 December 2012 £* | *As at 31 December 2013 £* |
|---|---|---|---|
| M Kamani (i) | 14,500 | 13,350 | 10,000 |
| N Kamani (ii) | 2,000 | 3,600 | – |
| R Kamani (ii) | 2,000 | 3,600 | – |
| M Kamani (ii) | 11,000 | 14,500 | – |
| | 29,500 | 35,050 | 10,000 |

(i) The loan is unsecured, interest free and repayable on demand.

(ii) The loans are unsecured, interest free and repayable on the earlier of 24 September 2015, or a disposal by ABK of the shares in Wasabi Frog Limited.

## 15 Events after the reporting period

In anticipation of the initial public offering of boohoo.com plc, steps to restructure the share capital of ABK have been performed post year-end, and included:

- the issuance of 137,900 new 1p ordinary shares (of various classes) to the existing Wasabi Frog shareholders in exchange for their shares in Wasabi Frog;
- the exchange by certain shareholders of 50 per cent. of their existing shares in ABK Limited for shares in the newly created entity, boohoo.com plc; and
- the exchange by certain shareholders of the remaining 50 per cent. of their shares in ABK Limited for shares and convertible loan notes in boohoo.com plc, to be redeemed on listing.

Following these steps, the ultimate parent undertaking and controlling party of ABK Limited became boohoo.com plc.

## PART IV

## UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma statement of net assets for the Group (after giving effect to the share reorganisation as described in paragraph 4 of Part V of this document) as at 31 December 2013. It has been prepared on the basis set out in the notes below to illustrate the effect of Admission, the Placing, the issue and repayment of the Convertible Loan Notes and the settlement of the outstanding bank loans (as described in paragraph 11 of Part I) as if they had occurred at 31 December 2013.

It has been prepared for illustrative purposes only. Because of its nature, the pro forma statement of net assets is a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It is based on the audited net assets of ABK Limited and the Operating Group as at 31 December 2013. The audited net assets of the Operating Group and ABK Limited are as shown in sections B and D respectively of Part III of this document.

Shareholders should read the whole of this document and not rely solely on the on the summarised financial information contained in this Part IV.

| | *ABK Limited as at 31 December 2013* | *Operating Group as at 31 December 2013* | *Group reorganisation* | *Placing* | *Settlement of debt* | *Pro Forma Net Assets* |
|---|---|---|---|---|---|---|
| | *1* | *2* | *3* | *4* | *5* | *6* |
| | *£'000* | *£'000* | *£'000* | *£'000* | *£'000* | *£'000* |
| **Assets** | | | | | | |
| *Non-current assets* | | | | | | |
| Property, plant and equipment | – | 5,986 | – | – | – | 5,986 |
| Intangibles assets | – | 2,605 | – | – | – | 2,605 |
| Deferred tax | – | 33 | – | – | – | 33 |
| Unquoted investments | 12 | – | (12) | – | – | – |
| *Total non-current assets* | 12 | 8,624 | (12) | – | – | 8,624 |
| *Current assets* | | | | | | |
| Inventories | – | 10,787 | – | – | – | 10,787 |
| Derivative financial instruments | – | 191 | – | – | – | 191 |
| Cash and cash equivalents | 10 | 8,269 | – | 46,101 | (2,652) | 51,728 |
| Other receivables | – | 3,146 | – | – | – | 3,146 |
| *Total current assets* | 10 | 22,393 | – | 46,101 | (2,652) | 65,852 |
| **Total assets** | 22 | 31,017 | (12) | 46,101 | (2,652) | 74,476 |
| *Current liabilities* | | | | | | |
| Trade and other payables | (33) | (19,171) | – | – | – | (19,204) |
| Current taxation payable | – | (881) | – | – | – | (881) |
| Borrowings | (10) | (324) | – | – | 324 | (10) |
| Derivative financial liabilities | – | (7) | – | – | – | (7) |
| Convertible loan notes | – | – | (239,899) | 239,899 | – | – |
| *Total current liabilities* | (43) | (20,383) | (239,899) | 239,899 | 324 | (20,102) |
| *Non-current liabilities* | | | | | | |
| Borrowings | – | (2,328) | – | – | 2,328 | – |
| *Total non-current liabilities* | – | (2,328) | – | – | 2,328 | – |
| **Total liabilities** | (43) | (22,711) | (239,899) | 239,899 | 2,652 | (20,102) |
| **Net (liabilities)/assets** | (21) | 8,306 | (239,911) | 286,000 | – | 54,374 |

*Notes*

1. The financial information has been extracted, without material adjustment, from the historical financial information of ABK Limited for the year ended 31 December 2013 as set out in Section D of Part III of this document.
2. The financial information has been extracted, without material adjustment, from the historical financial information of the Operating Group for the year ended 31 December 2013 as set out in Section B of Part III of this document.
3. These adjustments reflect the Group reorganisation, which will take place immediately prior to Placing and Admission.
   (a) The Company was incorporated on 19 November 2013 with authorised share capital of £100 divided into 100 ordinary shares of £1 each and the issued share capital of the Company was £2 divided into 2 ordinary shares of £1 each.
   (b) On 3 March 2014 ABK Limited issued 137,900 new ordinary shares (of various classes) of 1 pence each to the existing Wasabi Frog shareholders in exchange for their shares in Wasabi Frog. ABK Limited's investment in the Operating Group will eliminate upon consolidation.
   (c) On 3 March 2014, the Company entered into a share for share exchange agreement with Mahmud Kamani, Jalaludin Kamani, Nurez Kamani, Rabia Kamani, Carol Kane, Christopher Bale, Petar Cvetkovic and Clare Hughes (the "Share Exchange Vendors") as set out in paragraph 15.4 of Part V of this document. Under this share for share exchange agreement the Share Exchange Vendors transferred the entire issued share capital of ABK Limited to the Company, in consideration for which the Company a) issued, credited as fully paid, the Existing Ordinary Shares to the Share Exchange Vendors; and b) issued the Convertible Loan Notes in the aggregate nominal value of £239.9 million to the Share Exchange Vendors, other than Clare Hughes. The conditions attached to the Convertible Loan Notes are set out in paragraph 15.5 of Part V of this document.
   (d) The insertion of a new holding company constitutes a group reorganisation and will be accounted for using merger accounting principles. The Group reorganisation will not be effective until completion of the Placing and Admission and the consolidated financial statements of the Company will be presented as if Wasabi Frog Limited and ABK Limited had always been part of the same group.
4. The Placing receipts are conditional on Admission. The net Placing receipts of £46.1 million are derived as follows: estimated net Placing receipts (after deducting estimated fees and expenses relating to the Placing) of £286 million, less repayment of Convertible Loan Notes of £239.9 million (as described in paragraph 11 of Part I of this document). Under the share for share exchange agreement dated 3 March 2014, the Convertible Loan Holders have effectively met approximately £10 million of fees relating to the Placing.
5. This column represents the repayment of the outstanding bank loans in the Operating Group of £2.6 million as at 31 December 2013. Of this total, £2.5 million relates to the outstanding balance on the mortgage on the Burnley warehouse. These amounts are to be repaid out of the proceeds of the Placing as described in paragraph 11 of Part I of this document.
6. This column represents the sum of the preceding columns and represents the pro forma net assets of the Group as at 31 December 2013 assuming Admission and the Placing had occurred on that date.

The unaudited pro forma statement of net assets does not constitute statutory accounts within the meaning of Article 105 of the Companies Law, and no adjustment has been made to take account of trading, expenditure or other movements subsequent to 31 December 2013, being the date of the last published balance sheet for the Operating Group and ABK Limited.

# PART V

# ADDITIONAL INFORMATION

## 1. RESPONSIBILITY

The Directors and the Proposed Directors, whose names appear on page 6 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, the Proposed Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All of the Directors and the Proposed Directors accept individual and collective responsibility for compliance with the AIM Rules and the Companies Law.

## 2. THE COMPANY

2.1 The Company was incorporated and registered in Jersey with registered number 114397 on 19 November 2013 as a public company under the Companies Law under the name boohoo.com plc. The Company does not trade. Wasabi Frog Limited, the Company's principal trading subsidiary, trades under the name boohoo.com.

2.2 The principal legislation under which the Company operates is the Companies Law and regulations made under the Companies Law. The liability of the Company's members is limited.

2.3 The Company is domiciled in the United Kingdom. The registered office of the Company is 12 Castle Street, St Helier, Jersey JE2 3RT and principal place of business of the Company is at 49/51 Dale Street, Manchester M1 2HF (telephone number 0161 233 2050).

2.4 The following are the important events in the development of the Group's business:

| | |
|---|---|
| **2006** | Business founded by Mahmud Kamani and Carol Kane |
| **2007** | Top 10 Online fashion website award 2007 Cosmopolitan Magazine |
| **2007** | BT Online Retail Excellence Awards 2007 |
| **2008** | Top 10 – Heat Magazine top online retailer awards |
| **2009** | Cosmopolitan Online Fashion Awards – Best Newcomer |
| **2009** | Catwalk videos launched |
| **2010** | Experian Hitwise Top 10 website in the Apparel and Accessories category (Jan-Dec) |
| **2010** | Cosmopolitan Fashion Awards – Best for Bargains |
| **2010** | Reveal Click to Buy Awards – Brilliant for Bargains |
| **2010** | boohoo website re-launched |
| **2011** | 360° Product View launched for shoes and accessories |
| **2011** | Reveal Click to Buy Awards – Best for Bargains, Best Place to Spend £50 |
| **2011** | boohoo commences television advertising in the UK and Ireland |
| **2011** | International Sales account for 10 per cent. of group turnover |
| **2012** | Lorraine Awards – Best Online Retailer |
| **2012** | Group acquires Burnley warehouse |
| **2013** | Lorraine Awards – Best Online Retailer |
| **2013** | Capacity at Burnley warehouse increased by installation of mezzanine floor |
| **2013** | boohooMan launched |
| **2013** | International Sales account for 34 per cent. of group turnover |
| **2013** | First local language international website launched in France |
| **2014** | Men's only TV advertising launched. |

## 3. SUBSIDIARIES

The Company is the holding company of the Group. The following table contains details of the Company's principal subsidiaries:

| *Company name* | *Principal activity* | *Country of incorporation* | *Percentage ownership* |
|---|---|---|---|
| ABK Limited | Intermediate holding company | Jersey | 100% |
| Wasabi Frog Limited | Online fashion retail | England | 100% |
| Boo Who Limited | Property holding company | England | 100% |
| boohoo.com USA Limited | Trading company | England | 100% |

## 4. SHARE CAPITAL

4.1 For the purposes of this Part V, the following terms shall have the following meanings:

| | |
|---|---|
| "A Shares" | the A Ordinary Shares of 1 pence each in the capital of the Company, which will be reclassified as Ordinary Shares or Deferred Shares immediately prior to Admission in accordance with the resolution described in paragraph 4.5 below. |
| "A1 Shares" | the A1 Ordinary Shares of 1 pence each in the capital of the Company, which will be reclassified as Ordinary Shares or Deferred Shares immediately prior to Admission in accordance with the resolution described in paragraph 4.5 below. |
| "A2 Shares" | the A2 Ordinary Shares of 1 pence each in the capital of the Company, which will be reclassified as Ordinary Shares or Deferred Shares immediately prior to Admission in accordance with the resolution described in paragraph 4.5 below. |
| "B Shares" | the B Ordinary Shares of 1 pence each in the capital of the Company, which will be reclassified as Ordinary Shares or Deferred Shares immediately prior to Admission in accordance with the resolution described in paragraph 4.5 below. |
| "C Shares" | the C Ordinary Shares of 1 pence each in the capital of the Company, which will be reclassified as Ordinary Shares or Deferred Shares immediately prior to Admission in accordance with the resolution described in paragraph 4.5 below. |
| "D1 Shares" | the D1 Ordinary Shares of 1 pence each in the capital of the Company, which will be reclassified as Ordinary Shares or Deferred Shares immediately prior to Admission in accordance with the resolution described in paragraph 4.5 below. |
| "D2 Shares" | the D2 Ordinary Shares of 1 pence each in the capital of the Company, which will be reclassified as Ordinary Shares or Deferred Shares immediately prior to Admission in accordance with the resolution described in paragraph 4.5 below. |
| "E Shares" | the E Ordinary Shares of 1 pence each in the capital of the Company, which will be reclassified as Ordinary Shares or Deferred Shares immediately prior to Admission in accordance with the resolution described in paragraph 4.5 below. |
| "Deferred Shares" | the shares of 1 pence each in the capital of the Company, which will be created upon reclassification of certain A Shares, A1 Shares, A2 Shares, B Shares, C Shares, D1 Shares, D2 Shares and/or E Shares immediately prior to Admission in accordance with the resolution described in paragraph 4.5 below. |

4.2 Set out below are details of the issued share capital of the Company (i) as at the date of this document and (ii) as it will be immediately following the Placing and Admission:

| | *Present* | | *Immediately following Admission* | |
|---|---|---|---|---|
| | *Number* | *Nominal value (£)* | *Number* | *Nominal value (£)* |
| A1 Shares | 4,725,000 | 47,250 | – | – |
| A2 Shares | 14,175,000 | 141,750 | – | – |
| A Shares | 209,025,000 | 2,090,250 | – | – |
| B Shares | 240,975,000 | 2,409,750 | – | – |
| C Shares | 53,550,000 | 535,500 | – | – |
| D1 Shares | 10,725,000 | 107,250 | – | – |
| D2 Shares | 21,450,000 | 214,500 | | |
| E Shares | 10,725,000 | 107,250 | – | – |
| Ordinary Shares | – | – | 1,120,210,360 | 11,206,107 |
| Deferred Shares | – | – | 45,139,640 | 451,396 |

4.3 On incorporation, the authorised share capital of the Company was £100 divided into 100 ordinary shares of £1 each and the issued share capital of the Company was £2 divided into 2 ordinary shares of £1 each.

4.4 The following changes to the authorised and issued share capital of the Company have taken place since incorporation:

4.4.1 By special resolutions passed on 3 March 2014:

(a) the 98 authorised but unissued ordinary shares in the capital of the Company were cancelled;

(b) the 2 issued ordinary shares of £1 each were each subdivided into 100 fully paid ordinary shares of 1 pence each;

(c) the authorised share capital of the Company was increased from £2 divided into 200 ordinary shares of 1 pence each to £11,653,500 divided into 1,165,350,000 ordinary shares of 1 pence each;

(d) the 200 ordinary shares of 1 pence each in issue were redesignated into 200 A1 Shares; and

(e) the Company was authorised to issue up to 4,724,800 A1 Shares, 14,175,000 A2 Shares, 209,025,000 A Shares, 240,975,000 B Shares, 53,550,000 C Shares, 10,725,000 D1 Shares, 21,450,000 D2 Shares and 10,725,000 E Shares.

4.4.2 On 3 March 2014, pursuant to a share exchange agreement entered into between the Company and each of Mahmud Kamani, Jalaludin Kamani, Nurez Kamani, Rabia Kamani, Carol Kane, Clare Hughes, Petar Cvetkovic and Christopher Bale, the Company issued:

(a) 4,724,800 A1 Shares to Mahmud Kamani;

(b) 14,175,000 A2 Shares as to one third to each of Jalaludin Kamani, Nurez Kamani and Rabia Kamani;

(c) 209,025,000 A Shares to Mahmud Kamani;

(d) 240,975,000 B Shares as to one third to each of Mahmud Kamani, Jalaludin Kamani and Rabia Kamani;

(e) 53,550,000 C Shares to Carol Kane;

(f) 10,725,000 D1 Shares to Petar Cvetkovic;

(g) 21,450,000 D2 Shares to Clare Hughes; and

(h) 10,725,000 E Shares to Christopher Bale, as part consideration for the exchange for shares in the capital of ABK Limited which were transferred by the relevant transferor to the Company under the terms of the share exchange agreement.

4.4.3 On 3 March 2014, pursuant to the share exchange agreement referred to in paragraph 4.4.2 above, the Company also issued the Convertible Loan Notes in the aggregate nominal value of £239,899,026 in respect of the remaining consideration due to the holders of shares in ABK Limited (other than Clare Hughes). If Admission is not effected by 31 March 2014, such Convertible Loan Notes shall be capable of being converted into 630 A1 Shares, 1,890 A2 Shares, 27,870 A Shares, 32,130 B Shares, 7,140 C Shares, 1,430 D1 Shares and 1,430 E Shares (in aggregate). However it is intended to use a proportion of the proceeds of the Placing to repay at par all of the Convertible Loan Notes within 14 days of Admission.

4.5 The following changes to the issued share capital of the Company shall take effect immediately prior to and conditional on Admission, pursuant to special resolutions passed on 4 March 2014:

4.5.1 63,021 A1 Shares shall be redesignated into 63,021 Ordinary Shares and 4,661,979 A1 Shares (being the balance) shall be redesignated into 4,661,979 Deferred Shares;

4.5.2 189,063 A2 Shares shall be redesignated into 189,063 Ordinary Shares and 13,985,937 A2 Shares (being the balance) shall be redesignated into 13,985,937 Deferred Shares;

4.5.3 198,869,361 A Shares shall be redesignated into 198,869,361 Ordinary Shares and 10,155,639 A Shares (being the balance) shall be redesignated into 10,155,639 Deferred Shares;

4.5.4 229,267,047 B Shares shall be redesignated into 229,267,047 Ordinary Shares and 11,707,953 B Shares (being the balance) shall be redesignated into 11,707,953 Deferred Shares;

4.5.5 50,980,421 C Shares shall be redesignated into 50,980,421 Ordinary Shares and 2,569,579 C Shares (being the balance) shall be redesignated into 2,569,579 Deferred Shares;

4.5.6 10,210,362 D1 Shares shall be redesignated into 10,210,362 Ordinary Shares and 514,638 D1 Shares (being the balance) shall be redesignated into 514,638 Deferred Shares;

4.5.7 20,420,723 D2 Shares shall be redesignated into 20,420,723 Ordinary Shares and 1,029,277 D2 Shares (being the balance) shall be designated into 1,029,277 Deferred Shares; and

4.5.8 10,210,362 E Shares shall be redesignated into 10,210,362 Ordinary Shares and 514,638 E Shares (being the balance) shall be redesignated into 514,638 Deferred Shares.

As a class of share, the Deferred Shares will carry no rights to (i) receive any income, distributions of any kind including any dividend declared payable by the Company at any time; (ii) a return on capital on a liquidation or winding up of the Company or otherwise; (iii) vote at a general meeting of the Company; (iv) attend or receive notice of any general meeting of the Company. The Deferred Shares can be redeemed at any time without payment on the Company giving 3 days' written notice to the holders of such Deferred Shares following which they shall be cancelled.

4.6 The Placing Shares will be issued in accordance with a special resolution of the Company passed on 4 March 2014 and conditional on (but effective immediately prior to) Admission, pursuant to which the Directors were generally empowered pursuant to article 2.15 of the Articles to allot equity securities for cash in respect of (i) the allotment of up to 600,000,000 Ordinary Shares in connection with the Placing; (ii) issues by way of rights issue to shareholders; (iii) allotments in respect of a scrip dividend scheme and (iv) otherwise up to an aggregate nominal amount of £560,105 in the period ending on the date falling 15 months after the date of the resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2014.

4.7 In accordance with a special resolution of the Company passed on 4 March 2014, subject to Admission the Company was authorised to buy back its Ordinary Shares on AIM on such terms as the directors of the Company determine, provided that pursuant to this authorisation (i) the maximum total number of Ordinary Shares that can be bought back is 56,010,518 (representing approximately 5 per cent. of the Company's issued Ordinary Shares at Admission), (ii) the minimum price which may be paid for an Ordinary Share is its nominal value, and (iii) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average of the closing mid-market price of the Ordinary Shares for the 5 business days immediately preceding the repurchase date. This authority expires 15 months after Admission or, if earlier, at the end of the next annual general meeting of the Company after Admission. Subject to the Articles, any Ordinary Shares repurchased under such authorisation may be held as treasury shares.

4.8 By a resolution of the Board passed on 5 March 2014 it was resolved conditionally on (but effective immediately prior to) Admission, to allot the Placing Shares for cash at the Placing Price.

4.9 Following Admission, the Company intends to grant options over up to 15,728,000 Ordinary Shares under the Share Plans, on the terms described in paragraph 6 of this Part V.

4.10 The Ordinary Shares in issue on Admission will be in registered form and, following Admission, will be capable of being held in uncertificated form. In the case of Ordinary Shares held in uncertificated form, the Articles permit the holding and transfer of Ordinary Shares under CREST. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors have applied for the Ordinary Shares to be admitted to CREST. The records in respect of Ordinary Shares held in uncertificated form will be maintained by Euroclear UK & Ireland Limited and the Company's registrar, Capita Registrars (Jersey) Limited (details of whom are set out on page 7).

4.11 It is anticipated that, where appropriate, share certificates will be despatched by first class post by 28 March 2014. Temporary documents of title will not be issued. Prior to the despatch of definitive share certificates, transfers will be certified against the register.

4.12 The International Security Identification Number ("ISIN") of the Ordinary Shares is JE00BG6L7297 and the Stock Exchange Daily Official List ("SEDOL") number is BG6L729.

4.13 The legislation under which the Ordinary Shares will be issued is the Companies Law and regulations made under the Companies Law.

4.14 The Ordinary Shares are denominated in sterling.

4.15 Following the Placing and Admission (assuming all the Placing Shares are allotted pursuant to the Placing), the Existing Ordinary Shares (as redesignated in accordance with the resolution described in paragraph 4.5 above) will represent 46 per cent of the Enlarged Share Capital.

4.16 Save as disclosed in this paragraph 4, as at the date of this document:

4.16.1 the Company did not hold any treasury shares and no Ordinary Shares were held by, or on behalf of, any member of the Group;

4.16.2 no shares have been issued otherwise than as fully paid;

4.16.3 the Company had no outstanding convertible securities, exchangeable securities or securities with warrants;

4.16.4 the Company has given no undertaking to increase its share capital; and

4.16.5 no capital of any member of the Group is under option or is agreed, conditionally or unconditionally, to be put under option.

## 5. ARTICLES OF ASSOCIATION

**Articles of association**

The Articles include provisions to the following effect:

5.1 ***Objects***

The memorandum of association of the Company provides that the Company has unrestricted corporate capacity. The Company has all the powers and capacity of a natural person.

5.2 ***Alteration of share capital***

The Company may, by special resolution, increase its share capital by such sum to be divided into shares of such amount as the resolution shall prescribe or alter its share capital in any manner permitted by the Companies Law. Subject to the provisions of the Companies Law, the Company may, by special resolution, reduce its share capital account, share premium account or capital redemption reserve in any way.

5.3 ***Purchase of own shares***

Subject to, and in accordance with, the Companies Law and to any special rights attached to any class of shares, the Company may purchase or agree to purchase in the future any of its own shares of any class (including, without limitation, redeemable shares) in any way and at any price and may hold such shares as treasury shares.

5.4 ***Share rights***

Subject to the Companies Law and subject to, and without prejudice to, any rights attached to any existing shares, any share in the Company may be issued with or have attached to it such rights or restrictions as to issuance as the Company may by ordinary resolution determine.

Subject to the Companies Law, the Company may issue shares which are to be redeemed, or are liable to be redeemed, at the option of the Company or the holder of such redeemable shares and on such terms and in such manner as may be determined by ordinary resolution.

5.5 ***Allotment of securities and pre-emption rights***

Subject to the provisions of the Companies Law, the Articles and any resolution of the Company passed by the Company conferring authority on the directors to allot shares and without prejudice to any rights attached to existing shares, all unissued shares are at the disposal of the Board and they may allot, grant options over, grant warrants in respect of or otherwise dispose of them as they think fit.

Although the Companies Law does not provide any statutory pre-emption rights, the Articles provide that when proposing to allot shares or fractions of shares of any class, the Company must first offer such shares to existing holders of shares of the relevant class in proportion to their respective holdings of the relevant shares then in issue (i.e. the provisions relating to statutory pre-emption rights under English companies law have been broadly replicated in the Articles).

Such pre-emption rights shall not apply:

(a) where the shares to be allotted are or are to be wholly or partly paid otherwise than in cash;

(b) where the shares are being allotted pursuant to the terms of an Employee Share Scheme (as defined in the Articles);

(c) in the case of bonus shares; or

(d) where they have been disapplied by way of a special resolution.

5.6 ***Share certificates***

Every holder on becoming the holder of any certificated share whose name is entered on the Company's register of members as a holder of any certificated shares is entitled, without payment, to one certificate in respect of all the shares of any class held by him. In the case of joint holders, delivery of a certificate to one of the joint holders shall be sufficient delivery to all.

5.7 ***Call forfeiture and lien***

The Board may from time to time make calls upon the holders in respect of any consideration agreed to be paid for such shares that remains unpaid. Each holder shall (subject to being given at least 14 days' notice specifying where and when payment is to be made) pay to the Company the specified amount called on such shares. If any call or instalment of a call remains unpaid on or after the due date for payment, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid.

Interest shall be paid at the HSBC Bank plc base rate plus two per cent per annum or a fixed rate, fixed by the terms of the allotment of the share or, if no rate is fixed, the rate determined by the Board provided that the Board may waive payment of the interest wholly or in part. The Board may also (on giving not less than 14 days notice or such period of notice provided under the terms of allotment requiring payment of the amount unpaid together with interest and costs incurred) forfeit the shares by resolution of the Board. The forfeiture shall include all dividends or moneys payable in respect of the forfeited shares. The forfeited shares may be sold, re-allotted or otherwise disposed of by the Board in such manner as it determines.

The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all amounts payable to the Company (whether presently payable or not) in respect of such share.

The Board may declare any share to be wholly or partly exempt from the provisions in the Articles in respect of liens. The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days after a notice demanding payment and stating that the share may be sold for non-compliance with such notice shall have been given to the holder of the share or to the person entitled to it by transmission.

5.8 ***Variation of rights***

Subject to the provisions of the Companies Law and to any rights attached to existing shares (and except in the case where there is only one holder of the issued shares of a class of shares, in which case any and all rights attached to an existing class of shares may be varied only with the consent in writing of that holder), all or any of the rights attached to any class of shares may be varied either with the written consent of the holders of not less than two thirds in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the issued shares of that class.

5.9 ***Transfer of shares***

The instrument of transfer of a certificated share may be in any usual form or in any other form approved by the Board and shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

A member may transfer all or any of his uncertified shares in accordance with the Uncertificated Securities Order (as defined in the Articles), provided that legal title to such shares shall not pass until the transfer is entered in the register.

Shares are free from any restriction on transfer. In exceptional circumstances approved by the UKLA, the directors may refuse to register a transfer of shares or where such shares are Uncertificated Shares (as defined in the Articles) the directors may refuse to register such transfer (in accordance with the Uncertificated Securities Order) provided that such refusal would not disturb the market in those shares. Subject to the requirements of the AIM Rules, the directors may, in their absolute discretion and without giving a reason, refuse to register the transfer of a certificated share which is not fully paid or the transfer of a certificated share on which the Company has a lien.

The Board may refuse to register the transfer of a share in certificated form unless the instrument of transfer:

(a) is left at the registered office of the Company (or at another place as the Board may from time to time determine) accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(b) is in respect of one class of share only; and

(c) in the case of a transfer to joint holders, is in favour of not more than four persons.

If the Board refuses to register a transfer of a share in certificated form it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

Subject to any applicable stamp duties or other taxes, no fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

5.10 ***Suspension of rights***

If a shareholder or any person appearing to be interested in shares held by such a shareholder has been duly served with a notice under the Articles and section 793 of the Act (which is incorporated by reference into the Articles) and has failed in relation to any shares ("**default shares**") to give the Company the information thereby required, then, the Company has the right by delivery of notice to the shareholder to (a) suspend the shareholder's right to vote at meetings of the Company in respect of such default shares, (b) withhold, without any obligation to pay interest thereon, any dividends payable with respect to such default shares, (c) render ineffective any election to receive shares of the Company instead of cash in respect of a dividend, and/or (d) prohibit the transfer of any shares in the Company held by the shareholder except with the consent of the Company or if the defaulting shareholder can provide satisfactory evidence to the Company and the Company determines that the shares are not default shares.

5.11 ***Untraced shareholders***

Subject to certain conditions, the Company is entitled to sell any share of a shareholder who is untraceable, provided that:

5.11.1 for a period of not less than 12 years (during which at least three cash dividends have been payable on the share), no cheque, warrant or money order sent to the shareholder has been cashed or all funds sent electronically have been returned;

5.11.2 at the end of such 12 year period, the Company has advertised in a national and local (ie the area in which the shareholder's registered address is situated) newspaper its intention to sell such share; and

5.11.3 the Company has not, during such 12 year period or in the three month period following the last of such advertisements, received any communication in respect of such share from the shareholder.

The Company shall be indebted to the former shareholder for an amount equal to the net proceeds of any such sale.

5.12 ***General meetings***

The Board shall convene and the Company shall hold an annual general meeting once every year provided there is not a gap of more than fifteen months between one annual general meeting and the next. The Board may convene general meeting whenever it thinks fit and immediately on receipt of a requisition from members in accordance with the Law.

The quorum for a general meeting is two persons entitled to vote upon the business to be transacted, each being a holder present in person or by proxy.

At least 21 clear days' notice shall be given in respect of every annual general meeting and all other general meetings shall be called by not less than 14 clear days' notice.

The notice shall specify the place, day and time of the meeting and the general nature of the business to be transacted at the meeting. It shall also state that a member entitled to attend and vote may appoint one or more proxies in its place.

In the case of an annual general meeting, the notice shall specify the meeting as such. In the case of a meeting to pass a special resolution, the notice shall specify the intention to propose the resolution as a special resolution.

For the purpose of determining whether a person is entitled as a member to attend or vote at a meeting and how many votes such person may cast, the Company may specify in the notice of the meeting a time not more than 48 hours before the time fixed for the meeting, by which a person who holds shares in registered form must be entered on the register in order to have the right to attend or vote at the meeting or to appoint a proxy to do so.

All resolutions put to the vote of a general meeting shall be decided upon by a show of hands unless a poll is validly demanded. Subject to any rights and restrictions attached to any shares, members and their duly appointed proxies shall have the right to attend and vote at general meetings and to demand or join in demanding a poll.

A director or a representative of the auditor (if any) shall, notwithstanding that he is not a Member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the capital of the Company.

The Chairman may, with the consent of a meeting at which a quorum is present, adjourn the meeting.

5.13 ***Voting rights***

Subject to any special terms as to voting attached to any shares and to the Articles, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. A member may appoint more than one proxy.

Unless the Board otherwise decides, no member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares unless all moneys presently payable by him in respect of his shares have been paid.

In the case of joint share holders only the vote of the senior joint holder shall be accepted.

5.14 ***Appointment of directors***

Unless otherwise determined by the Company by ordinary resolution, the number of directors shall not be subject to any maximum but shall not be less than two. Directors may be appointed by ordinary resolution or by the Board.

Subject to the provisions of the Companies Law, the Board may appoint one or more of their number to hold an executive office with the Company and may enter into an agreement or arrangement with any director for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as (subject to the Law) the Board thinks fit and they may remunerate any such director for his services as they think fit.

5.15 ***No share qualification***

A director shall not be required to hold any shares in the capital of the Company by way of qualification.

5.16 ***Retirement of directors***

At each annual general meeting one third of the directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not less than one third, shall retire from office provided that if there are fewer than three directors who are subject to retirement by rotation, one shall retire from office.

If any one or more directors: (a) were last appointed or reappointed three years or more prior to the meeting; (b) were last appointed or reappointed at the third immediately preceding annual general meeting; or (c) at the time of the meeting will have served more than nine years as a non-executive director of the Company (excluding as the chairman of the Board), he or they shall retire from office and shall be counted in obtaining the number required to retire at the meeting.

Subject to the Companies Law and the Articles, the directors to retire by rotation at an annual general meeting include, so far as necessary to obtain the number required, first, a director who wishes to retire and not offer himself for reappointment, and, second, those directors who have been longest in office since their last appointment or reappointment. As between two or more who have been in office an equal length of time, the director to retire shall, in default of agreement between them, be determined by lot. The directors to retire on each occasion (both as to number and identity) shall be determined on the basis of the composition of the Board at the start of business on the date of the notice convening the annual general meeting, disregarding a change in the number or identity of the directors after that time but before the close of the meeting.

5.17 ***Remuneration of directors***

The remuneration of the directors shall not exceed an aggregate amount of £500,000 or such greater amount as shall be determined by the Company by ordinary resolution.

Subject to the Companies Law and to the Articles and the requirements of the AIM Rules, the Board may arrange for part of a fee payable to a director as his remuneration, to be provided in the form of fully paid shares in the capital of the Company. The amount of the fee payable in this way shall be at the discretion of the Board and shall be applied in the purchase or subscription of shares on behalf of the relevant director. In the case of a subscription of shares, the subscription price per share shall be deemed to be the closing middle market quotation for a fully paid share of the Company of that class as published in AIM's Daily Official List (or such other quotation derived from such other source as the Board may deem appropriate) on the day of subscription.

The directors are entitled, under the Articles, to be paid all reasonable expenses as they may properly incur in attending meetings of the directors or of any committee of the directors or shareholders meetings or otherwise in connection with the discharge of their duties.

5.18 ***Powers of directors***

Subject to applicable law (including the provisions of the Companies Law) and the Articles and any direction given by special resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company. The Board may delegate any of its powers to a person or to a committee consisting of more than one person (provided that a majority of the members of a committee shall be directors).

5.19 ***Borrowing powers***

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Companies Law and the Articles, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in respect of its subsidiary undertakings so as to procure (as regards its subsidiary undertakings in so far as it can procure by such exercise) that the aggregate principal amount at any one time outstanding in respect of moneys borrowed by the Group (as defined in the Articles) (exclusive of moneys borrowed by one Group company from another and after deducting cash deposited) shall not at any time, without the previous sanction of an ordinary resolution, exceed an amount equal to twice the aggregate of the nominal capital of the Company for the time being issued and paid up or credited as paid up and the amounts standing to the credit of the consolidated reserves of the Company and its subsidiary undertakings whether distributable or undistributable (including without limitation any share premium account, capital redemption reserve fund, or revaluation reserve and credit or debit balance on any other reserve) after adding thereto or deducting there from any balance standing to the credit or debit of the consolidated profit and loss account of the Company.

5.20 ***Proceedings of directors***

A director may, and the secretary at the request of a director shall, call a meeting of the Board by giving notice of the meeting to each director. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Any director may waive notice of a meeting and any such waiver may be retrospective.

The quorum for the transaction of the business of the Board may be fixed by the Board and unless so fixed at any other number shall be two. A person who holds office only as an alternate director may, if his appointor is not present, be counted in the quorum.

A resolution in writing executed by all the directors entitled to receive notice of a Board meeting and not being less than a quorum, or by all members of a committee of the Board entitled to receive notice of a committee meeting and not being less than a quorum, shall be as valid and effective as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board.

A person entitled to be present at a meeting of the Board or of a committee of the Board shall be deemed to be present for all purposes if he is able by way of a conference telephone or other communication equipment which allows everybody participating in the meeting to speak to and be heard by all those present or deemed to be present simultaneously. A director so deemed to be present shall be entitled to vote and be counted in a quorum accordingly.

5.21 ***Permitted interests of directors***

Subject to the Companies Law and provided he has disclosed to the Board the nature and extent of any direct or indirect interest of his, in accordance with the Companies Law, a director, notwithstanding his office:

(a) may enter into or otherwise be interested in a contract, arrangement, transaction or proposal with the Company or any of its subsidiary undertakings or in which the Company or any of its subsidiary undertakings is otherwise interested either in connection with his tenure of an office or place of profit or as seller, buyer or otherwise;

(b) may hold another office or place of profit with the Company or any of its subsidiary undertakings (except that of auditor or auditor of a subsidiary of the Company or any of its subsidiary undertakings) in conjunction with the office of director and may act by himself or through his firm in a professional capacity to the Company or any of its subsidiary undertakings, and in that case on such terms as to remuneration and otherwise as the Board may decide either in addition to or instead of remuneration provided for by another Article;

(c) may be a director or other officer of, or employed by, or a party to a contract, transaction, arrangement or proposal with or otherwise interested in, a company promoted by the Company or any of its subsidiary undertakings or in which the Company or any of its subsidiary undertakings is otherwise interested or as regards which the Company or any of its subsidiary undertakings has a power of appointment; and

(d) is not liable to account to the Company or any of its subsidiary undertakings for a profit, remuneration or other benefit realised by such contract, arrangement, transaction, proposal, office or employment and no such contract, arrangement, transaction or proposal is avoided on the grounds of any such interest or benefit.

An interested director must declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered or if for any reason he fails to comply with that obligation, as soon as practical after that meeting by notice in writing delivered to the secretary of the Board.

A general notice in writing given to the Board by any director that he is to be regarded as interested in any contract, arrangement, transaction or proposal shall be deemed a sufficient declaration of interest in relation to the same.

5.22 ***Restrictions on voting***

A director shall not vote on or be counted in the quorum in relation to any resolution concerning any contract, transaction, arrangement or proposal to which the Company or any of its subsidiary undertakings is or is to be a party and in which he has an interest which is a material interest (other than an interest in shares, debentures or other securities of or otherwise in or through the Company). This prohibition does not apply to:

(a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries or in respect of a debt or obligation of the Company or any of its subsidiaries for which the director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

(b) where the Company or any of its subsidiaries is offering shares, debentures or other securities for subscription or purchase in which offer the director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;

(c) any contract, transaction, arrangement or proposal to which the Company is or is to be a party concerning another Company (including a subsidiary) in which he is interested, directly or indirectly, provided that he does not hold an interest in five per cent or more of either any class of the equity share capital of or the voting rights in that company;

(d) any contract, arrangement, transaction or proposal for the benefit of the employees of the Company or any of its subsidiaries under which a director is not given any privilege or benefit not generally given to such employees;

(e) any contract, arrangement, transaction or proposal concerning the purchase or maintenance for any director of any insurance policy; or

(f) the calling of a general meeting of the Company at which matters relating to the directors are to be considered and voted upon by the shareholders.

A director shall not vote (or be counted in the quorum) on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

Where proposals are under consideration concerning the appointment (including, without limitation, fixing or varying the terms of appointment or its termination) of two or more directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each director. In that case each of the directors concerned (if not otherwise prevented from voting under the Articles) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

Subject to the Companies Law, the Company may by ordinary resolution suspend or relax the above provisions to any extent or ratify any contract, arrangement, transaction or proposal not properly authorised by reason of a contravention of such provisions provided that doing so will not permit the Company to cease to comply with the AIM Rules.

5.23 ***Indemnity of officers and insurance***

The Companies Law restricts indemnities or exemptions from liability given by Jersey companies to their directors and officers. In general, directors and officers of a Jersey company cannot be exempted from or receive an indemnity in respect of any liability which would otherwise attach to that director or officer under law by reason of the fact that they are or were a director or officer of the company. There are exemptions to this restriction in particular in respect of proceedings where the director or officer is not held liable or the matter is discontinued, where the director or officer acted in good faith with a view to the best interests of the company and in respect of any liability for which the company normally maintains insurance.

The Articles provide that a director may be indemnified out of the assets of the Company to the extent this is legally permissible under the Companies Law and that, subject to the Companies Law, the Board may purchase and maintain insurance against any liability for any director of the Company or of any associated company.

5.24 ***Dividends and other distributions***

Subject to the provisions of the Companies Law, the Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the shareholders, but no such dividend shall exceed the amount recommended by the Board.

Subject to the provisions of the Companies Law, the Board may pay interim dividends.

A general meeting declaring a dividend may, upon the recommendation of the Board, direct that payment of a dividend shall be satisfied wholly or partly by the issue of shares or the distribution of assets and the Board shall give effect to such resolution.

Except as otherwise provided by the rights attaching to or terms of issue of any shares, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

No dividend or other moneys payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share.

The directors may deduct from any dividend or other moneys payable to a shareholder all sums of money (if any) presently payable by the holder to the Company on account of calls or otherwise in relation to such shares.

Any dividend or other moneys payable in respect of a share may be paid by cheque sent by post to the registered address of the holder or the person recognised by the directors as entitled to the share or, if two or more persons are the holders or are recognised by the directors as jointly entitled to the share, to the registered address of the first holder named in the register or to such person or persons entitled and to such address as the directors shall in their absolute discretion determine.

Any dividend unclaimed after a period of 10 years from the date on which it became payable shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

5.25 ***Capitalisation of profits and reserves***

The Board may, with the authority of an ordinary resolution, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's capital redemption reserve and/or share premium account.

5.26 ***Distribution of assets in a liquidation***

On a winding up, the Company may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the shareholders in specie provided that no holder shall be compelled to accept any assets upon which there is a liability.

On return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after payment of its liabilities shall subject to the rights of the holders of other classes of shares, be applied to the holders of Ordinary Shares equally pro rata to their holdings of Ordinary Shares.

## 6. SHARE PLANS

### 6.1 The ESOP

6.1.1 ***Introduction***

A summary of the main features of the ESOP is set out below.

The ESOP allows the grant of Options.

The ESOP allows by way of a main plan that is HMRC approved, and a schedule that is not, the grant of both HMRC approved and unapproved Options. An application has been made to HMRC to obtain approval for the ESOP and it is anticipated this should be received on or around the date of Admission.

Options may be granted by either the Board or the trustees of an employee benefit trust ("EBT") and the Board and the EBT Trustee are together referred to as "the Grantor" in this section.

6.1.2 ***Eligibility***

At the discretion of the Grantor, all employees and executive directors of the Group will be eligible to participate in the ESOP. The Remuneration Committee intends to grant the first options to executive Directors and senior executives on Admission, in each case on the basis set out in the table below:

| *Name* | *No of Ordinary Shares Under Option* | *Exercise Price* | *Performance Conditions* |
|---|---|---|---|
| Neil Catto | 2,000,000 | 50 pence per Ordinary Share | See para 6.1.7 |

In addition, Options over a further 7,628,000 Ordinary Shares are intended to be granted to senior management on Admission with an exercise price equal to the Placing Price and performance conditions as set out below

6.1.3 ***Granting of Options***

Options may be granted during the periods of 42 days beginning (for approved options) on the date of HMRC approval of the ESOP and thereafter (and for unapproved Options), within 42 days beginning on the date of Admission or the announcement by boohoo of its results for any period.

Options may also be granted at any other time when the circumstances are considered by the Board to be exceptional or immediately following the period where grants are prohibited in the periods above due to dealing restrictions.

No Option may be granted later than 10 years after the date of shareholder approval of the ESOP.

Options are personal to the participant and are not transferable (other than on death when options are transferred to the participant's personal representative).

6.1.4 ***Exercise price***

The Exercise price payable per Ordinary Share shall be determined by the Board but shall not be less than the market value of the Ordinary Shares as at the date of grant, which for Options planned to be granted on Admission shall be taken to be the Placing Price. By exception, and in respect of unapproved Options only, the Company may grant Options at the Placing Price to key appointments made within the 6 months following Admission over not more than 1 per cent. of the Company's share capital.

6.1.5 ***Limits on issue of shares***

The ESOP contains a limit on the number of new Ordinary Shares to be issued as a result of Options granted under the ESOP. This limit applies both to Options granted under the ESOP and to options granted/awards made under all Share Plans operated by the Group on or after Admission. Options which have lapsed or been renounced are disregarded. Ordinary Shares which have been purchased in the market, including any so purchased and held by trustees for the purpose of satisfying Options are disregarded. Options granted and awards made under employee share schemes prior to Admission are also disregarded. The reissue of treasury shares will be treated as a new issue of Ordinary Shares (so long as the Association of British Insurers Investment Committee Guidelines state they must be included).

The dilution limits are an all plan limit which provides that no more than 10 per cent. of the issued ordinary share capital of the Company, from time to time, should be issued or issuable under all share incentive schemes operated by the Group in any rolling 10 year period.

6.1.6 ***Individual limits***

Other than Options that are considered to be made in exceptional circumstances, the total market value (at the relevant grant date) of Options granted to an employee in the same financial year of boohoo under the ESOP (or awards or Options granted under any other discretionary employees' share scheme of the Group) may not exceed an amount equal to 100 per cent. of the higher of that employee's (i) basic salary expressed as an annual rate as at the grant date and (ii) basic salary for the period of 12 months prior to the grant date.

6.1.7 ***Performance conditions***

The vesting of Options granted to executive Directors will be subject to the achievement of performance targets.

Performance targets for other participants may be applied at the discretion of the Remuneration Committee/Board as appropriate. It is intended all awards made on Admission will be subject to performance targets.

For the first Options to be granted on Admission, it is the intention that vesting will depend on the achievement of an aggregate Group EBITDA target for the 3 Financial Years 2015, 2016, and 2017. Options shall be exercisable in full on achievement of the target, with 75 per cent. of the Options vesting at 75 per cent. of the target and straight line vesting in between.

If an event occurs which means that a performance target is no longer appropriate, the performance target may be amended if reasonable in the circumstances and as long as it is not materially less difficult to satisfy than the original target.

6.1.8 ***Vesting of Options***

Options will normally become exercisable (subject to the satisfaction of performance targets and continuing employment) three years after the grant date.

6.1.9 ***Cessation of employment***

Options will lapse on cessation of employment unless the participant dies or leaves employment due to ill-health, injury, disability, or the employing company or business being sold or transferred outside the Group, in which case Options granted to such a participant will vest subject to the achievement of performance targets and the period of time elapsed since the date of grant.

6.1.10 ***Takeover, reconstruction, amalgamation or winding-up of the Company***

If there is a takeover, reconstruction, amalgamation or winding-up (hereafter referred to as a "Change of Control") of the Company, Options will vest subject to the achievement of performance targets and the period of time elapsed since the date of the grant.

The Board may declare that Options vest shortly before a Change of Control if this is beneficial from a tax perspective.

6.1.11 ***Pensionability***

Options under the ESOP shall not count towards pensionable remuneration for a defined benefit pension scheme or calculating a mandatory employer contribution under a defined contribution pension scheme.

6.1.12 ***Source of Shares***

The ESOP allows the satisfaction of Options through the use of newly issued Ordinary Shares and Ordinary Shares acquired "on market" either through the medium of an employee benefit trust or the holding of Ordinary Shares in treasury.

6.1.13 ***Rights attaching to shares***

Ordinary Shares issued or transferred under the ESOP shall rank equally with the Ordinary Shares of the Company already in issue (save as regards any rights attaching to such shares by reference to a record date prior to the date of issue or transfer).

6.1.14 ***National Insurance***

The ESOP includes the facility to transfer employer's national insurance to the employee. However it is not intended that this liability will be transferred in respect of Options granted at Admission.

6.1.15 ***Adjustment of Options***

In the event of any variation in the Company's share capital, the Grantor (together with the Board where relevant) may make such adjustments as they consider appropriate, including adjustments to the total number of shares subject to an Option and the option price, if any.

6.1.16 ***Amendments to the ESOP***

The Board may at any time amend the rules of the ESOP in any respect provided that:

(a) no such amendment shall adversely affect the rights of existing participants unless they have approved such amendment; and

(b) where required by law, no modification shall be made to a key feature of the approved part of the Plan without HMRC consent.

6.1.17 ***Alternative Settlement***

The Grantor may satisfy unapproved Options in cash or shares provided that the participant does not receive more value than the gain calculated using the middle market closing price on the dealing day before exercise.

6.1.18 ***Employee Benefit Trust***

As noted in paragraph 6.1.1 above, the ESOP may be operated in conjunction with an employee benefit trust established by boohoo. Any such employee benefit trust may be used to hold shares for the purposes of the ESOP or other employee shares schemes established by the Group from time to time.

6.1.19 ***Approved/Unapproved Options***

The principal difference between Options granted under the approved part and Options granted under the unapproved part of the ESOP is that approved Options may only be awarded over £30,000 worth of shares measured as at the date of grant.

6.2 **The NED Plan**

The NED Plan will allow the grant of Options to certain non-executive Directors. The terms of the NED Plan will mirror the terms of the ESOP other than for participation limits (which shall not apply) and the use of an employee benefit trust (which shall not apply), and will only allow the grant of unapproved Options. References to cessation of employment should be taken as meaning to cease to hold office or provide services.

It is intended to grant Options on or promptly following Admission on the basis set out below:

| *Name* | *No of Ordinary Shares Under Option* | *Exercise Price* | *Performance Conditions* |
|---|---|---|---|
| Peter Williams | 1,900,000 | 50 pence per Ordinary Share | See para 6.1.7 |
| Stephen Morana | 500,000 | 50 pence per Ordinary Share | See para 6.1.7 |
| Mark Newton-Jones | 700,000 | 50 pence per Ordinary Share | See para 6.1.7 |

6.3 **The SIP**

A summary of the main features of the SIP are set out below. An application has been made to obtain HMRC approval of the SIP under the provisions of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003.

6.3.1 ***Eligibility***

All UK resident tax-paying employees of the Company and its participating subsidiaries will be eligible to participate in the SIP. The Board may set a minimum qualifying period of service of up to 18 months in order for an individual to be eligible to participate.

6.3.2 ***Outline***

boohoo may offer any combination of the features outlined below to allow eligible employees to obtain Ordinary Shares. Under the SIP, boohoo can:

(a) give up to £3,000 worth of free Ordinary Shares for tax year 2013/14 to an employee ("Free Shares"), such limit rising to £3,600 for tax year 2014/15;

(b) offer an employee the opportunity of buying up to £1,800 of Ordinary Shares a year ("Partnership Shares"), for tax year 2014/15 onwards;

(c) give an employee up to two free matching shares for each Partnership Share bought ("Matching Shares"); and

(d) in addition to buying up to £1,800 of Partnership Shares each year, allow employees to purchase more Ordinary Shares ("Dividend Shares") using dividends received on Free Shares, Partnership Shares and Matching Shares.

The limits mentioned above may be increased to reflect any higher limit as is permitted under any future amendment to the share incentive plan legislation.

It is intended that:

(i) an award of Free Shares will be made to each employee, either on or as soon as reasonably practicable after Admission, who is in employment as at 14 March 2014. If such awards are made at the Placing Price, this will result in the further issue of up to 3,000,000 Ordinary Shares on or soon after Admission; and

(ii) employees be offered the opportunity to purchase Partnership Shares as soon as is reasonably practical following Admission on terms to be determined by the Board.

6.3.3 ***Free Shares***

Up to £3,000 worth of Free Shares can be awarded to each employee in the current tax year. This limit rises to £3,600 for tax year 2014/15. Free Shares must be awarded on similar terms, so that the number awarded to each employee is determined by standard criteria such as remuneration, length of service and number of hours worked. The award of Free Shares can, if boohoo so chooses, be subject to the satisfaction of performance targets.

There is a holding period of between three and five years during which the employee cannot withdraw the Free Shares from the SIP unless the employee leaves employment. boohoo can, at its discretion, provide that the Free Shares will be forfeited if the employee leaves employment. Forfeiture can only take place within three years of the Free Shares being awarded.

6.3.4 ***Partnership Shares***

boohoo may allow an employee to use pre tax salary to buy Partnership Shares. The maximum limit for 2014/2015 is the lower of £1,800 or 10 per cent. of salary in any tax year. The salary allocated to Partnership Shares can be accumulated for a period up to 12 months ("Accumulation Period") or Partnership Shares can be purchased monthly out of deductions from the employee's pay. Once acquired, Partnership Shares may be withdrawn from the SIP by the employee at any time and will not be subject to forfeiture.

6.3.5 ***Matching Shares***

boohoo may offer Matching Shares free to an employee who has purchased Partnership Shares. If awarded, Matching Shares must be allocated on the same basis to all employees up to a maximum of two Matching Shares for every Partnership Share purchased. There is a holding period of between three and five years during which the employee cannot withdraw the Matching Shares from the SIP unless the employee leaves employment. boohoo can, at its discretion, provide that the Matching Shares will be forfeited if the employee leaves employment or if the associated Partnership Shares are withdrawn by the employee. Forfeiture can only take place within three years of the Matching Shares being awarded.

6.3.6 ***Investment of Dividends into Dividend Shares***

boohoo may allow an employee to reinvest dividends into Dividend Shares which must be held in the SIP for three years, unless the employee leaves employment. Once acquired, Dividend Shares are not subject to forfeiture.

6.3.7 ***SIP Trust***

The SIP is operated through a UK resident trust ("SIP Trust"). The trustee of the SIP Trust buys or subscribes for Ordinary Shares that are subsequently awarded to employees. The money to buy Ordinary Shares will be provided either by the Company or, if employees are allowed to acquire Partnership Shares, by the employees.

6.3.8 ***Limits on issue of shares***

The SIP contains a limit on the number of new Ordinary Shares to be issued pursuant to the SIP. This dilution limit is that no more than 10 per cent. of the issued ordinary share capital of the Company, from time to time, should be issued or issuable under all share incentive schemes operated by the Group in any rolling ten year period.

This limit applies both to awards made under the SIP and to options granted/awards made under all other employee share schemes and the NED Plan operated by the Group. Options and awards which have lapsed or been renounced are disregarded. Ordinary Shares which have been purchased in the market, including any so purchased and held by the trustees of an employee benefit trust for the purpose of satisfying awards are disregarded.

Options granted and awards made under employee share schemes operated by boohoo prior to Admission are not taken into account in the calculation of this limit.

The reissue of treasury shares will be treated as a new issue of Ordinary Shares (so long as the Association of British Insurers Investment Committee Guidelines state they must be included).

6.3.9 ***Benefits non-pensionable***

Any award under the SIP is not pensionable, although any salary used to purchase Partnership Shares will continue to be treated as pensionable income so as not to disadvantage employees who decide to use part of their salary to purchase such Ordinary Shares.

6.3.10 ***Amendments to the SIP***

boohoo may from time to time amend the rules of the SIP provided that:

(a) no modification shall alter a participant's accrued rights to his disadvantage;

(b) no modification shall alter provisions relating to the protection of the SIP trustee without the trustee's consent;

(c) no modification shall be made to a key feature of the SIP without HMRC consent, where required by law; and

(d) no modification shall be made which would cause a breach of the rule against perpetuities or would cause the SIP to cease to be an employees' share scheme (within the meaning of the Act).

## 7. DIRECTORS' AND OTHER INTERESTS

7.1 As at the date of this document and immediately following Admission, the interests (all of which are beneficial unless otherwise stated), whether direct or indirect, of the Directors and their families (within the meaning set out in the AIM Rules) in the issued share capital of the Company and the existence of which is known to or could, with reasonable diligence, be ascertained by that Director, are as follows:

| | *Before Admission* | | *Following Admission* | |
|---|---|---|---|---|
| *Director* | *Number of Existing Ordinary Shares* | *Percentage of Existing Ordinary Shares* | *Number of Ordinary Shares* | *Percentage of Enlarged Ordinary Share Capital*(1) |
| Peter Williams(1) | Nil | — | 200,000 | 0.02 |
| Mahmud Kamani | 275,354,731 | 52.93 | 275,354,731 | 24.58 |
| Carol Kane | 50,980,421 | 9.80 | 50,980,421 | 4.55 |
| Neil Catto(1) | Nil | — | — | — |
| David Forbes | Nil | — | 40,000 | 0.00 |
| Mark Newton-Jones(1) | Nil | — | 200,000 | 0.02 |
| Stephen Morana(1) | Nil | — | 200,000 | 0.02 |
| Petar Cvetkovic | 10,210,362 | 1.96 | 10,210,362 | 0.91 |

(1) The interests of Peter Williams, Neil Catto, Mark Newton-Jones and Stephen Morana also include 1,900,000, 2,000,000, 700,000 and 500,000 Ordinary Shares (respectively) on Admission are in respect of Option Shares detailed at paragraph 7.2 of this Part V.

7.2 The Company proposes to grant Options over Ordinary Shares pursuant to the ESOP and NED Plan to the following Directors on Admission (as also disclosed in paragraph 6 of this Part V):

| *Director* | *Number of Ordinary Shares to be placed under Option* | *Exercise price* | *Exercise period* |
|---|---|---|---|
| Peter Williams | 1,900,000 | 50 pence per Ordinary Share | from 14 March 2017 to 14 March 2024 |
| Neil Catto | 2,000,000 | 50 pence per Ordinary Share | from 14 March 2017 to 14 March 2024 |
| Mark Newton-Jones | 700,000 | 50 pence per Ordinary Share | from 14 March 2017 to 14 March 2024 |
| Stephen Morana | 500,000 | 50 pence per Ordinary Share | from 14 March 2017 to 14 March 2024 |

7.3 Save as disclosed in paragraphs 7.1 and 7.2 above, none of the Directors has any interest in the share capital of the Company or of any of its subsidiaries nor does any member of his or her family (within the meaning set out in the AIM rules) have any such interest, whether beneficial or non-beneficial.

7.4 As at 5 March 2014 (being the last practicable date prior to the publication of this document) and so far as the Directors are aware, the only persons (other than any Director) who are or will be interested, directly or indirectly, in three per cent or more of the issued share capital of the Company prior to and immediately following Admission are as follows:

| | *Before Admission* | | *Following Admission* | |
|---|---|---|---|---|
| *Shareholder* | *Number of Existing Ordinary Shares* | *Percentage of Existing Ordinary Shares* | *Number of Ordinary Shares* | *Percentage of Enlarged Share Capital* |
| Jalaludin Kamani | 76,485,370 | 14.70 | 76,485,370 | 6.83 |
| Rabia Kamani | 76,485,370 | 14.70 | 76,485,370 | 6.83 |
| Odey Asset Management LLP | – | – | 79,200,000 | 7.07 |
| Old Mutual Global Investors | – | – | 79,200,000 | 7.07 |
| BlackRock Investment Management (UK) Ltd* | – | – | 59,200,000 | 5.28 |
| Standard Life Investments | – | – | 39,200,000 | 3.50 |

*funds and accounts under management by direct and indirect investment management or investment adviser subsidiaries of BlackRock, Inc.

7.5 Save as disclosed in paragraph 7.4 above and save in respect of the Relationship Agreement, details of which are set out in paragraph 15.3 of this Part V, the Company and the Directors are not aware of (i) any persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company, nor (ii) any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

7.6 The voting rights of the persons listed in paragraph 7.4 above do not differ from the voting rights of any other holder of Ordinary Shares.

7.7 There are no outstanding loans granted by any member of the Group to any Director nor are there any guarantees provided by any member of the Group for the benefit of any Director.

7.8 The Directors hold the following directorships and are partners in the following partnerships and have held the following directorships and been partners in the following partnerships within the five years prior to the date of this document:

| *Director* | *Current* | *Previous* |
|---|---|---|
| Peter Williams | ASOS Foundation<br>Brissi London Limited<br>Cineworld Group plc<br>Design Council Enterprises Limited<br>London Transport Museum (Trading) Limited<br>Mister Spex GmbH<br>Project Oliver Investors Limited<br>Project Oliver Topco Limited<br>Project Oliver Holdco Limited<br>Rightmove plc<br>Sportech plc<br>Without Prejudice London Limited | ASOS plc<br>Blacks Leisure Group plc<br>Blane Leisure Limited<br>Erno Laszlo Group Limited<br>Global Charities<br>Golf TV Limited<br>JJB Sports plc<br>JJB Card Services Limited<br>JJB Sports Distribution Limited<br>JJB Sports Employment Limited<br>Maltby Investments Limited<br>Mayfind Limited<br>Silverstone Holdings Limited<br>The Golf Channel (UK) Limited<br>TV Sports Shop Limited<br>TV Sports Shop (International) Limited |

| *Director* | *Current* | *Previous* |
|---|---|---|
| Mahmud Kamani | ABK Limited<br>boohoo.com plc<br>Boo Who Limited<br>Kamani Commercial Property Ltd<br>Wasabi Frog Limited | 21 Three Clothing Company Limited<br>Castle Yard Management Company Limited<br>Goldleaf Financial Services (UK) Plc<br>Jogo Associates Limited<br>Kamani Construction Limited<br>Kamani Investments Limited<br>Kamani Living Limited<br>Mowbray Street Management Company Limited<br>Mowbray Street Management Company (No. 2) Limited<br>The Pinstripe Clothing Co. Limited<br>The Pinstripe Investment Company Limited<br>The Red Orange Clothing Company Limited |
| Carol Kane | ABK Limited<br>boohoo.com plc<br>Wasabi Frog Limited | The Pinstripe Clothing Company Limited<br>The Red Orange Clothing Company Limited |
| Neil Catto | ABK Limited<br>boohoo.com plc<br>Wasabi Frog Limited<br>Boohoo.com USA Limited | BT Business Direct Limited<br>Dabs.com Plc<br>Rescare: The Society for Children and Adults with Learning Disabilities and their Families |
| David Forbes | Codex Holdings Limited<br>D M Forbes Limited<br>Renew Holdings Plc<br>Vertu Motors Plc | Northern Ballet Theatre Limited<br>Zero Paper LLP<br>N M Rothschild Corporate Finance Limited |
| Stephen Morana | Propertyfinder.co.uk Limited<br>Propertyfinder Group Limited<br>Propertyfinder Holdings Limited<br>Propertyfinder Publications Limited<br>Internet Property Finder Limited<br>Sherlock Publications Ltd.<br>Trinity Mirror Digital Property Limited<br>Vizzihome Limited<br>Zoopla Property Group Limited | Byteplay Limited<br>Labworks Ltd.<br>Smart Financial Services Limited<br>Smart Property Marketing Limited<br>SmartNewHomes Limited<br>The Digital Property Group Limited<br>UK Property Shop Limited |
| Mark Newton-Jones | Pockit Ltd | Shop Direct Company Director Limited<br>Shop Direct Contact Centres Limited<br>Shop Direct Finance Company Limited<br>Shop Direct Group Financial Services Limited<br>Littlewoods Limited<br>Littlewoods Clearance Limited<br>Shop Direct Home Shopping Limited<br>Shop Direct Limited |

| *Director* | *Current* | *Previous* |
|---|---|---|
| Petar Cvetkovic | boohoo.com plc<br>Crawford Healthcare Holdings Limited<br>DX (Group) plc<br>DX Group Limited<br>DX (EBT Trustees) Limited<br>DX Business Direct Limited<br>DX Electronic Services Limited<br>DX Finance Limited<br>DX Holdings Limited<br>DX Network Services Limited<br>DX Secure Limited<br>DX Secure Mail Limited<br>DX Services Limited<br>DX McBride Limited<br>DX Freight Limited<br>DX (VCP) Limited<br>Ewenny Limited<br>QYJ Limited<br>Special Mail Services Limited<br>The Inspirational Partnership LLP | CL Dormant No. 1 Limited<br>CL Dormant No. 6 Limited<br>CL Dormant No. 12 Limited<br>CL Dormant No. 13 Limited<br>CL Dormant No. 17 Limited<br>Target Express Holdings Limited<br>Target Worldwide Express Limited<br>Wasabi Frog Limited |

7.9 Petar Cvetkovic is the CEO of DX (Group) plc, which, through its trading subsidiaries, provides distribution services to Wasabi Frog on an arms length basis.

7.10 Neil Catto was a director of Winning Figures Limited until 1 January 2006. This company was dissolved 18 December 2007 by voluntary strike off.

7.11 Mahmud Kamani was:

7.11.1 appointed as a director of The Pinstripe Knitting Company Limited on 3 April 1995. On 19 December 2003 this company went into creditors' voluntary liquidation and was dissolved on 23 June 2007;

7.11.2 appointed as a director of Starsign Limited on 13 March 1991. This company went into creditors' voluntary liquidation on 28 January 1997 and was dissolved on 29 June 2000;

7.11.3 appointed as a director of Mowbray Street Management Company Limited on 30 June 2009. This company was dissolved on 23 March 2010 by voluntary strike off; and

7.11.4 held office as a director of Secure Claims Limited from 21 October 1999 until 14 October 2003. This company was dissolved on 31 January 2012 by voluntary strike off.

7.12 David Forbes was a director of 1st Express Couriers Limited. This company was subject to a creditors' voluntary winding up on 20 March 2007 and dissolved on 1 August 2008.

7.13 Peter Williams was:

7.13.1 appointed as a director of JJB Sports Plc and its subsidiary Blane Leisure Limited on 5 January 2009. He resigned as director from these companies on 31 May 2009. On 27 April 2009 each of JJB Sports Plc and Blane Leisure Limited entered into a creditors voluntary arrangement. Peter Williams has not been the subject of any public criticism regarding such creditors voluntary arrangement.

7.13.2 appointed as a director of Blacks Leisure Group plc on 10 August 2011. Blacks Leisure Group Plc went into administration on 9 January 2012. Peter Williams has not been the subject of any public criticism regarding the administration.

7.14 Save as disclosed in paragraphs 7.11 to 7.12 of this Part V, as at the date of this document no Director:

7.14.1 has any unspent convictions in relation to any indictable offences; or

7.14.2 has been bankrupt or entered into an individual voluntary arrangement; or

7.14.3 was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or

7.14.4 has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or

7.14.5 has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or

7.14.6 has been subject to any public criticism by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

**8. DIRECTORS', PROPOSED DIRECTORS' AND SENIOR MANAGERS SERVICE AGREEMENTS**

8.1 Each of the Executive Directors entered into a service agreement with the Company on 21 February 2014. With effect from Admission, the basic annual salaries of Mahmud Kamani, Carol Kane, and Neil Catto shall be £225,000, £225,000, and £150,000 (respectively), subject to annual review by the Remuneration Committee. The first review shall take place in 2015.

8.2 With effect from Admission, each Executive Director's employment will continue unless or until terminated by either party by written notice. The notice periods applicable to all Executive Directors shall be 12 months. The Company may elect to terminate the employment of each Executive Director by making a payment in lieu of notice equal to their basic salary in a lump sum or monthly instalments.

8.3 Each Executive Director is eligible to participate in a discretionary annual bonus scheme on the terms decided by the Remuneration Committee from time to time.

8.4 Carol Kane and Neil Catto will continue to participate in the Company pension scheme with a 5 per cent. Company pension contribution. There is no pension provision in respect of Mahmud Kamani although each will be covered by auto enrolment in the Group's stakeholder pension scheme.

8.5 Each of the Executive Directors has agreed to confidentiality undertakings, without limitation as to time, and have agreed to non-compete, non-solicitation of staff and non-interference in supply restrictive covenants that apply for a period of 12 months following termination of employment with the Group.

8.6 Petar Cvetkovic, previously a non-executive director of Wasabi Frog, has been appointed as a non-executive Director of the Company on the terms of a letter of appointment dated 21 February 2014 which take effect from Admission. The appointment is for a period of three years from Admission (subject to re-election at the next annual general meeting) but is terminable earlier on one month's notice at any time by either the Company or the non-executive Director. The fee payable for Petar's services as a non-executive Director is £40,000 per annum and is subject to annual review.

8.7 Peter Williams will be appointed a non-executive Chairman of the Company conditional upon and with effect from Admission, by letter of appointment dated 21 February 2014. The appointment will be for a period of three years from Admission (subject to re-election at the next annual general meeting) but is terminable earlier on three months' notice at any time by either the Company or the non-executive Director. The fee payable for Peter Williams' services as a non-executive Director is £70,000 per annum and is subject to annual review.

8.8 David Forbes will be appointed a non-executive Director of the Company conditional upon and with effect from Admission by letter of appointment dated 21 February 2014. The appointment will be for a period of three years from Admission (subject to re-election at the next annual general meeting) but is terminable earlier on one month's notice by either the Company or the non-executive Director. The fee payable for his services as a non-executive Director is £50,000 per annum and is subject to annual review.

8.9 Stephen Morana will be appointed a non-executive Director of the Company conditional upon and with effect from Admission, by letter of appointment dated 21 February 2014. The appointment will be for a period of three years from Admission (subject to re-election at the next annual general meeting) but is terminable earlier on one month's notice at any time by either the Company or the non-executive Director. The fee payable for Stephen Morana's services as a non-executive Director is £40,000 per annum and is subject to annual review.

8.10 Mark Newton-Jones will be appointed a non-executive Director of the Company conditional upon and with effect from Admission, by letter of appointment dated 21 February 2014. The appointment will be for a period of three years from Admission (subject to re-election at the next annual general meeting) but is terminable earlier on one month's notice at any time by either the Company or the non-executive Director. The fee payable for Mark Newton-Jones' services as a non-executive Director is £40,000 per annum and is subject to annual review.

***Senior Managers***

8.11 Each of Jalaludin Kamani and Christopher Bale entered into a service agreement with the Company on 21 February 2014. With effect from Admission, the basic annual salaries of Jalaludin Kamani and Christopher Bale shall be £200,000 and £200,000 (respectively), subject to annual review by the Remuneration Committee. The first review shall take place in 2015.

8.12 With effect from Admission, each of Jalaludin Kamani's and Christopher Bale's employment will continue unless or until terminated by either party by written notice. The notice periods applicable to both shall be 12 months. The Company may elect to terminate the employment of each of Jalaludin Kamani and Christopher Bale by making a payment in lieu of notice equal to their basic salary in a lump sum or monthly instalments.

8.13 Each of Jalaludin Kamani and Christopher Bale is eligible to participate in a discretionary annual bonus scheme on the terms decided by the Remuneration Committee from time to time.

8.14 There is no pension provision in respect of Jalaludin Kamani and Christopher Bale although each will be covered by auto enrolment in the Group's stakeholder pension scheme.

8.15 Each of Jalaludin Kamani and Christopher Bale has agreed to confidentiality undertakings, without limitation as to time, and have agreed to non-compete, non-solicitation and non-dealing restrictive covenants that apply for a period of 12 months following termination of employment with the Group.

8.16 Louise Fishwick entered into a service agreement with Wasabi Frog on 10 May 2013. Under this existing agreement her annual salary is £65,000, subject to review from time to time.

8.17 With effect from 9 September 2013 Louise Fishwick's employment will continue unless or until terminated by either party on written notice. The notice period applicable to Wasabi Frog shall be 12 months for the first two years of her employment and 6 months thereafter and the notice period applicable to her shall be six months. Wasabi Frog may elect to terminate her employment by giving summary notice and making a payment equal to her basic salary and the taxable value of any contractual benefits to which she is entitled under her service contract.

8.18 Louise Fishwick is entitled to membership of the Group's contributory pension scheme and has agreed to confidentiality undertakings, without limitation as to time, and have agreed to non-compete, non-solicitation and non-dealing restrictive covenants that apply for a period of 6 months following termination of employment with the Group.

8.19 Save as disclosed in this paragraph 8, there are no existing or proposed service agreements or consultancy agreements between any of the Directors, Proposed Directors or the Senior Managers and the Company which cannot be terminated by the Company without payment of compensation within 12 months.

8.20 The aggregate of the remuneration paid and benefits in kind (including bonus payments) granted to the Directors by any member of the Group in respect of the financial year ended 28 February 2013 was approximately £384,000.

8.21 There are no arrangements under which any Director has waived or agreed to waive future emoluments nor have there been any such waivers of emoluments during the financial year immediately preceding the date of this document.

## 9. UK TAXATION

The comments in this section are intended as a general guide for UK resident Shareholders as to their tax position under United Kingdom law and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and domiciled for tax purposes in the UK who will hold Ordinary Shares as an investment and will be the absolute beneficial owners of them.

Non-UK resident and non-UK domiciled shareholders should consult their own tax advisers.

The position of Shareholders who are officers or employees of the Company is not considered in this section, such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this section.

The tax position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this section. Any shareholder who has any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.

### 9.1 **Taxation of chargeable gains**

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a Shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Ordinary Shares may, depending on the circumstances of the relevant shareholder give rise to a liability to UK taxation on chargeable gains. Shareholders will normally be subject to UK taxation of chargeable gains, unless such holders are neither resident nor, in the case of individuals, are treated as satisfying the "residence condition" for taxation on chargeable gains to apply.

***Individuals***

Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption (£10,900, for 2013/14) and after taking account of any capital losses available to the individual.

For individuals, capital gains tax will be charged at 18 per cent. where the individual's taxable income and gains are less than the upper limit of the income tax basic rate band (for 2013/14 £32,010 after the personal allowance of £9,440, subject to any gift aid payments made). To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 28 per cent.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount (for 2013/14, up to £10,900 for personal representatives of deceased persons and trustees for disabled persons and up to £5,450 for other trustees) will be charged at a flat rate of 28 per cent. (being the current rate at the date of this document).

Where a Shareholder disposes of the Ordinary Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains. In certain circumstances the loss may be available to offset against taxable income in the current year (depending upon, *inter alia*, the circumstances of the Company and the Shareholder).

### *Companies*

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company (up to 23 per cent. for the financial year 1 April 2013 to 31 March 2014, reducing to up to 21 per cent. for the financial year 1 April 2014 to 31 March 2015). Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

## 9.2 Taxation of dividends

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company.

### *Individuals*

Shareholders (other than a company) receiving a dividend from the Company also receive a notional tax credit in respect of the dividend of an amount equal to one-ninth of the amount of the net dividend (which is 10 per cent. of the sum of the dividend and the tax credit). The liability to United Kingdom income tax is calculated on the gross dividend income (i.e. the net dividend received plus the notional 10 per cent. tax credit).

Individual Shareholders whose income is within the basic rate tax band (for 2013/14 £32,010 after the personal allowance, subject to any gift aid payments made) will be subject to dividend income tax at the rate of 10 per cent., so that (after taking into account the notional 10 per cent. credit) such Shareholders will have no further liability to income tax on that dividend income.

Individual Shareholders who are subject to the higher rate of income tax (broadly, where income exceeds £32,010, after the personal allowance) will be subject to dividend income tax at 32.5 per cent. subject to any gift aid payments made (the rate as at the date of this document). After allowing for the 10 per cent. notional tax credit, a higher rate taxpayer suffers an effective rate of 25 per cent. on the net dividend received.

Individual Shareholders who are subject to the additional rate of income tax (broadly, where income exceeds £150,000) will be subject to dividend income tax at 37.5 per cent. After allowing for the 10 per cent. notional tax credit, an additional rate taxpayer suffers an effective rate of 30.56 per cent. on the net dividend received.

Dividends payable to trustees and personal representatives of deceased persons will be subject to dividend income tax at 37.5 per cent.

Shareholders who are not liable to income tax on the dividend income (or any part of it) may not claim repayment of the tax credit (or any part of it).

### *Companies*

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company. Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class. UK resident shareholders (including authorised unit trusts and open ended investment companies) and pension funds are not entitled to claim payment of the tax credit (or any part of it).

## 9.3 Stamp duty and Stamp Duty Reserve Tax ("SDRT")

Currently dealings in Ordinary Shares will normally be subject to stamp duty or SDRT. The transfer on sale of Ordinary Shares will usually be liable to *ad valorem* stamp duty, at the rate of 0.5 per cent.

(rounded up, if necessary, to the next multiple of £5) of the amount or value of the consideration paid. Stamp duty will normally be paid by the purchaser or transferee of the Ordinary Shares. An unconditional agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration payable for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duly stamped instrument of transfer within six years of the date of the agreement or, if the agreement was conditional, the date on which the agreement became unconditional. SDRT will normally be the liability of the purchaser or transferee of the Ordinary Shares.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to HMRC.

The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements. Agreements to transfer shares to charities will not give rise to a liability to stamp duty or SDRT.

The Government has announced its intention to abolish stamp duty on shares quoted on growth markets, including AIM.

### 9.4 Inheritance tax

Individual and trustee investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to inheritance tax ("**IHT**") on the value of any Ordinary Shares held by them. IHT may also apply to individual shareholders who are not domiciled in the UK although relief under a double tax convention may apply to those in this position.

Under current law, the chief occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

However, a relief from IHT known as business property relief ("**BPR**") may apply to Ordinary Shares in trading companies once these have been held for two years. This relief applies notwithstanding that the Company's shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). BPR operates by reducing the value of shares by 100 per cent. for IHT purposes.

### 9.5 Taxation of the Company in Jersey

Until such time as the Company is exclusively resident for the tax purposes in a jurisdiction outside Jersey, it will be regarded as resident for tax purposes in Jersey and (subject to any charges that may be made to Jersey's zero the business tax regime as discussed under 'EU Code of Conduct' below) on the basis that the Company is neither a financial services company nor a utility company for the purposes of the Income Tax (Jersey) Law 1961, as amended, the Company will be subject to income tax in Jersey at a rate of zero per cent. However, at such time as the Company's business is centrally managed and controlled outside Jersey in a country or territory where the highest rate at which any company may be charged to tax on any part of its income is 20 per cent. or higher, and the Company is resident for tax purposes in that country or territory, it will cease to be regarded as tax resident in Jersey and will not be subject to Jersey income tax.

***Goods and Services Tax***

Jersey charges a tax on goods and services supplied in the Island ("GST"). On the basis that the Company has obtained international services entity status, GST is not chargeable on supplies of goods and/or services made by the Company. The Directors intend to conduct the business of the Company such that no GST will be incurred by the Company.

In Jersey, no stamp duty is levied on the issue or transfer of the Ordinary Shares except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer Ordinary Shares on the death of a holder of such Ordinary Shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situate in respect of a holder of Ordinary Shares domiciled in Jersey, or situate in Jersey in respect of a holder of Ordinary Shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75 per cent. of such estate. The maximum Stamp Duty now payable is £100,000 regardless of the value of the estate.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

***EU Code of Conduct***

In late 2009, it was reported that concerns had been raised by some members of the ECOFIN Code of Conduct Group as to whether the current zero-ten business tax regime for companies in Jersey could be interpreted as being outside the spirit of the EU Code of Conduct for Business Taxation. At that time, the Treasury and Resources Minister of the States of Jersey confirmed that he understood the fundamental importance of tax neutrality to Jersey's financial services industry and the requirement that this be maintained. ECOFIN met on 7 December 2010 and confirmed the report of the Code Group on Jersey's zero-ten tax regime, which found that the combination of deemed distributions and zero-ten could give rise to harmful effects and proposed a review by the EU High Level Working Party on tax issues. In response, the Jersey Council of Ministers announced on 15 February 2011 that Jersey is to maintain its zero-ten tax regime. However, to address ECOFIN's concerns, the deemed distribution and attribution rules were repealed with effect from January 2012. It is possible that, through consultation, other changes to the zero-ten tax regime may be considered by the Jersey government. If you are in any doubt as to your tax position you should consult your professional adviser.

## 10. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, and taking into account the net proceeds of the Placing receivable by the Company, that the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

## 11. SIGNIFICANT CHANGE

Save as disclosed in paragraph 4 of Part V, there has been no significant change in the financial or trading position of the Company since 19 November 2013, being the date of its incorporation.

Save as disclosed in paragraph 4 of Part V, there has been no significant change in the financial or trading position of the Operating Group since 31 December 2013, being the date to which the Operating Group's historical financial information set out in Section B of Part III was prepared.

Save as disclosed in paragraph 4 of Part V, there has been no significant change in the financial or trading position of ABK Limited since 31 December 2013, being the date to which the ABK Limited historical financial information set out in Section D of Part III was prepared.

## 12. LITIGATION

No member of the Group is involved in any legal or arbitration proceedings which are having or may have a significant effect on the Group's financial position nor, so far as the Company is aware, are any such proceedings pending or threatened by or against the Company.

## 13. PLACING AGREEMENT

In connection with the Placing, the Company, the Directors, the Proposed Directors, Zeus Capital, Jalaludin Abdullah Kamani, Rabia Abdullah Kamani, Nurez Abdullah Kamani and Christopher Bale entered into the Placing Agreement on 5 March 2014. The Placing Agreement is conditional on, *inter alia*, Admission occurring on 14 March 2014 or such later date (not being later than 8.00 a.m. on 31 March 2014) as the Company and Zeus Capital may agree. The principal terms of the Placing Agreement are as follows:

13.1 Zeus Capital has agreed, as agent of the Company, to use its reasonable endeavours to procure placees to subscribe for the Placing Shares at the Placing Price;

13.2 the Company has agreed to pay Zeus Capital, subject to the Placing Agreement becoming unconditional, a corporate finance fee of £250,000 and, provided the Placing Agreement becomes unconditional, a commission of 4 per cent of the aggregate value at the Placing Price of the Placing Shares, less £250,000, plus any applicable VAT;

13.3 the Company has agreed to pay all of the costs and expenses of and incidental to the Placing and related arrangements together with any applicable VAT;

13.4 the Company, the Directors, the Proposed Directors, Jalaludin Abdullah Kamani, Rabia Abdullah Kamani, Nurez Abdullah Kamani and Christopher Bale ("Warrantors") have given certain warranties to Zeus Capital as to the accuracy of the information in this document and as to other matters relating to the Group. The liability of the Warrantors under these warranties is limited in time and amount. The Company has given an indemnity to Zeus Capital against any losses or liabilities arising out of the proper performance by Zeus Capital of its duties under the Placing Agreement;

13.5 the Directors, the Proposed Directors, Jalaludin Abdullah Kamani, Rabia Abdullah Kamani, Nurez Abdullah Kamani and Christopher Bale have agreed, pursuant to the Placing Agreement, not to dispose of any of the Ordinary Shares in which they are interested at Admission within 36 months of Admission, with disposal in the period after the first 18 months only with the permission of, and through Zeus Capital (or its successor as nominated adviser to the Company); and

13.6 Zeus Capital may terminate the Placing Agreement before Admission in certain circumstances, including for material breach of the warranties referred to above.

## 14. RELATED PARTY TRANSACTIONS

14.1 **Pretty Little Thing Option Agreement.** See paragraph 15.7.1 of this Part V.

14.2 **Leases with KCPL.** See paragraphs 15.7.2 and 15.7.3 of this Part V.

14.3 **Historical related party transactions with Associated Companies**

A number of Associated Companies have traded with or provided administration services to Wasabi Frog or have been provided with services by Wasabi Frog. All trading with Associated Companies ceased on or prior to 1 November 2013.

Members of the Kamani Family have undertaken in the Placing Agreement to procure that on or before 31 August 2014, that (a) each of Red Orange and Graphic, will cease trading and liquidation or strike-off process will have commenced by such date and expediently pursued; and (b) each of Pinstripe and Jogo will cease trading garments, accessories and footwear by 31 August 2014 and will not undertake any such trade or any time thereafter, in particular it is acknowledged that Pinstripe may continue to carry on a business as owner and landlord of properties.

On 12 November 2013, the Kamani Family disposed of its 10 per cent. interest in Loud for nominal consideration. East, a company 100 per cent. owned by Rabia Kamani, Mahmud Kamani's sister, will continue to operate in the wholesale clothing and accessories segment, however will not compete with, or have any trading relationship with, the Group.

Details of the historical relationships between Associated Companies and Wasabi Frog are as follows:

14.3.1 Pinstripe, Red Orange, Jogo, East, Graphic and Loud, have supplied stock comprising clothing, shoes and accessories to Wasabi Frog on Wasabi Frog's standard terms of purchase, generally at a cost to Wasabi Frog which is 10 per cent. above such Associated

Company's purchase price. Since March 2013, the majority of such supplies have been sourced directly by Wasabi Frog, but certain orders for stock not exceeding £6m placed by Associated Companies remained to be fulfilled at that time on the same standard terms applicable historically between Wasabi Frog and the relevant Associated Company. Wasabi Frog purchased stock from Associated Companies to the value of £36,247,315 for the 12 months ended 28 February 2013 (2012: £16,441,488) (2011: £15,954,150);

14.3.2 prior to March 2013, Pinstripe and Red Orange managed import arrangements in respect of products sourced by them from overseas which were sold on to Wasabi Frog. This included procurement of guarantees, payment of duties (including VAT) on imported products and arrangements with shipping agents. Since March 2013, these Associated Companies provided such services to Wasabi Frog in respect of supplies sourced directly by Wasabi Frog, with Wasabi Frog reimbursing Pinstripe and Red Orange on a monthly basis for the duty paid on its behalf. This arrangement ceased mid-January 2014 with Wasabi Frog using its own duty deferment account to pay VAT and duty.

14.3.3 Pinstripe has been party to certain contracts which were entered into for the benefit of Wasabi Frog, including agreements with courier or mailing companies who fulfil deliveries and collections of returns of boohoo product, telecoms and software companies, companies leasing warehouse equipment, utility companies and insurance companies. Pinstripe recharged Wasabi Frog in respect of such costs. As at the date of this Admission Document, Wasabi Frog has initiated and in most circumstances, in respect of any material services, concluded implementing arrangements to procure such services directly from the relevant third parties. Total costs paid to Pinstripe by Wasabi Frog in respect of such services for the 12 months ended 28 February 2013 amounted to £2,667,223 (2012: £2,267,236) (2011: £2,132,364);

14.3.4 Wasabi Frog has stored and processed stock owned by Associated Companies at the Group's warehouse premises and charged storage and processing fees for such services. Total costs received by Wasabi Frog in respect of such services for the 12 months ended 28 February 2013 amounted to £216,628 (2012: £172,863) (2011: £nil);

14.3.5 57 employees previously engaged by Associated Companies have been transferred to Wasabi Frog's employment since March 2013, as a result of the resolution of the Group to source its supplies without use of Associated Companies;

14.3.6 employees of Associated Companies historically participated in the Wasabi Frog group personal pension scheme, life assurance scheme and other employee benefit schemes. Wasabi Frog recharged the payments made on behalf of such Associated Companies to the relevant Associated Company. These arrangements were severed and ceased from 1 February 2014;

14.3.7 Wasabi Frog has provided administration and IT related services and software to a number of the Associated Companies. The Associated Companies did not, historically, contribute to the costs of such support services. It is estimated that the aggregate annual costs of services supplied in this regard by Wasabi Frog has not exceeded £50,000;

14.3.8 certain Associated Companies and Wasabi Frog have historically been party to cross guarantees, pursuant to which they each guaranteed the other's obligations under agreements with third parties (including suppliers and banks). All such guarantees have been released.

14.3.9 Pinstripe obtained a loan from the Carbon Trust of £100,000 in 2010/2011 which was then provided to Wasabi Frog to install energy efficient lighting at the Dale Street premises and Wasabi Frog repaid this loan to Pinstripe in April 2013;

14.3.10 KCPL has leased premises to Wasabi Frog, including offices in Dale Street, Manchester and a now vacated warehouse. Total payments made to KCPL in respect of such leases (including service charges and insurance recharge) in respect of the accounting period ended 28 February 2013 amounted to £208,242.86 (2012: £245,816.63) (2011: £642,061). KCP historically managed and paid for utilities at the Group's freehold warehouse property in Burnley which has been recharged to Wasabi Frog;

14.3.11 KCL has provided maintenance and refurbishment services to Wasabi Frog in respect of its premises at Dale Street, Manchester. During the Group's financial year ended February 2013, Wasabi Frog paid £160,776 in respect of such services (2012: £31,224) (2011: £169,751); and

14.3.12 Pinstripe Hong Kong Limited, an Associated Company, owns an office in Shanghai, which is used by Wasabi Frog. The costs of the premises and related expenses are recharged to Wasabi Frog.

14.4 WhiteCube Creative provides marketing consultancy services to the Group on arms length terms, typically at a monthly cost to Wasabi Frog of £6,000 to £8,000 (before VAT). WhiteCube Creative is owned by Carol Kane's partner.

Save as disclosed in this paragraph 14, no Director has any interest, direct or indirect, in any assets which have been acquired by, disposed of by, or leased to, any member of the Group or which are proposed to be acquired by, disposed of by, or leased to, any member of the Group.

## 15. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into in the two years preceding the date of this document by any member of the Group and are, or may be, material to the Group or have been entered into by any member of the Group and contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this document:

15.1 **The Placing Agreement.** The Company is party to the Placing Agreement detailed in paragraph 13 of this Part V;

15.2 **Nominated Adviser and Broker Agreement.** The Company and the Directors entered into a Nominated Adviser and Broker Agreement dated 5 March 2014 with Zeus Capital, pursuant to which Zeus Capital agreed to act as the Company's nominated adviser and broker for a fixed period of 12 months, terminable by either party on 3 months' prior written notice after the expiry of the initial term. Zeus Capital undertakes to provide the services of a nominated adviser as required under the AIM Rules and the Company and the Directors agree to comply with their obligations under the AIM Rules. The Company will pay Zeus Capital a fee of £75,000 per annum (plus applicable VAT) pursuant to the terms of the agreement.

15.3 **Relationship Agreement.** The Company entered into a relationship agreement dated 5 March 2014 with Mahmud Kamani, Jalaludin Kamani, Nurez Kamani, Rabia Kamani and Carol Kane (the "RA Parties") pursuant to which the RA Parties provide certain undertakings to the Company to ensure *inter alia* that (i) the Group is capable of carrying on its business independently of the RA Parties, the RA Parties' nominees, family, trusts and any companies which such parties may control; (ii) any arrangements or agreements with such parties are on arms-length terms (or better, for the Group); (iii) the RA Parties abstain from all board decisions requiring approval of transactions or arrangements with such parties; (iv) the independence of the Board (and its committees) is maintained; (v) no mandatory offer under the Takeover Code is required during the initial 3 year period after Admission (unless the Board approve otherwise); (vi) that the RA Parties support resolutions proposed as ordinary business at annual general meetings and do not requisition resolutions unless the Board approves otherwise. The RA Parties have a right, for so long as they (in aggregate) hold more than 30 per cent. of the Company's issued share capital, to appoint a Director to the Board. Mahmud Kamani has been confirmed as being the appointee. Any appointment may be effected subject to the AIM Rules.

15.4 **Share for Share Exchange Agreement.** The Company entered into a share for share exchange agreement dated 3 March 2014 with Mahmud Kamani, Jalaludin Kamani, Nurez Kamani, Rabia Kamani, Carol Kane, Christopher Bale, Petar Cvetkovic, and Clare Hughes ("Share Exchange Vendors") pursuant to which the Share Exchange Vendors transferred the entire issued share capital of ABK Limited to the Company, in consideration for which the Company (a) issued, credited as fully paid, the Existing Ordinary Shares to the Share Exchange Vendors; and (b) issued the Convertible Loan Notes in the aggregate nominal value of £239,899,026 to the Share Exchange Vendors, other than Clare Hughes.

15.5 **Convertible Loan Note Instrument.** The Company constituted convertible loan notes with an aggregate nominal value of £239,899,026 pursuant to an instrument dated 3 March 2014. The Convertible Loan Notes are denominated as A1, A2, A, B, C, D1 and E classes in denominations that are in multiples of one penny. The Convertible Loan Notes are convertible (subject to receipt of Mahmud Kamani's consent), at each Convertible Loan Note Holder's option, between the period commencing 6 months after the date of constitution of the Convertible Loan Notes and ending on the third anniversary of the date of constitution of the Convertible Loan Notes, or, at the Company's option, at any time between the period commencing 12 months after the date of constitution of the Convertible Loan Notes and ending on the third anniversary of the date of constitution of the Convertible Loan Notes, into ordinary shares of £0.01 each in the capital of the Company in the corresponding class as the class of each of the Convertible Loan Notes (i.e. A1, A2, A, B, C, D1 or E ordinary shares of £0.01 each in the capital of the Company), provided that no such conversion shall be effected after Admission. If a single Convertible Loan Note Holder elects to convert the Convertible Loan Notes in this way, all of the Convertible Loan Notes held by all of the Convertible Loan Note Holders will convert into shares of the relevant class. The Convertible Loan Notes are repayable in certain default circumstances, which include mandatory repayment within 14 business days of the date of Admission. The Convertible Loan Notes are transferrable with Mahmud Kamani's prior consent and are otherwise transferrable as 'Permitted Transfers' (as defined in the Articles) after the first anniversary of constitution of the Convertible Loan Notes. No interest accrues on the Convertible Loan Notes, save that interest will accrue at 8 per cent per annum from the earlier of the date on which the Convertible Loan Notes are to be repaid following a default event occurring or the date which is 6 months after the constitution of the Convertible Loan Notes.

15.6 **Related Party Agreements.** In addition to those arrangements detailed in paragraph 14 of this Part V the Company entered into the following material agreements with certain related parties as follows:

15.6.1 **Pretty Little Thing Option Agreement.** Pursuant to a call option agreement dated 5 March 2014 between (1) the Company (2) Umar Kamani, Adam Kamani and Samir Kamani ("PLT Shareholders"), the PLT Shareholders granted an option to the Company pursuant to which the Company, at any time during the 3 year period following the date of Admission, can require the PLT Shareholders to either (a) transfer the entire issued share capital of Pretty Little Thing to the Company in consideration for the cash payment of £5 million or such lower sum as may be agreed; (less, in any case, PLT's debt, plus PLT's cash, in each case as at the date of completion of the transfer in accordance with the option agreement) or (b) procure that PLT ceases trading and take steps to wind up PLT, at which time it will transfer the domain name "prettylittlething.com" to the Company and all other intellectual property, to the Company for £1. The agreement includes provision to ensure the entire business of PLT is carried on by PLT and includes undertakings and warranties in favour of the Company. The PLT Shareholders have given a 12 months non-compete covenant in favour of the Company.

15.6.2 **Lease of 49/51 Dale Street Manchester with KCPL.** Pursuant to a lease dated 29 January 2014 between Wasabi Frog and KCPL, Wasabi Frog leased the basement, first, second, third and fourth floors 49/51 Dale Street/ 8-14 Tariff Street Manchester for a term until 20 November 2023. The lease is not excluded from security of tenure protection and will continue until terminated. The lease does not contain a break option in favour of Wasabi Frog. The annual rent is £529,568 payable quarterly in advance on the usual quarter days. The rent is to be reviewed on an open market basis after 5 years to the higher of the rent payable at the review date and the open market rent at that date. In addition Wasabi Frog is to pay a service charge and also contribute towards the cost of the landlord of insuring the building of which the premises form part. Wasabi Frog is responsible for keeping the premises in good repair and condition, except for damage caused by insured risks. The permitted use of the premises is as offices. Wasabi Frog is permitted to assign or underlet the whole of the premises with the landlord's prior consent (such consent not to be unreasonably withheld or delayed). In addition Wasabi Frog may underlet part of the demised premises with the landlord's prior consent (such consent not to be unreasonably withheld or delayed). Wasabi Frog is granted a right of first refusal over other office space within the building of which the premises form part should it become vacant during the term of the lease. Any new space would be subject to a rent of £9.50 per square foot.

15.6.3 **Lease of 4th floor of 20 Dale Street Manchester with KCPL.** Pursuant to a lease dated 10 June 2013 between Wasabi Frog and KCPL, Wasabi Frog leased Unit 4, fourth floor of 20 Dale Street Manchester from KCPL. The lease has a term of 3 years and expires on 9 June 2016. The lease is not excluded from security of tenure protection and will continue until terminated. The lease contains a break option in favour of Wasabi Frog allowing it to terminate the lease on 10 June 2015 by giving not less than 3 months prior written notice to the landlord. There are conditions attached to the break option which are typical for such a lease. The annual rent is £33,152 payable quarterly in advance on the usual quarter days. In addition Wasabi Frog is to pay a service charge and also contribute towards the cost of the landlord of insuring the building of which the premises form part. Wasabi Frog is responsible for keeping the premises in good repair and condition. The permitted use of the premises is as offices. Wasabi Frog is permitted to assign or underlet the whole of the premises with the landlord's prior consent (such consent not to be unreasonably withheld or delayed).

## 16. CONSENTS

16.1 PricewaterhouseCoopers LLP has given and not withdrawn its consent to the inclusion in this document of its accountants' report on the Operating Group set out in Section A of Part III of this document and its accountants' report on ABK Limited set out in Section C of Part III of this document in the form and context in which they appear and has authorised its reports for the purposes of Schedule Two of the AIM Rules for Companies.

16.2 Zeus Capital Limited has given and not withdrawn its consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

## 17. MANDATORY BIDS, SQUEEZE OUT AND SELL OUT RULES RELATING TO THE ORDINARY SHARES

17.1 ***Mandatory bid***

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Panel on Takeovers and Mergers, to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

17.2 ***Squeeze out***

Under the Companies Law, if an offeror were to acquire 90 per cent of the Ordinary Shares within four months of making the offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the Companies Law must, in general, be the same as the consideration that was available under the takeover offer.

17.3 ***Sell out***

The Companies Law also gives minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## 18. GENERAL

18.1 The total costs and expenses of, or incidental to, the Placing and Admission, all of which are payable by the Company (under the share for share exchange agreement as referred to in paragraph 15.4 of Part V, the Convertible Loan Note Holders have effectively met approximately £10 million of fees relating to the Placing), are estimated to be approximately £14 million (exclusive of value added tax). This amount includes the commissions referred to in paragraph 13 of this Part V. The expected net proceeds of the Placing, after deduction of such costs and expenses, is £46,100,974. No expenses of the Placing are being specifically charged to subscribers under the Placing. Convertible Loan Note Holders bear the cost of commissions payable by the Company to Zeus Capital in respect of the monies raised by the Company to fund redemption of the Convertible Loan Notes.

18.2 Richard Ian Hughes, a director and majority shareholder of Zeus Capital, was a non-executive director of Wasabi Frog from 3 January 2008 to 14 February 2014, and a minority shareholder of Wasabi Frog. Immediately before Admission, Clare Hughes (the wife of Richard Hughes) will hold 20,420,723 Ordinary Shares in the Company, representing 3.93 per cent. Following Admission, Clare Hughes will hold less than 3 per cent. of the issued share capital of the Company. Clare has undertaken to the Company pursuant to an undertaking dated 5 March 2014 not to dispose of 10,210,362 Ordinary Shares at any time during the 18 month period following Admission and only to sell such Ordinary Shares during the subsequent 18 month period with the prior consent of Zeus Capital and through Zeus Capital (or such broker as may be nominated by a successor nominated advisor). In addition, Clare has undertaken to not to dispose of the remainder of her shares during the 36 months from Admission without the permission of Zeus Capital and through Zeus Capital (or such broker as may be nominated by a successor nominated advisor).

18.3 Save as disclosed in this document, no person (other than the Company's professional advisers named in this document and trade suppliers) has at any time within the 12 months preceding the date of this document received, directly or indirectly, from the Company or any other member of the Group or entered into any contractual arrangements to receive, directly or indirectly, from the Company or any other member of the Group on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

18.4 The Placing Price of 50 pence represents a premium of 49 pence above the nominal value of 1 pence per Ordinary Share. The Placing Price is payable in full on application.

18.5 The auditors of the Company are KPMG LLP, chartered accountants and registered auditors, who have audited the Operating Group's accounts for each of the three financial years ended 28 February 2011, 29 February 2012 and 28 February 2013. The audit reports were unqualified and did not contain a statement under sections 498(2) or (3) of the Act. As of 21 February 2014 PricewaterhouseCoopers LLP, chartered accountants and registered auditors have been appointed as auditors to the Company and its subsidiaries.

18.6 The information contained in paragraph 3 of Part I of this document relating to the global apparel market has been sourced from Marketline. This information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by Marketline, no facts have been omitted which would render such information inaccurate or misleading.

18.7 The information contained in paragraph 3 of Part I of this document relating to the UK online fashion retail market has been sourced from Verdict and Mintel. This information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by Verdict and Mintel, no facts have been omitted which would render such information inaccurate or misleading.

18.8 Save as disclosed in paragraph 4 of Part I of this document, the Company currently has no significant investments in progress and the Company has made no firm commitments concerning future investments.

18.9 Save as disclosed in Part I of this document, the Directors are not aware of any patents or other intellectual property rights, licences, particular contracts or manufacturing processes on which the Company is dependent.

18.10 Save in connection with the application for Admission, none of the Ordinary Shares has been admitted to dealings on any recognised investment exchange and no application for such admission has been made and it is not intended to make any other arrangements for dealings in the Ordinary Shares on any such exchange.

## 19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of DLA Piper UK LLP at 3 Noble Street, London, EC2V 7EE for a period of 14 days from the date of this document:

19.1 the memorandum and articles of association of the Company;

19.2 the accountants' report relating to the Operating Group prepared by PricewaterhouseCoopers LLP as set out in Section A of Part III of this document and the accountants' report relating to ABK Limited prepared by PricewaterhouseCoopers LLP as set out in Section C of Part III of this document; and

19.3 the audited consolidated financial statements of Wasabi Frog and its subsidiaries for the two years ended 29 February 2012 and 28 February 2013 .

Dated 5 March 2014

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