



BOOHOO GROUP PLC

ANNUAL REPORT
AND ACCOUNTS 2020



**BOOHOO GROUP PLC,
A LEADING ONLINE
FASHION RETAIL GROUP**

Our multi-brand platform comprises boohoo, boohooMAN, PrettyLittleThing, Nasty Gal, MissPap, Karen Millen and Coast and targets fashion-conscious 16 to 40 year olds in the UK and internationally.

CONTENTS

STRATEGIC REPORT

- 02 Group financial and operational highlights
- 04 At a glance
- 06 Group structure and brands
- 08 Our strategy and our values
- 10 Chairman's statement
- 12 Review of the business
- 16 Financial review
- 21 Risk management
- 24 Environmental, social and governance report

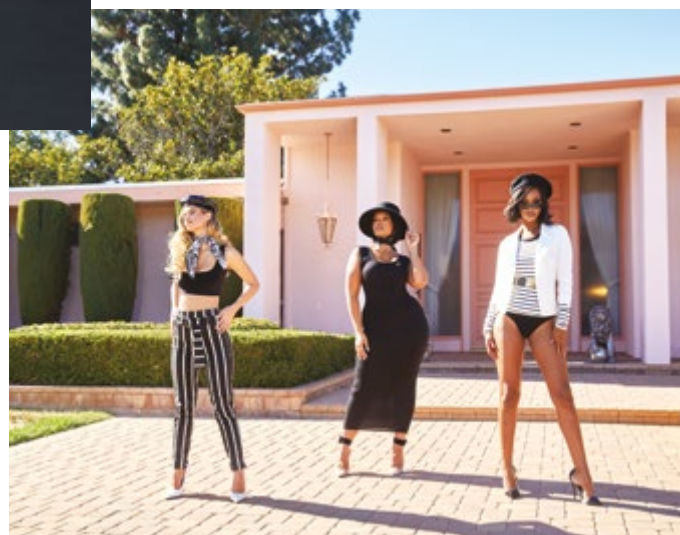


GOVERNANCE

- 38 Board of directors
- 40 Corporate governance report
- 43 Directors' report
- 46 Directors' remuneration report
- 58 Statement of directors' responsibilities in respect of the annual report and financial statements

FINANCIAL STATEMENTS

- 59 Independent auditors' report to the members of boohoo group plc
- 63 Consolidated statement of comprehensive income
- 64 Consolidated statement of financial position
- 65 Consolidated statement of changes in equity
- 66 Consolidated cash flow statement
- 67 Notes to the financial statements
- 91 Company statement of comprehensive income
- 92 Company statement of financial position
- 93 Company statement of changes in equity
- 94 Company cash flow statement
- 95 Notes to the company financial statements
- 99 Five-year group statement of comprehensive income – unaudited
- 100 Five-year group statement of financial position – unaudited
- 100 Five-year group cash flow statement – unaudited
- 101 Shareholder information

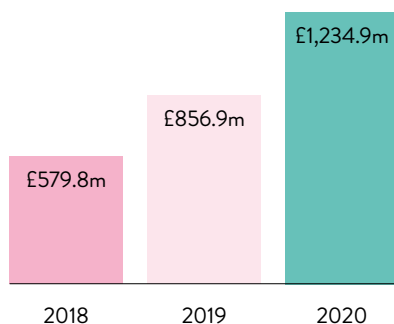


VISIT US ONLINE AT
BOOHOOPLC.COM

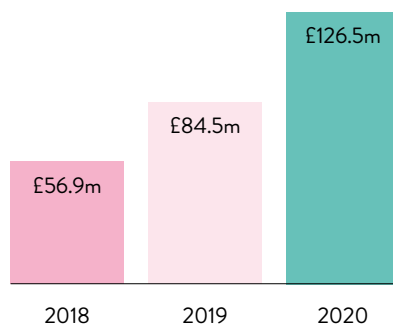
OUR PERFORMANCE

GROUP	BOOHOO	PRETTYLITTLETHING	NASTYGAL
<p>Financial</p> <ul style="list-style-type: none"> Revenue £1.235 billion, up 44% (44% CER^(A)) Strong revenue growth across all geographies with UK up 39% and international up 51%. International revenue is now 45% of total, up from 43% Gross margin 54.0%, down 70bps as we have invested in growing our brands Adjusted EBITDA^(B) £126.5 million (2019: £84.5 million) with Adjusted EBITDA margin improving to 10.2% (2019: 9.9%) Robust balance sheet with net cash of £240.7 million (2019: £190.7 million). High cash generation with operating cash flow of £127.3 million (2019: £111.9 million) <p>Operational</p> <ul style="list-style-type: none"> Acquisition of the MissPap, Karen Millen and Coast brands, complementary additions to the group's scalable, multi-brand platform Distribution centre automation generating efficiencies and rapid order fulfilment 	<p>Financial</p> <ul style="list-style-type: none"> Revenue £600.7 million, up 38% (39% CER) Gross margin 52.6%, down 30bps <p>Operational</p> <ul style="list-style-type: none"> 8.9 million active customers^(B), up 28% on prior year Significant investments in customer service, with AI and new apps, improving the customer proposition <p>REVENUE GROWTH +38%</p> <p>ACTIVE CUSTOMERS +28%</p> <p>GROSS MARGIN 52.6%</p>	<p>Financial</p> <ul style="list-style-type: none"> Revenue £516.3 million up 38% (37% CER) Gross margin 55.6%, down 100bps <p>Operational</p> <ul style="list-style-type: none"> 6.3 million active customers, up 26% on prior year High profile celebrity associations and social media driving traffic and international expansion, exceptionally well in the US and Europe <p>REVENUE GROWTH +38%</p> <p>ACTIVE CUSTOMERS +26%</p> <p>GROSS MARGIN 55.6%</p>	<p>Financial</p> <ul style="list-style-type: none"> Revenue £98.8 million up 106% (109% CER) Gross margin 54.2%, down 250bps <p>Operational</p> <ul style="list-style-type: none"> 1.8 million active customers, up 88% on prior year Extensive product range now comprises over 16,000 lines, double that of last year <p>REVENUE GROWTH +106%</p> <p>ACTIVE CUSTOMERS +88%</p> <p>GROSS MARGIN 54.2%</p>

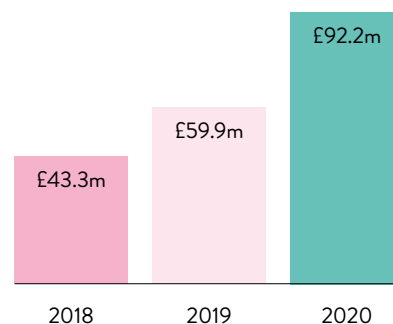
REVENUE +44%



ADJUSTED EBITDA^(B) +50%



PROFIT BEFORE TAX +54%



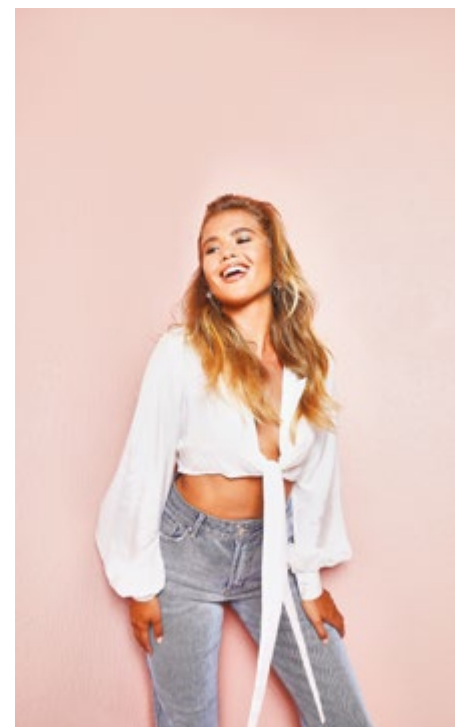
Notes:

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



	2020 £m	2019 £m	Change
Revenue	1,234.9	856.9	+44%
Gross profit	666.2	469.0	+42%
Gross margin	54.0%	54.7%	-70bps
Adjusted EBITDA ⁽¹⁾	126.5	84.5	+50%
% of revenue	10.2%	9.9%	+30bps
Adjusted EBIT ⁽²⁾	107.0	75.1	+42%
% of revenue	8.7%	8.8%	-10bps
Adjusted profit before tax ⁽³⁾	108.3	76.3	+42%
Profit before tax	92.2	59.9	+54%
Adjusted diluted earnings per share ⁽⁴⁾	5.88p	4.15p	+42%
Diluted earnings per share (2019 restated)	5.35p	3.71p	+44%
Net cash ⁽⁵⁾ at year end	240.7	190.7	+£50.0m

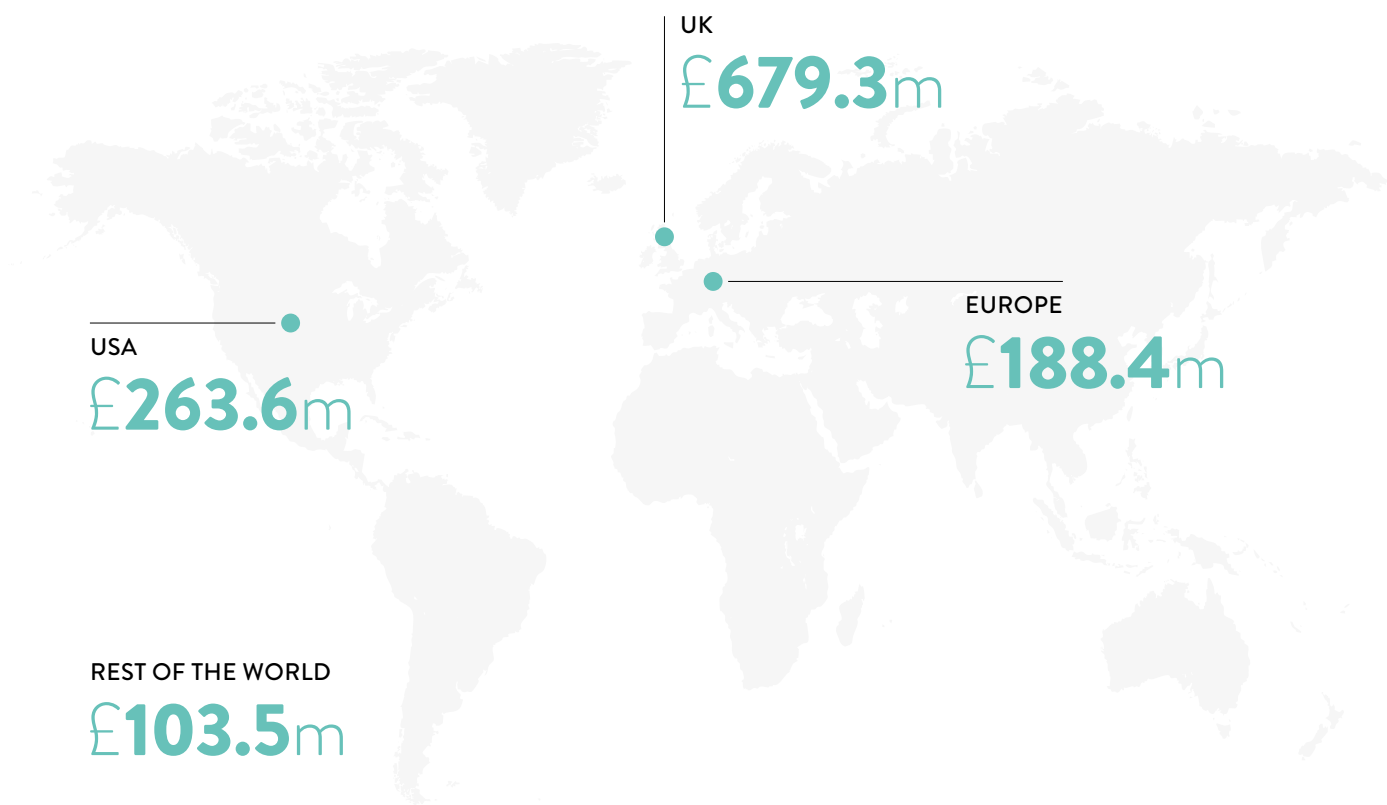
- (1) Adjusted EBITDA is calculated as profit before tax, interest, depreciation, amortisation, share-based payment charges and exceptional items.
- (2) Adjusted EBIT is calculated as profit before tax, interest, share-based payment charges, amortisation of acquired intangible assets and exceptional items.
- (3) Adjusted profit before tax is calculated as profit before tax, excluding share-based payment charges, amortisation of acquired intangible assets and exceptional items.
- (4) Adjusted diluted earnings per share is calculated as diluted earnings per share, adding back amortisation of acquired intangible assets, share-based payment charges, exceptional items and adjusting to 34% of the non-controlling interest as in previous years (see note 1 of the accounts).
- (5) Net cash is cash less borrowings.



A WINNING BUSINESS

Our multi-brand platform comprises boohoo, boohooMAN, PrettyLittleThing, Nasty Gal, MissPap, Karen Millen and Coast and targets fashion-conscious 16 to 40 year olds in the UK and internationally.

GLOBAL REVENUE



HIGHLIGHTS

<p>HIGH GROWTH</p> <p>+44%</p> <p>Revenue up 44%</p>	<p>GLOBAL CUSTOMER BASE</p> <p>14m</p> <p>14 million active customers</p>	<p>PROFITABLE</p> <p>+54%</p> <p>Profit before tax up 54%</p>
---	--	--



OUR BRANDS

boohoo

boohooMAN

PRETTYLITTLETHING

NASTY GAL

MISSPAP

KAREN MILLEN

coast

KEY CHARACTERISTICS



CHALLENGING THE FASHION MARKET

Our high growth rate shows we understand what customers want. We operate in an efficient and profitable way, delivering value to our stakeholders. We invest to create a sustainable business.



RESPONSIBLE

We operate with responsibility towards all our stakeholders – including our customers, employees and partners – and in a sustainable way to reduce environmental impact.



INSPIRED

With a finger on the pulse of fashion, we spot the latest trends from all over the world.



GLOBAL

We operate in a global market, unhindered by borders, languages and physical presence.



CONNECTED

Through a large social media following, we connect with millions globally.



FAST

Hundreds of new products added daily and top sellers are re-bought within days.

ABOUT OUR GROUP AND OUR GLOBAL BRANDS

boohoo group plc owns the brands boohoo, boohooMAN, PrettyLittleThing, Nasty Gal, MissPap, Karen Millen and Coast and designs, sources, markets and sells clothing, shoes, accessories and beauty products targeted at 16 to 40 year-old consumers globally. Each brand is differentiated in its message, appeal, price-point and target age-group.

OUR BRANDS



boohoo

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

boohooMAN

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



PRETTYLITTLETHING

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



NASTY GAL

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

OUR MOST RECENT ACQUISITIONS



MISSPAP

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

From: April 2019



KAREN MILLEN

Karen Millen is known globally for creating beautifully crafted fashion for confident women who know their own style. Targeted at driven and career-minded women in their 30s and 40s, the brand offers high quality clothes for that modern, polished and feminine look.

From: October 2019



coast

Coast believes that life is for living, fashion should be fun and dressing up is for every day. The brand produces versatile pieces that are easy to wear and are an effortless addition to a woman's own style.

From: October 2019

CONTINUED OPPORTUNITIES FOR GROWTH

OUR VISION

The group's multi-brand platform enables us to service groups of consumers efficiently with ranges of products differentiated in style and price point. The appeal of online shopping, with its convenience and value proposition, continues to resound with consumers globally and supports high growth rates.

Our vision is to be leading the e-commerce fashion market for 16 to 40 year-olds, which we will drive through our strategic priorities: **Insight, Investment, Innovation and Integration**.



INSIGHT

creating a competitive customer proposition



INVESTMENT

delivering growth through organic means and acquisitions to increase market share



INNOVATION

driving customer engagement

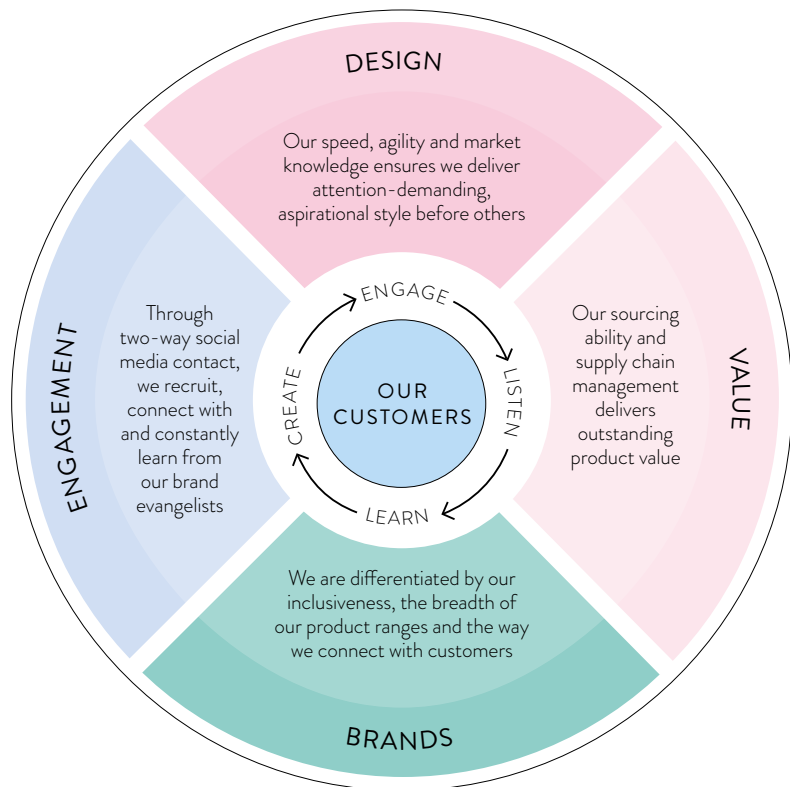


INTEGRATION

integrating new brands

HOW WE DO IT

“We are entirely focussed on our customers and every element of our model begins and ends with them. We engage, we listen, we learn, we create and repeat.”



OUR VALUES

PASSION

Each day we are inspired to be the best we can be. We are focussed and committed to giving our customers the experience they want.

AGILE

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

CREATIVE

We are unique and aspirational. We are not afraid of doing things our way, daring to be different. We are creative in thinking and design.

TEAM

We listen and respond to create a place where everyone's contribution is important. Building success through our people and sharing in it together. We remember to have fun along the way.



CREATING NEW OPPORTUNITIES FOR GROWTH

I am proud to report another record-breaking year for the group, with market-leading growth in our revenues across multiple geographic regions and strong profitability.

WE ATTACH GREAT IMPORTANCE TO THE NEED TO CREATE A SUSTAINABLE BUSINESS THAT MINIMISES THE ENVIRONMENTAL IMPACT.

Mahmud Kamani,
Executive Chairman



COVID-19

At this time, all our thoughts turn to the distress the pandemic is bringing upon so many people throughout the world and so talking about other matters seems strangely less significant. However, we have a responsibility to our shareholders to continue to keep them informed in a timely fashion through the dissemination of this report and financial statements and to keep them apprised of what we are doing to preserve our business and ensure the safety and wellbeing of our employees and those of our business partners. From the outset of the pandemic, we have followed government advice on safe working practices for all our employees. At the present time, colleagues who are able to work from home are doing so. Where this is not possible, for instance in the warehouse, strict social-distancing procedures have been introduced and audited. As for the impact on the business, we are fortunate to have substantial cash reserves, which will enable us to withstand a long-standing downturn in business activity, should the timeframe of the pandemic be prolonged. This is further discussed in the directors' report in the future prospects and viability section.

Group performance

If I may, I will now turn to the matter of the group's performance for the year to February 2020. I am proud to report another record-breaking year for the group, with market-leading growth in our revenues across multiple geographic regions and strong profitability. Success such as ours comes from getting a lot of things right: product, price, service, marketing and technology amongst others. All of this requires a great team of focussed experts and an envisioned leadership team to pull it all together and make it work and work well. This is what makes me proud – it is the people we have, both within the group and in our supply chain, who are our greatest asset and the engine of our success.

During the year, we acquired three new brands and talented teams along with them, to add to our growing portfolio. Each of MissPap, Karen Millen and Coast caters for different segments of the market, giving the group wider coverage and building on our scalable, multi-brand platform. The new brands have integrated very well and are growing strongly since relaunch. We are very excited about our new acquisitions, whilst keeping apprised of other strategic opportunities globally.

John Lyttle joined as Group Chief Executive at the start of the current financial year and has been instrumental in his leadership role in driving that success and bringing about change as the group has grown. Carol and I continue to play a very active role in the group, whilst leaving the day-to-day operational issues to John, which enables us to spend more time on strategic matters and ensuring we remain at the forefront of the online fashion sector. We are supported by a strong team of executives, which has been strengthened during the year.

One of the new executive positions we have created this year is that of Director of Sustainability and Social Responsibility. We attach great importance to the need to create a sustainable business that minimises the environmental impact. We strongly promote recycling of clothes and are pushing that message to our customers. We are exploring more ways to improve our business model: this year has seen us develop sustainable, recycled clothing ranges and plans have been developed to introduce solar power at our facilities.

REVENUE

+44%

Strong revenue growth at £1.235 billion

PROFIT BEFORE TAX

+54%

Profit before tax at £92.2 million

We have continued to take market share in the UK, keeping our finger on the pulse of fashion with an irresistible offering that continues to draw in more and more customers, whilst expanding rapidly overseas through a suite of country-specific websites and a strong proposition. International growth has continued to be robust and we have been able to refine further our expertise through local knowledge and effective marketing.

The investments we made in our two distribution centres in the previous year have not only enabled us to manage the high growth rate with uninterrupted service, but also to realise efficiency savings through the automation that is working very effectively. We have also invested in our IT systems and customer-facing apps and websites and added more payment types that have proved to be highly popular with consumers.

Sara Murray stepped down from the board in April and, on behalf of the board, I would like to thank Sara for her positive contribution to the company and in particular for her role as Senior Independent Director and her stewardship of the Nomination Committee. Sara's expertise has been invaluable to the board and the company throughout her four-year tenure, during which boohoo has experienced a period of significant growth and expansion. It is the board's intention to appoint another non-executive director in due course.

As always, my thanks and appreciation go to our employees and partners who make the group the success that it has been again this year. I know that the team we have built will continue to drive our business forward as we develop the opportunities for our future growth and prosperity.

Mahmud Kamani

Group Executive Chairman
21 April 2020



PERFORMANCE DURING THE YEAR

The group has continued to gain market share in key focus territories, with impressive revenue growth across our brands, driven by a combination of a great customer proposition, effective marketing strategies and strong social media presence.



Group revenue for the year increased by 44% (44% CER) to £1.235 billion (2019: £856.9 million). Revenue growth across all territories and brands was strong.

Adjusted EBITDA was £126.5 million (2019: £84.5 million), an increase of 50% on the previous year, with efficiency improvements and effective marketing across the group leading to an adjusted EBITDA margin of 10.2% (2019: 9.9%). Profit before tax was £92.2 million (2019: £59.9 million), an increase of 54%. Adjusted diluted earnings per share was 5.88p, up 42% on the prior year (restated). Diluted earnings per share rose to 5.35p, an increase of 44% (2019 restated: 3.71p).

The group has continued to gain market share in key focus territories, with impressive revenue growth across our brands, driven by a combination of a great customer proposition, effective marketing strategies and strong

social media presence. Through our scalable, multi-brand platform, we have taken on three additional brands – MissPap, Karen Millen and Coast – which have increased the group's market coverage and potential. Investments in technology and continuous systems improvements have delivered an enhanced customer experience and cost efficiencies.

Cash generation was strong, with operating cash flow of £127.3 million (2019: £111.9 million) and free cash flow up 26% to £81.7 million. Capital expenditure was £45.6 million including £19.4 million spent on the acquisition of the three new brands. Our net cash balance (cash less bank borrowings) at the period end increased to £240.7 million (2019: £190.7 million).

Distribution centres

The group operates through two distribution centres: the Burnley facility services all the group brands except PrettyLittleThing; and the Sheffield facility, which is managed by a third-party, services PrettyLittleThing. Automation at the Burnley warehouse went live in April 2019 and has been instrumental in improving efficiency throughout, enabling the facility to handle the rapid growth of the group and maintain high customer service levels. Phase 2 of the automation at Burnley is planned to commence in the first half of the 2021 financial year, further boosting the peak load capacity to ensure we continue our great customer service. Both facilities give us the scale and capacity required in the medium term as the group develops.

Technology

As we recently invested in a team focussed on expanding our in-house app development capabilities, we have been able to introduce improved app functionality and user experience at a faster pace, including adding apps for the three new brands acquired during the year. A greater percentage of our customers now use the apps for the entire browsing and purchasing journey, enabling us to provide them with more relevant and targeted marketing and an optimised user experience.

OVERVIEW

	2020 £000	2019 £000	Change
Revenue	1,234,876	856,920	+44%
Gross profit	666,236	468,994	+42%
Gross margin	54.0%	54.7%	-70bps
EBITDA	115,546	72,601	+59%
% of revenue	9.4%	8.5%	+90bps
Profit before tax	92,222	59,856	+54%
Diluted earnings per share (2019 restated)	5.35p	3.71p	+44%
Net cash ⁽¹⁾ at year end	240,684	190,726	+£50.0m
Underlying:			
Adjusted EBITDA ⁽²⁾	126,503	84,546	+50%
% of revenue	10.2%	9.9%	+30bps
Adjusted EBIT ⁽³⁾	106,973	75,074	+42%
% of revenue	8.7%	8.8%	-10bps
Adjusted profit before tax ⁽⁴⁾	108,299	76,250	+42%
Adjusted diluted earnings per share ⁽⁵⁾	5.88p	4.15p	+42%

(1) Net cash is cash less borrowings.

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

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

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

(5) Adjusted diluted earnings per share is calculated as diluted earnings per share, adding back amortisation of acquired intangibles, share-based payment charges, exceptional items and adjusting to 34% of the non-controlling interest as in previous years (see note 1 of the accounts).



BOOHOO (INCLUDING BOOHOO MAN)



£600.7m

REVENUE FOR THE YEAR
(2019: £434.6m)



8.9m

ACTIVE CUSTOMERS
(2019: 7.0m)



7m

INSTAGRAM FOLLOWERS
(2019: 5.9m)

BOOHOO (INCLUDING BOOHOO MAN)

Performance

Revenue for the year increased to £600.7 million, up 38% on the previous year, with continued growth in all our key focus markets.

Growth in both the UK and international markets has been strong, driving market share gains across key geographies. Gross margin decreased slightly by 30bps to 52.6%, as we optimised the customer proposition in each territory.

Product

Our womenswear product range has continued to be highly successful with growth in core product lines and in our comprehensive size offerings. In addition, new product introductions are delivering growth and satisfying consumer demand. In June we introduced our first dedicated recycled women's clothing range, which is part of our drive for a more sustainable future in fashion.

Marketing

Our marketing strategy is constantly reviewed and re-aligned in response to data analytics that monitor its effectiveness. We continue to focus on a balanced mix of social media influencers, celebrity endorsements, digital acquisition and retention, PR and above-the-line brand campaigns. International marketing is supported by in-country experts to ensure we speak to customers with effective, localised campaigns and content.

Our worldwide social media audience now includes over seven million Instagram and three million Facebook followers. Throughout the year, we have worked with a host of local brand ambassadors as well as Jordyn Woods and four Victoria's Secret models as global ambassadors. All collections have featured an inspiring range of day-to-evening looks, emphasising the glamour of the boohoo brand.

Customer interaction

boohoo and boohooMAN have a number of country-specific websites, several of which are translated into local languages and further site launches and translated foreign language sites are planned. We have invested in visual AI, popular payment methods and virtual assistants to offer a more satisfying customer experience. Our focus on excellent customer service is supported by an "excellent", 4.5 star, rating on the Trustpilot consumer review site.

PRETTYLITTLETHING



£516.3m

REVENUE FOR THE YEAR
(2019: £374.4m)



6.3m

ACTIVE CUSTOMERS
(2019: 5.0m)



12.3m

INSTAGRAM FOLLOWERS
(2019: 10.5m)

PRETTYLITTLETHING

Performance

PrettyLittleThing (“PLT”) achieved strong revenue growth of 38% over the previous year, reaching £516.3 million. Growth across all territories was strong, with the overseas markets performing exceptionally well. Gross margin has decreased to 55.6% (2019: 56.6%), as we optimise growth and refine the customer proposition.

Product

PLT brings the latest and most relevant celebrity looks at affordable prices to our customers, with a choice of over 26,500 styles and new items available daily. Our product range continued to expand during the year with further strong growth in the “shape” ranges including Petite, Curve and Plus. We have also further expanded our range, helping us to become established as a lifestyle brand for our customers. We are also growing our range of accessories and beauty offering. During the year, we brought the latest celebrity looks to customers through collaborations with Little Mix, Ashley Graham, Ashanti and through PLT’s debut at New York Fashion Week, including a collection with US rap star Saweetie.

Marketing

We have extended our social media reach by increasing the number of social media influencers, combined with celebrity campaigns and collaborations. Using customer-created content and working in collaboration with our influencer partners, we have continued to be one of the fastest growing fashion brands on the channel. We have 12.3 million Instagram followers and 2.2 million followers on Facebook. We also continue to develop our exposure to new and emerging social media platforms.

Customer interaction

We support a number of country-specific websites. For the UK market, we offer a wide range of free return options and in international markets, we continue to offer a range of services to ensure a seamless customer experience.





£98.8m

REVENUE FOR THE YEAR
(2019: £47.9m)



1.8m

ACTIVE CUSTOMERS
(2019: 0.9m)



4.4m

INSTAGRAM FOLLOWERS
(2019: 3.6m)

NASTY GAL

Performance

Revenue growth across all territories has been exceptionally strong, with an overall 106% increase to £98.8 million. USA revenue continues to grow strongly and remains the brand's largest territory. In the UK and internationally, growth has continued at an exceptional pace, with the brand gaining recognition and attracting a far-reaching customer base. Gross margin reduced to 54.2% (2019: 56.7%), which is in line with the re-alignment of the customer proposition.

Product

Nasty Gal's exciting product range now encompasses over 16,000 styles, doubling in size over the year. Other key areas of growth include recycled ranges and further expansions of Nasty Gal Vintage, a great collection of sustainably-sourced, true reworked vintage product, drawing on the brand's heritage, unique DNA and a commitment by the group in terms of sustainability. Comprehensive size ranges have also helped support the inclusiveness of the brand and extend its appeal to women globally.

Marketing

The marketing strategy has focussed on building brand awareness, working with an increasing number of influencers to engage customer interest and promote brand loyalty. This summer we launched an iconic collection edited by Emily Ratajowski (EmRata) and throughout the year have worked with high profile fashion collaborators Claire Rose Cliteur, Emma Louise Connelly and Josefine HJ. The autumn saw the biggest collaboration the brand has ever worked on, partnering with supermodel Cara Delevingne on our holiday collection.

On social media Nasty Gal has 4.4 million followers on Instagram and 1.3 million Facebook likes.

MISSPAP, KAREN MILLEN AND COAST

Performance

We are very encouraged by the progress of our newly-acquired brands this year, all of which are resurging under new ownership and direction as online-only brands, with their great heritage intact. Revenue from the brands amounted to £19 million for the year, with MissPap revenue commencing in April 2019 and Karen Millen and Coast in October 2019. Gross margin was 51.1%.

Our investment in the new brands has incurred some set-up and initial running costs in the first year, which is consistent with our philosophy to invest in our brands in order to unlock their long-term growth potential. The new brands are operated through our multi-brand platform, which provides immediate efficiency in the key operational business functions, such as logistics, IT, e-commerce and administration. The new brands provide the group with a wider coverage in demographic, price points and age segments and are highly complementary to our existing portfolio.

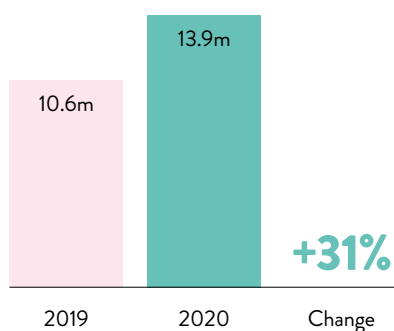
FROM STRENGTH TO STRENGTH

KEY PERFORMANCE INDICATORS

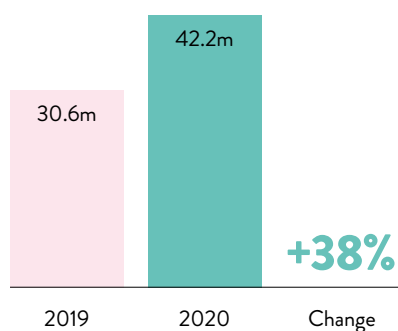
The group has achieved a strong performance with revenues and profits increasing in all territories.

GROUP

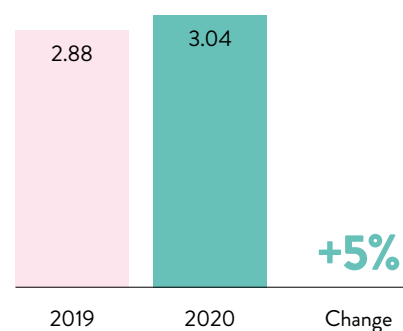
ACTIVE CUSTOMERS⁽¹⁾



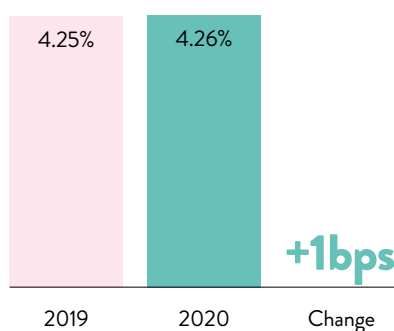
NUMBER OF ORDERS



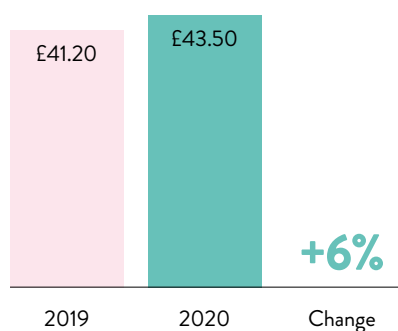
ORDER FREQUENCY⁽²⁾



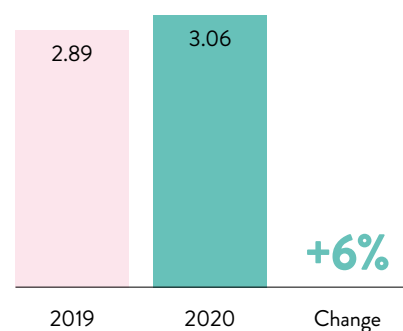
CONVERSION RATE TO SALE⁽³⁾



AVERAGE ORDER VALUE⁽⁴⁾



NUMBER OF ITEMS PER BASKET



(1) Defined as having shopped in the last 12 months on the website.
 (2) Defined as number of orders in last 12 months divided by number of active customers.
 (3) Defined as the percentage of orders taken to internet sessions.
 (4) Calculated as gross sales including sales tax divided by the number of orders.

GROUP REVENUE BY BRAND	2020 £000	2019 £000	Change	Change CER
boohoo	600,733	434,565	+38%	+39%
PrettyLittleThing	516,334	374,445	+38%	+37%
Nasty Gal	98,833	47,910	+106%	+109%
Other	18,976	–	+100%	+100%
	1,234,876	856,920	+44%	+44%

GROUP REVENUE BY GEOGRAPHICAL MARKET	2020 £000	2019 £000	Change	Change CER
UK	679,275	488,199	+39%	+39%
Rest of Europe	188,424	115,124	+64%	+62%
USA	263,622	166,262	+59%	+61%
Rest of world	103,555	87,335	+19%	+19%
	1,234,876	856,920	+44%	+44%

CONSOLIDATED INCOME STATEMENT	2020 £000	2019 £000	Change
Revenue	1,234,876	856,920	+44%
Cost of sales	(568,640)	(387,926)	+47%
Gross profit	666,236	468,994	+42%
Gross margin	54.0%	54.7%	-70bps
Operating costs	(539,971)	(384,687)	
Other income	238	239	
Adjusted EBITDA	126,503	84,546	+50%
Adjusted EBITDA margin %	10.2%	9.9%	+30bps
Depreciation	(16,582)	(6,972)	
Amortisation of other intangible assets	(2,948)	(2,500)	
Adjusted EBIT	106,973	75,074	+42%
Adjusted EBIT margin %	8.7%	8.8%	-10bps
Adjusting items:			
Amortisation of acquired intangible assets	(5,120)	(4,449)	
Equity-settled share-based payment charges	(10,957)	(5,278)	
Exceptional items – warehouse relocation	–	(6,667)	
Operating profit	90,896	58,680	+55%
Finance income	1,716	1,320	
Finance expense	(390)	(144)	
Profit before tax	92,222	59,856	+54%
Tax	(19,339)	(12,397)	
Profit after tax for the year	72,883	47,459	+54%
Diluted earnings per share (2019 restated)	5.35p	3.71p	+44%
Adjusted profit after tax for the year	85,987	60,803	+41%
Amortisation of acquired intangible assets	(5,120)	(4,449)	
Share-based payment charges	(10,957)	(5,278)	
Exceptional items – warehouse relocation	–	(6,667)	
Adjustment for tax	2,973	3,050	
Profit after tax for the year	72,883	47,459	
Adjusted profit for the period attributable to shareholders of the company	69,939	48,781	+43%
Adjusted diluted earnings per share	5.88p	4.15p	+42%

Operating costs comprise distribution costs and administrative expenses excluding depreciation and amortisation and have decreased by 120bps to 43.7% of revenue, with efficiency improvements in distribution costs more than offsetting increases in infrastructure costs for future business expansion, including those for the three brands acquired during the year.

Adjusted EBITDA, which is not a statutory measure, represents earnings before interest, tax, depreciation, amortisation, non-cash share-based payments charges and exceptional items. It provides a useful measure of the underlying profitability of the business. Adjusted EBITDA increased by 50% from £84.5 million to £126.5 million and, as a percentage of revenue, increased from 9.9% to 10.2%.

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

TAXATION

The effective rate of tax for the year was 21.0% (2019: 20.7%), which is higher (2019: higher) than the blended UK statutory rate of tax for the year of 19.0% (2019: 19.0%), due to expenditure not deductible for tax purposes, being principally depreciation on buildings and fit-out.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2020 £000	2019 £000
Intangible assets	42,255	27,165
Property, plant and equipment	119,216	108,498
Right-of-use assets	14,591	–
Financial assets	4,467	3,756
Deferred tax asset	5,980	4,034
Non-current assets	186,509	143,453
Working capital	(63,875)	(64,969)
Lease liabilities	(16,153)	–
Net financial (liabilities)/assets	(9,001)	4,047
Cash and cash equivalents	245,448	197,872
Interest-bearing loans and borrowings	(4,764)	(7,146)
Deferred tax liability	(3,593)	(2,102)
Net current tax liability	(6,636)	(753)
Net assets	327,935	270,402

The increase in intangible assets is due to the purchase of the new brands. The right-of-use-assets are the capitalised value of property leases in accordance with the new accounting standard, IFRS 16. The lease liability is the discounted value of future lease payments. Working capital has increased marginally as we are paying inventory suppliers to industry-leading 14-day terms.

INTANGIBLE AND FIXED ASSET ADDITIONS

	2020 £000	2019 £000
Purchased intangible and fixed assets		
<i>Intangible assets</i>		
Trademarks and customer lists	19,370	–
Patents and licences	–	307
Software	3,788	2,930
	23,158	3,237
<i>Tangible fixed assets</i>		
Distribution centres	15,391	36,678
Offices, office equipment, fixtures and fit-outs	6,576	6,837
Motor vehicles	437	115
	22,404	43,630
Total intangible and fixed asset additions	45,562	46,867

LIQUIDITY AND FINANCIAL RESOURCES

Operating cash flow was £127.3 million compared to £111.9 million in the previous year and free cash flow was £81.7 million compared to £65.1 million in the previous financial year. We have adopted industry-leading 14-day payment terms with our key UK product suppliers. Capital expenditure and intangible asset purchases was £45.6 million, which includes a £14.9 million investment in our distribution centres to support projected growth in the business. The closing cash balance for the group was £245.4 million and the net cash balance (cash less bank borrowings) was £240.7 million.

CONSOLIDATED CASH FLOW STATEMENT

	2020 £000	2019 £000
Profit for the year	72,883	47,459
Depreciation charges and amortisation	24,650	13,921
Share-based payments charge	10,957	5,278
Loss on sale of fixed assets	294	24
Tax expense	19,339	12,397
Finance income	(1,716)	(1,320)
Finance expense	390	144
Increase in inventories	(32,301)	(18,558)
Increase in trade and other receivables	(9,434)	(4,935)
Increase in trade and other payables	42,219	57,513
Operating cash flow	127,281	111,923
Capital expenditure and intangible asset purchases	(45,562)	(46,867)
Free cash flow	81,719	65,056
Net proceeds from the issue of ordinary shares	2,665	3,653
Purchase of own shares by EBT	(14,906)	(1,833)
Proceeds from the sale of fixed assets	-	59
Finance income received	1,807	1,249
Finance expense paid	(286)	(144)
Dividend paid to non-controlling interests	(3,400)	-
Lease payments	(6,031)	-
Tax paid	(11,610)	(10,361)
Repayment of borrowings	(2,382)	(2,382)
Net cash flow	47,576	55,297
Cash and cash equivalents at beginning of year	197,872	142,575
Cash and cash equivalents at end of year	245,448	197,872

TRENDS AND FACTORS LIKELY TO AFFECT FUTURE PERFORMANCE

The market for online fashion is forecast to continue to grow and, along with the increasing use of the internet globally, provides a favourable backdrop for the group with much opportunity for further growth. Customers throughout the world are seeking a wide choice of quality products at value prices lower than those available on the high street with the convenience of home delivery. The group's target market has a high propensity to spend on fashion and, apart from times of pandemic, the market is resilient to external macroeconomic factors.

OUTLOOK

At boohoo group plc, our top priority remains the health and wellbeing of our colleagues, our customers, and the many suppliers who work alongside us from around the world. From the outset of the pandemic, we have been closely following the government initiatives that support businesses and the public. We have been following all guidance regarding self-isolation, social distancing and personal hygiene in order to keep everyone in our boohoo family safe and well. The vast majority of our office-based teams are now working remotely. Our fantastic warehouse teams have adapted to completely new ways of working to ensure that they abide by all the social distancing procedures that we have in place. We are in constant contact with them and are working day and night to ensure that everyone is following the new systems, has what they need and, most importantly, that our teams are happy and healthy. Their ongoing safety and wellbeing is our number one priority.

As a group, we are standing alongside our suppliers, continuing to pay them promptly with industry-leading payment terms for all of their orders. We have also set up an emergency fund to help suppliers through this difficult period. Since boohoo was founded, we have invested in our supplier relationships and by continuing to support them through these short-term challenges, we will further secure these relationships for the long-term.

OUTLOOK (CONTINUED)

The group saw a strong end to the financial year ended 29 February 2020 and in the first two weeks of FY21 this trading momentum was maintained. Since the middle of March, trading has been mixed, as a result of the impact of the COVID-19 pandemic, initially with a marked decrease in year-on-year growth. Performance has improved in more recent weeks and we are now seeing improved year-on-year growth of group sales during April. We remain cautious regarding our outlook, as a result of the uncertainty caused by the COVID-19 pandemic.

Given the uncertainty generated by the continually-evolving COVID-19 pandemic, it is not appropriate to provide guidance for the financial year ending 28 February 2021 at this stage. The group has taken steps to understand, as far as possible, the risks and impact that the pandemic may potentially have on its operations, analysing a range of scenarios, factoring in a downturn in demand and the possibility of warehouse closures. Although it is not possible to predict precisely the impact from COVID-19, we have ensured that we have stress-tested our liquidity under these scenarios.

From this, we are comfortable that the group has sufficient financial headroom, benefitting from its largely variable cost base, low cash burn rate and strong balance sheet with £241 million of net cash at year end.

A key strength of our business lies in its agility and flexibility, and we have moved quickly to take mitigating actions, so as to best manage our inventory and cost base and ensure the health, safety and wellbeing of all colleagues. Our inbound supply chain continues to operate efficiently, benefitting from its international diversification and we are working with our logistics partners to minimise any potential disruption.

As always, our focus is to maintain an outstanding customer proposition, with the latest fashion at great prices, combined with excellent customer service. To this end, we have a plan of continuous investment in our systems, infrastructure and technology to ensure we offer an optimal online shopping experience. International expansion will continue as we add more country-specific websites, refine our customer proposition and raise brand awareness through marketing and social media. Our scalable, multi-brand platform provides the basis for expansion of the group through strategic acquisitions. We are also committed to continuing to drive improvements across our environmental responsibilities and are constantly exploring ways to accelerate our sustainability journey.



RISK MANAGEMENT

HOW WE MANAGE RISK

On an annual basis, the board reviews the principal risks and uncertainties facing the group and assesses the mitigating factors. This assessment is also undertaken whenever there is a perceived major change in the principal risks and uncertainties. The following are considered to be the principal risks and uncertainties, although these may not be exhaustive in that other unknown risks may have an adverse effect on the business.

STRATEGIC RISKS		
RISK TYPE	RISK FACTORS	MITIGATION
COVID-19 PANDEMIC	<ul style="list-style-type: none"> > Severe loss of revenue > Closure of the warehouses > Loss of or absence of employees due to illness > Loss of supply chain > Transport disruption 	<ul style="list-style-type: none"> > Government financial support > Safe working practices rigorously imposed > Employees working from home wherever possible > Expense reduction initiatives > Close liaison with suppliers and carriers to normalise services as far as possible
COMPETITION RISK	<ul style="list-style-type: none"> > Competitors may be able to offer consumers like-for-like better quality, better value, superior customer service, more generous or superior delivery service, better website functionality or better brand image, thereby eroding market share > European customers may be deterred from purchasing from a UK company following the UK's decision to leave the EU 	<ul style="list-style-type: none"> > Competitor activity and offerings are reviewed regularly to remain abreast of market developments and identify competitive advantages > Consumers' changing preferences are monitored internally and by market research to ensure product and service is relevant to demand > Developments in e-commerce trends are monitored to keep abreast of the latest developments and innovations > Performance targets control key deliverables (product quality, customer service and traffic)
FASHION AND CONSUMER DEMANDS RISK	<ul style="list-style-type: none"> > Failing to keep abreast of the latest trends in colour and style could lead to lost sales and erosion of market share > Failure to react quickly enough to fashion changes could lead to lost sales > Failure to respond to changing customer preferences on sustainability issues could affect sales > Buying the incorrect quantities of product relevant to demand may result in lost sales opportunities or excess inventory 	<ul style="list-style-type: none"> > Highly competent designers and buyers are adept at interpreting fashion and acquiring desirable product > Buyers and designers keep up to date with fashion changes through fashion shows, predictive agencies and fashion press > Sustainability is integral to the group ethos with a function headed at a director level to focus on creating more sustainable products and supply chain operations and reduce environmental impact > Product range planning ensures sufficient product offering to cover expected demand using the test-and-repeat model > Rapid response to fashion trends is achieved by using factories capable of short lead times > Buying, merchandising and marketing departments operate cohesively, with regular cross-functional communication

OPERATIONAL RISKS

RISK TYPE	RISK FACTORS	MITIGATION
SYSTEMS AND TECHNICAL RISK	<ul style="list-style-type: none"> > Hardware or software failure could disable the website or operational systems > Cyber-attack is an increasingly major risk > System capacity due to high transactional volumes may be compromised, leading to error or failure > Websites hosted by third-party, which may be subject to business failure > Loss of or theft of consumer data could lead to loss of reputation and breach of data protection regulations 	<ul style="list-style-type: none"> > Duplicate back-up system in remote location protects against hardware failure and to some extent software failure > Systems documentation and recovery procedures are in place and tested periodically > High security threshold and appropriate IT access and usage policies protect from virus and malicious attack and are regularly reviewed > System load planning is undertaken to ensure transaction volumes do not impinge on performance > Storage of personal data is tightly controlled and limited in accordance with data protection guidelines and PCI requirements, with additional mapping and controls introduced to ensure compliance with GDPR
SUPPLY CHAIN RISK	<ul style="list-style-type: none"> > The business is dependent upon suppliers with whom relationships have been developed over time and whose loss through insolvency, disaster or denial of supply may be difficult to replace at short notice > Labour or environmental abuse in the supply chain could result in closure of supply or reputational damage 	<ul style="list-style-type: none"> > Supply risk is spread over many suppliers with no major individual dependencies > Extensive and up-to-date knowledge of supplier base would enable alternative sources to be found relatively quickly > Levels of inventory are adequate to cover short periods of supply delay > Regular auditing of suppliers, unscheduled inspections and imposition of conformance agreements ensures adequate standards are maintained in the supply chain as far as possible
KEY FACILITIES	<ul style="list-style-type: none"> > Fire, flood, or other disaster could lead to part or total, temporary or permanent closure of facilities > Failure to adequately plan for warehouse capacity to cater for business expansion could restrict revenue growth 	<ul style="list-style-type: none"> > Warehouse is protected by 24 hour security, access control, fire protection and sprinkler systems > Head office is protected by security alarm, access control, fire protection and sprinkler systems > Electric power continuity is protected by back-up generators > A comprehensive disaster recovery and business continuity plan supported by a disaster recovery committee exists > Long-range planning aims to ensure adequate warehouse facilities are available to keep pace with business growth
PEOPLE RISK	<ul style="list-style-type: none"> > Competitors are inclined to poach key staff and talented individuals > Employees may leave the company for better pay and prospects elsewhere 	<ul style="list-style-type: none"> > Incentive schemes for senior managers are operated, including share ownership, bonus and incentive schemes linked to business performance > Succession planning aims to reduce key person dependencies

OPERATIONAL RISKS (CONTINUED)

RISK TYPE	RISK FACTORS	MITIGATION
BREXIT (NO DEAL) RISK	<ul style="list-style-type: none"> > The UK's decision to leave the EU may increase costs if tariffs are imposed on imports > Exports to the EU in the event of a no-deal Brexit at the end of the transition period may be impacted, becoming less competitive or reducing margins > Delays at ports could impact customer service 	<ul style="list-style-type: none"> > Less than 10% of inventory is sourced from the EU and so any duty or tariff increases are not expected to be material. The group has a large portfolio of suppliers in many regions of the world and constantly changes sources to obtain the best prices and quality > Most exports to the EU fall below the minimum threshold at which duty is payable by the consumer. Sales tax is already charged on EU sales and the group would continue to pay sales tax on imports to the EU > The group has developed plans to manage imports and exports to/from the EU in the event of a no-deal Brexit
REPUTATIONAL RISKS		
NEGATIVE PERCEPTION OF THE BRANDS	<ul style="list-style-type: none"> > Adverse customer experience through poor product quality, product recall due to faulty manufacture or use of illegal substances in manufacture, labour abuses, environmental damage by third-party suppliers or concerns over environmental sustainability could lead to reputational damage and customer boycott of the brand > Adverse customer experience through refund disputes or poor customer service could damage reputation 	<ul style="list-style-type: none"> > A system of factory approvals is operated, ensuring that manufacturers agree to a set of acceptable standards > Compliance with manufacturers' agreements is monitored by periodic audit > The group monitors and has action plans to improve sustainability across product and processes throughout the business and supply chain and reduce the environmental impact > Customer service levels and complaints are monitored and internet sites are reviewed for customer opinion
FINANCIAL RISKS		
FINANCIAL RISK	<ul style="list-style-type: none"> > Poor business performance or lack of appetite for the sector may impede raising of capital > Exchange rate fluctuations may erode margins 	<ul style="list-style-type: none"> > Regular budgeting and forecasting ensures working capital is sufficient for business requirements and rapid reaction to adverse business performance > Uncertainty due to fluctuating exchange rates is reduced by appropriate hedging policies

COLLABORATING TO BUILD TRUST AND TRANSPARENCY

A central theme of our programme is that of transparency and compliance across our ever-expanding supply chain, with the aim of having a positive social impact and reducing our environmental impact throughout.

OUR PEOPLE
FORM THE
BEDROCK OF OUR
BUSINESS AND
WE HAVE BEEN
VERY ACTIVE IN
MAKING SURE
THEIR VOICES ARE
HEARD.

**Tom Kershaw,
Group Director
of Sustainability**



This year, we increased the tempo of our responsible business activity as we strive to continually improve our environmental performance. I was very honoured to take up the role of Group Director of Sustainability, a role that will refine our strategy and, in collaboration with my colleagues and partners, set out a programme to improve our performance over the coming years.

A central theme of our programme is that of transparency and compliance across our ever-expanding supply chain, with the aim of having a positive social impact and reducing our environmental impact throughout. We are collaborating with third-party experts in compliance, material use and carbon management that are helping us define our objectives and the plans to help us achieve these. For instance, we are working with a third-party consultancy to build a new compliance programme that will focus initially on our UK supply chain and will then extend across our full, global supply chain.

We have also joined a series of internationally renowned initiatives to help frame our approach and ensure that we are tackling the things that matter the most, such as fair pay, good working conditions and reducing our environmental footprint. One such initiative is the Sustainable Apparel Coalition, a global alliance that supports sustainable production in order to raise standards and social and environmental performance and that represents members with combined annual apparel and footwear revenues exceeding \$500 billion – so we know that we are part of something that's going to make a difference.

In 2019, we conducted a detailed assessment of the fabrics that go into creating our garments to see where we can make improvements as part of our commitment to WRAP, a multi-stakeholder body that seeks greater resource efficiency, and we are now working to see how we can use more recycled materials in our fabrics.

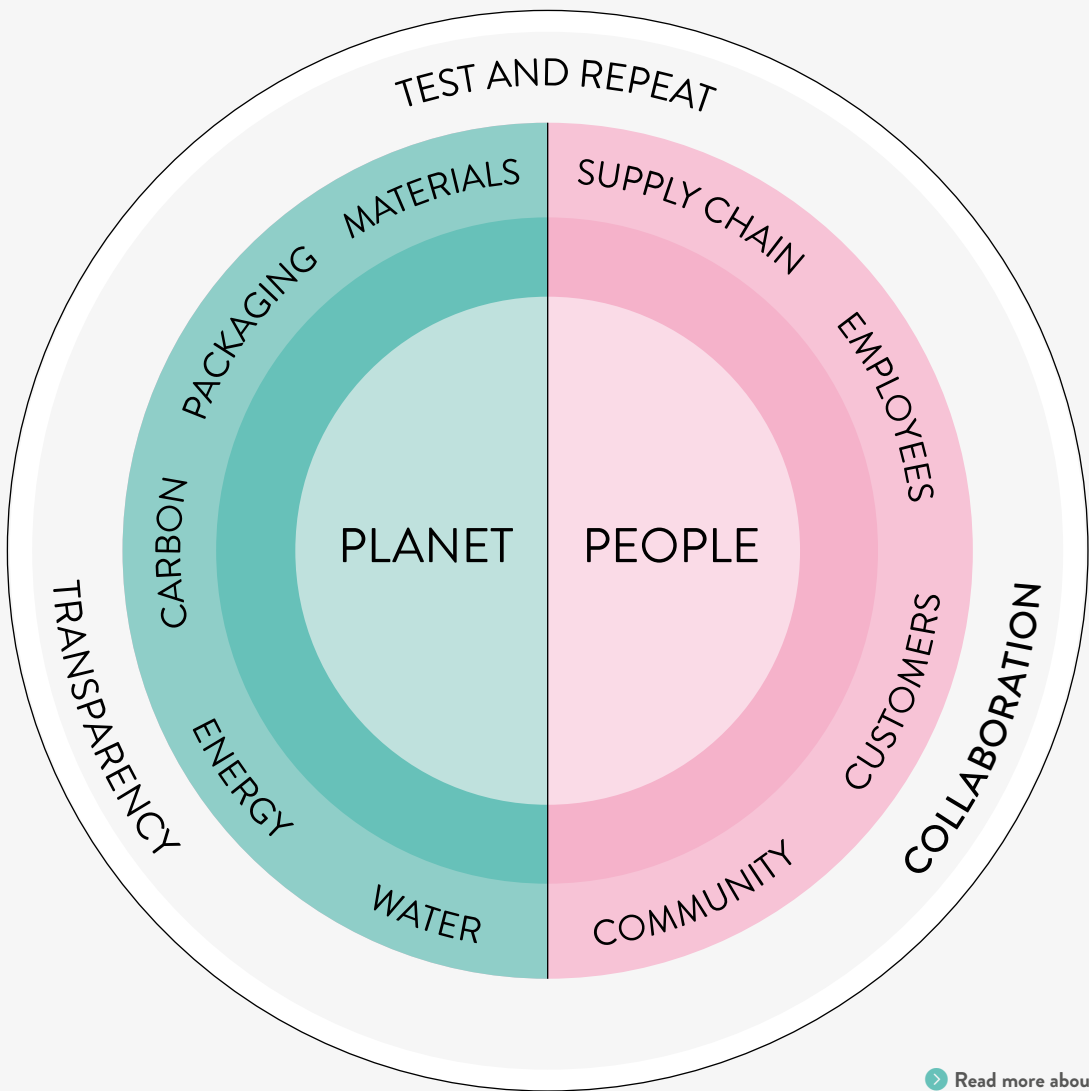
I am very pleased to be part of the advisory group that is helping to devise the new 2030 plan for the Sustainable Clothing Action Plan, something that will inform our own ambitions in due course. Building on these environmental commitments, we have also undertaken a carbon assessment with our partner, Avieco (formerly Carbon Smart), to identify carbon hotspots along our value chain and we are working to develop a carbon reduction programme.

Our people form the bedrock of our business and we have been very active in making sure their voices are heard. During the year, we conducted our biggest ever employee survey that captured the views of our colleagues and established a series of recommendations that we are committed to addressing. There is much more on this and many of our other initiatives in the remainder of this section of the report. Whatever action we choose to take, we will be guided by evidence and the experience and expertise of others. We will continue to resist the temptation to sign up to initiatives that are not able to demonstrate the right positive impact for our business, our customers, our suppliers or the environment.

Tom Kershaw
Group Director of Sustainability

OUR APPROACH

OUR APPROACH



- Read more about our Planet approach on page 26
- Read more about our People approach on page 27

PLANET	BOOHOO WAY	2019 ACTIONS	2020	METRICS
SUPPLY CHAIN	<ul style="list-style-type: none"> > To build trust and transparency through our supply chain 	<ul style="list-style-type: none"> > Engaged experts to build comprehensive compliance programme for Tier 1 and 2 suppliers in the UK > Ongoing membership of Hope 4 Justice / Slave Free Alliance to combat modern day slavery 	<ul style="list-style-type: none"> > Joined SAC > Rolling out programme of performance improvement 	<ul style="list-style-type: none"> > All UK manufacturers (Tier 1 and Tier 2) to participate in compliance programme > At least 75% of global supply chain to receive third-party audit in FY21 > Up to 10% (by volume) of Tier 1 suppliers to undergo SAC Higg Facility Environment Module in 2020 > Disclosure of core manufacturers from across our global supply chain
MATERIALS	<ul style="list-style-type: none"> > To increasingly introduce sustainably sourced materials to our products 	<ul style="list-style-type: none"> > Signatory to WRAP's Sustainable Clothing Action Plan ("SCAP") > Completed total fibre mix assessment to map environmental footprint of materials > Launched recycled collections including boohoo's 'For the Future' range 	<ul style="list-style-type: none"> > Substantially increase the % of recycled material and sustainably sourced fabric > Work with third-party experts to identify a solution for managing waste fabric 	<ul style="list-style-type: none"> > Increase % recycled polyester in product manufacture > To significantly increase collection of unwanted garments for reuse or recycling
PACKAGING	<ul style="list-style-type: none"> > To reduce the environmental footprint of our packaging 	<ul style="list-style-type: none"> > Removed plastic tags and swingtags > Removed dispatch notices from all deliveries, saving millions of pieces of paper 	<ul style="list-style-type: none"> > Collaborate to find both material and technological solutions to reduce the environmental footprint of our packing 	<p>We are working on our plan to:</p> <ul style="list-style-type: none"> > Eliminate problematic/ unnecessary plastic packaging > Move from single-use to reusable packaging where possible > Move to 100% of plastic packaging being reusable, recyclable, or compostable > Significantly upweight the amount of recycled content in our packaging
ENERGY USE	<ul style="list-style-type: none"> > To reduce the energy demands across the group 	<ul style="list-style-type: none"> > Commenced a solar energy programme at our offices in Manchester > Conducted an energy use review to identify improvement opportunities 	<ul style="list-style-type: none"> > Source 100% of own operations electricity needs from renewable sources > Raise awareness to reduce energy use across our business 	<ul style="list-style-type: none"> > % of renewable electricity in own operations – 100% > Up to 10% (by volume) of Tier 1 suppliers to undergo SAC Higg Facility Environment Module in 2020
CARBON	<ul style="list-style-type: none"> > To reduce our carbon footprint globally 	<ul style="list-style-type: none"> > Worked with third-party experts Avieco to measure our Scope 1 and Scope 2 carbon footprint > Worked with Avieco to map the carbon footprint 'hotspots' across our value chain 	<ul style="list-style-type: none"> > Build on the Scope 1 and Scope 2 learnings and identify actions to reduce footprint > Enhance our reporting capability to ensure robustness > Work on a Scope 3 carbon footprint assessment > Identify a Scope 3 carbon mitigation plan 	<ul style="list-style-type: none"> > % reduction in CO₂ emissions from own operations (Scope 1+2) compared with previous year > Commitment to 2030 GHG emissions reduction target to be submitted to and approved by Science Based Targets Initiative

PEOPLE	BOOHOO WAY	2019 ACTIONS	2020	METRICS
OUR EMPLOYEES	<ul style="list-style-type: none"> > To ensure every one of our employees feels respected, represented and valued, and that we provide them with the opportunity to do more, experience more and grow 	<ul style="list-style-type: none"> > Conducted a company-wide survey to assess the level of employee satisfaction > Updated the performance review programme > Launched a new Graduate Trainee Programme > Your Voice our vital employee engagement platform has been updated 	<ul style="list-style-type: none"> > Implement the learnings from the company-wide survey > Review all aspects of our benefits programme to ensure that our remuneration is competitive and attractive > Introduce a new Career Development programme > Complete our second annual staff survey > Revitalise the Junior Board programme 	<ul style="list-style-type: none"> > 90% employee satisfaction > Improvement in staff satisfaction from the survey results > Gender pay gap report > Track the number of internal promotions
OUR COMMUNITIES	<ul style="list-style-type: none"> > To make a valuable socio-economic contribution to communities where we have an influence; through direct and indirect employment opportunities, through our social and charitable outreach programmes; and through our economic contributions made in the form of taxes to government 	<ul style="list-style-type: none"> > Financial support for hundreds of local charities > Financial support for causes and disasters in countries where we do business 	<ul style="list-style-type: none"> > Launch the boohoo Foundation > We have created a new strategic approach to our charitable giving and will begin to implement the new system which will include the launch of the charitable foundation 	<ul style="list-style-type: none"> > Successful launch of the boohoo Foundation > Support given in kind and in funds and resource to good causes
OUR CUSTOMERS	<ul style="list-style-type: none"> > To stay close to our customers and continue to listen to what they expect from us. To deliver quality, affordable products that celebrate and promote diversity, and to use our scale and reach to inspire our customers to act responsibly 	<ul style="list-style-type: none"> > Launching our 'For the Future' capsules has given our customers a sustainable product offering > We have continued to promote inclusivity across our brands 	<ul style="list-style-type: none"> > We will use the power of our influencers to encourage and inspire our customers to purchase responsibly > We'll increase the prominence of our sustainable ranges on our sites and share more guidance on how to take better care of products to prolong their life > We'll also engage our customers to provide their support for events like World Earth Day 	<ul style="list-style-type: none"> > Increased prominence of sustainable ranges across all brands > Increased engagement with recycling content on social media > Investment in consumer sustainability campaigns > Number of garments returned for recycling

STAKEHOLDERS AND ENGAGEMENT

Speaking with those we work with, deliver products for and who invest their money, is essential to running a successful business. We take time to engage with, and listen to, the views of our stakeholders in order to shape our decision-making and to continue improving the way we do things.

Below we have mapped out our stakeholder groups and the material issues that they have raised through the course of the year. It is this collection of issues that we seek to address through our sustainability communications.

- **Employees** – job security; remuneration (contract hours and living wage); wellbeing; working environment; performance appraisals; business culture
- **Suppliers** – transparency; labour and human rights; labour payment; fabric/material sourcing
- **Customers** – affordable, on-trend fashion
- **Investment community** – supply chain management; environmental management and performance; corporate governance; sustainability of fast fashion; customer payment and credit facilities
- **Government** – sustainability of fast fashion
- **Media** – sustainability of fast fashion; corporate governance; remuneration (living wage and executive remuneration)
- **Trade unions** – labour rights

MANAGING OUR APPROACH TO SUSTAINABILITY

Our Chief Executive, John Lyttle, is ultimately responsible for our approach to sustainability but is closely supported by our Group Director of Sustainability, Tom Kershaw, and Company Secretary, Keri Devine, who oversees the environmental, social and governance risk management of the business.

Our Group Director of Sustainability is responsible for developing our sustainability strategy, targets and goals, working closely with the product, procurement, supply chain, facilities, human resources and corporate affairs teams to do so.

The way we work and boohoo's expectations for conduct and behaviour are set out in our group policies. These policies cover areas such as environmental protection, animal welfare, employee and supplier conduct, and human rights and are available on our website.


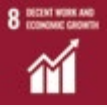





UN SUSTAINABLE DEVELOPMENT GOALS

The United Nations’ Sustainable Development Goals (“Goals”) were created to tackle the world’s greatest challenges such as inequality, climate change and environmental health. In 2016, the United Nations created 17 Goals with 169 underlying targets and a target achievement goal of 2030.

The Goals call upon every part of society – from governments to organisations, businesses to private citizens – to play a part in their achievement in order to create a better and more sustainable future for everyone.

In defining our sustainability strategy, we identified those targets that are relevant to our business and to which we can contribute. As our strategy and programme mature, we will seek to address further targets to enhance the sustainable impact of our activity.

BOOHOO WAY	BOOHOO POSITION STATEMENTS	UN SDGs
PEOPLE	<p>#ENVISION2030 GOAL 5: GENDER EQUALITY</p> <p>Achieve gender equality and empower women and girls</p> <p>We are contributing towards targets 5.1 and 5.9 by setting strict equality policies throughout our value chain; and target 5.5 by ensuring equal opportunities for leadership at all levels of decision-making across the business.</p>	
	<p>#ENVISION2030 GOAL 8: DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote inclusive and sustainable economic growth, employment and decent work for all</p> <p>We are contributing towards target 8.5 by offering equal opportunities to innovative and productive employment; target 8.7 through the robust standards set in our Code of Conduct and other labour and supplier policies; and target 8.8 through setting strict labour standards throughout our supply chain with the support of our partners.</p>	
	<p>#ENVISION2030 GOAL 10: REDUCE INEQUALITIES</p> <p>Ensure equal opportunities for all</p> <p>We are contributing to targets 10.2 and 10.4 through the implementation of our Code of Conduct and development and review of policies that champion equality throughout our value chain.</p>	
PLANET	<p>#ENVISION2030 GOAL 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p> <p>We are contributing towards targets 9.3 and 9.4 by working with and integrating a global supply base into our value chain, and upgrading our infrastructure to make them more sustainable, respectively.</p>	
	<p>#ENVISION2030 GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p> <p>We are addressing target 12.2 by improving the efficiency of our operations and collaborating with leading experts; target 12.5 by integrating more recycled materials into our product ranges and encouraging more sustainable consumer behaviour; target 12.6 by increasing transparency in our sustainability performance and aligning our business practices to responsible business initiatives; and target 12.7 by setting strict procurement policies.</p>	

PEOPLE

SUPPLY CHAIN

Improving transparency and raising standards

Building trust, strengthening management and working collaboratively with our supply chain is central to the success of our business, particularly as our business grows, and the supplier base with it. Ensuring that we continue to work with our suppliers to improve standards and conditions is, and must continue to be, a core focus for boohoo. We know we cannot do this on our own, so we are investing in third-party support and a new software platform to help us map and measure our supply base.

We are delighted to have recently signed up to become a member of the Sustainable Apparel Coalition ("SAC"), a global alliance between some of the world's largest apparel brands, retailers and manufacturers that is committed to making transformational change across our industry. Joining the SAC means that we can draw on their expertise and tools to help measure and improve social, labour and environmental standards across the group.

We also progressed our partnership with Hope4Justice / Slave Free Alliance to combat modern day slavery, who conducted a gap analysis of our supply chain, which is informing our supply chain management programme.



45%

SENIOR MANAGEMENT POSITIONS HELD BY WOMEN

“Our goal is to ensure that we are making a positive social impact for all of the people working in our supply chain through fair pay and good, proper and safe working conditions.”

Our goal is to ensure that we are making a positive social impact for all of the people working in our supply chain through fair pay and good, proper and safe working conditions.

To that end, we have engaged a third-party supply chain specialist to work with us to completely overhaul our supply chain transparency, including our tracking and auditing practice, so that we are properly equipped to work with our suppliers to promote better working standards. For 2020, boohoo's focus will be on our UK supply chain, which provides a significant percentage of our garments. This new programme will follow our “map, measure and modify” approach and will include enhanced supply chain mapping and on-the-ground compliance specialists supporting our in-house compliance team and working with our UK manufacturers to roll out a programme of enhanced compliance.

UK manufacturing provides us with a unique opportunity, supports our speed to market and enables our business to differentiate itself from our competitors. Whilst we have great confidence in our UK manufacturers, we recognise the importance of enhanced compliance through trusted third-party compliance specialists and hope that this programme will enable us to assure standards in this important manufacturing base.

Internationally, we will continue to rely on third-party audits against the SMETA audit standards. Members of our compliance team have specific territory compliance responsibility, which drives accountability internally.

Following our ‘test and repeat’ model, we will review the success of our UK third-party partnership and consider whether to roll out a similar programme to our international supply base. We anticipate doing this in FY22.

We expect our suppliers to comply with all relevant laws and regulations regarding the protection and preservation of the environment. As such, all factories and raw material suppliers must adhere to the boohoo group Restricted Substances Policy, and all materials, components and finished products must comply with: international law on the restriction of hazardous substances; REACH legislation; and the European Chemical Agency (ECHA) Restricted Substances List.

Responsible payment terms

During the past year, we have introduced industry-leading 14-day payment terms for our UK manufacturers. We did this to help improve cash flow in our suppliers' businesses, so that in turn they can pay their employees and material and operational costs swiftly. Our goal for 2020 is to ensure that prompt payment is being fed down the supply chain through Tier 2 and Tier 3 suppliers.

Good work for fair pay

Ensuring that everyone working in our supply chain is treated fairly and remunerated appropriately for the good work they do, is a key KPI of this programme. To that end, we are working with third-party specialists, in collaboration with our suppliers across the UK, to ensure compliance with the standards we set.



KEY BOOHOO MEMBERSHIPS AND PARTNERSHIPS

Sustainable Apparel Coalition (“SAC”)

Hope4Justice / Slave Free Alliance

The United Nations’ Sustainable Development Goals

EMPLOYEES

Looking after our people is woven into the fabric of our business. They are the most important part of our business.

We will continue to explore every opportunity to continually improve our employee practices to ensure that we are an employer of choice wherever we do business.



58%

PERCENTAGE OF FEMALE WORKFORCE

Our benefits

With a firm stance on equality and rewarding performance, we pride ourselves on our competitive pay and overall benefit packages.

All of our hourly-paid employees are paid above the minimum wage, regardless of their age and absolutely no-one is employed on a zero hours contract, unless they request one.

Our gender pay gap data in March 2020 for the group showed females were paid 1.7% more than males, using the median results, and males 10.4% more than females, using mean results (male average pay being higher due to a greater proportion of males in the most senior roles), which is significantly below the national average as reported by ONS. Importantly, 45% of our senior team are female.

Everyone at boohoo is eligible to join the SAYE share scheme, which, alongside our SIP share scheme has proven financially beneficial and allows our colleagues to share in the success that they have worked hard to create.

With additional benefits such as access to free or subsidised fitness facilities, life assurance, subsidised meals in our restaurants, employee engagement forums and the opportunity to develop personally and professionally, we will continue to evolve and improve our People offer to ensure we are an employer of choice wherever we do business.

Attracting new talent

We are proud of our track record on attracting and retaining the right people to support the growth of each brand. We value and look for people who will go that extra mile, who have an entrepreneurial spirit and who have great drive and enthusiasm, alongside exceptional skills in their job role.

Within the last 12 months, we have hired 925 people and our overall number of employees sits at approximately 2,700. To help complement the normal hiring channels we also have the following schemes in place:

925

EMPLOYEES HIRED IN THE LAST 12 MONTHS
circa 2,700 employees worldwide

73%

EMPLOYEES ARE PROUD OF WORKING FOR BOOHOO

Future leaders

We continue to focus on our future leaders in order to meet our rapid growth by scaling up our leadership development. Currently we deliver an in-house management development programme – Stepping into Management. Thirty managers across the group graduated in 2019 and we have another 38 managers signed up to complete the programme this year.

Employee engagement survey

This year, all our colleagues across the group were invited to participate in a confidential employment survey. The survey itself demonstrated that 73% of our colleagues who responded to the survey were proud to work for boohoo. Over 86% of our colleagues see themselves working for boohoo in a year's time and 87% said they would be happy to go the extra mile for boohoo to succeed. The survey confirmed that we have an engaged workforce and helped to identify areas where we can do better, where we plan to implement changes in 2020.

Your Voice

In addition to the survey, we have an employee forum, 'Your Voice', which provides us with a monthly check-in with our colleagues at the Burnley site. Your Voice has been running since 2014 and its aim is to ensure that our employees feel listened to, respected and confident that their voices will be heard. It provides employees with the opportunity to raise queries about matters ranging from social events to process improvement whilst feeding back on initiatives and engagement activities.

Commitment from the business this year has been significant, with a focus on making sure communicating upwards is made as easy as possible when providing instant feedback. Feedback from our colleagues has been frequent with monthly meetings held to discuss all points that are raised ahead of each meeting. Actions delivered in 2019 range from facility improvements to wellbeing initiatives such as better visibility of Retail Trust and mental health support. We also introduced TV screens in all breakout areas to showcase benefits, engagement activities and to keep employees up to date.

1. We continued with our annual intern programme, having been successful for four years. This year we had over 200 applications, and the talent we attract is quite phenomenal. We are delighted to say we have had 29 interns in place this year. As has historically been the case, our interns of today often become our employees of tomorrow, with over 15 taking up full-time roles following their internship. Our strong trusted links with the local universities in Manchester, Huddersfield, Nottingham and Liverpool stand us in good stead.
2. We have launched a new Graduate Trainee Programme within Operations, starting in September 2020. The candidates will rotate through a wide variety of departments over a two-year period, experiencing all areas of the business and if successful, will be placed in a management role within the logistics function. Once up and running, our plan is to then extend to other areas of the business.

Learning & development at boohoo

We believe in providing the opportunity for everyone to realise their full potential and have training and development systems in place to support our employees' ongoing development.

Diversity

We encourage diversity in the workforce: last year the percentage of males was 42% and females 58%, with 45% of our senior management positions held by women.

NUMBER OF EMPLOYEES OF EACH GENDER AT THE YEAR END:

	Male	Female
Directors of the parent company	6	2
Senior managers	49	43
Other employees	1,079	1,513
	1,134	1,558

EMPLOYEES (CONTINUED)

Wellbeing & engagement activities

This year we have had a real focus on mental health in the workplace where we put nine of our colleagues through a two-day Mental Health First Aid course. We subsequently rolled out a one-day 'Managing mental health in the workplace' course to over 60 colleagues across Manchester and Burnley. This has been a key initiative that has helped in so many unseen ways for our colleagues know there is support in the workplace; an area of vital importance that we will continue to champion.

We have also focussed on fitness and lifestyle by offering free yoga, hi-intensity gym classes and meditation classes and global step challenge, equally acknowledging the link between physical and mental health.

CUSTOMERS

At boohoo, we pride ourselves on our inclusive brands and their ability to celebrate and promote diversity. Our customers continue to inspire and motivate us to supply the latest trends at the best prices. We continue to develop our ranges to offer clothing to suit all, to ensure we are promoting diversity, as well as responsible and healthy body images.

Shared responsibility

We know we have a crucial role to play in the way that our customers use, treat and dispose of the garments that they purchase from us. To that end, and to reduce our indirect impacts, we will build on our existing 'ways to wear' posts which encourage customers to extend the life of their clothes and launch a further consumer awareness programme around cleaning and treatment.

COMMUNITY

At boohoo, we believe in giving back to the communities and countries where we do business, because we know that for our business to thrive the countries and communities where we do business need to thrive too.

From being the headline sponsor of Manchester Pride, to supporting the city's homeless, to cash donations to support those tackling the wild fires in Australia, we've been doing what we can where we can to support the amazing and tireless work of volunteers and charity workers across the globe. In 2020, we are overhauling our Charity Strategy and from Q2 our charitable giving will fall under four key pillars:

Fundraising

We will put the weight of our brand behind supporting a single cause that our customers, team and suppliers care about.

Awareness-raising

We will use the power, reach and influence of our brand to raise awareness of great local causes. We will provide funds, but more importantly resource, to help the charities achieve their goals and ambitions.

Ad hoc giving

We will continue to review and honour as many as possible of the hundreds of ad hoc requests we receive each week, providing vouchers, funds or resource where we can.

Foundation

We are a business that champions and values the contribution that young people make socially and economically. With a global team of around 2,700, the majority of whom are under 30, we plan to create a foundation that supports the advancement of young people. Identifying the right thing to do has taken us a little longer than we planned, but this remains an important part of our community strategy. We are currently exploring a number of options and aim to launch this by Q3 2020.



“At boohoo, we pride ourselves on our inclusive brands and their ability to celebrate and promote diversity. Our customers continue to inspire and motivate us to supply the latest trends at the best prices. We continue to develop our ranges to offer clothing to suit all, to ensure we are promoting diversity, as well as responsible and healthy body images.”

PLANET

We are very mindful of the fact that much of our environmental impact occurs beyond our operating control, but not beyond our influence, and so we are working hard to build up a better picture of our impacts to identify where we can make a difference, working in collaboration with partners and industry associations.



CARBON

Two initiatives have helped us to start to understand better our carbon impacts this year.

Firstly, through signing up to the WRAP Sustainable Clothing Action Plan, a review of our fibre mix helped us to understand carbon impacts from fibre choices. For example, by moving to recycled polyester we can significantly reduce the carbon footprint of a garment compared to using virgin fibres.

Secondly, we undertook our first Scope 1 and Scope 2 carbon footprint with Avieco, together with a high-level 'hotspot' overview of our value chain. boohoo's total location-based carbon emissions across Scope 1 and Scope 2 for our UK sites during the 2019 calendar year was 3,415 tonnes, with electricity accounting for 86% of total emissions. These actions helped us identify key areas of opportunity to reduce carbon emissions. We will use this data to inform our future strategy to reduce impacts across our value chain.

Looking ahead, we plan to work with key suppliers and partners to measure, report and reduce our Scope 3 carbon footprint over the next year, with the intention of setting science-based targets for carbon emissions reduction in 2021. Whilst reducing our carbon footprint across our direct and wider operations is one of our key priorities, we will continue to broaden our scope and work with our suppliers to address wider environmental impacts throughout the supply chain, such as water.

ENERGY USE

We recognise that energy is a key driver of carbon emissions and are committed to reducing our energy use across our own operations. In 2019, the group took several measures to reduce energy use and emissions in our own operations. These included:

- A move to purchasing only renewable electricity across all key UK group sites
- A switch to LED lighting and motion sensors across all UK group sites as they are refurbished (current coverage is approximately 80%)
- Submitting an application for planning permission to install solar panels with a capacity of 2MW at our Burnley warehouse, and 200KW at our Manchester office (in addition to 200KW already installed in Manchester)
- Improving the insulation and roof covering to our Manchester office
- Planned energy reduction measures in our own operations for 2020 include:
 - Replacement of all windows at our head office in Manchester, for better insulation
 - Installation of the solar panels currently at planning application stage

Additional actions being considered to reduce emissions include identifying opportunities to reduce business travel and investigating the purchase of more energy efficient machinery.



MATERIALS

As previously mentioned, we signed up to WRAP's Sustainable Clothing Action Plan and are working on taking the learnings from this to reduce the carbon, waste, and water impact of our garments. WRAP have helped us to map the impacts of the different fibres we use to make our clothes and understand where we can reduce those impacts, and in particular by increasing our use of recycled fibres and by moving to improved fibres, such as sustainably sourced cotton.

As polyester is the largest component of our fibre mix, we have focussed to date on introducing and sourcing more recycled polyester. Accordingly, a first step towards reducing our carbon impact has been our 2019 launch of various collections made from recycled fibres – including boohoo's 'For the Future' collection. We have also started to introduce recycled fibres into our 'best-selling' main line ranges. This helps us quickly increase the number of products available to our customers that are made from recycled materials. As a group, we have committed to giving these collections prominence on our website and have set ourselves a group target of significantly increasing our use of recycled fibres.

Alongside progressing this goal, we are now exploring moving to more sustainably-sourced viscose and cotton.

Minimising waste

We recognise our responsibility to ensure that all of the impacts embedded in our clothing are not wasted at the end of its life. Our 'test and repeat' model means that, compared to many bricks-and-mortar retailers, we have very little 'post-production' waste. We order very small quantities of each item, and then only re-order the lines that are selling well.

(1) Source: Bespoke survey via OnePulse of 500 16-24 year old females in the UK, March 2020.

14.6^t

GARMENTS DONATED TO
BRITISH HEART FOUNDATION

We manage our stocks very closely using our industry-leading technology to ensure we only produce what we need. The small amount of stock left over that we cannot sell to our customers is sold either to other retailers or is sent to other countries by our partner reGAIN. Our PrettyLittleThing brand partners with British Heart Foundation (BHF x Pretty Little Thing) and donates samples to BHF for re-sale through its shops.

BHF reports that it raised £282,050 from sales of the sample donations, in doing so helping to divert 14.62 tonnes from landfill. No stock or samples are sent to landfill.

We are often accused of making 'single-use' clothing that customers wear once and then discard. Consumer research does not bear this out; in fact, only 2% of fast fashion buyers say they wear items only once before disposing, while 51% say they wear these items until they fall apart. 72% of fast fashion wearers dispose of unwanted garments via charity shops, and fast fashion wearers are less likely than non-fast-fashion wearers to throw clothes away at the end of their use (19% vs 26%)⁽¹⁾.



Promoting reuse

However, we can do more to promote re-use. We want to use our size, scale and reach for good. We use our sites, our influencers and experts to guide and inspire our customers to get the most out of their purchases. From how to wear guides to laundry guidance, we are committed to encouraging our customers to always 'wear it out' and make the most of their purchases.

We will continue to provide guidance for customers on how best to dispose of garments that they no longer wish to wear. In 2020 we will explore new ways to incentivise responsible disposal, working with suppliers, our customers and experts to find workable solutions. This could include enabling our customers to return goods to us for repurposing.

PACKAGING

We continue to develop our packaging goals and hope to announce concrete targets in the coming months. These will include commitments around increased recycled and sustainability-sourced packaging substitutes, moving to reusable packaging where possible and phasing out unnecessary packaging and difficult to recycle plastics.

Alongside these plans, work is already in train to reduce our plastic impacts. Our garment bags are currently made from LDPE (Low-Density Polyethylene), with no recycled content, but by the end of 2020, we will have moved to a minimum of 60% recycled content. Our dispatch bags already contain a minimum of 80% recycled content. All of our bags are, and will remain, fully recyclable, but because not every local authority recycles them we are establishing a closed loop recycling scheme where customers can send back to us empty polybags and dispatch bags (together with any garment returns) and we will recycle them into new bags.

We are working with our suppliers to come up with new and innovative ways to reduce the environmental impact of our packaging and are exploring some alternative substitutes.

As outlined in our previous annual report, we have been exploring alternatives to packaging – for example, moving to a fully biodegradable plastic product. We explored this product with its developers and concluded that unfortunately it was not suitable for clothing packaging, as it is designed for products likely to be littered and will only biodegrade when exposed to air (which would not be the case for clothes packaging, which is either put into landfill or preferably, recycled). However, in line with our 'test and repeat' model we will continue to explore such initiatives.

WATER USE

We are looking at the water consumption embedded in our fibre mix. Once we have completed this, the next step will be to undertake further work to understand the impact of dyeing and bleaching in our supply chain and identify some guidelines we can work towards with our suppliers to minimise our impact on water supplies local to our production sites.

MICROFIBRES

In keeping with our ethos to engage with industry associations that can and do have a material impact on how our industry tackles environmental challenges, we have joined the Microfibre Consortium and look forward to working with them to understand what modifications we can and should make to reduce the release of microfibres from our garments throughout their lifecycle.

On behalf of the board

John Lyttle
Neil Catto
21 April 2020

STRONG LEADERSHIP



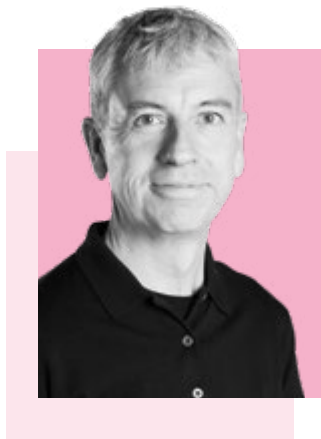
MAHMUD KAMANI
Group Executive Chairman

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



CAROL KANE
Group Co-founder and Executive Director

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



JOHN LYTTLE
Chief Executive

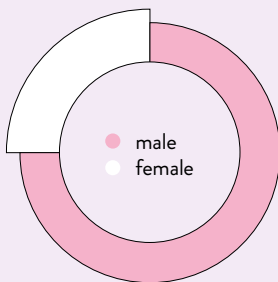
John joined the board on 15 March 2019. John spent eight years at Primark, a division of Associated British Foods, as Chief Operating Officer. During his tenure, turnover grew 158% to £7 billion. Prior to joining Primark, John held senior roles at Matalan and Arcadia group.



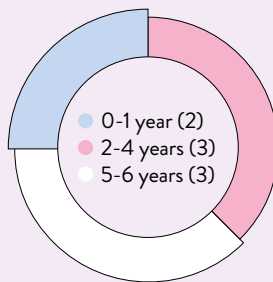
NEIL CATTO
Chief Financial Officer

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

BOARD STATS



BOARD DIVERSITY



BOARD TENURE

COMMITTEE KEY

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



BRIAN SMALL
Deputy Chairman,
non-executive director,
and Senior Independent
Director

Brian is Deputy Chairman and Chairman of the Audit and Nomination Committees and sits on the Remuneration Committee.

Brian was most recently CFO of JD Sports plc for nearly 15 years. Prior to this role, he was Operations Finance Director at Intercare Group Plc and has also been Finance Director of a number of other companies. Brian is also a non-executive director and Audit Committee Chair at Mothercare plc and Pendragon plc. He qualified as an accountant with Price Waterhouse in 1981.



PIERRE CUILLERET
Non-executive director

Pierre sits on the Audit, Nomination and Remuneration Committees.

Pierre founded The Phone House in 1996, a large European mobile phone retailer. Between 2005 and 2014, Pierre was CEO and shareholder of Micromania, the number one video game retailer in France. From 2011 to 2014, he was Senior VP of GameStop Europe to whom he had sold Micromania. Other previous non-executive directorships include DIA, listed on the Madrid Stock Exchange and part of Ibex, and fashion retailer Desigual.

Pierre currently supports and invests in rapid growth companies in Europe and the US and serves on the advisory boards of Antwort Capital in Luxembourg and Diana Capital in Spain.



IAIN MCDONALD
Non-executive director

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

Iain is the founder of Belerion Capital, a specialist technology & e-commerce company and was an early investor in a number of technology businesses including Asos, The Hut Group, Eagle Eye Solutions, Anatwine and Metapack. Iain is a non-executive director of one of the leading e-commerce businesses in Europe, the Hut Group, and also AIM-listed software business CentralNic. Prior to founding Belerion Capital, Iain was a partner of the William Currie Group, a technology and e-commerce private family office.



SARA MURRAY
Non-executive director
and Senior Independent
Director (resigned
22 April 2020)

Sara was Chairman of the Nomination Committee and sat on the Audit and Remuneration Committees.

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

BOARD GOVERNANCE

The board is committed to ensuring high standards of governance for the company. The company welcomed the changes to AIM Rule 26 in 2018 requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code and publish a corporate governance statement on their website. The company has adopted the 2018 Quoted Companies Alliance Corporate Governance Code (“QCA Code”). The board believes that the QCA Code provides the most appropriate framework of governance arrangements for the company for a public company of boohoo’s size and complexity. The following link to the company’s website sets-out in detail the company’s current corporate governance statement and approach to its compliance of the QCA Code: <https://www.boohooplc.com/investors/aim-admission-documents>

THE BOARD

The directors’ biographies appear on pages 38 and 39.

The board comprised eight directors (up to 22 April 2020, when Sara Murray stepped down from the board), four of whom are executive directors and four of whom are non-executive directors, reflecting a blend of different experience and backgrounds. It is the board’s intention to appoint two further non-executive directors to maintain the balance of the board. Each of Pierre Cuilleret, Iain McDonald, Sara Murray and Brian Small is considered to be “independent” non-executive directors under the criteria identified in the QCA Corporate Governance Code. In addition, Brian Small in his role as Deputy Chairman, will act as Senior Independent Director from the date of Sara’s resignation.

THE ROLE OF THE BOARD

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

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

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

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

The board is kept informed on an ongoing basis by the Company Secretary about their duties and any update in relation to legal and governance requirements for the group. Training is provided to the board each year regarding market and AIM regulations. Further information regarding each current director’s experience, skills and capabilities is contained in their biographies above.

The position of Deputy Chairman, a non-executive function, was created in January 2020 to lead the non-executive directors on matters where independence is required and to assist the Executive Chairman.

BOARD COMMITTEES

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

AUDIT COMMITTEE

Brian Small is the Chairman of the Audit Committee. It is intended that Brian Small will continue to perform this role until the annual report and financial statements for the year ended 29 February 2020 are finalised and published and a new Chair of the Audit Committee can be appointed. The Committee has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the company is properly measured and reported on and reviewing reports from the company’s auditors relating to the company’s accounting and internal controls, in all cases having due regard to the interests of shareholders. The Audit Committee meets three times a year. Brian Small has recent and relevant financial experience. Pierre Cuilleret and Iain McDonald are the other members of the Audit Committee. Sara Murray was a member of the Audit Committee until she stepped down in April 2020.

The Audit Committee met three times during the year and also met after the year end. Matters considered at these meetings included: reviewing and approving the annual report and financial statements for the year ended 28 February 2019, the half year results to 31 August 2019 and the annual report and financial statements for the year ended 29 February 2020; discussion with the external auditors to confirm their independence and scope for audit work; considering the reports from external auditors identifying any accounting or judgemental issues requiring the board’s attention and the auditors’ assessment of internal controls; reviewing and approving the group’s tax strategy; reviewing the company’s risk register and business continuity procedures; considering the work of the corporate social responsibility and supplier conformance functions; reviewing compliance with minimum pay legislation and fairness at work procedures; and considering the adequacy of the whistle-blowing facility, the anti-bribery training and monitoring and data protection policy and procedures.

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

The group's internal audit function is now well-established, having been operating since 2017. Internal audit's work is overseen by the Audit Committee. The Audit Committee approves the Annual Internal Audit Plan and updates to that plan are approved at each Audit Committee meeting. The internal audit function operates using a mix of dedicated in house resource and outsourcing, for specialist areas of review.

The scope of internal audit's coverage is based upon its group-wide risk assessment and in the year has included reviews of financial processes, warehouse operational processes, IT controls and cyber security, GDPR, business continuity, supplier compliance, product compliance and adherence to employment laws. The Audit Committee assesses the outcome of each audit and has oversight via internal audit of any improvement actions.

During 2020, internal audit will continue to deliver a risk-based audit plan and supplement that plan with cyclical controls compliance reviews.

NOMINATION COMMITTEE

Brian Small is the Chairman of the Nomination Committee, which will identify and nominate, for the approval of the board, candidates to fill board vacancies as and when they arise. The committee also considers matters of succession planning. The Nomination Committee meets at least once a year and otherwise as required. Pierre Cuilleret and Iain McDonald are the other members of the Nomination Committee. Sara Murray was the Chairman of the Nomination Committee until she stepped down in April 2020.

Matters considered at these meetings included: appointment of Brian Small as independent non-executive director and Audit Committee Chairman in April 2019 and his subsequent appointment as Deputy Chairman in January 2020.

REMUNERATION COMMITTEE

The Chairman of the Remuneration Committee is Iain McDonald. This committee reviews the performance of the executive directors and determines their terms and conditions of service, including their remuneration and the grant of share awards, having due regard to the interests of shareholders. The Remuneration Committee meets at least twice a year. Pierre Cuilleret and Brian Small are the other members of the Remuneration Committee. Sara Murray was a member of the Remuneration Committee until she stepped down in April 2020.

The responsibilities and activities of the Remuneration Committee are set out in more detail in the directors' remuneration report.

EXECUTIVE COMMITTEE

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

BOARD AND COMMITTEE MEETINGS

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

The board confirms that there are ongoing procedures for identifying, evaluating and managing significant risks faced by the group and that it has reviewed these risks and the procedures with management before the financial year end.

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

Management reports on its review of the risks and how they are managed to both the board and Audit Committee, whose role it is to review the key risks inherent in the business and the systems of control necessary to manage those risks. The Audit Committee presents its findings to the board as appropriate. Management also reports to the board on major changes in the business and external environment, which affect significant risks. Where areas for improvement in the systems are identified, the board considers the recommendations made by management and the Audit Committee.

Detailed policies ensure the accuracy and reliability of financial reporting and the preparation of the financial statements including the consolidation process. The board reviews the system of internal controls during the year to identify any significant failures or weaknesses.

PERFORMANCE EVALUATION

An internal evaluation of the board (including sub-committees and individual board members) is planned for spring 2020. This will involve anonymous questionnaires formulated to enable the board to confirm that its performance and the contribution of each of the executive and non-executive directors demonstrate commitment to their respective roles and that the board members' respective skills complement each other and enhance the overall operation of the board. This evaluation will be led by the Chairman and Deputy Chairman to ensure that the board continues to operate effectively.

RELATIONS WITH SHAREHOLDERS

The company maintains an active dialogue with its shareholders through a planned programme of investor relations. This activity is a keystone of the company's corporate communications programme and is headed by the Chief Executive, Group Executive Chairman, Group Co-founder and Executive Director and the Chief Financial Officer, with support from an investor relations team and the Company Secretary. The company's non-executive Deputy Chairman (who is also Senior Independent Director) acts as an additional link between the shareholders and the company's executive directors. The board is informed of shareholder views as part of the regular reporting process and matters for discussion.

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

The board recognises that the annual general meeting is an important opportunity for communication with both institutional and private shareholders. Due to the current restrictions and social distancing requirements presented by the COVID-19 pandemic, the board is considering delaying the annual general meeting until there is greater openness that will allow shareholders to ask questions of the full board, including the chairs of the Audit, Remuneration and Nomination Committees. Further details of the format and date of the annual general meeting will be communicated to shareholders in due course and in the usual way.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

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

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mahmud Kamani	8	7	-	-	-	-	-	-
Carol Kane	8	7	-	-	-	-	-	-
John Lyttle	8	8	-	-	-	-	-	-
Neil Catto	8	8	-	-	-	-	-	-
Pierre Cuilleret	8	8	3	3	2	2	2	2
Iain McDonald	8	8	3	3	2	2	2	2
Sara Murray	8	8	3	3	2	2	2	2
Brian Small	6	6	2	2	-	-	1	1

As at 21 April 2020, the board has met twice since the end of the financial year.

AUDITORS' INDEPENDENCE

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

The directors present their directors' report and annual report and financial statements for the year ended 29 February 2020.

REGISTERED OFFICE

The registered office is 12 Castle Street, St Helier, Jersey, JE2 3RT.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company. The principal activity of its subsidiary undertakings is that of online clothing retailers.

BUSINESS REVIEW

The directors are required by Company Law to set out a fair review of the business, its position at the year end and a description of the principal risks and uncertainties facing the group and to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union. The strategic report on pages 2 to 37 provides this review and financial position and these are incorporated by cross-reference and form part of this report. The corporate governance report on pages 40 to 42 should be read as forming part of the directors' report.

RESULTS AND DIVIDENDS

Group profit after tax for the year to 29 February 2020 was £72.9 million (2019: £47.5 million). The audited financial statements for the year for the group and company are set out on pages 63 to 98.

The directors do not recommend the payment of a dividend (2019: no dividend) so that cash is retained in the group for capital expenditure projects that are required for the rapid growth and efficiency improvements of the business and for suitable business acquisitions.

DIRECTORS AND COMPANY SECRETARY

The biographies of the directors who held office throughout the year and subsequently are set out on pages 38 and 39. The Company Secretary is Keri Devine.

The interests of the directors in the shares of the company and their share options and awards are detailed in the remuneration report on page 55.

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

SHARE CAPITAL AND RESTRICTIONS ON SALE OF SHARES

The authorised and issued share capital of the company and details of shares issued during the year are shown in note 22. The issued share capital at 29 February 2020 was 1,168,033,762 shares of 1p.

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

SHARE INCENTIVE PLAN TRUST

The Share Incentive Plan ("SIP") trust is used by the company to provide free shares as share incentives to its employees. The trustees are Link Asset Services, an independent UK professional body. The SIP trustee buys shares and holds them in trust for the benefit of employees who remain with the company for three years. The trust held 8,048,026 shares as at 29 February 2020. The trustees may vote on the beneficiaries' shares in accordance with the beneficiaries' instructions.

SUBSTANTIAL SHAREHOLDERS

Shareholders holding more than 3% of the company's shares as at 2 April 2020:

Shareholder	Number of ordinary shares held	Percentage held
Mahmud Kamani*	152,679,880	13.07%
Merian Global Investors	146,427,203	12.54%
Invesco (Oppenheimer Funds)	70,729,412	6.06%
Rabia Kamani*	56,930,659	4.87%
Baillie Gifford & Co	53,225,674	4.56%
Aberdeen Standard Investments	41,882,218	3.58%
Eleva Capital	35,165,961	3.01%

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

ASSESSMENT OF PROSPECTS AND VIABILITY

The group's business activities together with the factors that are likely to affect the future development, performance, position and risks of the group are set out in the strategic report on pages 2 to 37.

The impact of the COVID-19 crisis on the future prospects of the group is not quantifiable at the date of this report, as the length of restrictions and impact on consumers globally is outside of what any business is able to predict. However, we have modelled a scenario with a substantial reduction in revenue from April until June, with some recovery from July to September. We have also modelled a shut-down of the business until February 2021, as an unlikely, but worst possible, case. Both scenarios show the group has sufficient funds to continue trading solvently, even before obtaining any potential government loans. As of the date of this report, we are continuing to operate, with the warehouses functioning under very different working conditions and many office staff working from home, although trading has not surprisingly been more uneven during the second half of March and early April.

Before the COVID-19 crisis, the directors considered the prospects of the group through an analysis of the markets for the group's product offering online in the UK and overseas and concluded that potential growth rates remain strong as the markets continue to develop as more customers become comfortable with online shopping. This provides great opportunities for future expansion. There is a diverse supply chain with no key dependencies, enabling sourcing to be dynamic. Major expense categories relate to carriage and marketing services, which are widely diversified amongst suppliers. The business model affords a great deal of flexibility in responding to demand and economic changes: the wide range of products and relatively low buy quantities reduce inventory risk; a large customer base across many countries reduces specific economic and fashion dependencies; retail customers pay at the time of order with a small risk of default; and the high marketing expenditure is very controllable over a short time period.

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

The directors have reviewed the group's profitability in the three-year plans prepared before the COVID-19 crisis, the annual budgets and medium-term forecasts, including assumptions concerning capital expenditure and expenditure commitments and their impact on cash flow. The directors consider that a three-year plan is the appropriate period to project financial plans with a reasonable level of certainty in line with their current strategic objectives.

Based on their assessment of prospects and viability, and having forecast a worst-case scenario arising from the COVID-19 pandemic with a return to normality in March 2021, the directors confirm that they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due in the three-year period ending February 2023.

GOING CONCERN

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

FINANCIAL RISK MANAGEMENT

Financial risk management is detailed in note 24 to the financial statements.

ENGAGEMENT WITH STAKEHOLDERS – EMPLOYEES, SUPPLIERS AND CUSTOMERS, COMMUNITY AND ENVIRONMENT AND SHAREHOLDERS

The board's responsibilities to promote the success of the group under section 172 of the Companies Act 2006, as modified by the Companies (Miscellaneous Reporting) Regulations 2018 are outlined as follows:

a. Employee engagement

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

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

b. Suppliers and customers

The group maintains an ongoing dialogue with its customers and suppliers through news announcements on the group's website and through the regulated market announcements. In addition, the group engages in supplier face-to-face meetings, email and telephone conversations with executive directors and senior management and annual social events for key suppliers. Engagement with customers is a major part of the group's communication activities performed through the brands' social media sites and via email where customers have opted in to receive such communication.

c. Community and environment

The group has active community and environmental policies, referred to in detail in the social responsibility section of this report and accounts.

d. Shareholders

The group has an active programme of investor relations, which is described in detail in the Corporate Governance section of this report and accounts.

HEALTH AND SAFETY

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

GREENHOUSE GAS EMISSIONS

The group measures its operational carbon footprint in order to limit and control its environmental impact. Only the impact of the group's direct activities are included, as the full impact of the entire supply chain of large numbers of suppliers cannot be measured practically. The section on social responsibility on pages 24 to 37 is incorporated into this report by cross-reference.

STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

ANNUAL GENERAL MEETING

Due to the current restrictions and social distancing requirements presented by the COVID-19 pandemic, the board is considering delaying the annual general meeting until there is greater openness that will allow shareholders to ask questions of the full board, including the chairs of the Audit, Remuneration and Nomination Committees. Further details of the format and date of the annual general meeting will be communicated to shareholders in due course and in the usual way and the notice of the meeting will be available to view on the group's website boohooplc.com at least 21 days before the meeting.

On behalf of the board

John Lyttle

Neil Catto

21 April 2020

Dear shareholder,

I am pleased to present the report of the Remuneration Committee on behalf of the directors. This directors' remuneration report will be put to an advisory shareholder vote at the forthcoming annual general meeting.

REMUNERATION POLICY

The Remuneration Committee is committed to complying with the principles of good corporate governance in relation to the design of its remuneration policy, and as such, our policy will take account of the UK Corporate Governance Code and in particular the QCA Corporate Governance Code as adopted by the board. The Committee also considers other best practice guidance (for example, the QCA Remuneration Guidance and the Investment Association's Principles of Remuneration), as far as is appropriate to the group's management structure, size and listing.

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

The Committee also reviewed overall levels of pay and the operation of the incentive arrangements for executive directors to ensure they remain appropriate in light of the current business strategy and the interests of shareholders. The Committee concluded that the current overarching framework of base salary (plus modest pension and benefits provision), annual bonus and the operation of a long-term incentive plan ("LTIP") remains best suited to the business.

Remuneration for the year ending 28 February 2021

The key points in relation to how we are implementing our policy for the financial year ending February 2021, including details of the changes, are as follows:

- Maximum bonus opportunity, dependent upon stretching revenue and EBITDA growth targets, will continue to be up to 100% of salary for executive directors, up to 150% for John Lyttle and up to 200% for Mahmud Kamani and Carol Kane.
- The LTIP for John Lyttle remains the same. At the end of a five-year performance period, starting on John's appointment date in March 2019, John is expected, subject to the attainment of stretching market capitalisation growth targets, to be issued shares in boohoo group plc. The maximum value that may be paid to John under this plan is capped at £50 million. Further details are provided at page 48.
- Long-term share incentive awards will continue to be made to executive directors under an LTIP plan based on stretching three-year performance targets. Personal limits remain unchanged and are detailed in the remuneration policy. John Lyttle will not participate in these arrangements.

PERFORMANCE AND REWARD FOR THE YEAR ENDED 29 FEBRUARY 2020

For the year ended 29 February 2020, in relation to the annual bonus plan, the group achieved outstanding revenue growth at the upper end of the target range. EBITDA performance over the year also resulted in the achievement at the upper end of the target range. As a result, in combination, the executive directors received 100% of their bonus potential.

ENCOURAGING EQUITY OWNERSHIP

We are committed to encouraging all our employees, as well as our senior executives, to be shareholders in the business. As part of facilitating this policy objective, we made awards to all employees under a UK HMRC-approved Share Incentive Plan during the 2015, 2016, 2019 and 2020 financial year ends and intend to make another award in the financial year ending 2021. Discounted options were issued under an HMRC-approved Save As You Earn ("SAYE") plan in each of the financial years ended 2016 to 2020, which have achieved a high level of participation by employees, and are intended to continue in subsequent years. We have a formal shareholding requirement for the executive directors to support the alignment of the interests of executive directors with those of shareholders.

SHAREHOLDER FEEDBACK

The Remuneration Committee recognises that dialogue with shareholders plays a key role in informing the design of the remuneration policy and welcomes any feedback that shareholders may have. The Remuneration Committee will consider shareholder feedback received in relation to the remuneration policy and the remuneration report at the AGM each year. Any such feedback, plus any additional feedback received from time to time, will be considered as part of the company's annual review of remuneration policy. Shareholders will be informed of any future changes in remuneration policy in the remuneration report. In addition, where such changes are considered major, having taken advice from relevant advisers, significant shareholders will be consulted in advance.

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

Iain McDonald

Chairman of the Remuneration Committee

DIRECTORS' REMUNERATION REPORT POLICY REPORT

PAY PHILOSOPHY

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

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

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

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

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

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

CHANGES TO THE REMUNERATION POLICY

Our pay philosophy and the broad structure of our remuneration policy will remain the same, since the Remuneration Committee believes it is serving the company well. The policy is as follows:

SUMMARY OF OUR REMUNERATION POLICY

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

REMUNERATION POLICY TABLE FOR EXECUTIVE DIRECTORS

BASE SALARY	PURPOSE AND LINK TO STRATEGY	<ul style="list-style-type: none"> > To aid recruitment and retention > To reflect experience and expertise > To provide an appropriate level of fixed basic income
	OPERATION	<ul style="list-style-type: none"> > Normally reviewed annually, with any increase usually becoming effective 1 May > Set initially at a level required to recruit suitable executives reflecting their experience and expertise > Any subsequent increase influenced by: <ul style="list-style-type: none"> > Scope of the role > Experience and personal performance in the role > Average change in total workforce salary > Performance of the group > External economic conditions, such as inflation > Account taken of practice in comparable companies (e.g. those of a similar size and complexity) > No recovery or withholding provisions apply
	MAXIMUM OPPORTUNITY	<ul style="list-style-type: none"> > Annual increases will generally be restricted to those of the average of the wider workforce > Increases beyond those awarded to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility or experience, or a significant increase in the scale or complexity of the role and/or size and value of the company
	FRAMEWORK USED TO ASSESS PERFORMANCE	<ul style="list-style-type: none"> > The Committee reviews the salaries of executive directors each year taking due account of all the factors described in the salary policy

ANNUAL BONUS	PURPOSE AND LINK TO STRATEGY	<ul style="list-style-type: none"> > To reward the annual delivery of short to medium-term objectives relating to the business strategy
	OPERATION	<ul style="list-style-type: none"> > All bonus payments are at the discretion of the Committee > Not pensionable > Normally payable in cash following the end of the year based on targets set at the start of the year > Targets are set and/or reviewed annually > Recovery provisions apply in certain circumstances at the discretion of the Committee (including where there has been a misstatement of accounts, an error in assessing any applicable performance condition, or in the event of misconduct on the part of the participant)
	MAXIMUM OPPORTUNITY	<ul style="list-style-type: none"> > Up to 200% of salary for Mahmud Kamani and Carol Kane, up 150% of salary for John Lyttle and up to 100% of salary for all other executive directors, dependent on performance
	FRAMEWORK USED TO ASSESS PERFORMANCE	<ul style="list-style-type: none"> > Bonuses are based on performance measures with appropriate targets set and assessed by the Committee at its discretion > Those financial measures which are identified as the key indicators of success against the strategy (e.g. EBITDA and revenue) will represent the majority of bonus, with any other measures (e.g. strategic and/or personal objectives), where appropriate, representing the balance > Performance is measured over a single financial year > 30% of maximum bonus will be payable for achievement of a threshold level of performance, rising to 100% of maximum bonus for reaching stretch target > Measures and weightings may change each year to reflect any year-on-year changes to business priorities at the discretion of the Committee
LONG-TERM INCENTIVE PLAN ("LTIP")	PURPOSE AND LINK TO STRATEGY	<ul style="list-style-type: none"> > Intended to align the long-term interests of senior executives with those of shareholders > To incentivise the delivery of key strategic objectives over the longer term
	OPERATION	<ul style="list-style-type: none"> > Awards are normally granted in the form of nominal cost options, however, the structure of John Lyttle's LTIP required him to pay an amount to the company on grant of the award. This investment is intended to reflect his commitment to the group > Ability to exercise is dependent on performance targets being met during the performance period and continued service of the directors > Recovery and withholding provisions apply in certain circumstances at the discretion of the Committee (including where there has been a misstatement of accounts, an error in assessing any applicable performance condition, or in the event of misconduct on the part of the participant)
	MAXIMUM OPPORTUNITY	<ul style="list-style-type: none"> > The maximum value that can be paid out under John Lyttle's LTIP is £50 million (satisfied at the discretion of the company by either cash or in boohoo group plc shares valued at the end of the five-year performance period) > In respect of the LTIP applicable to other directors below CEO level, the maximum limit contained within the plan rules is 150% of annual salary for executive directors > Awards are at the discretion of the Committee and may be made at lower levels than this > Exceptionally, at the discretion of the Committee, awards may be made in excess of 150% of salary per annum

LONG-TERM INCENTIVE PLAN ("LTIP") (CONTINUED)	FRAMEWORK USED TO ASSESS PERFORMANCE	<ul style="list-style-type: none"> > The performance measure attaching to John Lyttle's LTIP is based on the compound annual growth rate of the company's market capitalisation measured over a five-year performance period > Awards to other executives vest based on challenging targets measured over a three-year period and are dependent upon continued service > At least half of awards to other executives will normally be based on financial performance metrics (such as, <i>inter alia</i>, PBT or EPS) > Prior to each award the Committee will set threshold and stretch targets along with an intermediate vesting range. Details of this will be disclosed in the annual report on remuneration for the year in which the award was granted unless the targets are commercially sensitive, in which case they will be disclosed retrospectively
	PENSION	
	PURPOSE AND LINK TO STRATEGY	<ul style="list-style-type: none"> > To aid recruitment and retention > To provide an appropriate level of fixed income
	OPERATION	> Executive directors may receive an employer's pension contribution or cash allowance
	MAXIMUM OPPORTUNITY	> Employer's defined contribution or cash allowance up to 6.2% of salary
	FRAMEWORK USED TO ASSESS PERFORMANCE	N/A
OTHER BENEFITS	PURPOSE AND LINK TO STRATEGY	> Provide competitive benefits package
	OPERATION	<ul style="list-style-type: none"> > Executive directors may receive benefits including health care, income protection and life assurance, as well as other standard group-wide benefits offered by the company from time to time > Executive directors are also eligible to participate in any all-employee share plans operated by the company on the same basis as for other eligible employees (and in line with relevant HMRC rules)
	MAXIMUM OPPORTUNITY	> The value of benefits may vary from year to year depending on the cost to the company
	FRAMEWORK USED TO ASSESS PERFORMANCE	N/A
SHAREHOLDING REQUIREMENT	PURPOSE AND LINK TO STRATEGY	> To support long-term commitment to the company and the alignment of executive director interests with those of shareholders
	OPERATION	> The Remuneration Committee has adopted formal shareholding guidelines that will encourage executive directors to build up over a five-year period and then subsequently hold a shareholding equivalent to a percentage of base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements
	MAXIMUM OPPORTUNITY	> 150% of salary for executives and 150% of salary rising to 300% of salary for John Lyttle on maturity of his LTIP
	FRAMEWORK USED TO ASSESS PERFORMANCE	N/A

CHOICE OF PERFORMANCE MEASURES AND APPROACH TO TARGET SETTING

The performance measure selected for John Lyttle's LTIP is solely based on market capitalisation growth over a five-year period. The targets reflect the ambitious growth plans for the group and the LTIP performance measure ensures that John's interests are fully aligned with shareholders.

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

In terms of annual performance targets, the bonus is determined on the basis, primarily, of performance against financial measures, which are identified as the key indicators of success against the strategy set annually. The precise metrics chosen, along with the weightings of each, may vary from year to year. The Committee will review the performance measures and targets each year and vary them as appropriate to reflect the priorities for the business in the year ahead.

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

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

DIFFERENCES IN REMUNERATION POLICY FOR EXECUTIVE DIRECTORS COMPARED TO OTHER EMPLOYEES

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

Overall, the remuneration policy for the executive directors is more heavily weighted towards performance-related pay than for other employees. Performance-related long-term incentives are provided for those employees considered to have the greatest potential to influence overall levels of performance and those whose retention within the group is regarded as important. That said, whilst the use of the LTIP is confined to the more senior management in the group, there is a commitment to encouraging widespread equity ownership through, for example, our use of an HMRC-approved Share Incentive Plan and SAYE share option scheme.

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

SERVICE CONTRACTS AND LOSS OF OFFICE PAYMENTS

Service contracts normally continue until the executive director's agreed retirement date or such other date as the parties agree. The company's policy is that executive directors will be employed on a contract that can be terminated by the company on giving no more than one year's notice, with the executive director required to give up to one year's notice of termination.

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

In summary, the contractual provisions are as follows:

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

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

Annual bonus on termination

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

LTIP on termination

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

APPROACH TO RECRUITMENT AND PROMOTIONS

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

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

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

EXTERNAL NON-EXECUTIVE DIRECTOR POSITIONS

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

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

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

FEES		
FEES	PURPOSE AND LINK TO STRATEGY	<ul style="list-style-type: none"> ➤ To recruit and retain high calibre non-executives
	OPERATION	<ul style="list-style-type: none"> ➤ Fees are determined by the board, with non-executive directors abstaining from any discussion or decision in relation to their fees ➤ Non-executive directors are paid an annual fee for all board duties, which will include an annual award of shares (with the value of shares normally determined at the market price in February of each year) ➤ In relation to the cash element, fees are normally paid monthly ➤ In relation to the share element there will be certain restrictions which prevent the director selling these shares during the period of their appointment ➤ Non-executive directors will not receive awards under any of the company's incentive arrangements or receive any pension provision ➤ The fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels in companies of comparable size and complexity ➤ In exceptional circumstances, if there is a temporary yet material increase in the time commitment for non-executive directors, the board may pay extra fees to recognise the additional workload ➤ Non-executive directors shall be entitled to have reimbursed all expenses that they reasonably incur in the performance of their duties, including taxes payable thereon
	MAXIMUM OPPORTUNITY	<ul style="list-style-type: none"> ➤ There is no cap on fees ➤ Fees may be increased to ensure they continue to appropriately recognise the time commitment of the role, increases to fee levels for non-executive directors in general and fee levels in companies of a similar size and complexity

This section of the remuneration report contains details as to how the group's remuneration policy was implemented during the year ended 29 February 2020.

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

The total single-figure remuneration of the directors during the year ended 29 February 2020 is set out below:

		Fixed remuneration				Variable remuneration		Total £
		Base salary and fees £	Benefits £	Pension £	Other £	Annual bonus £	Long-term incentives £	
Executive directors								
Mahmud Kamani	2020	433,333	12,067	–	–	900,000	–	1,345,400
	2019	341,667	20,207	–	–	700,000	–	1,061,874
Carol Kane	2020	442,633	8,572	14,167	–	900,000	–	1,365,372
	2019	341,667	12,814	17,083	–	700,000	–	1,071,564
John Lyttle	2020	612,012	4,283	202	6,498	922,500	1,040,168	2,585,663
	2019	–	–	–	–	–	–	–
Neil Catto	2020	299,533	2,925	9,667	6,498	300,000	401,688	1,020,311
	2019	253,417	2,750	12,708	1,999	260,000	705,200	1,236,074
Total executive directors	2020	1,787,511	27,847	24,036	12,996	3,022,500	1,441,856	6,316,746
	2019	936,751	35,771	29,791	1,999	1,660,000	705,200	3,369,512
Non-executive directors								
Pierre Cuilleret	2020	56,667	–	–	10,000	–	–	66,667
	2019	40,000	–	–	10,000	–	–	50,000
Iain McDonald	2020	65,000	–	–	10,000	–	–	75,000
	2019	40,000	–	–	10,000	–	–	50,000
Sara Murray	2020	75,000	–	–	10,000	–	–	85,000
	2019	40,000	–	–	10,000	–	–	50,000
Brian Small	2020	59,679	–	–	20,000	–	–	79,679
	2019	–	–	–	–	–	–	–
Total non-executive directors	2020	256,346	–	–	50,000	–	–	306,346
	2019	120,000	–	–	30,000	–	–	150,000
Total	2020	2,043,857	27,847	24,036	62,996	3,022,500	1,441,856	6,623,092
	2019	1,056,751	35,771	29,791	31,999	1,660,000	705,200	3,519,512

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

BASE SALARY AND FEES	The amount of salary or non-executive directors' fees. Where an executive has elected to forego company pension contributions, due to pension cap restrictions, the base salary has been increased by 6.2%, being the company cost-neutral equivalent of the pension cost and employer's NI foregone.
OTHER	The value of SIP awards and SAYE options granted in the financial period for executive directors (SAYE option calculated as the 20% discount at grant on the three-year plan) and the value of free shares issued to non-executive directors as part of their fees.
ANNUAL BONUS	The amount of performance-related bonus receivable. Further details of the performance outcome can be found below.
LONG-TERM INCENTIVES	The value of long-term incentives vesting based on performance ending in the year under review. Further details of the share options granted in 2017 and vesting on 13 June 2020 based on performance measured to 29 February 2020 can be found below. A share price of 291p (the closing share price on 28 February 2020) has been used for the purposes of valuing the gain.
BENEFITS	The value of private medical insurance, income protection, life assurance, company car and driver services.

ANNUAL BONUS

For the year ended 29 February 2020, Mahmud Kamani's and Carol Kane's maximum potential bonus was 200% of basic salary, John Lyttle's 150% and Neil Catto's 100%. 40% of the potential bonus related to a revenue target and 60% of the potential bonus related to an adjusted EBITDA target. Bonus entitlement targets were as follows:

Financial target range	Bonus entitlement %
Revenue target:	
Threshold £1,035 million	12.0%
Upper limit £1,110 million or more	40.0%
Adjusted EBITDA target:	
Threshold £102 million	18.0%
Upper limit £111 million or more	60.0%

The amount of bonus payable varies on a sliding scale between the threshold and upper limit shown above. For the financial year ended 29 February 2020, both revenue and adjusted EBITDA were at the upper limits, resulting in payments of 40% and 60% of bonus entitlement respectively. The payment of the FY20 bonuses will be deferred until such time as the board considers it is prudent to do so, taking into consideration the impact of the COVID-19 pandemic. Bonuses payable were as follows:

Name	Bonus % of salary
Mahmud Kamani	200%
Carol Kane	200%
John Lyttle	150%
Neil Catto	100%

LONG-TERM SHARE INCENTIVES

Neither Mahmud Kamani nor Carol Kane received share option awards either on Admission or as part of any subsequent grants. Of the executive directors, John Lyttle has share options as described on page 56 and Neil Catto holds options under the LTIP subject to the achievement of performance conditions as follows:

Name	Option scheme	No. of ordinary shares under option	Exercise price pence	Date of grant	Exercise period
Neil Catto	2016 LTIP	404,822	1	30/06/16	30/06/19 to 30/06/26
Neil Catto	2017 LTIP	138,037	1	13/06/17	13/06/20 to 13/06/27
Neil Catto	2018 LTIP	128,744	1	28/06/18	28/06/21 to 28/06/28
Neil Catto	2019 LTIP	168,570	1	11/12/19	01/03/22 to 01/03/29

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

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

The performance targets for the shares granted on 28/06/18 are based upon the achievement of two key criteria, Three-Year Aggregate Adjusted Earnings per Share (67%) and Total Shareholder Return (33%) over a three-year period. Minimum "threshold" and "stretch" targets have been established by the Committee against these criteria. The EPS element vests on a straight-line basis between target intervals from 11.3p for a 20% vesting to 14.9p for 100% vesting for the EPS element of the performance criteria. The TSR element vests on a straight-line basis between target intervals from 20.4% growth in TSR for a 25% vesting to 73.9% growth in TSR for a 100% vesting for the TSR element of the performance criteria.

The performance targets for the shares granted on 11/12/19 are based upon the achievement of two key criteria, Three-Year Aggregate Adjusted Earnings per Share (67%) and Total Shareholder Return (33%) over a three-year period. Minimum "threshold" and "stretch" targets have been established by the Committee against these criteria. The EPS element vests on a straight-line basis between target intervals from 16p for a 20% vesting to 19p for 100% vesting for the EPS element of the performance criteria. The TSR element vests on a straight-line basis between target intervals from 55.3% growth in TSR for a 25% vesting to 84.1% growth in TSR for a 100% vesting for the TSR element of the performance criteria.

ALL-EMPLOYEE SHARE INCENTIVE PLAN ("SIP")

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

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

SAVE AS YOU EARN SHARE SCHEME ("SAYE")

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

Name	Estimated shares to be purchased at option date	Option price pence	Date of grant	Option date
Neil Catto	8,297	216.9	30/10/19	30/10/22
John Lyttle	8,297	216.9	30/10/19	30/10/22

OTHER BENEFITS

A one-off conditional award over shares was made to John Lyttle in compensation for the loss of short and long-term incentive awards, which lapsed on leaving his previous employer. The award has vested since John has stayed in role as Chief Executive for a period of 12 months to 15 March 2020 and was over 357,446 ordinary shares with a value of £1,040,168 (calculated based on the closing price of the company's shares on 28 February 2020).

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

As the Chief Executive joined the group during the financial year, there is no comparison of his percentage change in salary compared to that of all employees.

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

Year	25 th percentile pay ratio	50 th percentile pay ratio	75 th percentile pay ratio
2020	34:1	32:1	24:1

Option A was chosen, as it represents the most accurate means of identifying the percentiles. The workforce comparison is based on data for the year ended 29 February 2020.

Pay data £000	Base salary	Total pay and benefits
Chief Executive remuneration	615	2,586
UK employees 25 th percentile	18	19
UK employees 50 th percentile	19	23
UK employees 75 th percentile	26	31

DIRECTORS' INTERESTS IN SHARES

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

Name of director	Beneficially owned at 28 February 2019	Free share award under NED remuneration policy	Shares acquired during the year	Shares disposed of during the year	Beneficially owned at 29 February 2020	As a % of share capital	Outstanding share options	Shares held under SIP	SAYE options granted	Total interests in shares at 29 February 2020
Mahmud Kamani	187,679,880	–	–	(35,000,000)	152,679,880	13.07%	–	–	–	152,679,880
Carol Kane	46,330,421	–	–	(15,000,000)	31,330,421	2.68%	–	–	–	31,330,421
John Lyttle	–	–	–	–	–	–	357,446	884	8,297	366,627
Neil Catto	64,773	–	9,137	–	73,910	0.01%	840,173	11,393	8,297	933,773
Pierre Cuilleret	111,096	3,385	100,000	–	214,481	0.02%	–	–	–	214,481
Iain McDonald	440,096	3,385	25,000	–	468,481	0.04%	–	–	–	468,481
Sara Murray	17,921	3,385	100,000	–	121,306	0.01%	–	–	–	121,306
Brian Small	–	6,770	40,000	–	46,770	0.00%	–	–	–	46,770

John Lyttle, Chief Executive, has subscribed for 195 A ordinary shares of 1 pence each ("A Ordinary Shares") in boohoo Holdings Limited, an intermediary holding company of the group, as part of a Growth Share Plan ("the Plan").

The value of the award under the Plan is directly linked to the creation of significant growth in shareholder value as set out below:

- The value of the award will be determined by the compound annual growth rate ("CAGR") in market capitalisation of the group over the five year period starting on the date John joined as Chief Executive, 15 March 2019 ("the Period").
- The CAGR will be calculated using a base market capitalisation of £2.037 billion, being the market capitalisation on the date of the announcement on 17 September 2018 that John would be joining the group.
- The value of the award under the Plan is capped at £50 million of gross value before tax in the event of achieving CAGR of at least 23% at the end of the Period. CAGR of less than 10% yields nil value.
- The Plan provides for adjustments to be made for increases in market capitalisation arising from corporate events, such as the issue of shares for acquisitions, so that the benefits derived from the Plan only arise from organic growth and the Plan also provides clawback provisions, which allow repayment in defined circumstances.

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

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

Details of the remuneration of the non-executive directors is set out herein.

COMPOSITION OF THE REMUNERATION COMMITTEE

The members of the Committee are Iain McDonald, Pierre Cuilleret and Brian Small. Executive directors are invited to attend meetings, if requested by the Committee, in order to provide information and advice, to enable the Committee to make informed decisions. Each director is, however, specifically excluded from any matter concerning his own remuneration. Representatives of PricewaterhouseCoopers LLP, the Committee's retained adviser, may also attend meetings by invitation. The Company Secretary attends meetings as secretary to the Committee.

ADVISERS TO THE REMUNERATION COMMITTEE

During the year, the Committee received advice from PricewaterhouseCoopers LLP. The total fees paid to PricewaterhouseCoopers LLP in respect of its services during the year were £13,000 (2019: £22,000). PricewaterhouseCoopers LLP is a signatory to the Remuneration Consultants Group Code of Conduct and operates voluntarily under this Code, which sets out the scope and conduct of the role of executive remuneration consultants when advising UK listed companies. The Committee regularly reviews the external adviser relationship and is comfortable that PricewaterhouseCoopers' advice remains objective and independent. The Committee also received advice from KPMG in regard of the creation of the growth share plan for John Lyttle. KPMG's fees were £61,850 (2019: £28,000).

IMPLEMENTATION OF REMUNERATION POLICY FOR THE YEAR ENDING 28 FEBRUARY 2021 – UNAUDITED

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

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

BASE SALARY

The annual base salaries (excluding any substitution allowance for a company pension foregone) of the executive directors are as follows:

		From 1 May 2020	From 1 May 2019
Mahmud Kamani	Group Executive Chairman	£450,000	£450,000
Carol Kane	Group Co-founder and Executive Director	£450,000	£450,000
John Lyttle	Chief Executive	£615,000	£615,000
Neil Catto	CFO	£300,000	£300,000

PENSION AND OTHER BENEFITS

Carol Kane, John Lyttle and Neil Catto received a company pension contribution of 7% of salary for part of the year and then received a 6.2% compensatory increase on basic pay upon electing to discontinue receiving a company pension due to the pension cap provisions. Mahmud Kamani does not receive a company pension contribution. Carol Kane, John Lyttle and Neil Catto receive company health care benefits and life assurance. Carol Kane receives driver services and Mahmud Kamani driver services and a company car.

ANNUAL BONUS

All of the executive directors are eligible to participate in the company-wide annual cash bonus plan. The Committee oversees the bonus plan, and any bonus payments are at the discretion of the Committee. The maximum bonus payable for the year ending 28 February 2021 will be as follows: Mahmud Kamani and Carol Kane 200%, John Lyttle 150% and Neil Catto 100%. The maximum bonus payable to performance will be measured over the single financial year ending 28 February 2021. The performance targets are based on a combination of revenue and EBITDA metrics (as defined in the plan), with a 40/60 weighting respectively. This choice of metrics reflects that these measures have been identified as the key indicators of the group's success against its growth strategy. The amount of bonus payable will be calculated as a percentage of base salary modified by a factor linked to the revenue and EBITDA metrics, for which there is a sliding scale set between upper and lower thresholds. The bonus will be payable in cash immediately after the announcement of the financial results.

The annual bonus targets, in relation to the financial year ending 28 February 2021, are considered to be commercially sensitive. Details of the targets, performance against those targets, and any payments resulting, will be disclosed in next year's annual report on remuneration.

LONG-TERM INCENTIVE PLAN ("LTIP")

Awards will be made to Neil Catto and other members of our senior management team under the LTIP in line with the limits detailed in the remuneration policy. Neil Catto's award for the financial year ending 2021 has not yet been agreed but will be subject to performance targets relating to EPS and other financial measures measured over a three-year period. John Lyttle is expected to be issued shares in boohoo group plc at the end of a five-year performance period, starting on John's appointment date, subject to the attainment of stretching market capitalisation growth targets. The maximum value that may be paid to John under this plan is capped at £50 million.

ALL-EMPLOYEE SHARE PLANS

The board granted free shares in the financial year 2020. It is intended to grant a further issue of free shares to all employees in the financial year ending 2021. The company offered HMRC-approved SAYE plans in each of the financial years ended from 2016 to 2020 and it is intended that a further SAYE grant be offered for the financial year ending 2021. The executive directors are eligible to participate in the schemes on the same basis as other employees.

TOTAL POTENTIAL REMUNERATION FOR EXECUTIVE DIRECTORS FOR 2021

	Fixed remuneration				Variable remuneration		Total £000
	Base salary £000	Benefits £000	Pension equivalent £000	Other £000	Annual bonus ⁽¹⁾ £000	Long-term incentives ⁽²⁾ £000	
Mahmud Kamani	450	15	–	–	900	–	1,365
Carol Kane	450	12	28	–	900	–	1,390
John Lyttle	615	–	38	2	922	–	1,577
Neil Catto	300	3	19	2	300	324	948

(1) The annual bonus element is assumed to be the maximum.

(2) The long-term incentive element is based upon the LTIP 2018 with a TSR element of a 50% increase in the share price and full achievement of the EPS element and a monetary value of the shares to be issued calculated using a share price at as 29 February 2020.

REMUNERATION FOR NON-EXECUTIVE DIRECTORS

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

		From 1 March 2020		From 1 March 2019	
		Share awards	Fees	Share awards	Fees
Pierre Cuilleret	NED	£10,000	£60,000	£10,000	£60,000
Iain McDonald	NED and Chairman of Remuneration Committee	£10,000	£70,000	£10,000	£70,000
Brian Small	Deputy Chairman, SID, Chairman of Audit and Nomination Committees	£20,000	£120,000	£20,000	£70,000

The above remuneration will be reviewed annually by the board.

Iain McDonald

Chairman of the Remuneration Committee
21 April 2020

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

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

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

John Lyttle

Neil Catto

21 April 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BOOHOO GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, boohoo group plc's group financial statements and company financial statements (the "financial statements"):

- > give a true and fair view of the state of the group's and of the company's affairs as at 29 February 2020 and of the group's profit, the company's loss and the group's and the company's cash flows for the year then ended;
- > have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- > have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 29 February 2020; the consolidated and company statements of comprehensive income, the consolidated and company cash flow statements, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

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

Independence

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

OUR AUDIT APPROACH

Overview:

MATERIALITY	<ul style="list-style-type: none"> > Overall group materiality: £4.6 million (2019: £3 million), based on 5% of profit before tax > Overall company materiality: £2.2 million (2019: £1.5 million), based on the lower of component and statutory materiality (statutory materiality based on 1% of total assets)
AUDIT SCOPE	<ul style="list-style-type: none"> > We have audited both of the group's material trading entities (boohoo.com UK Limited and PrettyLittleThing.com Limited) together with boohoo group plc (the parent company of the group) which account for 91% and 88% of consolidated revenue and profit before tax respectively
KEY AUDIT MATTERS	<ul style="list-style-type: none"> > Valuation of inventory (Group) > Valuation of provision for returns (Group) > Consideration of the impact of COVID-19 (Group and Company)

The scope of our audit

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

Key audit matters

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>VALUATION OF INVENTORY Refer to note 16 Inventories</p> <p>The gross value of inventory at the year end was £107.6 million (2019: £71.2 million), against which a provision of £7.4 million (2019: £5.2 million) was recorded. The group operates in a dynamic and fast moving fashion market which inherently means there is a risk of inventory falling out of fashion and therefore becoming difficult to sell above cost.</p> <p>The provisioning policy is primarily based on the age of items, with additional amounts recognised against stock lines that management expect to be discounted. Stock items that management expect to sell at a discount via alternatives to its website are written down to reflect this discounted sales price.</p> <p>The quantity of individual inventory lines and the rate at which new lines are added, combined with the total value of gross inventory, makes the calculation of the related provision material to the financial statements.</p>	<p>We have reviewed management's provisioning policy, compared it to the prior year and assessed its appropriateness given our knowledge of the group.</p> <p>We have tested the validity of the data used as the basis for management's inventory provision calculation, including the aged stock listing, and found it to be accurate and complete.</p> <p>We have reviewed the post year end financial information to identify any significant unprovided inventory write offs with none noted.</p> <p>We have tested management's calculation of the inventory provision based on the underlying data and group accounting policy and found this to be accurate.</p>
<p>VALUATION OF PROVISION FOR RETURNS Refer to note 19 Trade and other payables</p> <p>Included in trade and other payables is a provision for returns relating to sales made pre year end that are expected to be returned post year end.</p> <p>The group offers a returns policy on all sales which is extended for faulty items. Management calculated the returns provision using historical returns data, combined with the gross value of sales made in the final two months of the year.</p>	<p>We have reviewed management's provisioning policy and found it to be consistent with the prior year and appropriate given the circumstances. In doing this we have reviewed the group's published returns policy and ensured this is accurately reflected in the calculation.</p> <p>We have tested the validity of the inputs to management's provision for returns calculations and found these to be accurate and complete. This specifically included listings of sales and credit notes during the year.</p> <p>We have compared the year end provision to actual credit notes raised subsequent to the year end related to sales made prior to the year end and found no significant differences.</p>
<p>CONSIDERATION OF THE IMPACT OF COVID-19 Refer to the Review of the Business (page 12) and the Directors' Report (page 43) which disclose the impact of the COVID-19 pandemic.</p> <p>The existence of COVID-19 was a condition that existed as at the balance sheet date. Management considered its impact on the Group and Company's financial statements and concluded that there was no material impact on the financial statements, including in respect of the impairment of certain assets, or on provisions or estimates made.</p> <p>Since the UK Government's announcement of the nationwide lockdown, the potential impact of COVID-19 has become more significant. As a result, management has invested a significant amount of time to fully consider the implications on the Group's and Company's going concern assessment by modelling severe but plausible downside scenarios. Management has concluded that the Group and Company expect to trade solvently under these scenarios for at least 12 months from the date of this report.</p> <p>The Directors have therefore prepared the Group and Company financial statements on a going concern basis, and believe this assumption remains appropriate.</p>	<p>We have considered the potential impact of COVID-19 on the balance sheet, specifically around the valuation of inventory, the provisioning for future returns and recoverability of receivables and concluded that there were no indicators of a material impact on amounts included in the Group or Company financial statements.</p> <p>We evaluated management's severe but plausible downside scenarios, including actions available to management to mitigate the potential impacts of COVID-19. Based on the information available at the time of the approval of the Annual reports and financial statements, we consider the scenarios to be appropriate as a means to assess the impact of COVID-19 on future sales and other inputs to the Group's business model. We challenged management on the key assumptions included within the scenarios modelled and confirmed management's mitigatory actions are within their control.</p> <p>We reviewed management's disclosures in relation to the potential impact of COVID-19 and concluded they are consistent with the downside scenarios which have been modelled.</p> <p>Our conclusions relating to going concern are set out in the 'Conclusions related to going concern' section below.</p>

HOW WE TAILORED THE AUDIT SCOPE

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

The group comprises the following entities: boohoo group plc, parent company of the group; boohoo.com UK Limited, PrettyLittleThing.com Limited, Nasty Gal Limited, MissPap UK Limited, Karenmillen.com Limited, CoastLondon.com Limited, which are trading entities that are based in the UK; and eleven non-trading entities. The group audit team in the UK performed an audit of the complete financial information of boohoo group plc, boohoo.com UK Limited and PrettyLittleThing.com Limited, which we regarded as financially significant components of the group. These components accounted for 91% of the consolidated revenue and 88% of consolidated profit before tax for the group.

MATERIALITY

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

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

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
OVERALL MATERIALITY	£4.6 million (2019: £3 million).	£2.2 million (2019: £1.5 million).
HOW WE DETERMINED IT	5% of profit before tax.	Based on the lower of component and statutory materiality (statutory materiality based on 1% of total assets).
RATIONALE FOR BENCHMARK APPLIED	Profit before tax is the key measure used both internally by the Board and, we believe, through reading Directors' presentations to analysts, externally by shareholders in evaluating the performance of the group.	Total assets is appropriate, as it is not a profit-oriented company. The company holds all investments in subsidiaries and therefore total assets is deemed the most appropriate benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £2.2 million and £4.4 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £231,000 (Group audit) (2019: £150,000) and £110,000 (Company audit) (2019: £75,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

REPORTING ON OTHER INFORMATION

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

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and financial statements set out on page 58, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

OTHER REQUIRED REPORTING

Companies (Jersey) Law 1991 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

Chartered Accountants
Manchester
21 April 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2020

	Note	2020 £000	2019 (restated) £000
Revenue	2	1,234,876	856,920
Cost of sales		(568,640)	(387,926)
Gross profit		666,236	468,994
Distribution costs		(278,252)	(207,083)
<i>Exceptional distribution costs</i>		-	(6,162)
<i>Other distribution costs</i>		(278,252)	(200,921)
Administrative expenses		(297,326)	(203,470)
<i>Exceptional administrative expenses</i>		-	(505)
<i>Amortisation of acquired intangibles</i>		(5,120)	(4,449)
<i>Other administrative expenses</i>		(292,206)	(198,516)
Other income	3	238	239
Operating profit		90,896	58,680
Finance income	4	1,716	1,320
Finance expense		(390)	(144)
Profit before tax	6	92,222	59,856
Taxation	10	(19,339)	(12,397)
Profit for the year		72,883	47,459
Profit for the year attributable to:			
Owners of the parent company		63,669	43,584
Non-controlling interests		9,214	3,875
		72,883	47,459
Total other comprehensive income/(expense) for the year			
Impact of adoption of IFRS 16		(532)	-
Loss/(gain) reclassified to profit and loss during the year		1,280	(2,337)
Fair value (loss)/gain on cash flow hedges during the year ⁽¹⁾		(13,617)	2,229
Total comprehensive income for the year		60,014	47,351
Total comprehensive income attributable to:			
Owners of the parent company		50,800	43,476
Non-controlling interests		9,214	3,875
		60,014	47,351
Earnings per share	7		
Basic		5.48p	3.78p
Diluted		5.35p	3.71p

(1) Net fair value gains on cash flow hedges will be reclassified to profit or loss during the three years to 28 February 2023.

The 2019 figures have been restated to adjust the non-controlling interest in PrettyLittleThing.com Limited from £9,687,000 to £3,875,000 and restate the basic earnings per share from 3.27p to 3.78p and diluted earnings per share from 3.22p to 3.71p (see note 1). All activities relate to continuing operations. The notes on pages 67 to 90 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 29 FEBRUARY 2020

	Note	2020 £000	2019 (restated) £000
Assets			
<i>Non-current assets</i>			
Intangible assets	11	42,255	27,165
Property, plant and equipment	12	119,216	108,498
Right-of-use assets	13	14,591	-
Financial assets	24	4,467	3,756
Deferred tax	15	5,980	4,034
		186,509	143,453
<i>Current assets</i>			
Inventories	16	99,107	66,806
Trade and other receivables	17	31,828	22,576
Financial assets	24	6,599	5,883
Current tax receivable		-	3,186
Cash and cash equivalents	18	245,448	197,872
Total current assets		382,982	296,323
Total assets		569,491	439,776
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	19	(194,810)	(154,351)
Interest-bearing loans and borrowings	20	(2,382)	(2,382)
Lease liabilities	21	(5,400)	-
Financial liabilities	24	(8,678)	(1,421)
Current tax liability		(6,636)	(3,939)
Total current liabilities		(217,906)	(162,093)
<i>Non-current liabilities</i>			
Interest-bearing loans and borrowings	20	(2,382)	(4,764)
Lease liabilities	21	(10,753)	-
Financial liabilities	24	(6,922)	(415)
Deferred tax	15	(3,593)	(2,102)
Total liabilities		(241,556)	(169,374)
Net assets		327,935	270,402
Equity			
Share capital	22	11,680	11,631
Share premium		608,447	606,086
Capital redemption reserve		100	100
Hedging reserve		(4,534)	7,803
EBT reserve		(17,075)	(2,174)
Translation reserve		11	-
Reconstruction reserve		(515,282)	(515,282)
Non-controlling interest		17,262	8,381
Retained earnings		227,326	153,857
Total equity		327,935	270,402

The 2019 figures have been restated to adjust the non-controlling interest in PrettyLittleThing.com Limited from £19,064,000 to £8,381,000 and increase retained earnings by the same (see note 1). The notes 1 to 28 form part of these financial statements.

These financial statements of boohoo group plc, registered number 114397, on pages 63 to 90 were approved by the board of directors on 21 April 2020 and were signed on its behalf by:

John Lyttle
Neil Catto
Directors

	Share capital £000	Share premium £000	Capital redemption premium £000	Hedging reserve £000	EBT reserve £000	Translation reserve £000	Recon-struction reserve £000	Non-controlling interest £000	Retained earnings £000	Total equity £000
Balance at 28 February 2018	11,496	602,578	100	7,911	(351)	168	(515,282)	4,018	102,141	212,779
Profit for the year	-	-	-	-	-	-	-	3,875	43,584	47,459
<i>Other comprehensive income/(expense):</i>										
Gain reclassified to profit and loss in revenue	-	-	-	(2,337)	-	-	-	-	-	(2,337)
Fair value gain on cash flow hedges during the year	-	-	-	2,229	-	-	-	-	-	2,229
Total comprehensive income for the year	-	-	-	(108)	-	-	-	3,875	43,584	47,351
Issue of shares	135	3,508	-	-	(1,823)	-	-	-	-	1,820
Share-based payments credit	-	-	-	-	-	-	-	246	5,032	5,278
Excess deferred tax on share-based payments	-	-	-	-	-	-	-	-	3,342	3,342
Non-controlling interests' increase in share of net assets	-	-	-	-	-	-	-	242	(242)	-
Translation of foreign operations	-	-	-	-	-	(168)	-	-	-	(168)
Balance at 28 February 2019	11,631	606,086	100	7,803	(2,174)	-	(515,282)	8,381	153,857	270,402
Impact of adoption of IFRS 16	-	-	-	-	-	-	-	(18)	(514)	(532)
Profit for the year	-	-	-	-	-	-	-	9,214	63,669	72,883
<i>Other comprehensive income/(expense):</i>										
Loss reclassified to profit and loss in revenue	-	-	-	1,280	-	-	-	-	-	1,280
Fair value loss on cash flow hedges during the year	-	-	-	(13,617)	-	-	-	-	-	(13,617)
Total comprehensive income for the year	-	-	-	(12,337)	-	-	-	9,196	63,155	60,014
Issue of shares	49	2,361	-	-	(14,901)	-	-	250	-	(12,241)
Share-based payments credit	-	-	-	-	-	-	-	512	10,445	10,957
Excess deferred tax on share-based payments	-	-	-	-	-	-	-	20	2,172	2,192
Translation of foreign operations	-	-	-	-	-	11	-	-	-	11
Non-controlling interests' increase in share of net assets	-	-	-	-	-	-	-	2,303	(2,303)	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(3,400)	-	(3,400)
Balance at 29 February 2020	11,680	608,447	100	(4,534)	(17,075)	11	(515,282)	17,262	227,326	327,935

The 2019 figures have been restated to adjust the non-controlling interest in PrettyLittleThing.com Limited of £8,761,000 as at 28 February 2018 to £4,018,000 and the NCI share of the profit for the year to 28 February 2019 from £9,687,000 to £3,875,000. In addition, there is an adjustment for the share of net assets attributable to the non-controlling interest increasing each year (see note 1).

The notes on pages 67 to 90 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Profit for the year		72,883	47,459
<i>Adjustments for:</i>			
Share-based payments charge		10,957	5,278
Depreciation charges and amortisation		24,650	13,921
Loss on sale of fixed assets		294	24
Finance income		(1,716)	(1,320)
Finance expense		390	144
Tax expense		19,339	12,397
		126,797	77,903
Increase in inventories	16	(32,301)	(18,558)
Increase in trade and other receivables	17	(9,434)	(4,935)
Increase in trade and other payables	19	42,219	57,513
Cash generated from operations		127,281	111,923
Tax paid		(11,610)	(10,361)
Net cash generated from operating activities		115,671	101,562
Cash flows from investing activities			
Acquisition of intangible assets	11	(23,158)	(3,237)
Acquisition of property, plant and equipment	12	(22,404)	(43,630)
Proceeds from the sale of fixed assets		-	59
Finance income received		1,807	1,249
Net cash used in investing activities		(43,755)	(45,559)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares		2,665	3,653
Purchase of own shares by EBT		(14,906)	(1,833)
Finance expense paid		(286)	(144)
Dividend paid to non-controlling interests		(3,400)	-
Lease payments		(6,031)	-
Repayment of borrowings		(2,382)	(2,382)
Net cash used in financing activities		(24,340)	(706)
Increase in cash and cash equivalents		47,576	55,297
Cash and cash equivalents at beginning of year		197,872	142,575
Cash and cash equivalents at end of year		245,448	197,872

Notes 1 to 28 form part of these financial statements.

1 ACCOUNTING POLICIES

General information

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

Basis of preparation

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

The financial statements have been approved on the assumption that the group and company remain a going concern as explained on page 44. The impact of the COVID-19 crisis on the future prospects of the group is not quantifiable at the date of this report, as the length of restrictions and impact on consumers globally is outside of what any business is able to predict. However, we have modelled a scenario with a substantial reduction in revenue from April 2020 until June 2020, with some recovery from July 2020 to September 2020. We have also modelled a shut-down of the business until February 2021, as an unlikely, but worst possible, case. Both scenarios show the group and company has sufficient funds to continue trading solvently, even before obtaining any potential government loans.

Change of accounting policy, non-controlling interest – restatement of 2019 financial statements

Following a review of the accounting treatment of the non-controlling interest of shareholders in PrettyLittleThing.com Limited (PLT), it has been determined that the restrictions imposed by the Shareholders' Agreement require the proportion of the non-controlling interests' share of the profits of PLT to accrue in accordance with certain terms of the agreement and not as 34% as previously stated. The accumulated profit attributable to non-controlling interests of £8,761,000 as at 28 February 2018 has been adjusted to £4,018,000 and the share of profits for the year to 28 February 2019 from £9,687,000 to £3,875,000 and the difference added to retained earnings. The share of profits recognised by the non-controlling interest increases each year by 20% of 34% of the earnings of PLT from 20% of 34% to 100% of 34% over the five-year period of the agreement, as does the non-controlling interests' share of the net assets.

Basic earnings per share of boohoo group plc in 2019 has changed from 3.27p to 3.78p and diluted earnings per share from 3.22p to 3.71p. The adjusted diluted earnings per share is calculated on the same basis as in previous years at 34% of the net assets and profits, reflecting the fact that the reported non-controlling interest will accumulate to 34% at the end of the five-year period of the Shareholders' Agreement in February 2022.

1 ACCOUNTING POLICIES (CONTINUED)

The impact of the restatement of non-controlling interest on the opening balance sheet is shown below:

	2018 (restated) £000	2018 (reported) £000
Assets		
<i>Non-current assets</i>		
Intangible assets	30,877	30,877
Property, plant and equipment	71,994	71,994
Right-of-use assets	–	–
Financial assets	2,445	2,445
Deferred tax	6,479	6,479
	111,795	111,795
<i>Current assets</i>		
Inventories	48,248	48,248
Trade and other receivables	17,499	17,499
Financial assets	6,770	6,770
Current tax receivable	–	–
Cash and cash equivalents	142,575	142,575
Total current assets	215,092	215,092
Total assets	326,887	326,887
Liabilities		
<i>Current liabilities</i>		
Trade and other payables	(96,670)	(96,670)
Interest-bearing loans and borrowings	(2,382)	(2,382)
Lease liabilities	–	–
Financial liabilities	(837)	(837)
Current tax liability	(4,505)	(4,505)
Total current liabilities	(104,394)	(104,394)
<i>Non-current liabilities</i>		
Interest-bearing loans and borrowings	(7,146)	(7,146)
Lease liabilities	–	–
Financial liabilities	(467)	(467)
Deferred tax	(2,101)	(2,101)
Total liabilities	(114,108)	(114,108)
Net assets	212,779	212,779
Equity		
Share capital	11,496	11,496
Share premium	602,578	602,578
Capital redemption reserve	100	100
Hedging reserve	7,911	7,911
EBT reserve	(351)	(351)
Translation reserve	168	168
Reconstruction reserve	(515,282)	(515,282)
Non-controlling interest (restated)	8,761	4,018
Retained earnings (restated)	97,398	102,141
Total equity	212,779	212,779

New and amended standards adopted by the group

The following new standards, and amendments to standards, have been adopted by the group for the first time for the financial year beginning on 1 March 2019:

- IFRS 16, 'Leases';
- IFRIC 23, Uncertainty over income tax treatment;
- Annual improvements IFRS 3 'Business Combinations', IAS 12 'Income taxes', IAS 23 'Borrowing costs';
- Amendments to IFRS 9 'Financial Instruments' – Prepayment features and negative compensation; and
- Amendments to IAS 39 and IFRS 7 interest rate benchmark reform.

Other than IFRS 16, 'Leases', the adoption of these standards did not have a material impact on the group consolidated financial statements.

The group has adopted IFRS 16, 'Leases', effective for accounting periods commencing 1 January 2019 and applied the modified retrospective approach and the exemption for low value or short leases. Comparatives have not been restated and the cumulative impact of adoption has been recognised as a decrease in net assets and a corresponding decrease in retained earnings as at 1 March 2019. The right-of-use asset has been measured at the carrying amount as if the standard had been applied since the commencement of the lease, discounted using the incremental borrowing rate of 1.8% at transition. The present value of the lease liabilities is discounted at the group's incremental borrowing cost.

The lease liability brought on to the balance sheet at transition is £18.5 million and the right-of-use asset £16.1 million. The overall decrease in retained earnings is £0.5 million. The impact on the income statement had no material effect on profit before tax for the year to 29 February 2020, with adjusted EBITDA increasing by £4.9 million, depreciation increasing by £4.7 million and finance costs increasing by £0.2 million. Within the cash flow statement, there are changes in the classification of cash flows, with £2.6 million of lease payments classified as financing cash flows and £0.1 million as interest payments.

The impact on the opening balance sheet is as follows:

	1 March 2019 £000
Non-current assets	
Right-of-use assets – property, plant and equipment	16,116
Deferred income tax asset	109
Current liabilities	
Financial liabilities – lease liabilities	(4,933)
Accruals	1,791
Non-current liabilities	
Financial liabilities – lease liabilities	(13,615)
Total decrease in retained earnings at 1 March 2019	(532)

Reconciliation of the lease liabilities at 1 March 2019 to the operating lease commitments at 28 February 2019:

	£000
Operating lease commitments disclosed at 28 February 2019	6,259
Third-party warehouse services contract – revised treatment as operating lease	12,800
Restated operating lease commitments at 28 February 2019	19,059
Discounted using the lessee's incremental borrowing rate at the date of initial application	(511)
Additional lease liability recognised as at 1 March 2019	18,548
Analysed as:	
Current lease liabilities	4,933
Non-current lease liabilities	13,615

1 ACCOUNTING POLICIES (CONTINUED)

From 1 March 2019, the group's lease policy is summarised as follows:

A right-of-use asset and lease liability is recognised at the lease commencement date. The right-of-use asset is initially recognised at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The lease liability is initially measured as the present value of the lease payments at the commencement date, discounted using the incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or a rate or a change in the group's assessment of whether it will exercise an extension or termination option. When the lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset.

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

The following standards have been published and are mandatory for accounting periods beginning after 1 March 2020 but have not been early adopted by the group or company and could have an impact on the group and company financial statements:

- Amendments to IFRS 3, 'Business combinations', definition of a business;
- Amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors' definition of material

Measurement convention

The consolidated financial statements have been prepared under the historical cost convention, excluding financial assets and financial liabilities (including derivative instruments) held at fair value through profit or loss. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

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

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

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

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

Business combinations

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

Intangible assets

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

The costs of acquiring or developing software are recorded as intangible assets and stated at cost less accumulated amortisation and impairment losses. The costs include the payroll costs of employees directly associated with the project and other direct external material and service costs. Costs are capitalised only where there is an identifiable project that will bring future economic benefit. Other website development and maintenance costs are expensed in the statement of comprehensive income. Software costs are amortised over three to five years based on their estimated useful lives and charged to administrative expenses in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate property, plant and equipment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of each item of property, plant and equipment is written off evenly over its estimated remaining useful life. Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, as follows: short leasehold assets over the life of the lease or 2%; buildings 2%; motor vehicles and computer equipment 33%; and fixtures and fittings 33%, 20%, 10% or 7%. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Financial instruments

Financial instruments are recognised at fair value and subsequently re-measured at fair value at the end of each reporting date.

Derivative financial instruments and cash flow hedges

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

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Under IFRS 9, effective from 1 January 2018, the group elected to use the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets that result from transactions that are within the scope of IFRS 15, irrespective of whether they contain a significant financing component or not. Under the new accounting standard, the group continues to establish a provision for impairment of trade receivables when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. In addition, IFRS 9 requires the group to consider forward looking information and the probability of default when calculating expected credit losses. The measurement of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The group considers reasonable and supportable customer-specific and market information about past events, current conditions and forecasts of future economic conditions when measuring expected credit losses. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows of the asset, discounted, where material, at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Trade and other payables

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

Inventories

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

Cash and cash equivalents

Cash and cash equivalents, for the purpose of the cash flow statement and the statement of financial position, comprises cash in bank.

Revenue

Revenue is attributable to the one principal activity of the business. Revenue represents net invoiced sales of goods including postage and packing receipts, excluding value added tax. Revenue from the sale of goods is recognised when the customer has received the products, which is when it is considered that the performance obligations have been met, and is adjusted for actual returns and a provision for expected returns. Internet sales are paid by customers at the time of ordering using a variety of payments methods. Wholesale sales are paid in accordance with agreed credit terms with business customers. A provision for returns, based on historical customer return rates, is deducted from revenue.

Rebates

Retrospective rebates from suppliers are accounted for in the period to which the rebate relates to the extent that it is reasonably certain that the rebate will be received. Early settlement discounts are taken when payment is made.

Leasing commitments

Rentals paid under low value and short-term operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Finance costs

Interest payable is recognised in the statement of comprehensive income as it accrues in respect of the effective interest rate method.

Finance income

Interest receivable is recognised in the statement of comprehensive income as it is earned.

Pension costs

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

1 ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The group issues equity-settled share-based payments in the parent company to certain employees in exchange for services rendered. These awards are measured at fair value on the date of the grant using an option pricing model and expensed in the statement of comprehensive income on a straight-line basis over the vesting period after making an allowance for the estimated number of shares that are estimated will not vest. The level of vesting is reviewed and adjusted annually. Free shares awarded are expensed immediately.

Taxation

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

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

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

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

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

Foreign currency translation

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

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

Exceptional items

Items of expenditure or income that are material and out of the ordinary course of business are separately identified and labelled as “exceptional” so the reader of the financial statements can understand the underlying business performance as well as the exceptional items.

Significant estimates and judgements

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

Returns provision

The provision for sales returns is estimated based on recent historical returns and management’s best estimates and is allocated to the period in which the revenue is recorded. Actual returns could differ from these estimates. The historic difference between the provision estimate and the actual results, known at a later stage, has never been, nor is expected to be, material. A difference of 1%pt in the percentage of sales returns rate would have an impact of +/- £1 million on reported revenue and +/- £0.4 million on operating profit.

Inventory valuation

Inventory is carried at the lower of cost or net realisable value. The judgement of net realisable value may be different from the future actual value realised, but that difference is not expected ever to be material. A difference of 1%pt in the provision as a percentage of gross inventory would give rise to a difference of +/- £1.0m in gross margin.

Option to acquire the minority stake in PrettyLittleThing.com Limited

The company has an option to buy the 34% non-controlling interest in PrettyLittleThing.com Limited (“PrettyLittleThing”, formerly 21Three Clothing Company Limited) for market value or a lesser sum, depending upon financial performance over the five years to 2022. The performance period for the option commenced on 1 March 2017 and has attracted an equity-settled share-based payment charge over the five-year performance period in accordance with IFRS 2, as detailed in note 25.

2 SEGMENTAL ANALYSIS

IFRS 8, 'Operating Segments', requires operating segments to be determined based on the group's internal reporting to the chief operating decision maker. The chief operating decision maker is considered to be the executive board, which has determined that the primary segmental reporting format of the group for 2020 is by business unit. This is based on the group's management and internal reporting structure, i.e. boohoo including boohooMAN, PrettyLittleThing ("PLT"), Nasty Gal and other brands.

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

	Year ended 29 February 2020				
	boohoo £000	PrettyLittleThing £000	Nasty Gal £000	Other £000	Total £000
Revenue	600,733	516,334	98,833	18,976	1,234,876
Cost of sales	(284,937)	(229,122)	(45,301)	(9,280)	(568,640)
Gross profit	315,796	287,212	53,532	9,696	666,236
Distribution costs	(127,322)	(127,752)	(20,532)	(2,646)	(278,252)
Segment result	188,474	159,460	33,000	7,050	387,984
Administrative expenses – other	–	–	–	–	(292,206)
Amortisation of acquired intangibles	–	–	–	–	(5,120)
Other income	–	–	–	–	238
Operating profit	–	–	–	–	90,896
Finance income	–	–	–	–	1,716
Finance expense	–	–	–	–	(390)
Profit before tax	–	–	–	–	92,222

	Year ended 28 February 2019				
	boohoo £000	PrettyLittleThing £000	Nasty Gal £000	Other £000	Total £000
Revenue	434,565	374,445	47,910	–	856,920
Cost of sales	(204,474)	(162,687)	(20,765)	–	(387,926)
Gross profit	230,091	211,758	27,145	–	468,994
Distribution costs	(98,901)	(90,000)	(12,020)	–	(200,921)
Exceptional distribution costs	–	(6,162)	–	–	(6,162)
Segment result	131,190	115,596	15,125	–	261,911
Administrative expenses – other	–	–	–	–	(198,516)
Exceptional administrative expenses	–	–	–	–	(505)
Amortisation of acquired intangibles	–	–	–	–	(4,449)
Other income	–	–	–	–	239
Operating profit	–	–	–	–	58,680
Finance income	–	–	–	–	1,320
Finance expense	–	–	–	–	(144)
Profit before tax	–	–	–	–	59,856

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

No analysis of the assets and liabilities of each operating segment is provided to the chief operating decision maker in the monthly management accounts, therefore no measure of segmental assets or liabilities is disclosed in this note. Non-current assets located outside the UK comprise offices in the USA with a net book value of £2.6 million.

2 SEGMENTAL ANALYSIS (CONTINUED)

Revenue by geographic region

	2020 £000	2019 £000
UK	679,275	488,199
Rest of Europe	188,424	115,124
USA	263,622	166,262
Rest of world	103,555	87,335
	1,234,876	856,920

3 OTHER INCOME

	2020 £000	2019 £000
Property rental income	238	239

4 FINANCE INCOME AND EXPENSE

	2020 £000	2019 £000
Finance income: Bank interest received	1,716	1,320
Finance expense: Loan interest paid	(128)	(144)
Finance expense: IFRS 16 lease interest	(262)	–

5 AUDITORS' REMUNERATION

	2020 £000	2019 £000
Audit of these financial statements	10	10
Disclosure below based on amounts receivable in respect of services to the group		
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	225	138
Other services relating to taxation	141	96
Other advisory services	13	81
	389	325

6 PROFIT BEFORE TAX

Profit before tax is stated after charging:

	2020 £000	2019 £000
Short-term operating lease rentals for buildings	176	2,235
Equity-settled share-based payment charges	10,957	5,278
Acquisition and restructuring costs	1,261	–
Exceptional items – warehouse relocation	–	6,667
Depreciation of property, plant and equipment	11,483	6,972
Depreciation of right-of-use assets	5,099	–
Amortisation of intangible assets	2,948	2,500
Amortisation of acquired intangible assets	5,120	4,449

The exceptional items relate to the additional costs of relocation of all the inventory held by PrettyLittleThing to a third-party managed warehouse in July 2018.

7 EARNINGS PER SHARE

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

	2020	2019 (restated)
Weighted average shares in issue for basic earnings per share	1,161,374,887	1,154,130,568
Dilutive share options	27,741,137	20,304,294
Weighted average shares in issue for diluted earnings per share	1,189,116,024	1,174,434,862
Earnings (£000)	63,669	43,584
Basic earnings per share	5.48p	3.78p
Diluted earnings per share	5.35p	3.71p
Earnings (£000)	63,669	43,584
<i>Adjusting items:</i>		
Amortisation of intangible assets arising on acquisitions	5,120	4,449
Share-based payment charges	10,957	5,278
Exceptional items – warehouse relocation	–	6,667
Adjustment for tax	(2,973)	(3,050)
Pro-forma non-controlling interest adjustment to 34%	(6,143)	(5,812)
Adjustment for non-controlling interest	(691)	(2,335)
Adjusted earnings	69,939	48,781
Adjusted basic earnings per share	6.02p	4.23p
Adjusted diluted earnings per share	5.88p	4.15p

Basic earnings per share in 2019 has been restated from 3.27p to 3.78p and diluted earnings per share from 3.22p to 3.71p, following the revised non-controlling interest accounting.

Adjusted earnings and adjusted earnings per share gives a more consistent measure of the underlying performance of the business excluding non-cash accounting charges relating to the amortisation of intangible assets valued upon acquisitions, non-cash share-based payment charges, other exceptional items and increasing the non-controlling interest in PrettyLittleThing.com Limited to 34% of net profit for the year, as in previous years (see note 1).

8 STAFF NUMBERS AND COSTS

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

	Number of employees	
	2020	2019
Administration	1,599	1,303
Distribution	1,020	885
	2,619	2,188

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	84,892	62,505
Social security costs	8,721	6,419
Post-employment benefits	1,715	1,123
Equity-settled share-based payment charges	10,957	5,278
	106,285	75,325

9 DIRECTORS' AND KEY MANAGEMENT COMPENSATION

	2020 £000	2019 £000
Short-term employee benefits	15,087	10,616
Post-employment benefits	180	217
Equity-settled share-based payment charges	2,204	907
	17,471	11,740

Directors' and key management compensation comprises the group directors and executive committee members. Directors' emoluments and pension payments of boohoo group plc are detailed in the directors' remuneration report on page 52.

10 TAXATION

	2020 £000	2019 £000
Analysis of charge in year		
Current tax on income for the year	18,766	12,409
Adjustments in respect of prior year taxes	628	(54)
Deferred taxation	(55)	42
Tax on profit	19,339	12,397

Income tax expense computations are based on the jurisdictions in which taxable profits were earned at prevailing rates in those jurisdictions.

The company is subject to Jersey income tax at the standard rate of 0%. The reconciliation below relates to tax incurred in the UK where the group is tax resident. The total tax charge differs from the amount computed by applying the UK rate of 19.0% for the year (2019: 19.0%) to profit before tax as a result of the following:

	2020 £000	2019 £000
Profit before tax	92,222	59,856
Profit before tax multiplied by the standard rate of corporation tax of the UK of 19.0% (2019: 19.0%)	17,522	11,373
<i>Effects of:</i>		
Expenses not deductible for tax purposes	419	454
Change in deferred tax rate	49	-
Adjustments in respect of prior year taxes	628	(54)
Overseas tax differentials	12	5
Depreciation on ineligible assets	709	619
Tax on profit	19,339	12,397
Tax recognised in the statement of changes in equity		
Deferred tax credit on movement in tax base of share options	2,192	3,342

No current tax was recognised in other comprehensive income (2019: £nil).

11 INTANGIBLE ASSETS

	Patents and licences £000	Trademarks £000	Customer lists £000	Computer software £000	Total £000
Cost					
Balance at 28 February 2018	319	25,070	5,826	11,044	42,259
Additions	307	–	–	2,930	3,237
Disposals	–	–	–	(2,096)	(2,096)
Balance at 28 February 2019	626	25,070	5,826	11,878	43,400
Additions	–	19,070	300	3,788	23,158
Disposals	(12)	–	–	(1,118)	(1,130)
Balance at 29 February 2020	614	44,140	6,126	14,548	65,428
Accumulated amortisation					
Balance at 28 February 2018	211	2,674	2,209	6,288	11,382
Amortisation for year	74	2,507	1,942	2,426	6,949
Disposals	–	–	–	(2,096)	(2,096)
Balance at 28 February 2019	285	5,181	4,151	6,618	16,235
Amortisation for year	133	3,355	1,765	2,815	8,068
Disposals	(12)	–	–	(1,118)	(1,130)
Balance at 29 February 2020	406	8,536	5,916	8,315	23,173
Net book value					
At 29 February 2018	108	22,396	3,617	4,756	30,877
At 28 February 2019	341	19,889	1,675	5,260	27,165
At 29 February 2020	208	35,604	210	6,233	42,255

Within the statement of comprehensive income, amortisation of acquired intangible assets (trademarks and customer lists) of £5,120,000 (2019: £4,449,000) is shown separately. The amount of amortisation included in distribution costs is £393,000 (2019: £648,000) and in administrative expenses is £2,555,000 (2019: £1,852,000).

12 PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Land & buildings £000	Total £000
Cost						
Balance at 28 February 2018	2,223	35,444	3,537	439	38,980	80,623
Additions	3,896	36,775	1,575	115	1,269	43,630
Exchange differences	-	-	-	-	(73)	(73)
Disposals	(94)	(375)	(592)	(123)	-	(1,184)
Balance at 28 February 2019	6,025	71,844	4,520	431	40,176	122,996
Additions	3,639	15,663	2,123	437	542	22,404
Exchange differences	-	-	-	-	94	94
Disposals	(509)	(618)	(330)	-	-	(1,457)
Balance at 29 February 2020	9,155	86,889	6,313	868	40,812	144,037
Accumulated depreciation						
Balance at 28 February 2018	711	5,093	1,734	133	958	8,629
Depreciation charge for the year	566	4,646	1,144	127	489	6,972
Exchange differences	-	-	-	-	(2)	(2)
Disposals	(94)	(364)	(592)	(51)	-	(1,101)
Balance at 28 February 2019	1,183	9,375	2,286	209	1,445	14,498
Depreciation charge for the year	1,788	7,176	1,573	170	776	11,483
Exchange differences	-	-	-	-	3	3
Disposals	(270)	(563)	(330)	-	-	(1,163)
Balance at 29 February 2020	2,701	15,988	3,529	379	2,224	24,821
Net book value						
At 28 February 2018	1,512	30,351	1,803	306	38,022	71,994
At 28 February 2019	4,842	62,469	2,234	222	38,731	108,498
At 29 February 2020	6,454	70,901	2,784	489	38,588	119,216

The amounts of depreciation included in the statement of comprehensive income in distribution costs is £7,065,000 (2019: £4,003,000) and in administrative expenses is £4,418,000 (2019: £2,969,000).

13 RIGHT-OF-USE ASSETS

	Short leasehold £000
Cost	
Transition on adoption of IFRS 16 on 1 March 2019	23,524
Additions	3,554
Balance at 29 February 2020	27,078
Accumulated depreciation	
Depreciation for year	5,099
Balance at 29 February 2020	12,487
Net book value	
At 1 March 2019	16,136
At 29 February 2020	14,591

14 INVESTMENTS

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

Name of company	Principal activity	Country of incorporation	Address	Percentage ownership
Direct investment				
Boohoo Holdings Limited	Holdings	UK	49-51 Dale St, Manchester	100%
Indirect investments				
ABK Limited	Dormant	Jersey	12 Castle St, St Helier, Jersey	100%
boohoo.com UK Limited	Trading	UK	49-51 Dale St, Manchester	100%
Boo Who Limited	Dormant	UK	49-51 Dale St, Manchester	100%
boohoo.com USA Limited	Dormant	UK	49-51 Dale St, Manchester	100%
boohoo.com USA Inc	Marketing office	USA	8431 Melrose Pl, Los Angeles	100%
boohoo.com Australia Pty Ltd	Marketing office	Australia	468 St Kilda Road, Melbourne	100%
boohoo France SAS	Marketing office	France	15, rue Bachaumont, Paris	100%
boohoo Germany GmbH	Marketing office	Germany	Tucholskystrasse 13, Berlin	100%
PrettyLittleThing.com Limited	Trading	UK	Wellington Mill, Pollard Street East, Manchester	66%
21Three Clothing Company Limited	Dormant	UK	Wellington Mill, Pollard Street East, Manchester	66%
PrettyLittleThing.com USA Inc	Marketing office	USA	1209 Orange Street, Wilmington	66%
Nasty Gal.com Limited	Trading	UK	49-51 Dale St, Manchester	100%
Nasty Gal.com USA Inc	Marketing office	USA	2135 Bay Street, Los Angeles	100%
MissPap UK Limited	Trading	UK	49-51 Dale St, Manchester	100%
Karenmillen.com Limited	Trading	UK	49-51 Dale St, Manchester	100%
CoastLondon.com Limited	Trading	UK	49-51 Dale St, Manchester	100%

15 DEFERRED TAX

Assets	Depreciation in excess of capital allowances £000	Share-based payments £000	Total £000
Asset at 28 February 2018	160	6,319	6,479
Recognised in statement of comprehensive income	(73)	32	(41)
Debit in equity	–	(2,404)	(2,404)
Asset at 28 February 2019	87	3,947	4,034
Recognised in statement of comprehensive income	158	1,388	1,546
Credit in equity	–	400	400
Asset at 29 February 2020	245	5,735	5,980

Liabilities	Capital allowances in excess of depreciation £000	Business combinations £000	Total £000
Liability at 28 February 2018	–	(2,101)	(2,101)
Recognised in statement of comprehensive income	(495)	494	(1)
Liability at 28 February 2019	(495)	(1,607)	(2,102)
Recognised in statement of comprehensive income	(1,935)	444	(1,491)
Liability at 29 February 2020	(2,430)	(1,163)	(3,593)

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

16 INVENTORIES

	2020 £000	2019 £000
Finished goods	89,826	59,005
Finished goods – returns	9,281	7,801
	99,107	66,806

The value of inventories included within cost of sales for the year was £566,514,000 (2019: £386,895,000). An impairment provision of £7,411,000 (2019: £5,181,000) was charged to the statement of comprehensive income. There were no write-backs of prior period provisions during the year.

17 TRADE AND OTHER RECEIVABLES

	2020 £000	2019 £000
Trade receivables	20,603	14,201
Prepayments	7,309	5,126
Accrued income	295	386
Taxes and social security receivable	3,621	2,863
	31,828	22,576

Trade receivables represent amounts due from wholesale customers and advance payments to suppliers.

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

Where specific trade receivables are not considered to be at risk and requiring a provision, the trade receivables impairment provision is calculated using the simplified approach to the expected credit loss model, based on the following percentages:

Age of trade receivable	2020 %	2019 %
60 – 90 days past due	1	1
91 – 120 days past due	5	5
Over 121 days past due	90	90

The provision for impairment of receivables is charged to administrative expenses in the statement of comprehensive income. The maturing profile of unsecured trade receivables and the provisions for impairment are as follows:

	2020 £000	2019 £000
Due within 30 days	13,157	7,943
Provision for impairment	(2,392)	–
Due in 31 to 90 days	9,971	7,972
Provision for impairment	(1,010)	(1,714)
Past due	877	295
Provision for impairment	–	(295)
Total amounts due and past due	24,005	16,210
Total provision for impairment	(3,402)	(2,009)
	20,603	14,201

18 CASH AND CASH EQUIVALENTS

	2020 £000	2019 £000
At start of year	197,872	142,575
Net movement during year	46,889	55,350
Effect of exchange rates	687	(53)
At end of year	245,448	197,872

19 TRADE AND OTHER PAYABLES

	2020 £000	2019 £000
Trade payables	33,915	33,930
Amounts owed to related party undertakings (note 23)	2	–
Other creditors	2,735	1,730
Accruals	99,300	81,930
Provision for liabilities	29,291	18,912
Deferred income	10,702	8,453
Taxes and social security payable	18,865	9,396
	194,810	154,351

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

The provision for liabilities comprises:

	Dilapidations £000	Returns £000	Total £000
Provision at 1 March 2019	1,550	17,362	18,912
<i>Movements in provision charged/(credited) to income statement:</i>			
Prior year provision utilised	–	(17,362)	(17,362)
Increase in provision in current year	2,650	25,091	27,741
Provision at 29 February 2020	4,200	25,091	29,291

20 INTEREST-BEARING LOANS AND BORROWINGS

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

	2020 £000	2019 £000
Non-current liabilities		
Secured bank loans	2,382	4,764
Current liabilities		
Current portion of secured bank loans	2,382	2,382

Terms and debt repayment schedule	Currency	Nominal interest rate	Year of maturity	2020 £000	2019 £000
Secured bank loan	GBE	LIBOR + 0.95%	2022	4,764	7,146

The loan is repayable in instalments over the five years to 2022. The loan is secured by a debenture comprising fixed and floating charges over all the assets and undertakings of boohoo.com UK Limited of £164.6 million (2019: £131.7 million), including all present and future freehold property, book and other debts, chattels and goodwill, both present and future.

	2020 £000	2019 £000
<i>Movement in financial liabilities</i>		
Opening balance	7,146	9,528
Interest accrued	128	144
Interest paid	(128)	(144)
Capital paid	(2,382)	(2,382)
Closing balance	4,764	7,146

21 LEASE LIABILITIES

Minimum lease payments due	Within 1 year £000	1-2 years £000	2-5 years £000	5-10 years £000	More than 10 years £000	Total £000
29 February 2020						
Lease payments	5,597	4,599	6,353	-	-	16,549
Finance charges	(197)	(125)	(74)	-	-	(396)
Net present value	5,400	4,474	6,279	-	-	16,153

	2020 £000	2019 £000
Current lease liability	5,400	-
Non-current lease liability	10,753	-
Total	16,153	-

22 SHARE CAPITAL AND RESERVES

	2020 £000	2019 £000
1,168,033,762 authorised and fully paid ordinary shares of 1p each (2019: 1,163,143,830)	11,680	11,631

During the year, a total of 5,109,478 shares were issued under the share incentive plans (2019: 13,574,314). On 27 February 2020, 16,925 (2019: 31,223) new ordinary shares were issued to non-executive directors as part of their annual remuneration.

The directors do not recommend the payment of a dividend so that cash is retained in the group for capital expenditure projects that are required for the rapid growth and efficiency improvements of the business and for suitable business acquisitions (2019: £nil).

23 RELATED PARTY DISCLOSURES

Related party	Company transacting with the related party	Nature of relationship	2020 £000	2019 £000
Amounts included in the statement of financial position				
Amounts owed to related party undertakings				
Kamani Commercial Property Limited	boohoo.com UK Limited	Common directors and shareholders	2	–
Lease liabilities				
Kamani Commercial Property Limited	boohoo.com UK Limited	Common directors and shareholders	3,068	–
Kamani Commercial Property Limited	PrettyLittleThing.com Limited	Common directors and shareholders	86	–
Amounts included in the statement of comprehensive income				
Purchases				
The Pinstripe Property Investment Co. Limited	boohoo.com UK Limited	Common directors and shareholders	1	–
Kamani Construction Limited	boohoo.com UK Limited	Common directors and shareholders	207	–
Kamani Commercial Property Limited	PrettyLittleThing.com Limited	Common directors and shareholders	–	23
Admin costs – marketing				
The White Cube Creative Limited	boohoo.com UK Limited	Director of supplier is the husband of Carol Kane, boohoo group plc director	65	86
Kamani Global Investments Limited	boohoo.com UK Limited	Common directors and shareholders	8	12
Depreciation – right of use assets				
Kamani Commercial Property Limited	boohoo.com UK Limited	Common directors and shareholders	762	675
Kamani Commercial Property Limited	PrettyLittleThing.com Limited	Common directors and shareholders	127	145
Pinstripe Hong Kong Limited	boohoo.com UK Limited	Common directors and shareholders	60	58

The company has an option to buy the non-controlling interest of 34% of the share capital of PrettyLittleThing.com Limited (formerly 21Three Clothing Company Limited) on 14 March 2022 for market value or less, subject to performance criteria. Umar Kamani, the son of Mahmud Kamani, executive chairman and director of boohoo group plc, is a director and shareholder of PrettyLittleThing.com Limited. Related party transactions are considered to be on arm's length commercial terms.

24 FINANCIAL INSTRUMENTS

(a) Fair values of financial instruments

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

Cash flow hedges

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

Fair values

	2020 £000	2019 £000
Financial assets		
Cash and cash equivalents	245,448	197,872
Cash flow hedges	11,066	9,639
Trade and other receivables	24,519	17,450
	281,033	224,961
	2020 £000	2019 £000
Financial liabilities		
Cash flow hedges	15,600	1,836
Trade and other payables	184,108	145,898
Interest-bearing loans and borrowings	4,764	7,146
	204,472	154,880

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's receivables from customers and hedging and other financial activities.

The group faces minimal credit risk from trade receivables as customers pay for their orders in full at the time of purchase and third-party sales are to a small number of large established corporations. The risk of default from related party undertakings is considered low.

(c) Liquidity risk

Financial risk management

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

The group's approach to managing liquidity is to use both short-term and long-term cash forecasts to assist in monitoring cash flow requirements.

(d) Capital risk*Financial risk management*

Capital risk is the risk that the group will not be able to continue as a going concern.

The group's approach to managing capital risk is to safeguard the group's ability to continue as a going concern by securing an appropriate mix of debt and equity funding, a strong credit rating and sufficient headroom. The capital structure is regularly reviewed to ensure it is appropriate to the group's strategic objectives. The funding requirements of the group are ascertained by regular cash flow forecasts and projections. At 29 February 2020, the group had capital of £568.6 million (2019: £461.1 million), comprising equity of £327.9 million (2019: £270.4 million) and net cash of £240.7 million (2019: £190.7 million).

(e) Foreign currency risk*Financial risk management*

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

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

The fair value of forward foreign exchange contracts recognised in the statement of financial position within financial assets at 29 February 2020 was £11,066,000 (2019: £9,639,000) and within financial liabilities was £15,600,000 (2019: £1,836,000). The non-current element of the financial assets is £4,467,000 (2019: £3,756,000) and of financial liabilities is £6,922,000 (2019: £415,000). Cash flows related to these contracts will occur during the three years to 28 February 2023 and gains or losses will be recognised in the statement of comprehensive income during those periods. The amount recognised in other comprehensive income during the year is a loss of £13,617,000 (2019: £2,229,000 profit) and the amount reclassified from other comprehensive income to profit and loss in revenue during the year is a loss of £1,280,000 (2019: £2,337,000 gain).

25 SHARE-BASED PAYMENTS**Summary of movements in awards**

Number of shares	ESOP	LTIP	SIP	SAYE	Total	Weighted average exercise price pence
Outstanding at 28 February 2018	18,839,734	2,734,192	2,040,788	8,315,998	31,930,712	69.56
Granted during the year	8,682,705	1,462,212	1,878,814	1,395,314	13,419,045	148.40
Lapsed during the year	(1,616,806)	(747,445)	(22,512)	(736,837)	(3,123,600)	135.86
Exercised during the year	(9,243,008)	-	(977,752)	(4,331,306)	(14,552,066)	24.97
Outstanding at 28 February 2019	16,662,625	3,448,959	2,919,338	4,643,169	27,674,091	123.25
Exercisable at 28 February 2019	2,579,226	-	1,070,540	33,644	3,683,410	24.32
Granted during the year	10,890,334	2,288,000	2,074,748	2,018,980	17,272,062	165.43
Lapsed during the year	(1,107,247)	(44,565)	(84,855)	(545,710)	(1,782,377)	183.06
Exercised during the year	(2,294,250)	(845,465)	(413,251)	(1,556,512)	(5,109,478)	46.22
Outstanding at 29 February 2020	24,151,462	4,846,929	4,495,980	4,559,927	38,054,298	150.52
Exercisable at 29 February 2020	2,195,821	434,971	654,910	525,535	3,811,237	35.97

The group recognised a total expense of £10,957,000 during the year (2019: £5,278,000) relating to equity-settled share-based payment transactions.

25 SHARE-BASED PAYMENTS (CONTINUED)
Employee Stock Ownership Plan (ESOP)

The 2014 ESOP allows the grant of options to selected employees and executive directors of the group, based on a predetermined aggregate EBITDA target for the three financial years 2015 to 2017. The 2015 ESOP allows the grant of options to selected employees and executive directors of the group. With the exception of Neil Catto (CFO), there are no performance criteria. Neil Catto's options are subject to achieving performance criteria based on a predetermined aggregate EBITDA target and a measure of Total Shareholder Return for the four financial years ending 2016 to 2019. The 2016 to 2019 ESOPs allow the grant of options to selected employees of the group, without any performance criteria. Options may be granted by either the board or the trustees of the Employee Benefit Trust.

Date of grant	28 February 2019 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	29 February 2020 no. of shares	Exercise price pence	Exercise period
14/03/14	851,870	–	–	(239,800)	612,070	50.00	14/03/17 – 13/03/24
27/03/14	73,320	–	–	(73,320)	–	50.00	27/03/17 – 26/03/24
22/05/15	1,654,036	–	–	(816,200)	837,836	25.75	22/05/18 – 21/05/25
09/06/16	1,930,000	–	(75,000)	(1,109,085)	745,915	57.75	09/06/19 – 08/06/26
13/06/17	4,117,500	–	(234,270)	(35,730)	3,847,500	244.50	13/06/20 – 12/06/27
28/06/18	8,001,164	–	(432,982)	(20,115)	7,548,067	201.95	28/06/21 – 28/06/28
03/10/18	34,735	–	–	–	34,735	230.18	03/10/21 – 03/10/28
30/04/19	–	102,834	–	–	102,834	266.95	30/04/22 – 30/04/29
23/07/19	–	10,787,500	(364,995)	–	10,422,505	219.65	23/07/22 – 23/07/29
	16,662,625	10,890,334	(1,107,247)	(2,294,250)	24,151,462		

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

	14/03/14	22/05/15	09/06/16	13/07/17	28/06/18	03/10/18	23/07/19	30/04/19
Grant date	14/03/14	22/05/15	09/06/16	13/07/17	28/06/18	03/10/18	23/07/19	30/04/19
Share price at grant date	50.00	25.75	57.75	244.50	201.95	239.00	219.65	245.70
Exercise price	50.00	25.75	57.75	244.50	201.95	230.18	219.65	266.95
Number of employees	26	56	102	168	336	4	405	13
Shares under option	612,070	837,836	745,915	3,847,500	7,548,067	34,735	10,422,505	102,834
Vesting period (years)	3	3	3	3	3	3	3	3
Expected volatility	33.33%	36.33%	36.75%	40.85%	44.17%	43.37%	41.85%	43.14%
Option life (years)	10	10	10	10	10	10	10	10
Expected life (years)	3	3	3	3.5	3.5	3.5	3.5	3.5
Risk free rate	0.976%	0.966%	0.523%	0.192%	0.723%	0.869%	0.434%	0.787%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Possibility of ceasing employment before vesting	26%	16%	30%	30%	30%	30%	25%	30%
Expectations of meeting performance criteria	78%	100%	100%	100%	100%	100%	100%	85%
Fair value per option (pence)	11.93	6.64	14.76	73.35	66.47	80.92	68.10	72.40

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

Long Term Incentive Plan (“LTIP”)

The LTIPs allow the grant of options to executive directors and senior management of the group, based on a predetermined aggregate Earnings per Share and Total Shareholder Return targets for three financial years. Options may be granted by either the board or the trustees of the Employee Benefit Trust.

Date of grant	28 February 2019 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	29 February 2020 no. of shares	Exercise price pence	Exercise period
30/06/16	1,280,436	–	–	(845,465)	434,971	1.00	30/06/19 – 29/06/26
13/06/17	783,062	–	–	–	783,062	1.00	13/06/20 – 12/06/27
28/06/18	1,132,947	–	(44,565)	–	1,088,382	1.00	28/06/21 – 28/06/28
03/10/18	252,514	–	–	–	252,514	1.00	03/10/21 – 03/10/28
11/12/19	–	2,288,000	–	–	2,288,000	1.00	21/04/22 – 21/04/29
	3,448,959	2,288,000	(44,565)	(845,465)	4,846,929		

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

	30/06/16	13/06/17	28/06/18	03/10/18	11/12/19
Grant date					
Share price at grant date	57.25	244.50	201.95	230.18	245.70
Exercise price	1.00	1.00	1.00	1.00	1.00
Number of employees	5	13	14	5	25
Shares under option	434,971	783,062	1,088,382	252,514	2,288,000
Vesting period (years)	3	3	3	3	3
Expected volatility	37.06%	40.85%	44.17%	43.37%	43.14%
Option life (years)	10	10	10	10	10
Expected life (years)	3	3.5	3.5	3.5	3.5
Risk free rate	0.173%	0.192%	0.723%	0.869%	0.787%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%
Possibility of ceasing employment before vesting	41%	43%	34%	34%	35%
Expectations of meeting performance criteria	97%	65%	75%	75%	85%
Fair value per option (pence)	56.26	243.51	200.97	238.03	244.70

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

Share Incentive Plan (“SIP”)

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

Date of grant	28 February 2019 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	29 February 2020 no. of shares	Exercise price pence	Exercise period
14/03/14	432,405	–	–	(232,322)	200,083	nil	14/03/17 – 13/03/24
02/04/14	27,395	–	–	(21,916)	5,479	nil	02/04/17 – 01/04/24
19/06/15	610,740	–	(10,713)	(150,679)	449,348	nil	19/06/18 – 18/06/25
27/09/18	1,848,798	–	(44,086)	(6,566)	1,798,146	nil	27/09/21 – 27/09/28
25/07/19	–	2,074,748	(30,056)	(1,768)	2,042,924	nil	25/07/22 – 25/07/29
	2,919,338	2,074,748	(84,855)	(413,251)	4,495,980		

25 SHARE-BASED PAYMENTS (CONTINUED)
Share Incentive Plan (“SIP”) (continued)

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

Grant date	14/03/14	02/04/14	19/06/15	27/09/18	25/07/19
Share price at grant date	50.00	54.75	28.00	213.10	226.00
Exercise price	nil	nil	nil	nil	nil
Number of employees	78	5	178	1,971	2,347
Shares under option	200,083	5,479	449,348	1,798,146	2,042,924
Vesting period (years)	3	3	3	3	3
Expected volatility	33.33%	33.20%	35.89%	42.75%	41.77%
Option life (years)	10	10	10	10	10
Expected life (years)	3	3	3	3.5	3.5
Risk free rate	0.976%	1.143%	0.979%	0.883%	0.462%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%	0%
Possibility of ceasing employment before vesting	44%	37%	30%	34%	35%
Expectations of meeting performance criteria	100%	100%	100%	100%	100%
Fair value per option (pence)	50.00	54.75	28.00	213.10	226.00

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

Save As You Earn (“SAYE”) scheme

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

Date of grant	28 February 2019 no. of shares	Granted during the year no. of shares	Lapsed during the year no. of shares	Exercised during the year no. of shares	29 February 2020 no. of shares	Exercise price pence	Exercise period
29/06/15	33,644	–	–	(33,644)	–	21.40	29/06/18 – 28/12/18
25/10/16	2,085,074	–	(48,432)	(1,511,107)	525,535	78.80	25/10/19 – 24/04/20
13/11/17	1,172,446	–	(168,584)	(10,057)	993,805	169.00	13/11/20 – 12/05/21
31/10/18	1,352,005	–	(244,076)	(1,704)	1,106,225	189.88	31/10/21 – 01/05/22
30/10/19	–	2,018,980	(84,618)	–	1,934,362	216.92	30/10/22 – 30/10/23
	4,643,169	2,018,980	(545,710)	(1,556,512)	4,559,927		

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

Grant date	25/10/16	06/11/17	31/10/18	30/10/19
Share price at grant date	119.25	209.25	212.90	271.15
Exercise price	78.80	169.00	189.88	216.92
Number of employees	297	539	570	791
Shares under option	525,535	993,805	1,106,225	1,934,362
Vesting period (years)	3	3	3	3
Expected volatility	38.40%	41.67%	43.36%	40.39%
Option life (years)	3.5	3.5	3.5	3.5
Expected life (years)	3	3	3	3
Risk free rate	0.277%	0.513%	0.760%	0.463%
Expected dividends expressed as a dividend yield	0%	0%	0%	0%
Possibility of ceasing employment before vesting	30%	43%	43%	42%
Expectations of meeting performance criteria	100%	100%	100%	100%
Fair value per option (pence)	51.02	76.86	72.90	93.90

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

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

Under the terms of the Shareholders' Agreement relating to 21 Three Clothing Company Limited (company name now changed to PrettyLittleThing.com Limited) ("PLT"), boohoo group plc has the option to acquire the remaining 34% of the share capital of PLT at any time after 28 February 2022. As there are performance conditions that determine the price boohoo will pay for the shares, if the option is exercised, this gives rise to a share-based payments charge in the accounts of PLT and hence in the group accounts also. This charge is not for the issue of shares in boohoo group plc but for the shares that are already held by the directors of PLT and which boohoo has the option to acquire at the end of the option period in 2022 or sooner if the directors leave or default. The price payable for the shares could be based on 100% of the market value if maximum performance conditions are met or £1.2 million plus 74% of the market value if none of the performance criteria are met. Performance between minimum and maximum is calculated on a pro-rata basis. The market value used in the calculation will take into account a minority interest discount of up to 30%. The performance criteria are a range of EBITDA targets and sales targets as follows:

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

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

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

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

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

26 CAPITAL COMMITMENTS

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

	2020	2019
	£000	£000
Property, plant and equipment	9,797	–

27 OPERATING LEASES

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

	2020	2019
	£000	£000
Within one year	4	1,966
Within two to five years	–	4,032
In more than five years	–	261
	4	6,259

28 CONTINGENT LIABILITIES

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

As at 29 February 2020, there are no pending claims or proceedings against the group, which are expected to have a material adverse effect on its liquidity or operations.

COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2020

	Note	2020 £000	2019 £000
Administrative expenses		(6,415)	(3,424)
Operating loss		(6,415)	(3,424)
Finance income		1,379	1,942
Loss before tax		(5,036)	(1,482)
Taxation	3	929	274
Loss and total comprehensive loss for the year		(4,107)	(1,208)

The notes on pages 95 to 98 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AT 29 FEBRUARY 2020

	Note	2020 £000	2019 £000
ASSETS			
Non-current assets			
Investments	4	319,994	312,195
Total non-current assets		319,994	312,195
Current assets			
Other receivables	5	56,342	60,264
Current tax receivable		944	275
Cash and cash equivalents		20,854	31,871
Total current assets		78,140	92,410
Total assets		398,134	404,605
LIABILITIES			
Current liabilities			
Other payables	6	(1,726)	(36)
Total current liabilities		(1,726)	(36)
Net assets		396,408	404,569
Equity			
Share capital	8	11,680	11,631
Share premium		608,447	606,086
EBT reserve		(17,075)	(2,174)
Accumulated losses		(206,644)	(210,974)
Total equity		396,408	404,569

The notes on pages 95 to 98 form part of these financial statements.

These financial statements of boohoo group plc, registered number 114397, on pages 91 to 98 were approved by the board of directors on 21 April 2020 and were signed on its behalf by:

John Lyttle
Neil Catto
Directors

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	EBT reserve £000	Accumulated losses £000	Total equity £000
Balance at 28 February 2018 (restated)	11,496	602,578	(351)	(213,888)	399,835
Issue of shares	135	3,508	10	-	3,653
Purchase of shares by EBT	-	-	(1,833)	-	(1,833)
Share-based payments credit	-	-	-	4,122	4,122
Loss for the year and total comprehensive loss	-	-	-	(1,208)	(1,208)
Balance at 28 February 2019	11,631	606,086	(2,174)	(210,974)	404,569
Issue of shares	49	2,361	5	-	2,415
Purchase of shares by EBT	-	-	(14,906)	-	(14,906)
Share-based payments credit	-	-	-	8,437	8,437
Loss for the year and total comprehensive loss	-	-	-	(4,107)	(4,107)
Balance at 29 February 2020	11,680	608,447	(17,075)	(206,644)	396,408

The notes on pages 95 to 98 form part of these financial statements.

COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Loss for the year	(4,107)	(1,208)
<i>Adjustments for:</i>		
Share-based payments	637	–
Finance income	(1,379)	(1,942)
Tax income	(929)	(274)
Loss before tax before changes in working capital and provisions	(5,778)	(3,424)
Decrease in other receivables	3,871	2,935
Decrease in other payables	1,690	–
Net cash outflow from operating activities	(217)	(489)
Cash flows from investing activities		
Interest received	1,431	1,902
Tax received	260	120
Net cash inflow from investing activities	1,474	1,533
Cash flows from financing activities		
Proceeds from the issue of ordinary shares	2,415	3,653
Purchase of own shares by EBT	(14,906)	(1,833)
Net cash (outflow)/ inflow from financing activities	(12,491)	1,820
(Decrease)/increase in cash and cash equivalents	(11,017)	3,353
Cash and cash equivalents at beginning of year	31,871	28,518
Cash and cash equivalents at end of year	20,854	31,871

The notes on pages 95 to 98 form part of these financial statements.

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

1 ACCOUNTING POLICIES

General information

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

Basis of preparation

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

These financial statements are prepared on a going concern basis as explained on page 44 of the directors' report, under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1 of the consolidated financial statements.

A summary of the more important policies adopted in dealing with items that are considered material to the company and are not specifically included in the policies in the notes to the consolidated financial statements are shown below. Further required disclosures are included in note 1 of the consolidated financial statements on page 67.

Income

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

Investments

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

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

Significant estimates and judgements

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for when such information becomes available. There are no significant judgements, estimates and assumptions.

2 DIRECTORS' EMOLUMENTS AND STAFF COSTS

Directors' emoluments and pension payments are detailed in the directors' remuneration report on page 52. Directors' emoluments incurred by the parent company are as follows:

	2020	2019
	£000	£000
Short-term employee benefits	5,313	2,628

3 TAXATION

	2020 £000	2019 £000
Analysis of credit in year		
Current tax on income for the year	(944)	(275)
Adjustments in respect of prior year taxes	15	1
Tax on loss	(929)	(274)

The total tax charge differs from the amount computed by applying the UK rate of 19% for the year (2019: 19%) to loss before tax as a result of the following:

	2020 £000	2019 £000
Loss before tax	(5,036)	(1,482)
Loss before tax multiplied by the standard blended rate of corporation tax of the UK of 19% (2019: 19%)	(957)	(282)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	13	7
Adjustments in respect of prior year taxes	15	1
Tax on loss	(929)	(274)

The company's loss for this financial year is taxed at an effective UK rate of 19%. There is no tax payable in Jersey.

4 INVESTMENTS

	Investments £000	Capital contribution £000	Total £000
Cost			
Balance at 28 February 2018	521,223	4,851	526,074
Additions	–	4,121	4,121
Balance at 28 February 2019	521,223	8,972	530,195
Additions	–	7,799	7,799
Balance at 29 February 2020	521,223	16,771	537,994
Impairment			
Balance at 28 February 2018	218,000	–	218,000
Balance at 28 February 2019	218,000	–	218,000
Balance at 29 February 2020	218,000	–	218,000
Net book value			
At 28 February 2018	303,223	4,851	308,074
At 28 February 2019	303,223	8,972	312,195
At 29 February 2020	303,223	16,771	319,994

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

At 29 February 2020, the company's subsidiaries were as follows:

Name of company	Principal activity	Country of incorporation	Address	Percentage ownership
Direct investment				
Boohoo Holdings Limited	Holdings	UK	49-51 Dale St, Manchester	100%
Indirect investments				
ABK Limited	Dormant	Jersey	12 Castle St, St Helier, Jersey	100%
boohoo.com UK Limited	Trading	UK	49-51 Dale St, Manchester	100%
Boo Who Limited	Dormant	UK	49-51 Dale St, Manchester	100%
boohoo.com USA Limited	Dormant	UK	49-51 Dale St, Manchester	100%
boohoo.com USA Inc	Marketing office	USA	8431 Melrose Pl, Los Angeles	100%
boohoo.com Australia Pty Ltd	Marketing office	Australia	468 St Kilda Road, Melbourne	100%
boohoo France SAS	Marketing office	France	15, rue Bachaumont, Paris	100%
boohoo Germany GmbH	Marketing office	Germany	Tucholskystrasse 13, Berlin	100%
PrettyLittleThing.com Limited	Trading	UK	Wellington Mill, Pollard Street East, Manchester	66%
21Three Clothing Company Limited	Dormant	UK	Wellington Mill, Pollard Street East, Manchester	66%
PrettyLittleThing.com USA Inc	Marketing office	USA	1209 Orange Street, Wilmington	66%
Nasty Gal.com Limited	Trading	UK	49-51 Dale St, Manchester	100%
Nasty Gal.com USA Inc	Marketing office	USA	2135 Bay Street, Los Angeles	100%
MissPap UK Limited	Trading	UK	49-51 Dale St, Manchester	100%
Karenmillen.com Limited	Trading	UK	49-51 Dale St, Manchester	100%
CoastLondon.com Limited	Trading	UK	49-51 Dale St, Manchester	100%

5 OTHER RECEIVABLES

	2020 £000	2019 £000
Prepayments and accrued income	133	189
Receivable from subsidiary undertaking	56,209	60,075
	56,342	60,264

The fair value of other receivables is not materially different to their carrying value. The receivable is due on demand and attracts interest at commercial rates as described in the related party note below. The directors believe that the receivable from the subsidiary undertaking of £56,209,000 as at 29 February 2020 is fully recoverable.

6 OTHER PAYABLES

	2020 £000	2019 £000
Accruals and deferred income	1,726	36

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

7 FINANCIAL INSTRUMENTS

(a) Fair values of financial instruments

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Fair values

	2020 £000	2019 £000
Financial assets		
Cash and cash equivalents	20,854	31,871
Trade and other receivables	56,209	60,075
	77,063	91,946
	2020 £000	2019 £000
Financial liabilities		
Trade and other payables	1,726	36

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from related parties.

The company faces minimal credit risk from trade receivables and the risk of default from related party undertakings is considered low.

8 SHARE CAPITAL

	2020 £000	2019 £000
1,168,033,762 authorised and fully paid ordinary shares of 1p each (2019: 1,163,143,830)	11,680	11,631

During the year, 5,109,478 shares were issued under the share incentive plans (2019: 13,574,314). On 27 February 2020, 16,925 new ordinary shares were issued to non-executive directors as part of their annual remuneration (2019: 31,223).

9 RELATED PARTY TRANSACTIONS

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

	2020 £000	2019 £000
Costs recharged by subsidiary undertakings	(4,033)	(4,140)
Interest recharged to subsidiary undertakings	946	1,547
	(3,087)	(2,593)

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

	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000
Revenue	195,394	294,635	579,800	856,920	1,234,876
Cost of sales	(82,483)	(133,806)	(273,445)	(387,926)	(568,640)
Gross profit	112,911	160,829	306,355	468,994	666,236
Distribution costs	(45,501)	(66,849)	(126,757)	(207,083)	(278,252)
Administrative expenses	(53,756)	(68,534)	(137,072)	(203,470)	(297,326)
Other income	1,392	4,862	159	239	238
Operating profit	15,046	30,308	42,685	58,680	90,896
Net finance income	628	637	628	1,176	1,326
Profit before tax	15,674	30,945	43,313	59,856	92,222
Taxation	(3,236)	(6,284)	(7,313)	(12,397)	(19,339)
Profit for the year	12,438	24,661	36,000	47,459	72,883
Other comprehensive income/(expense) for the year, net of income tax					
Impact of adoption of IFRS 16	–	–	–	–	(532)
Net fair value gain/(loss) on cash flow hedges	(5,661)	(6,747)	19,497	(108)	(12,337)
Total comprehensive income for the year	6,777	17,914	55,497	47,351	60,014
Total comprehensive income (restated) attributable to:					
Owners of the parent	6,777	17,873	54,627	43,476	50,800
Non-controlling interests	–	41	870	3,875	9,214
Total comprehensive income	6,777	17,914	55,497	47,351	60,014
Earnings per share (restated)					
Basic	1.11p	2.20p	3.09p	3.78p	5.48p
Diluted	1.10p	2.17p	3.01p	3.71p	5.35p

FIVE-YEAR GROUP STATEMENT OF FINANCIAL POSITION – UNAUDITED

	2016 (restated) £000	2017 (restated) £000	2018 (restated) £000	2019 (restated) £000	2020 £000
Non-current assets	26,227	72,190	111,795	143,453	186,509
Current assets	84,081	116,933	215,092	296,323	389,333
Total assets	110,308	189,123	326,887	439,776	575,842
Equity attributable to the owners of the parent	73,427	96,721	208,761	262,021	310,673
Non-controlling interest	–	3,775	4,018	8,381	17,262
Current liabilities	36,271	74,425	104,394	162,093	224,257
Non-current liabilities	610	14,202	9,714	7,281	23,650
Total liabilities, capital and reserves	110,308	189,123	326,887	439,776	575,842

FIVE-YEAR GROUP CASH FLOW STATEMENT – UNAUDITED

	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000
Net cash generated from operating activities	17,456	29,491	69,014	101,562	120,943
Net cash used in investing activities	(12,990)	(29,406)	(45,772)	(45,559)	(43,755)
Net cash generated from/(used in) financing activities	(331)	11,964	49,003	(706)	(24,340)
Net movement in cash and cash equivalents	4,135	12,049	72,245	55,297	52,848
Opening cash and cash equivalents	54,146	58,281	70,330	142,575	197,872
Closing cash and cash equivalents	58,281	70,330	142,575	197,872	250,720

SHAREHOLDER INFORMATION

REGISTERED ADDRESS OF COMPANY

Registered in Jersey, number 114397

12 Castle Street
St Helier
Jersey
JE2 3RT

HEAD OFFICE

49-51 Dale Street
Manchester
M1 2HF

COMPANY SECRETARY

Keri Devine

CORPORATE WEBSITE

www.boohooplc.com

NOMINATED ADVISER AND JOINT BROKER

Zeus Capital

82 King Street
Manchester
M2 4WQ

Berkeley Square
Mayfair
London
W1J 6HE

JOINT BROKER

Jefferies International

100 Bishopsgate
London
EC2N 4JL

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

1 Hardman Street
Manchester
M3 3EB

SOLICITORS

TLT LLP

3 Hardman Square
Manchester
M3 3EB

Pannone Corporate LLP

378-380 Deansgate
Manchester
M3 4LY

Ogier

Ogier House
The Esplanade
St Helier
Jersey
JE4 9WG

FINANCIAL PR

Buchanan

107 Cheapside
London
EC2V 6DN

COMPANY REGISTRARS

Link Asset Services (Jersey) Limited

12 Castle Street
St Helier
Jersey
JE2 3RT

PRINCIPAL BANKERS

HSBC Bank

4 Hardman Square
Spinningfields
Manchester
M3 3EB

