

JIMMY CHOO PLC
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2016

ANNUAL REPORT & FINANCIAL STATEMENTS

JIMMY CHOO

2016

ANNUAL REPORT & FINANCIAL STATEMENTS

JIMMY CHOO

CELEBRATING 20 YEARS

—
A 21st century luxury accessories
brand with shoes at its heart,
offering an empowered sense of
luxury and a playfully daring spirit

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HOW OUR BUSINESS WORKS

OUR OPERATING MODEL...

BRAND

A globally recognised iconic powerful brand, with unique DNA

[READ MORE ON PAGE 6](#)

PRODUCTS

Products of the highest quality and innovation resonate strongly with our clients around the world

[READ MORE ON PAGE 10](#)

SUPPORTED BY OUR STRONG PLATFORM:

[READ MORE ON PAGE 4](#)

EXPERIENCED
TEAM

LEADING
DESIGN

MERCHANDISING
EXCELLENCE

BESPOKE
SUPPLY
CHAIN

BRAND
COMMUNICATION
STRATEGY

DISTRIBUTION
AND
RETAIL

GENERATES VALUE FOR OUR STAKEHOLDERS

TOTAL REVENUE

(YEAR TO 31 DECEMBER)

ADJUSTED EBITDA

(YEAR TO 31 DECEMBER)

OPERATING PROFIT

(YEAR TO 31 DECEMBER)

Adjusted EBITDA is defined as Operating profit for the year, adjusted for exceptional costs, loss on disposal of property, plant and equipment and intangible assets, depreciation and amortisation charges and realised and unrealised foreign exchange gains and losses on the revaluation of monetary items.

DISTRIBUTION

Strong design, merchandising,
production and
global distribution platform

[READ MORE ON PAGE 12](#)

AND VALUES:

[READ MORE ON PAGE 30](#)

HERITAGE

CULTURE

TEAMWORK

CLIENT
FOCUS

CREATIVITY

INTEGRITY

ADJUSTED EPS

(YEAR TO 31 DECEMBER)

EPS was 4.1 pence (2015: 5.1 pence, 2014: (11.6) pence), impacted by a non-recurring loss on the previous loan facility arising from foreign exchange translation.

Adjusted Consolidated Net Income is defined as Profit for the year adjusted for exceptional costs, foreign exchange gains and losses on the revaluation of external bank facilities, changes in the fair value of forward foreign exchange contracts used to manage

COMMUNITY

Jimmy Choo recognises the importance of reducing our impact on the environment, increasing our positive social influence and working together to sell sustainably produced products. We have undertaken a Sustainability Risk Assessment and we are progressing our work in this regard through a dedicated project team drawn from senior managers across the business. More details about our work in this area will be announced soon. During 2016, the Jimmy Choo Foundation and Jimmy Choo employees helped to fund 1,049 entrepreneurs through our partnership with lendwithcare.

[READ MORE ON PAGE 27](#)

exposure to foreign currency gains and losses arising on external bank facilities and refinancing interest break costs. Tax charged in Adjusted Consolidated Net Income is as per the Income Statement, excluding deferred tax.

Adjusted EPS is calculated as Adjusted Consolidated Net Income divided by the basic weighted average number of shares in issue during the year.

EMPLOYEES

(AS AT 31 DECEMBER)

OUR BUSINESS IN DETAIL

DEDICATED AND EXPERIENCED MANAGEMENT TEAM

The Group is run by a passionate and dedicated Senior Management team with a degree of focus on execution which we believe can only be achieved by a pure play luxury goods company.

The team is led by Pierre Denis, CEO, who joined Jimmy Choo in 2012 with more than 25 years of experience in the luxury industry and a deep knowledge of Asian markets.

Sandra Choi has been the Creative Director of Jimmy Choo since its inception in 1996. Prior to the founding of Jimmy Choo, Ms. Choi attended the prestigious Central Saint Martins School where she studied for a degree in fashion design while apprenticing under her uncle, Mr. Jimmy Choo, OBE.

Together, Pierre Denis and Sandra Choi share a vision to create one of the world's most treasured luxury brands.

They are supported by a highly experienced management team, with a long and successful history of working in the luxury goods sector. This team draws on experience across regions and functions, bringing together some of the best talent in the industry. It is this team that forms the backbone of the business.

LEADING DESIGN TEAM THAT DRIVES PRODUCT AUTHORITY

Jimmy Choo's design team of 15 is led by Sandra Choi, who has been Creative Director for the brand since its inception.

Jimmy Choo's design team has a proven track record of developing Sandra's conceptual visions into beautiful products multiple times each year through a structured process encompassing line plans, designs, prototypes, edits and pre-launch samples.

Jimmy Choo's design team is at the forefront of the industry in terms of its ability to interpret fashion trends. This provides clients with a very broad product range that addresses all categories and functions of the luxury shoe offering, including evening, day, catwalk and boots to accommodate the full spectrum of client tastes.

Alongside our seasonal collections we are also constantly looking for ways to innovate within our continuative core Choo 24:7 collection. In 2016 we introduced a number of new and innovative products, with new shapes and styles. These include the Romy shoe, with its softer toe point and unique heel construction, and the Ren, a modern fashion twist on the classic Jimmy Choo caged sandal.

MERCHANDISING EXCELLENCE

Jimmy Choo's merchandising model is designed to nourish the brand through innovation and to drive footfall through the timely delivery of fashion-forward products, underpinned by a continuative core of iconic products which are continuously reviewed and refreshed.

The product calendar is managed in order to create a structured flow of new products into our Directly Operated Store ("DOS") and multibrand networks which drives editorial focus, footfall and conversion into sales. The calendar is based around multiple collection drops each year, with the continuative core Choo 24:7 collection complementing the seasonal offerings.

Designing successful collections and managing the complexity of multiple collection drops each year relies upon the seamless interaction, integration and cooperation between Jimmy Choo's merchandising, design, supply chain, brand communication and distribution teams. The success of this collaboration is shown in Jimmy Choo's track record of offering a considerable depth and breadth in its collections, across multiple functions, heel heights, materials, sizes and colours. We have also been able to leverage our expertise to replicate this model across both our Accessories and Men's offerings.

BESPOKE SUPPLY CHAIN FOR PRODUCT EXCELLENCE

Jimmy Choo operates a lean and flexible supply chain, outsourcing production and logistics to gain flexibility and speed in bringing products to market.

Those elements which protect the brand are owned and managed by Jimmy Choo, including vendor liaison, engineering assurance and product development which are managed through Jimmy Choo Florence S.r.l.. Jimmy Choo produces well over one million units per annum. Materials research, sourcing, product development, engineering, production planning and control, quality assurance, customer service and after sales are all controlled by Jimmy Choo.

In order to produce luxury shoes with a high quality finish, Jimmy Choo partners with suppliers with the specific skillsets to match each particular shoe style. Accordingly, Jimmy Choo's products are produced by specialists in the Florence and Veneto regions of Italy, with the exception of espadrilles which are made in Spain. This multi-supplier strategy provides specialist skills, scalability, flexibility and speed to market, as well as diversifying risk. This model enables the Group to drive gross margin improvement through early deliveries of new collections and inventory control, resulting in lower markdowns.

Jimmy Choo's progressive moves towards Omnichannel, integrating Online with the Retail channel, will leverage the benefits of the investment in supply chain infrastructure.

360° COMMUNICATION STRATEGY FUELS THE BRAND

Jimmy Choo's status as a globally recognised luxury brand is a result of our entrepreneurial and dynamic approach to brand communication.

The Group applies an all-encompassing brand communication strategy which includes celebrity placement, editorial and digital influencer engagement, product advertising (in both digital and print media), launch events and store layout and display.

We adopt this approach for all our new product launches and our success has resulted in Jimmy Choo consistently being a top ranked brand globally in editorial for luxury women's shoes. We also enjoy a very strong social media following. For more details of our social media and press results during the year, go to page 19.

Jimmy Choo's brand communication spend in 2016 was 5.0% of revenue vs 4.9% in 2015, with a key focus on the 20th anniversary of the brand. This level of spend has allowed us to retain our position alongside our larger luxury brand peers. This spend as a proportion of revenue is within appropriate parameters for a leading luxury shoe brand.

MULTICHANNEL DISTRIBUTION MODEL

Jimmy Choo has a successful, balanced distribution network, with our retail DOS network at the core and significant opportunity for expansion.

Jimmy Choo has a strong position in the luxury shoe market, being one of a very small number of luxury shoe specialist brands with the requisite scale to compete globally.

We have a particularly strong presence in EMEA, USA and Japan, with a growing footprint in the rest of Asia and have experienced strong growth in recent years across all these markets. See page 12 for the progress made in 2016.

The Group continues to invest significantly in its online platform, which has experienced strong revenue growth in recent years. In 2016, we started a progressive roll out of Omnichannel services, which will allow us to improve product availability, inventory productivity and client engagement for our DOS and online network, initially in the USA and Europe.

We continue to benefit from strong multibrand distribution, which provides attractive economics and acts as a lead indicator of collection success and as a benchmark against competitors. The Group's franchise channel is an important entry model into new markets. These serve as a potential springboard to expanding the DOS network once the new region has become established. During 2016, we confirmed that we are planning joint ventures in South Korea and in the UAE.

AN ICONIC AND POWERFUL BRAND, WITH UNIQUE DNA

COSMOPOLITAN

—
A NEW LUXURY FOR THE
NEW WORLD, MULTI-CULTURAL
AND RE-APPROPRIATED

INSTINCTIVELY SEDUCTIVE

—
THE RIGHT SIDE OF SEXY,
WITH AN INSTINCTIVE
FERAL NATURE

CONFIDENT

—
FULLY SELF-ACTUALISED
AND RELISHING THE SUCCESS

LIVE THE LIFE YOU DARE

DARING

—
PROVOCATIVE RISK TAKER
WHO UNDERSTANDS THE RULES
BUT IS UNAFRAID TO CHALLENGE

EFFORTLESSLY GLAMOUROUS

—
GLAMOUROUS, LUMINOUS,
CHARISMATIC

PLAYFUL

—
JOYFUL, EXTROVERTED
AND DARING

JIMMY CHOO MAN: UNIQUE DNA

**EFFORTLESSLY
STYLISH**

CONFIDENT

COSMOPOLITAN

**DANGEROUSLY
SEDUCTIVE**

CHEEKY

ROGUISH

OUR PRODUCT

*THROUGHOUT THE YEAR, WE LAUNCH SEASONAL COLLECTIONS
IN LINE WITH THE INTERNATIONAL FASHION CALENDAR*

SPRING SUMMER

16

The vibrant, upbeat collection takes inspiration from California sky-gazing. Statement graphics of palm trees meld with bold architectural gestures to create a collection that is uninhibited and teems with carefree glamour. The juxtaposition of new with old – artisanal vintage references blended with bold, graphic architectural details – creates something modern and surprising.

PRE-FALL

16

The collection captures the duality of the modern woman juxtaposing ladylike sophistication with a bold insouciance. It explores the relationship between personality and style. Inspired by the iconic look of style-makers such as Edie Sedgwick, the collection embraces a spirited, daring attitude.

AUTUMN WINTER

16

Contrast is embraced to achieve harmony. The references are manifold but never overt: deep below the waterline, inspiration included the hard lushness of masculine military regalia, the sensual rainbow palette of Art Nouveau – plus a touch of Edwardian flounce and aviatrix strength. The result is a collection of assertive opulence: eclectic equipment for a modern woman of many facets to run free in.

CRUISE

17

A powerfully potent feast of accessories designed to sate the appetites of both wearer and watcher. Rich layers of colour, embellishment and decoration expressed via faultless fabrication combine to create a collection that simultaneously provokes and enchants. Three variations on customisation with each one offering the opportunity to personalise and instantly transform accessories with an irresistible suite of jewelled decorations crafted from Swarovski crystals.

PRODUCT PHILOSOPHY AND STRATEGY

Since its foundation, Jimmy Choo has offered a distinctive, glamorous and fashion-forward product range, enabling it to develop into a leading global luxury brand. Jimmy Choo products are unique, instinctively seductive and chic while also being wearable and of the finest quality.

Jimmy Choo's core product is luxury shoes, complemented by accessories. In addition, the product range includes sunglasses, eyewear, fragrance and soft accessories, which are produced under licensing agreements. In managing the balance between current fashions and timeless styles, Jimmy Choo centres its product strategy around iconic products, which are often more classic or timeless in nature and are targeted to appeal to a broader audience, and innovative products, which are intended to set and lead fashion trends.

COLLECTIONS

The product calendar is managed in order to create a structured flow of new products in order to drive editorial focus, footfall and conversion into sales. The calendar is based around eight collection drops each year, with the continuative core Choo 24:7 collection complementing the seasonal offerings.

This product cycle has a number of advantages as opposed to focusing only on main collections as it drives higher sell-through, improves productivity by having a longer shelf life and fewer markdowns, increases margins, creates space for innovations and mitigates fashion risk and volatility.

The iconic Choo 24:7 collection, which forms the Jimmy Choo woman's perfect wardrobe of shoes, underpins our business. The balance between our continuative icons and seasonal collections is one of the key elements of our merchandising strategy. We introduce new colours and fabrics in our iconic shoe styles in line with the seasonal collections, which maintains the cohesion of our seasonal look and feel and introduces newness into the continuative collection.

In addition to the main collection, CHOO.08° reflects the more daring side of the Jimmy Choo woman. The emphasis is on a 'London cool' image and a prevalence of biker and rock elements which give CHOO.08° a distinct feel while maintaining and building on the brand DNA.

WOMEN'S SHOES

As its core offering, Jimmy Choo offers an extensive range of luxury shoes covering occasions from casual daytime wear to elegant evening wear and special occasions. All collections typically cover the full range of women's shoes including fashion, evening, cocktail, day and weekend. Jimmy Choo has also successfully expanded into sub-categories including espadrilles and trainers.

MADE TO ORDER

In order to enhance the luxury positioning of the brand and create a more bespoke offering for our clients, we launched Made to Order shoes during 2014. Clients can have a pair of shoes made, choosing

CONTINUATIVE**SEASONAL****CHOO 24:7**

- The "Perfect Wardrobe" of shoes, available continually
- Refreshed seasonally with fashion colours, materials, styles and heels
- Low markdown
- Quicker replenishment
- Stable business
- Better margins

FASHION

- Instinctively seductive
- Cosmopolitan

CHOO.08°

- Rock/edgy
- London feel

WEEKEND

- Cool
- Relaxed feel

BALANCE OF STABILITY AND BRAND DEVELOPMENT

from a range of designs and heel heights, fabric colours or materials and personalise them with their initials on the sole. Made to Order is now available across the retail website and is widely appreciated by our clients, with continuing growth in 2016.

ACCESSORIES

Since the first standalone handbag collection in 2003, bags have become an integral part of the product offering.

Jimmy Choo's design and merchandising philosophy in handbags is to have several core iconic evening handbag lines which are refreshed each season in new material and applications. These core lines are complemented by a range of day and seasonal bags, which are also refreshed each season in new materials and colours.

Jimmy Choo subsequently introduced small leather goods in 2006, which now includes purses, wallets and cardholders. Small leather goods are a fundamentally important part of Jimmy Choo's product offering and have acted as a key platform for expansion into Japan and Asia.

MEN'S SHOES

Jimmy Choo first introduced men's shoes in 2011 and it continues to be a fast growing segment of the business, accounting for 9% of revenue in 2016. The Jimmy Choo brand has natural authority in men's evening shoes, where our approach is to add a twist to classic shapes, and has also seen strong growth in luxury trainers.

EYEWEAR, FRAGRANCE AND SOFT ACCESSORIES

Jimmy Choo's sunglasses and other eyewear product ranges were launched in 2008 and are produced under a licensing agreement with Safilo S.p.A.. Jimmy Choo introduced a fragrance line in 2011, under a licensing agreement with Interparfums SA. Jimmy Choo also offers soft accessories.

DISTRIBUTION NETWORKS

JIMMY CHOO HAS A SUCCESSFUL AND BALANCED DISTRIBUTION NETWORK, WITH OUR RETAIL DIRECTLY OPERATED STORE NETWORK AT THE CORE, WITH SIGNIFICANT OPPORTUNITY FOR EXPANSION

AMERICAS
£104.6M

EMEA
£150.9M

ASIA EX-JAPAN
£56.3M

JAPAN
£52.2M

AMERICAS		ASIA EX-JAPAN		TOTAL	
270		93			
DOS	38	DOS	32	DOS	150(+9)
FRANCHISE	2	FRANCHISE	33	FRANCHISE	64(+10)
MULTIBRAND	230	MULTIBRAND	28	MULTIBRAND	564(-11)
372		43			
DOS	48	DOS	32		
FRANCHISE	26	FRANCHISE	3		
MULTIBRAND	298	MULTIBRAND	8		

150 DOS

over 45% now in
the New Store Concept

SINGAPORE

10 NEW DOS

Americas: 2
EMEA: 2
Asia ex-Japan: 3
Japan: 3

1 CLOSURE

Americas

MILAN

16 RENOVATIONS AND RELOCATIONS

Americas: 3
EMEA: 8
Asia ex-Japan: 2
Japan: 3

MILAN

NEW STORE CONCEPT

Jimmy Choo has been engaged in the roll out of a New Store Concept across the store portfolio since 2014. The concept was developed with David Collins Studio and inspired by haute couture salons and fantasy shoe closets. It refreshes the look and feel of our stores, emphasises our luxury positioning and presents the fashion driven products in more space, whilst retaining the higher product densities in the Choo 24:7 collection. The new concept also integrates the dual gender product portfolio, helping with the penetration of the Men's collection globally.

NEW DOS GROWTH

During 2016 we opened 10 new DOS, with one closure, taking the total to 150 as at 31 December 2016.

Jimmy Choo continues to plan to open around 10 new stores per year. This store opening programme is weighted towards China, where we remain underpenetrated relative to many larger luxury peers. This store opening rate allows us to capture the growth potential of the white space whilst ensuring the quality of execution maintains the Jimmy Choo luxury positioning and brand image.

EXISTING DOS RENOVATION

Jimmy Choo plans to renovate 10 to 15 existing stores each year in the New Store Concept. This is weighted towards the USA and Europe. The results continue to be very positive and indicate that stores in the New Store Concept outperform existing stores by a noticeable margin. During 2016, we refitted 16 stores, with over 45% of the store portfolio in the new format at the year end.

FLAGSHIP PROGRAMME

Our planned ten flagship stores are designed to be a fuller expression of the Jimmy Choo brand in key locations. The New Bond Street, Sloane Street, Beverly Hills, Madison Avenue, Milan and Harbour City Hong Kong flagship stores are already open, with flagships planned for Paris, Tokyo and Shanghai, two of which are scheduled for 2017. The creation of these flagships will not entail increasing our number of DOS in any city, as it will be achieved by conversion and expansion of space in some existing stores and relocation to expanded space in other locations.

2016 HIGHLIGHTS

*IN OUR 20TH ANNIVERSARY YEAR WE HAVE CONTINUED TO GROW
AND TO BUILD ON THE STRENGTH OF THE BRAND*

FINANCIAL

ADJUSTED EBITDA (YEAR TO 31 DECEMBER)

£59.0M

OPERATING PROFIT (YEAR TO 31 DECEMBER)

£42.5M

ADJUSTED EPS (YEAR TO 31 DECEMBER)

6.4P

2016

was a year of
accelerating retail
growth and
margin expansion

EPS was 4.1 pence (2015: 5.1 pence, 2014: (11.6) pence), impacted by a non-recurring loss on the previous loan facility arising from foreign exchange translation.

OPERATIONAL

Revenue growth of 14.5% (1.6% at constant currency)

Continued strong growth in Asia, solid growth in Europe and Japan and improving trends in USA retail offset by the planned reduction in USA wholesale

Men's remains our fastest growing category

Adjusted EBITDA grows 15.7% to £59.0m

Operating Profit improves by 42.6% to £42.5m

Adjusted Consolidated Net Income increased 27.9% to reach £24.3m

Continued roll out of the successful New Store Concept:

10 new DOS opened in the year

16 further DOS renovated in the New Store Concept

Over 45% of the store portfolio now in the New Store Concept

Constant currency revenue growth is calculated by applying the exchange rates for the year ended 31 December 2016 to the year ended 31 December 2015 on a month by month basis and by calculating the growth percentage by reference to the total year.

REVENUE

*CONTINUED STRONG GROWTH IN ASIA, SOLID GROWTH IN EUROPE
AND JAPAN AND IMPROVING TRENDS IN USA RETAIL OFFSET BY THE
PLANNED REDUCTION IN USA WHOLESALE*

TOTAL REVENUE

(YEAR TO 31 DECEMBER)

£364.0M

REVENUE BY CHANNEL

RETAIL

£243.9M +17.4%*

WHOLESALE

£107.2M +7.4%*

LICENSING/OTHER

£12.9M +24.0%*

75% OF REVENUE

Shoes continue to be at
the heart of our business

CHAIRMAN'S STATEMENT

*THE PROSPECTS FOR THE BUSINESS IN ITS
20TH YEAR HAVE NEVER LOOKED BETTER – WE ARE
CONFIDENT IN THE LONG TERM GLOBAL
OPPORTUNITY FOR THE BRAND*

PETER HARF
NON-EXECUTIVE CHAIRMAN

2016 was another challenging year for the luxury market, but Jimmy Choo saw both accelerating retail growth as well as margin expansion.

OVERVIEW OF RESULTS

Revenue increased by 14.5% at reported currency and 1.6% on a constant currency basis. The business is now well invested for growth, and operational gearing was demonstrated with Adjusted EBITDA up 15.7% at reported currency, Adjusted EBIT up 16.6%, Operating Profit up 42.6% and Adjusted Consolidated Net Income up 27.9%. This was achieved despite continued investment in the business both in terms of the store network and also into Omnichannel, where we have started to test some services which were introduced during the second half of the year.

COMMITMENT TO SUSTAINABILITY

Jimmy Choo recognises its duty to stakeholders to operate in a responsible and ethical manner. We are committed to reducing our impact on the environment, increasing our positive social influence and working together to sell sustainably produced products.

We have undertaken a Sustainability Risk Assessment and are progressing our work in this regard through a dedicated project team drawn from senior managers across the business, who are charged with formalising our Sustainability Policy and Strategy. More details about our work in this area will be announced soon.

ANNUAL GENERAL MEETING ("AGM")

It was an historic year for UK corporate governance as we were the first listed company to implement an electronic AGM. This is consistent with the themes of a strong digital approach and innovation, for which this business and brand is well known. As part of good corporate governance we wanted to give all shareholders the opportunity to participate in the AGM regardless of location, to reduce carbon footprint and travel costs and to save time for shareholders. Our registrars delivered a voting system that was both legally robust and practical across electronic platforms. The AGM app that was created to facilitate this allowed shareholders to submit questions and vote. The electronic AGM took place on 15 June 2016. The result was that the AGM was much better attended than the company's first AGM in 2015, which evidences the greater appeal and accessibility of an electronic AGM. More details of the AGM can be found in the Corporate Governance Report on page 35.

Adjusted EBIT is defined as Operating profit for the year, adjusted for exceptional costs, share of the result of associates and joint ventures ("JVs") and realised and unrealised foreign exchange gains and losses on the revaluation of monetary items.

BOARD COMPOSITION

During the year Gianluca Brozzetti left the Board, given his continuing Executive commitments elsewhere. We value the contribution made by Gianluca Brozzetti.

Our international Board of Directors has extensive experience of running public companies in a global environment, with experience in luxury goods, retail, media, technology and consumer goods. We believe that by using this wealth of experience to help monitor and guide the path of the management of the Company, we will ensure that the growth Jimmy Choo has produced to date will continue for the foreseeable future. Please see pages 38 and 39 for full biographies of the high calibre individuals who sit alongside Pierre Denis, Jonathan Sinclair and me on the Board.

GOVERNANCE

We believe that good corporate governance is the key to good businesses continuing to grow profitably for the long term.

The Board is mindful of the need to continue to protect and promote the interests of the Company's minority shareholders. The Board believes that the Board and its Committees provide the appropriate corporate governance balance in light of the interests of both the majority shareholder and the minority shareholders. All members of the Audit and Risk Committee are Independent Non-Executive Directors and the Conflicts Committee assists in the management of the relationship between the Company and its majority shareholder. Further details of these measures are contained within this report.

OUTLOOK

We see improving retail trends across all the regions in which we operate and are well positioned to take advantage of an improving marketplace. Despite increased geopolitical uncertainty, we are cautiously optimistic that continuous operating efficiencies along with dedicated and successful teams mean that we can continue to drive margin expansion as well as a reduction in leverage and financing costs. After 20 years of investment in the brand, we are well positioned for the future, with a solid base for continued long term growth.

I would like to thank Pierre and his team for working hard to produce another impressive set of results. I would also like to thank our shareholders for their continued support.

PETER HARF
NON-EXECUTIVE CHAIRMAN

MADISON AVENUE,
NEW YORK

CHIEF EXECUTIVE'S REVIEW

Our passion for shoes and our dedication to product quality have again ensured that we continue to create innovative products to delight our clients around the world.

We celebrated the heritage of the brand with the marking of our 20th anniversary in 2016. As part of the celebrations, we hosted a party in New York during Fashion Week, where an exclusive music video was premiered, starring a powerful line up of our Autumn Winter 16 Women's campaign models who represent the dynamism of the Jimmy Choo brand.

The growing global appeal of the brand is also enriched by continued award wins. At the start of June, Sandra Choi collected the Accessories Designer award at the Glamour Women of the Year Awards. Later in the month we won three awards at the Draper's Footwear Awards including Designer of the Year, Women's Brand of the Year and Store Design of the Year. Also of note during 2016 was our 'Best Luxury Window' award for our Christmas window display in Tokyo and New York, featuring a glittering banquet of our customisable shoes, encrusted with Swarovski crystals.

We have continued to enjoy global recognition for our high profile product placements. Our Japanese business saw a particular benefit from brand and product exposure on the TV drama "Seisei Suruhodo, Aishiteru", based on characters working in the luxury industry.

PRODUCT

The main driver of revenue growth in 2016 was Shoes, which continue to be at the heart of the brand, representing 75% of revenue. Growth was driven by the launch of key new styles in the seasonal fashion and core ranges. The breadth of our product range allows us to capture trends such as the renewed popularity of the luxury trainer, leading to particular success with our Miami trainer.

The Memento collection, launched as part of the 20th anniversary celebrations for the brand, paid tribute to the entrance-making moments that have come to define Jimmy Choo style. The 20 shoes and bags that were reimagined for the collection, honoured the legacy of high glamour looks played out over the years on the red carpet. Clients could also purchase, and personalise, a limited edition accessories trunk with exceptional detailing, designed to house the Memento collection.

As part of Cruise 17, we launched a capsule collection of customisable jewelled shoes and bags. An irresistible suite of jewelled decorations encrusted with Swarovski crystals; floral and vintage star inspired button charms; pearl, diamanté and pompom brooches which allow clients to embellish the shoes and bags with their own design.

In Choo 24:7, we introduced a number of new and innovative products, with shapes and styles which had a significant impact from the second quarter of the year. These include the new Romy shoe, with its softer toe point and new heel construction, and the Ren, a modern fashion twist on the classic Jimmy Choo caged sandal.

PIERRE DENIS
CEO

THE 20TH ANNIVERSARY VIDEO IS REALLY A REFLECTION OF WHO THE MODERN JIMMY CHOO WOMAN IS TODAY. SHE'S DYNAMIC, CONFIDENT, PLAYFUL AND LIVING LIFE ON HER OWN TERMS. IT'S A VIDEO THAT'S VISUALLY BEAUTIFUL, FUN AND MAKES YOU CHEER FOR TODAY'S HEROINES.

SANDRA CHOI
CREATIVE DIRECTOR

Jimmy Choo also enjoys brand flexibility and versatility beyond Women's shoes. Accessories benefitted from the continued development of our iconic Lockett bags. We made continued progress in Men's (including shoes and accessories), which remains our fastest growing category and now accounts for 9% of revenue.

2016 saw further strong growth in our licensing business. During 2016, we launched 'Man Intense' and 'Illicit Flower' fragrances. In Sunglasses & Eyewear, we extended our Safilo licence until 2023 and have scheduled the launch of Men's products for 2018.

CONTROLLED EXPANSION OF THE RETAIL NETWORK

Continued investment in our retail estate was one of the key drivers of retail revenue growth. The number of new DOS in the year was 10, with one closure in the USA, giving a total DOS portfolio of 150 as at 31 December 2016.

Our new concept continues to outperform and we refitted a total of 16 stores in the year, with over 45% of our portfolio in the New Store Concept at the year end. Our store development programme remains unchanged. We expect to open around 10 new DOS and to renovate a further 10 to 15 DOS each year.

As part of the overall retail performance, our Online business, continued to develop well during the period and accounts for 6% of revenue.

ASIA CONTINUES TO LEAD GROWTH

Our strategy in Asia continues to be successful, with the region once again leading growth. Domestic performance in China was strong and we opened three new stores during the period. The new flagship store in Harbour City, Hong Kong performed well. In Japan we opened three new stores and benefitted from strong domestic demand. We also experienced continued notable growth in our Men's business in Japan.

20TH ANNIVERSARY
PARTY

Like-for-like sales growth ("LFL") is calculated by taking retail sales in all locations where trading occurred for a full financial year prior to the start of the period being measured and calculating sales growth for those locations at constant currency.

We saw growth across EMEA where business improved throughout the second half, with a benefit in the UK from weaker Sterling which aided good growth in sales to international clients. In Continental Europe, the impact of geopolitical events reduced tourist spend and slowed sales, but with an improved trend building throughout the second half.

We continued the repositioning of our business in the USA. This work coincided with softer demand for luxury and lower purchasing by the department stores. However, we continued to invest in and develop our USA store portfolio, in order to enhance the quality of the client experience. This included the opening of a new store on Greene Street in Soho and the relocation of our flagship Madison Avenue store in New York, as well as the opening of new stores in both Chicago and San Francisco. We have worked closely with our wholesale partners to realign our USA wholesale distribution network. We also closed one DOS. We continue to strengthen our platform for sales development in the USA.

A stronger final quarter resulted in LFL in the second half improving to 1.9%, with all regions ahead of the first half. Overall second half retail growth was 5.4% at constant currency. LFL was -0.8% for the year, reflecting the impact of the renovation programme and downward adjustments to maintain our global price positioning. The business saw a much improved trend throughout the second half.

DIGITAL-LED CLIENT INTERACTION

As a digital leader, we continue to increase our digital investment to enable us to reach both new and existing clients in the most relevant way. Our social media following continues to grow alongside our brand recognition and we have seen growth across all channels. This engagement, in particular with the 'millennial' generation, complements our continued success in growing and strengthening our editorial impact in traditional media.

INVESTMENT IN SYSTEMS AND PROCESSES

An important part of our retail strategy is our transformation programme, which continued during 2016. We are starting to test some Omnichannel services which were introduced during the second half of the year. These are being progressively rolled out across the business during 2017. This is a key project to leverage the system platform investments already made and it will greatly improve the shopping experience by enhancing product availability, improving inventory management and increasing engagement with our clients.

OUTLOOK

We see improving retail trends across all regions and are well positioned to take advantage of a stronger marketplace. This, combined with our sustained investment plan, gives us confidence that we will deliver on the current strong growth expectations for 2017. Despite some continuing specific challenging market conditions, and increased geopolitical uncertainty, we are cautiously optimistic that continuing operating efficiency and dynamism, innovation and flexibility of our teams will enable us to drive margin expansion and continue the reduction in leverage and financing costs. After 20 years of investment in the brand, we are well positioned for the future, with a solid base built for long term growth.

I would like to thank all my colleagues for their hard work in delivering this excellent performance, as well as our shareholders for their continued support.

PIERRE DENIS
CEO

OUR MARKET

ANOTHER CHALLENGING YEAR FOR THE INDUSTRY BUT WITH A STRONGER SECOND HALF

THE LUXURY MARKET IN 2016

2016 was another challenging year for the luxury industry. Continued volatility in exchange rates affected the whole market and geopolitical events impacted both consumer confidence and tourist flows. However, the industry in general saw a stronger second half of the year and there were some tentative signs of a recovery across the sector in the fourth quarter.

LUXURY SHOE MARKET GROWTH

Luxury shoes continue to be a fast growing segment of the luxury market with an estimated sales compound growth rate from 2013 to 2015 of 11%, compared to the luxury market excluding shoes which had a compound growth rate of 7% over the same period.

We believe that the strong historical growth experienced in the luxury shoe market is a result of a number of factors.

OPTIMAL GATEWAY

Shoes are available at a psychologically accessible price. This makes them an optimal gateway into the luxury market, compared to many other luxury goods.

ACCESSORIES ARE KEY

Over recent years, consumers have been buying ready-to-wear apparel from high street retailers and then upgrading their wardrobe with luxury shoes, bags and other accessories.

FOCUS OF RETAILERS ON LUXURY SHOES

Luxury brands and multibrand retailers have both increased their focus on shoes in recent years and as a consequence, many department stores have considerably expanded their shoe floors and continue to do so.

**LUXURY SHOES CONTINUE TO
BE A FAST GROWING SEGMENT
OF THE LUXURY MARKET**

INCREASING PARTICIPATION OF MEN IN LUXURY

Men continue to become more hedonistic and opinionated on fashion matters, and over recent years there has been an increasing trend for male clients to purchase luxury fashion goods for themselves. We believe that the male segments of the luxury goods market, in particular luxury shoes, remain underrepresented by leading luxury brands. Luxury fashion companies are beginning to address this opportunity, with some market participants launching men only stores as well as expanding their product offering for men, including shoes.

LUXURY SHOE SPECIALIST BRANDS

The luxury shoe business is very complex, with a variety of sizes, heel heights, materials and colours. Successfully mastering this complexity requires a constant and dedicated focus. We believe luxury shoe specialist brands, like Jimmy Choo, are strongly positioned to offer this.

As a result of the fragmented nature of the market, there remains significant scope for luxury shoe specialist brands, like Jimmy Choo, to continue outperforming the luxury shoe market as a whole.

LUXURY SHOE MARKET RESILIENCE

We believe that the luxury shoe market is one of the more resilient segments of the luxury goods market. During the global financial crisis of 2008 and 2009, luxury shoe sales decreased by 4%, compared to a total market decrease of 8%. Over this same period, Jimmy Choo's revenue increased by 2%.

STRATEGIC FRAMEWORK

OUR GOAL IS TO PURSUE GROWTH WITHOUT COMPROMISING THE JIMMY CHOO BRAND. THIS IS ACHIEVED BY SUCCESSFUL PRODUCT COLLECTIONS DRIVING POSITIVE LFL SALES, OPENING NEW DOS AND EXPANSION IN ASIA AND SELECTED NEW MARKETS

Shoes are at the heart of Jimmy Choo and will remain the core offering. Shoes represent three quarters of revenue, and we do not expect this to change substantially. Jimmy Choo is a specialist luxury shoe company focused on growing our relationship with our customers and clients. Growth will always be pursued within the context of protecting the Jimmy Choo brand identity and luxury positioning. We believe that Jimmy Choo's unique brand DNA and experienced design team will enable us to continue to deliver collections that resonate strongly with our clients.

We aim to deliver earnings growth and returns through focusing on growth ahead of the market and margin expansion, together with good cash flow conversion.

REVENUE GROWTH

Revenue growth is supported by the store opening programme, through which the Group plans to open around 10 new DOS each year, as well as the roll out of the New Store Concept across the estate see page 13. In addition to our DOS expansion plans, we intend to pursue growth through our multibrand, franchise and JV channels. All of these are important for Jimmy Choo's business model as they provide access to new markets.

Our aim is to grow towards a regional mix more in line with the wider luxury market through growth in Asia and selected new markets, while maintaining our presence in EMEA and the Americas. Jimmy Choo's revenue growth strategy is focused around the following key pillars:

MARGIN EXPANSION

The business is scaled for growth. Our expectation is that the revenue growth initiatives described, together with increased control over distribution, should drive gross margin improvement in the business. Direct costs will grow broadly in line with retail revenue growth and indirect costs will grow slower than overall revenue. The new systems and logistics investment will help the management team to improve inventory efficiency, thereby reducing markdowns and increasing cash flow, which will lead to the deleverage of the business.

MARKET OUTPERFORMANCE

We believe that Jimmy Choo's client insight, design approach and systems which we have developed as a specialist will enable us to outperform the wider luxury market. Jimmy Choo has the right specialist resource, knowhow, skills and people to excel in this attractive and complex category.

LFL GROWTH

Through continued performance of our collections and investment in our DOS network, with selected openings, relocations and New Store Concept renovations in Jimmy Choo's existing developed markets of Europe, USA and Japan, together with the progressive roll out of Omnichannel services.

RETAIL LED GROWTH DRIVEN BY

Door growth opportunity: expansion of DOS in Greater China, where Jimmy Choo remains underpenetrated compared to peers, and potential franchise buyouts and JVs in fast growing markets, including the UAE and South Korea. It is expected that around half of our DOS development will be in China each year.

Online: the Group will continue the investment in online which has proved to be one of the key elements of growth in the current environment. Recent investments into the supply chain and systems upgrades are expected to position the Group to capitalise on the growth of the global online trend and provide an Omnichannel distribution offering starting progressively in the USA and Europe.

WHOLESALE ENTRY

Exploration of potential franchise opportunities in new markets where Jimmy Choo currently has a limited presence, particularly in Latin America, Eastern Europe and Travel Retail, alongside continued development of our existing business.

STRATEGIC PRIORITIES

KEY PERFORMANCE INDICATORS ("KPIs")	OBJECTIVES	PERFORMANCE
LFL SALES GROWTH Measures the productivity of our existing store portfolio and is calculated as the percentage increase in constant currency sales from retail stores that have been open for more than 12 months prior to the commencement of the financial year.	Low to mid single digit LFL growth	LFL SALES GROWTH
REVENUE GROWTH Constant currency revenue growth to ensure that we grow across all our main channels and income streams.	Constant currency revenue growth ahead of the market	REVENUE GROWTH
ADJUSTED EBITDA MARGIN Measures the capability of the business to manage operating leverage and cost.	Operational gearing to provide modest Adjusted EBITDA margin expansion	ADJUSTED EBITDA AS % OF REVENUE
RETAIL LED GROWTH Ensures control over the distribution network to ensure the presentation of the brand is always at its best.	Retail revenue as percentage of total revenue to increase over time	RETAIL AS % OF REVENUE

PERFORMANCE

LFL declined in 2016 by -0.8% reflecting the luxury sector slow-down in the first half of 2016 producing LFL decline of -4.0% for the period. LFL in the second half was significantly stronger at +1.9%, driven by sales growth in the UK, Online, China and Japan. 2016 saw some significant shifts in client buying behaviour, with clients favouring foreign exchange impacted markets and reduced purchasing in some tourist traffic-driven stores.

Revenue growth at 1.6% was stronger than the reported results of peer group companies. We opened 10 new DOS: 2 new stores in Europe, 2 stores in the USA, 3 stores in Japan and 3 new stores in China, with one store closure in the USA. The Singapore and Malaysia franchise stores acquired in 2015 performed very strongly. We continued to develop our wholesale and franchise network. In the USA, we worked closely with our key wholesale partners to realign our distribution network. We opened 10 new franchise stores.

Adjusted EBITDA as a percentage of revenue increased to 16.2% in 2016. Gross margin continued to improve vs 2015 although direct costs increased ahead of retail revenue due to the impact of the store development programme. There was additional investment in brand communication around the 20th anniversary of the brand. Indirect cost growth was well below revenue growth.

Retail continues to grow its share of the business through the new store opening programme, with 10 new doors opened in 2016 increasing the store portfolio to 150 stores. 16 stores were renovated in 2016, with over 45% of the store portfolio now in the New Store Concept.

INTENTIONS/RISKS**INTENTIONS**

- Collection led growth
- New Store Concept
- Merchandising excellence

RISKS

- Macro-economics
- Competition
- Client behaviour
- Collection acceptance

INTENTIONS

- LFL growth
- 10 to 15 new DOS each year
- Selective conversion from wholesale to retail
- Distribution growth in Asia, the Middle East and Latin America
- Channel growth in Travel Retail

RISKS

- Macro-economics
- Attractiveness of the brand
- Availability of strong local partners

INTENTIONS

- Continued gross margin improvement
- Direct costs growth in line with retail revenue
- Brand communication broadly maintained as a % of revenue
- Indirect costs growth lower than revenue growth

RISKS

- Margin erosion
- Store rent inflation
- Salary inflation

INTENTIONS

- Opening around 10 DOS each year
- Renovation of 10 to 15 existing DOS each year
- Conversion of franchise doors into DOS, with selective formation of JVs in key territories

RISKS

- Property availability in luxury locations

FINANCIAL REVIEW

REVENUE GROWTH AHEAD OF THE MARKET AND A YEAR OF CONTINUED INVESTMENT

REVENUE

£M	2016	%	2015	%
Retail	243.9	67.0	207.7	65.3
Wholesale	107.2	29.5	99.8	31.4
Licensing/Other	12.9	3.5	10.4	3.3
Total	364.0	100.0	317.9	100.0

Our overall revenue increased by 14.5% on a reported basis (1.6% on a constant currency basis). Once again, Retail continues to be the growth engine of the business, growing ahead of Wholesale, in line with our previously stated strategic aim of retail led growth. Retail sales in 2016 represented 67.0% of revenue. Other, which primarily relates to licensed income from Fragrance and Eyewear, also performed strongly, growing to 3.5% of total revenue. Revenue was significantly affected by currency volatility during the year, particularly post the UK Referendum vote in June 2016, with all currencies stronger in relation to Sterling causing both significant reported sales value gains in the second half of the year and some sizeable shifts in client shopping patterns, largely in favour of UK trading.

At a category level, growth was led by shoes which represent over three quarters of the business. Men's continues to remain our fastest growing category and now accounts for 9% of revenue.

RETAIL

In 2016, retail revenue grew by 17.4% to £243.9m (3.9% at constant currency) as a result of the addition of 10 new DOS and one closure and the full year impact of the new stores opened in 2015. LFL sales were -0.8% below last year as difficult market conditions during the first half caused LFL decline, however a stronger final quarter resulted in LFL in the second half improving to 1.9%, with overall second half retail revenue growth of 5.4% at constant currency. LFL also reflected the impact of the renovation programme and downward adjustments to maintain our global price positioning.

Sales continued to be positively impacted by the roll out of the New Store Concept as stores which have been refitted with the new concept continue to outperform those in the existing format. During 2016, a further 16 stores were refitted, bringing the total stores trading in the New Store Concept at the year end to over 45% of the DOS estate. As part of the overall retail performance, our Online business continued to develop well during the period and now accounts for 6% of revenue. We are starting to test some Omnichannel services which were introduced during the second half of the year and are being progressively rolled out across the business during 2017.

WHOLESALE

Our wholesale business grew by 7.4% on a reported basis during the year (-3.9% on a constant currency basis). As expected, wholesale revenue was impacted by reduced purchasing by USA department stores in the face of a slowdown of luxury footfall. However, we continued to see organic growth within existing key wholesale accounts outside of the USA and the continued expansion of our wholesale network in EMEA and across Asia ex-Japan.

LICENSING/OTHER

We had another successful year in Licensing, with Fragrance seeing the full year impact of the launch in August 2015 of 'Illicit', our third Women's fragrance, as well as new launches during the year of 'Man Intense' and 'Illicit Flower' fragrances. Sunglasses & Eyewear also performed well.

JONATHAN SINCLAIR
CFO AND EVP (BUSINESS OPERATIONS)

£M	2016	2015
Revenue	364.0	317.9
Gross margin (%)	64.0%	62.7%
Selling and distribution expenses	(113.4)	(93.1)
Brand communication investment	(18.3)	(15.5)
Overheads	(42.3)	(39.6)
Adjusted EBITDA	59.0	51.0
Adjusted EBITDA as % of revenue	16.2%	16.0%
Operating profit	42.5	29.8
Adjusted EBIT	38.7	33.2
Adjusted Consolidated Net Income	24.3	19.0
Adjusted EPS (pence)	6.4	5.0
Profit for the year	15.4	19.4
EPS (pence)	4.1	5.1

Unless otherwise stated, all figures and growth rates in the following commentary exclude the impact of adjusting items. For a reconciliation of adjusted performance measures to statutory figures, please see note 29 to the financial statements.

REVENUE BY DESTINATION £M	2016	2015	GROWTH AT REPORTED CURRENCY	GROWTH AT CONSTANT CURRENCY
EMEA	150.9	129.7	16.3%	6.7%
Americas	104.6	106.4	(1.7)%	(13.0)%
Japan	52.2	39.6	31.8%	6.2%
Asia ex-Japan	56.3	42.2	33.4%	19.2%
Total	364.0	317.9	14.5%	1.6%

Our strategy in Asia continues to be successful, with the region once again leading growth. Asia ex-Japan grew by 33.4% on a reported basis (19.2% on a constant currency basis), driven by increasingly strong domestic performance in China where we opened three new stores during the period. The franchise doors in Singapore and Malaysia acquired and converted to DOS in 2015 also performed well during 2016, as did the new flagship store in Harbour City, Hong Kong. In Japan, we opened three new stores and benefitted from strong domestic demand. We also experienced continued notable growth in our Men's business in Japan.

We saw growth across EMEA where business improved throughout the second half, with a benefit in the UK from weaker Sterling which aided good growth in sales to international clients. In Continental Europe, the impact of geopolitical events reduced tourist spend and slowed sales, but with an improved trend building in the second half.

In Americas, revenue declined by -1.7%, with the continuing repositioning of our business in the USA. This work coincided with softer demand for luxury and lower purchasing by the department stores. However, we continued to invest in and develop our USA store portfolio, in order to enhance the quality of the client experience. This included the opening of a new store on Greene Street in Soho and the relocation of our flagship Madison Avenue store in New York, as well as the opening of new stores in both Chicago and San Francisco. We have worked closely with our wholesale partners to realign our USA wholesale distribution network. We also closed one DOS. We continue to strengthen our platform for sales development in the USA.

PROFIT ANALYSIS GROSS MARGIN

In 2016, our gross margin continued to benefit from the growth of our retail business, driving an improvement in channel mix and lower markdowns. This was also the first full year of the operation of the new supply chain set-up which enabled us to improve distribution and reduce logistics costs. Weaker Sterling and the translation of

currency earnings also lifted margins. At the same time, we continued to reinvest in the growth of our Men's business and the fashion component of our collections. As a result, gross margin at 64.0% improved by 130 bps from 62.7% in 2015.

COSTS

Total costs charged in arriving at Adjusted EBITDA increased by 17.4% in 2016, compared to 14.5% growth in total revenue and 17.4% growth in retail revenue in the same period.

Selling and distribution expenses continued to reflect the impact of the store development programme, including the opening of 10 new DOS and the renovation of 16 DOS in the same period. As a result, these costs increased by £20.3m or 21.8% in 2016 of which £8.9m related to development programme costs with the remaining £11.4m relating to foreign exchange.

We continued to invest in brand communication during the year, with an investment of £18.3m or 5.0% of revenue, up by 18.1% against 2015. This is in line with our stated goal of brand communication investment of 5.0% of revenue. Our media presence continued to grow and we undertook a number of high profile events and activities during the year to mark the 20th anniversary of the brand. We were again ranked as number one in global editorial ranking for luxury women's shoes.

Overheads for 2016 were £42.3m, which was 6.8% ahead of last year, falling to 11.6% of revenue from 12.5%. This was in line with our target of cost increases below revenue growth and was achieved through continued tight cost control and further benefits from process efficiency improvements following the completion of the SAP implementation programme with the go-live of SAP in Japan in June 2016.

Exceptional costs of £3.0m (2015: £2.4m) were incurred during the year and were largely related to costs associated with the completion of the SAP implementation programme and legal costs.

PROFITS AND EARNINGS

Profit growth was driven by continuing expansion of the retail network, improvement of gross margin in the supply chain and operating leverage on the overheads of the business. As a result, Adjusted EBITDA grew by 15.7% to £59.0m compared to £51.0m in the prior year. Adjusted EBITDA margin improved by 20 bps to 16.2%.

Depreciation and amortisation reflected the continued investment in new stores, the roll out of the New Store Concept and the completion of the SAP implementation programme and rose from £17.8m in 2015 to £20.3m in 2016, an increase of 14.0%. Depreciation and amortisation remained at 5.6% of revenue, leading to an increase in Adjusted EBIT of 16.6% to £38.7m (2015: £33.2m), with an Adjusted EBIT margin up 20bps to 10.6%.

Operating profit increased by 42.6% to £42.5m (2015: £29.8m) which included a gain on realised and unrealised monetary items of £6.8m driven by weaker Sterling (2015: £1.0m loss).

Our finance expense increased by £9.9m to £15.3m, driven largely by a £9.2m foreign exchange loss on the close-out of the old debt facilities. The losses on financial instruments of £9.5m were largely driven by weaker Sterling and more than offset the foreign exchange gains on monetary items. Amortisation of refinancing costs amounted to £0.3m in the year (2015: £nil).

GREENE STREET,
NEW YORK

FINANCIAL REVIEW CONTINUED

The total tax charge for 2016 was £2.3m (2015: £2.7m). The effective tax rate ("ETR") of 12.9% increased slightly from 12.7% in 2015 having materially benefitted from a deferred tax credit of £2.8m in each year, largely arising from changes in the UK corporate tax rate. As an international company with a wide geographic spread of markets, the ETR will continue to be sensitive to the geographic mix of profits. Tax risk could fluctuate further as we respond to legislative changes from the OECD's Base Erosion Profit Shifting project ("BEPS") and review the impact of potential geopolitical structural tax changes, for example tax reform in the USA, which could impact the tax landscape.

Adjusted Consolidated Net Income for the year was £24.3m (2015: £19.0m) and generated Adjusted EPS of 6.4 pence (2015: 5.0 pence). In overall reported terms, Profit for the year was £15.4m (2015: £19.4m) with EPS of 4.1 pence (2015: 5.1 pence), both impacted by a non-recurring loss on the previous loan facility arising from foreign exchange translation.

CASH FLOW

£m	2016	2015
Adjusted EBITDA	59.0	51.0
Adjusted Operating Cash Flow ¹	61.5	49.2
Adjusted EBITDA Cash Conversion ²	104.2%	96.5%
Exceptional costs	(3.0)	(2.4)
Tax paid	(8.7)	(3.8)
Net financing payments	(14.3)	(12.3)
Capital Expenditure ³	(28.6)	(25.8)
Acquisitions	(0.3)	(3.4)
Free operating cash flow	6.6	1.5

- Adjusted Operating Cash Flow is defined as Adjusted EBITDA plus/minus non-cash charges in respect of share-based payments, realised and unrealised foreign exchange gains and losses on the revaluation of monetary items and working capital. Working capital is defined as the sum of changes in trade and other receivables, inventories, trade and other payables and provisions.
- Adjusted EBITDA Cash Conversion is defined as Adjusted Operating Cash Flow (as defined above) divided by Adjusted EBITDA.
- Capital Expenditure is defined as acquisition of property, plant and equipment and other intangible assets.

Cash conversion improved again in 2016 from 96.5% to 104.2%, with strong EBITDA growth of £8.0m and a continuing and increasingly successful focus on working capital efficiency which reduced working capital by £0.6m, notwithstanding the expansion of the retail network.

Free operating cash flow of £6.6m in 2016 increased by £5.1m from £1.5m in 2015. This was driven by an improvement in cash generated from operating activities, £4.8m ahead of 2015, with investing activities (capital expenditure and acquisitions) £0.3m lower than last year. Capital expenditure was 8% of revenues as a result of the investment in the retail network and preparation for Omnichannel.

On 17 March 2016, the Group completed the refinancing of its debt with a new, unsecured facility of £200m with a five year tenor through to 16 March 2021, made up of a £125m term loan and a £75m Revolving Credit Facility ("RCF") (denominated in US Dollars and Euro) with an accordion option to increase the facility by a further £50m. The previous principal secured debt facilities were repaid in full. The new facility results in a reduction in borrowing costs, an improvement in headroom and certainty over our financing for the next five years.

NET DEBT

£m	31 DECEMBER 2015	CASH MOVEMENTS	NON-CASH MOVEMENTS	31 DECEMBER 2016
Current borrowings	(17.8)	6.8	(1.5)	(12.5)
Non-current borrowings	(116.8)	(0.3)	(23.6)	(140.7)
Other debt	(0.6)	–	(0.1)	(0.6)
Gross debt	(135.2)	6.5	(25.1)	(153.8)
Cash and cash equivalents	13.8	0.1	0.9	14.8
Net debt	(121.4)	6.6	(24.2)	(139.0)

Net debt as at 31 December 2016 decreased by £6.6m (5.4%) at constant rates, but increased by £17.6m at reported rates. The bank reported leverage measure (Net debt:EBITDA) was well within covenant requirements, with significant headroom available.

BALANCE SHEET

During the year, total assets increased by £51.6m to £819.5m as at 31 December 2016. Non-current assets increased by £19.6m to £675.4m as a result of continued investment in new stores, the refit of stores in the New Store Concept and further investment in the replatforming of the Group's information systems, including the development of Omnichannel and the implementation of SAP in Japan, with all major markets now on the SAP platform. Current assets increased by £32.0m to £144.1m against last year, with inventory and trade receivables both higher and both driven largely by foreign exchange.

Total liabilities increased by £42.3m to £343.3m as at 31 December 2016. Non-current liabilities increased by £23.0m to £208.8m as a result of non-current borrowings £23.9m higher than last year. This arose from a change to the maturity profile of the loan which lowered current borrowing together with the foreign exchange impact from weaker Sterling on currency borrowings overall. Current liabilities increased by £19.3m to £134.5m as at 31 December 2016, with the increase in trade and other payables driven by improved terms with key suppliers and the impact of foreign exchange on currency balances. As at 31 December 2016, we carried tax provisions of £1.8m (2015: £2.8m) relating to the likely settlement of international trading issues.

IMPACT OF FOREIGN EXCHANGE VOLATILITY

Following the UK Referendum in June, Sterling weakened significantly, impacting both the financial results and client purchasing behaviour. The UK accounts for 7.7% of our global sales area, with 11.6% of revenue and 28.5% of operating costs denominated in Sterling. Hence we saw a significant translational benefit arising on revenue and assets in overseas subsidiaries leading to strong published revenue results and improved asset values. This was offset by increases in non-Sterling costs and liabilities including our debt facilities which are denominated in US Dollars and Euro. The combined impact of net foreign exchange gains on monetary items and the loss on financial instruments was a loss of £2.7m.

Exchange rate fluctuations have been highlighted as one of the material risks and will remain an area of monitoring and active management.

JONATHAN SINCLAIR

CFO AND EVP (BUSINESS OPERATIONS)

COMMITMENT TO SUSTAINABILITY

JIMMY CHOO RECOGNISES ITS DUTY TO STAKEHOLDERS TO OPERATE IN A RESPONSIBLE AND ETHICAL MANNER – WE ARE COMMITTED TO REDUCING OUR IMPACT ON THE ENVIRONMENT, INCREASING OUR POSITIVE SOCIAL INFLUENCE AND WORKING TOGETHER TO SELL SUSTAINABLY PRODUCED PRODUCTS

We have undertaken a Sustainability Risk Assessment and we are progressing our work in this regard through a dedicated project team drawn from senior managers across the business, who are charged with formalising our Sustainability Policy and Strategy. We are in the process of engaging external support for the audit of our supply chain, as part of more detailed work in this area. More details will be announced in due course.

SOCIAL HUMAN RIGHTS

Jimmy Choo is committed to improving working conditions for workers both under its direct operations and across its value chain. Jimmy Choo's shoes and accessories are all made in Europe, in particular in Italy, where factories and tanneries are subject to mandatory legislative requirements. Jimmy Choo already expects its suppliers and sub-suppliers to include clauses combatting child labour in their contracts.

In the event that Jimmy Choo identifies working conditions which do not meet its minimum standards, the Group will work closely with suppliers to improve their performance. Further efforts are being made to widen the scope to include anti-slavery provisions for workers.

UK MODERN SLAVERY ACT 2015

In 2017, Jimmy Choo will produce its first Modern Slavery Statement in line with the UK Modern Slavery Act 2015. This will be made available at www.jimmychoopl.com.

HEALTH AND SAFETY

The Management of the Company recognises the promotion of health and safety measures and practices as a mutual objective for Management and employees at all levels.

It is the policy of the Company to do all that is reasonable to prevent personal injury and damage to property and to protect everyone from foreseeable work hazards, including the general public in so far as they may come into contact with the Company or its products.

The Company fully recognises its responsibility to:

1. Provide and maintain safe and healthy working conditions, taking into account any statutory requirements.
2. Provide training and instruction enabling employees to perform their work safely and efficiently.
3. Maintain a constant and continuing interest in health and safety matters applicable to the Company's activities and for its Management to set an example in safe behaviour.

WHISTLEBLOWING

Details of the Company's whistleblowing procedures are included in the governance section on page 50.

SUPPORTING COMMUNITIES THE JIMMY CHOO FOUNDATION

The Jimmy Choo Foundation was established in 2011 to focus upon the empowerment of women and improving their quality of life through education and enterprise.

There is growing recognition that economic, moral and social progress is achieved by giving women the means to contribute to, and be included in, the global economy. According to the United Nations Development Programme, there is clear evidence that bringing women into the economy helps to raise economic productivity, reduce infant mortality, contribute to improved health and increase the chances of education for the next generation. Simply put, progress is achieved through women.

The Jimmy Choo Foundation addresses the most common barriers faced by women in developing economies. In order to maximise our efforts and impact, The Jimmy Choo Foundation has partnered with the global organisation Care International ("Care"), in particular their lendwithcare initiative. Founded in 1945, Care is one of the largest and most established humanitarian aid organisations focused on fighting global poverty. Launched in 2010 and operating in more than 11 countries, lendwithcare is Care's groundbreaking programme which supports some of the world's poorest women, enabling them to lift themselves out of poverty with pride and dignity. Lendwithcare provides female entrepreneurs with access to credit, education and financial tools, encouraging them to develop the confidence that comes with building a successful enterprise.

Since 2010, lendwithcare has benefitted 20,000 women in developing countries through the provision of loans and business training. The impact of lendwithcare's investment is multiplied by these women as the benefits are extended to the world around them, creating better lives for their families and building stronger communities. The Jimmy Choo Foundation, in partnership with lendwithcare, has set a goal of supporting more than 8,000 people in developing countries by 2019.

Funding for The Jimmy Choo Foundation comes from corporate donations and fundraising initiatives coordinated by employees of Jimmy Choo. The Trustees are Pierre Denis, Sandra Choi, Hannah Merritt and Jonathan Sinclair.

During 2016, The Jimmy Choo Foundation and Jimmy Choo employees helped to fund 1,049 entrepreneurs through the partnership with Care and lendwithcare.

COMMITMENT TO SUSTAINABILITY CONTINUED

Whilst lendwithcare is the primary beneficiary of The Jimmy Choo Foundation, Jimmy Choo still actively pursues and supports local charities in markets where this is established practice and undertakes frequent charity events in which a proportion of the sales are donated to a local charity. These events, particularly in the USA, allow Jimmy Choo to connect with the community and to deliver on our values of contributing to the communities which we serve.

Total charitable donations by the Group in 2016 amounted to £0.2m (2015: £0.2m).

VOLUNTEER DAY

As part of our continued commitment to a positive social impact, we are implementing Volunteer Days from 2017. We invite employees to undertake one paid day of volunteering per calendar year in order for them to make a positive contribution to their community.

By providing our employees with an opportunity to devote their time making a positive impact within an organisation of their choice, we give them a beneficial, rewarding and energising experience whilst also potentially developing professional skills in a challenging environment. In return, the groups we partner with benefit from using the expertise of our employees to make a sustainable difference to the organisation and communities they serve.

ENVIRONMENT

Jimmy Choo is strongly committed to meeting high environmental standards in its operations and throughout its supply chain. Jimmy Choo ensures that all of the sourcing of materials is done in a way that limits the impact on biodiversity and animal welfare. We comply with the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora ("CITES"), which aims to regulate the trade of specimens of endangered animals and plants by monitoring their exportation, re-exportation, importation, transit, transshipment or possession.

CARBON FOOTPRINT

In 2016, Jimmy Choo had its carbon footprint independently measured by Deloitte LLP. This enabled Jimmy Choo to identify areas of risk and prioritise areas on which to focus its carbon footprint reduction efforts. Over the next 12 months, Jimmy Choo will continue to build on energy reduction initiatives already in place across its operations. In due course, we will establish a global energy management programme.

From 2017 onwards, we will make it mandatory for all sites to report on reduction initiatives within the framework of carbon footprint measurement. We also plan to mandate reduction initiatives into our store operating manuals.

GREENHOUSE GAS ("GHG") EMISSION STATEMENT

The GHG Protocol categorises GHG emissions into three broad scopes:

- Scope 1: All direct GHG emissions.
- Scope 2: Indirect emissions from consumption of purchased electricity, heat or steam.
- Scope 3: Other indirect emissions.

Jimmy Choo has chosen to use an intensity ratio measure based upon emissions per £m of revenue in order to put the GHG intensity in context for the size of the business.

	2016	
	(tCO ₂ e)	(tCO ₂ e/£M)
Scope 1		
Fuel combustion	115	0.31
Scope 2		
Purchased electricity	3,211	8.83
Statutory Total (Scope 1 and 2 Emissions)	3,326	9.14
In addition to the statutorily required Scope 1 and 2 disclosure, Jimmy Choo has voluntarily analysed the Scope 3 emissions where it has the ability to influence them.		
Scope 3		
Upstream Scope 3 emissions	1,417	3.89
Total Emissions	4,743	13.03

Note:

tCO₂e is an abbreviation of "tonnes of carbon dioxide equivalent" and is the internationally recognised measure of GHG emissions.

Jimmy Choo applies an operational control approach to defining its organisational boundaries. Data is reported for sites where it is considered that Jimmy Choo has the ability to influence energy management. Data is not reported for sites where Jimmy Choo has a physical presence, but does not influence the energy management for those sites, such as a concession within a department store.

We use the Greenhouse Gas Protocol (revised edition, 2004) and ISO 14064-1 (2006) to estimate emissions and apply conversion factors from DEFRA, UK Government conversion factors for Company Reporting (2014). All material sources of emissions are reported.

In 2016, intensity ratios decreased across all three metrics measured:

- Emissions per £m revenue.
- Emissions per FTE.
- Emissions per m² gross internal area.

Absolute gross emissions dropped from 5,009 tCO₂e in 2015 to 4,743 tCO₂e in 2016.

ENERGY SAVINGS OPPORTUNITIES SCHEME ("ESOS")

The ESOS Regulations 2014 brought into force Article 8 of the EU Energy Efficiency Directive and mandated that all large businesses in the UK should undertake comprehensive assessments of energy use and energy efficiency opportunities at least once every four years. During 2015, Jimmy Choo employed Deloitte LLP as a Lead Energy Assessor to conduct an ESOS Assessment. Having reported compliance to the Environment Agency by 5 December 2015 as required by ESOS, Jimmy Choo is therefore currently compliant with ESOS Regulations 2014. ESOS operates on a 4-year compliance cycle. Accordingly, we continue to seek ways to reduce our energy use and to improve our energy efficiency across the business to ensure ongoing compliance with the ESOS Regulations.

ENGAGEMENT AND REPORTING

In order to challenge and enhance our sustainability strategy, we will consider which industry sustainability working groups would be appropriate for us to join. We presently meet all mandatory reporting requirements and will continue our work to enhance this disclosure.

OUR PEOPLE

JIMMY CHOO IS A DYNAMIC COMMUNITY OF HIGHLY SKILLED PEOPLE THAT HAVE BEEN BROUGHT TOGETHER AROUND A UNIQUE BRAND ABOUT WHICH WE FEEL PASSIONATELY

CREATING A DIVERSE COMMUNITY

We believe that businesses thrive from the sharing of knowledge and experiences. In order to make the most of the cross fertilisation of ideas, we employ people from a diverse range of professional and cultural backgrounds, not only because it is the right thing to do, but also because it enhances our work environment and strengthens our ability to nurture and grow the business.

The Group is committed to a policy of treating all of its employees and job applicants equally. No employee or potential employee will receive less favourable treatment or consideration.

We have a comprehensive diversity policy which ensures that everyone, whether they are directly employed by Jimmy Choo or not, is protected from direct and indirect discrimination, harassment or victimisation, whether deliberate or accidental. In addition, we commit to ensuring that the work environment is suitable for our employees to carry out their duties, with adjustments to equipment, location and working practices where necessary.

We have put policies in place to ensure that the recruitment process is free from bias and that equal work receives equal pay:

- There should be no discrimination on account of race, colour, nationality, ethnic origin, religion or belief, sex, gender reassignment, sexual orientation, age, marital status, civil partnership status, pregnancy, maternity or disability.
- The Group will appoint, train, develop and promote on the basis of merit and capability.
- All employees have personal responsibility for the practical application of the Group's equal opportunity policy, which extends to the treatment of employees and clients.
- Special responsibility for the practical application of the Group's equal opportunity policy falls upon all managers and supervisors involved in the recruitment, selection, promotion and training of employees.
- The Group's grievance procedure is available to any employee who believes that they may have been unfairly treated.
- Disciplinary action is taken against any employee who is found to have committed an act of unlawful discrimination. Discriminatory conduct will be treated as gross misconduct and may lead to summary dismissal.

Overall, we employed 1,278 people as at 31 December 2016. Of those, 75% (959) were female and 25% (319) were male. Of our 11 member Executive Management Team, 55% (six) are female and 45% (five) are male. Finally, of our 10 member Board, 30% (three) are female and 70% (seven) are male.

INVOLVING OUR PEOPLE IN THE BUSINESS

We want all of our employees to be part of Jimmy Choo's success. This means not only excelling in their particular role, but also taking an interest in, and influencing, outcomes across the business. We do

this through active two-way communication, training, individual recognition and variable rewards linked to corporate results.

COMMUNICATION

Our internal communication strategy is designed to ensure that the strategic framework and value creation architecture of the Board is well understood by all employees.

The Executive Directors present the Strategic Plan for the year annually to all corporate employees and managers within the retail business. This is supported by regular communication in relation to organisational changes in the business and sales data relevant to each employee's region and responsibilities. This regular update serves to introduce new colleagues, as well as provide information on how we are performing against the strategic framework towards which we are all working.

Jimmy Choo is a dynamic environment and it is important to ensure that the views of our employees are taken into account as we change and grow. We therefore consult at local, regional and global levels at an early stage where any changes may impact our employees. This process is supported by a clear open door policy with our HR team and a transparent approach, where appropriate, in the business. All employees are encouraged to come forward with ideas and concerns. This consultation has positive results for the long term growth of the business, such as the introduction of management training specifically designed to help our employees develop into the senior managers of tomorrow.

PROMOTION AND TRAINING

We are committed to ensuring our people receive the best training and career development opportunities to advance their progress within the business and achieve their potential. Training is organised by the Company and with external providers.

VARIABLE AWARDS

All employees are incentivised with an element of variable compensation linked to metrics relevant to their role and function. In retail, this is largely linked to sales commission, whereas in the corporate side of the business, the variable component of pay is linked to a mix of metrics relating to the Company's overall performance and their particular role and function. This blended approach promotes the ethos that everyone at Jimmy Choo is responsible not only for their own role but working together to promote the whole business within the strategic framework.

VALUES AWARDS

We invite managers to nominate members of their teams annually to be recognised in front of their peers as people who have achieved something exceptional and acted as a role model for our Company Values.

OUR VALUES

*FROM BOARD MEMBERS, TO PEOPLE WORKING IN DESIGN,
FINANCE, MERCHANDISING, COMMUNICATION, LEGAL, AFTERSALES, HR, STORE
DEVELOPMENT, REGIONAL MANAGERS TO SALES ASSOCIATES IN STORE,
WE ARE ALL WORKING TOWARDS A SHARED VISION, WHICH FORMS
THE CORE OF OUR PEOPLE STRATEGY*

OUR PAST

HERITAGE

—
We respect our entrepreneurial heritage and never forget that our brand began in a humble shop – offering extraordinary service, design and quality.

OUR PASSION

CULTURE

—
We thrive on talent and passion. We are a great place for smart people with an urgent passion to build the brand and serve the client.

OUR PEOPLE

TEAMWORK

—
No one person or team can do it alone.
The brand is bigger than any individual.
We challenge, align and show a united front.

OUR LIFELOOD

CREATIVITY

—
We lead through our creativity whether in designing beautiful products or improving service to our stakeholders.

OUR JUDGE

CLIENT FOCUS

—
There is one version of the truth –
the client is our judge and jury.

OUR VALUES

INTEGRITY

—
We are always proud of what we do and how we treat each other. We have high ethical standards and give back to the communities we serve.

RISK MANAGEMENT

The Board is responsible for identifying the nature and extent of the risks that the Group has to manage in order to pursue its growth strategy successfully and generate shareholder value over the long term. The Board confirms that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. The Board uses a risk framework which is designed to support the process for identifying, evaluating and managing both financial and non-financial risks.

The Group has identified the following key risks. This is not an exhaustive list but rather a list of the most material risks facing the Group. The impact of these risks, individually or collectively, could potentially affect the ability of the Group to operate profitably and generate positive cash flows in the medium to long term. As a result, these risks are actively monitored and managed, as detailed below.

RISK	DESCRIPTION	MITIGATING ACTION
STRATEGIC RISKS		
GROWTH STRATEGY	Jimmy Choo's long term growth is dependent on making strategic choices to move into new territories, channels and products. The wrong strategy or poor execution could put future growth at risk.	The Board has approved well-structured growth plans and ensured that those plans are adequately resourced. The Board regularly challenges the strategic plans to ensure that downside risks are mitigated. The Board closely monitors the progress against the Strategic Plan, redirecting strategy or execution effort when required.
COMPETITIVE ENVIRONMENT	Jimmy Choo competes with other luxury goods companies for clients, talent, retail sites, wholesale customers and supplier capacity. Failure to compete well in any of these areas risks future growth.	Senior Management monitors competitor movements and ensures that Jimmy Choo hires and retains the best people to compete effectively in each area, including: • Design and Merchandising – continuously focusing on future design and consumer trends; • Supply Chain – negotiating and building strong relationships with current and future suppliers; • Retail – seeking and acquiring appropriate store locations and striving for operational excellence; • Wholesale – nurturing strong relationships with key customers; and • CRM and client engagement – building on our relationships with clients to increase their engagement with the brand.
CHANGES IN CONSUMER PREFERENCES AND TRENDS	Future success depends on Jimmy Choo's ability to shape, predict and respond to fashion trends and consumer preferences on both products and channels. Failure to do so risks surplus inventory, missed sales opportunities and reducing salience of the brand with clients.	Design and Merchandising teams have a structured approach to monitoring trends and use the feedback to develop each collection to be coherent with future design and consumer trends. Retail teams monitor client channel preferences. In addition, Jimmy Choo has started to test some Omnichannel services which were introduced during the second half of the year and are being progressively rolled out across the business during 2017. Marketing and Brand Image teams ensure the brand book and marketing are aligned and relevant to the marketplace.

RISK MANAGEMENT CONTINUED

RISK	DESCRIPTION	MITIGATING ACTION
OPERATIONAL RISKS		
KEY PERSONNEL	Jimmy Choo needs to attract and retain the best people in each area.	People policies and management culture are reviewed regularly to ensure that Jimmy Choo remains an attractive place to work. Bonuses and incentive plans are reviewed regularly with the Remuneration Committee to ensure that they remain competitive with the industry.
THIRD PARTY PRODUCTION	If suppliers do not produce product on time, in the right quantity, at the right quality levels, or fail to meet local laws and regulations, this would constrain the availability of stock in stores and for delivery to our wholesale customers.	Jimmy Choo has dedicated supply chain, product development and engineering offices close to where the suppliers are located. This helps to build strong relationships with suppliers and manages those suppliers tightly to production deadlines and contracts. To ensure product availability to support future growth, Jimmy Choo plans volume and capacity in advance. Jimmy Choo maintains knowledge of supplier capability on an ongoing basis to determine where constraints could arise in the future.
IT SYSTEMS	Jimmy Choo's IT systems need to be robust against power outages, computer, network, telecommunications failures, computer viruses, cyber security breaches and user error. Failure to do so could lead to the loss of critical and sensitive data, and delays or interruption to business operation.	Senior Management reviews the IT strategy and operation regularly to ensure that IT systems are robust, secure and continue to be appropriate for the size and complexity of Jimmy Choo's business. Cyber security is a standing agenda item at the Audit and Risk Committee and a set of actions and measures is in place, supported by a focus from internal audit. In addition, Jimmy Choo maintains a disaster recovery plan.
OUTSOURCING SERVICES TO GLOBAL BUSINESS SERVICES	IT, Transactional Accounting and some logistics activities are outsourced to JAB Luxury's shared services company, LLX Global Business Services SA and its affiliates ("GBS"). Reductions in GBS performance could impact Jimmy Choo's operations, and reductions in GBS efficiency could lead to lost business and increased costs for Jimmy Choo.	Legal contracts and service catalogues have been signed between Jimmy Choo and GBS. Both parties are committed to improving the KPIs over time. GBS performance is monitored regularly and reported monthly. A clear remediation process is in place if required.
PROGRAMME RISK AND CHANGE MANAGEMENT	Interruption or reduced performance during implementation of the operational transformation programmes would impact current operations. If the scope of transformation reduced, future development plans of the business would be put at risk. The operation of enterprise-wide systems like SAP requires a careful and controlled change management process to avoid system changes disrupting performance and affecting operations.	Strong programme governance, structures, planning processes, reporting frameworks and communication plans are put in place on all programmes within Jimmy Choo, linking project delivery teams (from GBS) to key staff in the business. Within these programmes, Senior Management is prepared to enact decisions quickly as required to ensure that these programmes are implemented successfully. Smaller scale changes are managed through a Change Request Board consisting of Jimmy Choo and GBS Senior Management. This ensures that system and operational changes are fully documented, agreed, managed and implemented in an effective way to avoid risk and disruption to the business.

RISK	DESCRIPTION	MITIGATING ACTION
COMPLIANCE RISKS		
COMPLIANCE WITH LAWS AND REGULATIONS	Changes in laws and regulations could result in Jimmy Choo being non-compliant or incurring costs to be compliant (e.g. system changes). If third parties (e.g. suppliers) are not compliant, there would be a risk to brand image or of financial penalties.	Management monitor regulatory requirements in their area (e.g. Design, Merchandising and Supply Chain on consumer product safety, Retail on health and safety in stores and Supply Chain and Logistics on import and export requirements). The Jimmy Choo legal team liaise with these teams, provide an overall review and act swiftly should instances of non-compliance arise.
CUSTOMER CONFIDENTIALITY	Failure to comply with legal requirements and restrictions on the use of and access to customer data could harm Jimmy Choo's brand reputation, credibility and client trust.	Jimmy Choo restricts access to customer data. Robust protocols are in place to ensure that client data is secure. The security function within GBS undertakes regular audits to payment card industry standards.
FINANCIAL RISKS		
UK REFERENDUM (BREXIT)	The result of the UK referendum has a significant short term impact on the Group, in the form of both exchange rate volatility and significant changes in client purchasing behaviour (driven by pricing disparity on exchange rate fluctuations). Over the medium to long term, this volatility may well continue. The full economic impacts of BREXIT negotiations are, as yet, unknown although the impact of trading restrictions and tariffs with EU trade could adversely impact the current Group international trading arrangements.	The Board will continue to review hedging strategy and careful attention will be paid to recommended retail pricing to deal with short term exchange rate volatility and changes in client purchasing behaviour. The Board will continue to monitor BREXIT developments and negotiations and assess any potential impact on the business when there is greater certainty and clarity over potential outcomes.
USA – TAX REFORM	The recent Presidential administration change in the USA has coincided with a consideration of a broad range of measures on tax reform which may include potential taxes on imported merchandise.	The Board will continue to monitor any tax reform changes which may impact the way that the Group participates in the USA market.
EXCHANGE RATE FLUCTUATIONS	Products are purchased in Euro and sold in local currencies. In addition, store costs are incurred in local currencies. Adverse movements in foreign exchange rates would impact revenue growth reported in Sterling, as well as gross and net margins.	The Board has approved a hedging strategy which seeks to minimise the adverse impact of exchange rate fluctuations on adjusted earnings. However, the impact of significant foreign exchange movements (such as those seen following the UK referendum) has a more fundamental impact beyond the direct financial effects, as it affects consumer behaviour and client purchase choices. This will continue to be managed through careful attention to recommended retail pricing.
ECONOMIC DOWNTURN AND INTERNATIONAL MARKET RISK	Economic downturns in countries where Jimmy Choo sells products may reduce sales and increase inventory. Changes in international trade laws, transportation costs, or local government instability could all impact financial results.	Economic environment, international market, trading and tariff risks are regularly reviewed by Senior Management, with appropriate action taken as required (e.g. reallocation of product or resources between regions and active management of inventory). We have continued to see changing patterns of client buying behaviour driven by fluctuating exchange rates and trading and import restrictions. For example, there was a significant increase in sales in the UK stores driven by international clients on the softness of Sterling post BREXIT. The Group will continue to monitor client buying decisions.

RISK MANAGEMENT CONTINUED

RISK	DESCRIPTION	MITIGATING ACTION
REPUTATIONAL RISKS		
IMAGE AND REPUTATION OF THE BRAND	If Jimmy Choo's products, stores, marketing, customer service and corporate profile fail to retain the distinctive Jimmy Choo character, quality and values, brand equity could be reduced and sales impacted.	Brand quality is at the core of everything that the business does. This ensures that all areas of the business retain, maintain or improve the reputation of the brand and the Group (e.g. design and quality of products, quality of marketing, store environment and client service). Jimmy Choo's contracts with franchisees, distributors and licensees are drafted to ensure the control of the brand is rigorously enforced.
CONTROL OF THE WHOLESALE DISTRIBUTION CHANNEL	Wholesale customers and franchise stores could present the brand in a manner not in keeping with Jimmy Choo's brand positioning and DNA, damaging the image and reputation of the brand.	Senior Management reviews all distribution partners carefully in advance of accepting them as a Jimmy Choo partner. Jimmy Choo's contracts with distribution partners are drafted to ensure control of elements of the brand presentation and these are rigorously enforced with partners.

LONGER TERM VIABILITY STATEMENT

In accordance with provision C.2.2 of the 2014 Corporate Governance Code, the Directors have assessed the prospects of the Company in line with its long term business planning cycle. The long term planning cycle is a Strategic Planning Process and includes a detailed financial forecast for revenue, cost, profit measures, working capital requirements, cash flow, capital investment requirements and the level of available capital resources. The Board adopts a three year planning horizon for its Strategic Planning Process. This time horizon is approved by the Board and is considered an appropriate time horizon because:

- The luxury apparel industry is a dynamic and fast-moving industry with changing client preferences, buying behaviours and product trends. Forecast visibility starts to diminish beyond this time horizon.
- The type of investments made by the Group (new store openings, store developments, system and infrastructure investments) need to typically provide a positive return within this timeframe.
- The Strategic Planning Cycle is linked closely to the product development life cycle and the financial and managerial control processes adopted by the business.

As part of the Strategic Planning Process, the Strategic Plan and the financial forecast are reviewed annually by the Board and this review includes:

- A review of planning assumptions used in the financial plan, tested against historic trends and future market expectations.
- Challenging the Strategic Plan and the output from the financial projections.
- A review of financing, investment and capital requirements over the planning period and the business's ability to make investments within the constraints of financing available.
- The ability for the Group to operate within its current and expected financing covenants.
- The Group's ability to raise external finance based on projected business requirements.

In developing the financial forecast, the Directors have also considered the principal risks to which the Group is exposed, as set out on pages 31 to 34, including strategic, operational, financial and reputational risks. These risks are subject to oversight at both the Audit and Risk Committee in regard to financial control risk and at the Board in respect of enterprise risks. These risks, offset by possible mitigating scenarios, were considered in order to stress test the Strategic Plan and the detailed financial forecast.

Based on the analysis described above, and also taking into account the financing facilities agreed earlier in 2016, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and to meet its liabilities as they fall due for the period until 31 December 2019.

I approve the Strategic Report set out on pages 1 to 34 on behalf of the Board.

PETER HARF
NON-EXECUTIVE CHAIRMAN
1 March 2017

CORPORATE GOVERNANCE

WE HAVE MADE UK CORPORATE GOVERNANCE HISTORY AS THE FIRST LISTED COMPANY TO HAVE IMPLEMENTED AN ELECTRONIC AGM. WE ARE PROUD TO HAVE OFFERED GREATER ACCESSIBILITY TO THE AGM AND TO HAVE ENHANCED THE SHAREHOLDER EXPERIENCE.

PETER HARF
NON-EXECUTIVE CHAIRMAN

THE BOARD OF DIRECTORS

PETER HARF

PIERRE DENIS

OLIVIER GOUDET

ANNA-LENA KAMENETZKY

DAVID POULTER

JONATHAN SINCLAIR

FABIO FUSCO

ELISABETH MURDOCH

MERIBETH PARKER

ROBERT SINGER

THE BOARD OF DIRECTORS CONTINUED

PETER HARF NON-EXECUTIVE CHAIRMAN

Peter Harf was named the Non-Executive Chairman of the Company in September 2014. He joined Joh. A. Benckiser SE in 1981, serving the company in a variety of capacities, including Chairman and Chief Executive Officer since 1988. He is a JAB Holding Partner. He is currently a Board member of Peet's Coffee & Tea, Inc., a premier specialty coffee and tea company; a Board member of Caribou Einstein, a premium coffee and bagel restaurant chain; a Board member of Jacobs Douwe Egberts B.V., the world's leading pure play coffee and tea company; a Board member of Keurig Green Mountain, Inc., a specialty coffee and coffeemaker company; a Board member of Krispy Kreme Doughnuts, Inc., an American global doughnut company and coffeehouse chain; the Chairman of Espresso House AB, the leading Scandinavian coffee retailer; the Chairman of JAB Luxury; and a Director, and former Chairman, of Coty Inc., a global leader in beauty. He has previously been the Chairman of Anheuser-Busch InBev, the world's largest brewer, from 2002 to April 2012, and served on the Board of Burger King Holdings, Inc., the world's second largest fast food hamburger restaurant, from 2010 through 2011. He was the Deputy Chairman of Reckitt Benckiser Group PLC, a leading global fast moving consumer goods company operating in the health, hygiene and home care categories, from 1999 to 2015. He is also a co-founder and Executive Chairman of Deute Blood Cancer DKMS, Tübingen, Germany, the largest institution of its kind. He received his MBA degree from the Harvard Business School in 1974. He holds both a Diploma and a Doctorate in Economics from the University of Cologne.

OLIVIER GOUDET NON-EXECUTIVE DIRECTOR

Olivier Goudet was named a Non-Executive Director of the Company in September 2014. He is a Partner and CEO of JAB Holding Company. He started his professional career in 1990 at Mars Inc., serving on the finance team of the French business. After six years, he left Mars to join the VALEO Group, where he held several senior executive positions including CFO. In 1998 he returned to Mars, where he became CFO in 2004. In 2008, his role was broadened to become the Executive Vice President as well as CFO. Between June 2012 and November 2015 he served as an Advisor to the Board of Mars. He is also a Board member of Jacobs Douwe Egberts B.V., the world's leading pure play coffee and tea company; a Board member of Keurig Green Mountain, Inc., a specialty coffee and coffeemaker company; Chairman of Peet's Coffee & Tea Inc., a premier specialty coffee and tea company; Chairman of Caribou Einstein, a premium coffee and bagel restaurant chain; a Board member of Krispy Kreme Doughnuts, Inc., an American global doughnut company and coffeehouse chain; a Board member of Espresso House AB, the leading Scandinavian coffee retailer; and a Board member of Coty Inc., a global leader in beauty. He is also the Chairman of Anheuser-Busch InBev, the world's largest brewer, and previously served as the Chairman of its Audit Committee. Mr. Goudet holds a degree in Engineering from l'Ecole Centrale de Paris and graduated from the ESSEC Business School in Paris with a major in Finance.

PIERRE DENIS CHIEF EXECUTIVE OFFICER

Pierre Denis was named CEO of Jimmy Choo in July 2012. He brings extensive experience in the global luxury fashion industry and joined Jimmy Choo from John Galliano, where he also held the position of CEO. He began his career in perfume and cosmetics and joined LVMH, the diversified luxury goods group, in 1992. In 1999, he was appointed Managing Director, Asia Pacific for Parfums Christian Dior; in addition, he took over managing the Dior Couture Asian business in 2004. In 2006, he moved back to his native Paris to serve as Managing Director for Christian Dior Couture in Europe, the Middle East and India. After joining John Galliano in 2008, he successfully managed the business side of operations, developing the John Galliano and contemporary Galliano lines and expanding the licensing business. He is a graduate of ESSEC Paris and is based in the London Head Office of Jimmy Choo.

ANNA-LENA KAMENETZKY NON-EXECUTIVE DIRECTOR

Anna-Lena Kamenetzky was named a Non-Executive Director of the Company in August 2015. She is a JAB Holding Partner and Head of Business Development, a position she has held since August 2012. She has over 15 years of experience in corporate finance, business development, investing and restructuring. She is a Board member of Jacobs Douwe Egberts B.V., the world's leading pure play coffee and tea company and has played a leading role in the creation of this company from the original acquisition of Douwe Egberts by JAB to the subsequent merger with the coffee business of Mondelez. She is also a Board member of Keurig Green Mountain, Inc., a specialty coffee and coffeemaker company. Before joining JAB, she was a managing director at private equity firm RHJL, where she was in charge of restructuring and selling its Japanese portfolio assets and where she held several Board positions. Prior to that, she worked in the investment banking division at Goldman Sachs.

DAVID POULTER SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

David Poulter was named Senior Independent Non-Executive Director ("SID") of the Company, with effect from Admission, in September 2014. He is currently a management consultant and also a member of the Finance Committee and Chairman of the Investment and Pension Committee of Save the Children UK. He was formerly at Reckitt Benckiser Group PLC, a leading global fast moving consumer goods company operating in the health, hygiene and home care categories, from 1999 to December 2012. His roles included the Head of Internal Audit and ten years as Senior Vice President, Finance for Developing Markets and Europe. He has also been a Trustee Board member for large pension schemes, including for Reckitt Benckiser Group PLC from 2009 to January 2013. He is a Chartered Accountant.

JONATHAN SINCLAIR
CHIEF FINANCIAL OFFICER AND
EXECUTIVE VICE PRESIDENT (BUSINESS OPERATIONS)

Jonathan Sinclair was named Chief Financial Officer and Executive Vice President (Business Operations) in June 2014 and currently leads the Finance, Legal and Merchandise Planning departments. He originally joined Jimmy Choo in 2008 as Chief Operating Officer, overseeing the Company's Finance, Legal, Merchandise Planning, IT and Store Development functions. He left Jimmy Choo in 2013 to become Chief Operating Officer at Vertu, the luxury mobile phone designer, before returning to Jimmy Choo in June 2014. He is also a Non-Executive Director of GBS, a subsidiary of JAB Luxury that provides various services to Jimmy Choo, as well as being a Non-Executive Director at Nottingham Scientific Limited. He began his career in finance working for Boots Group PLC, now an international pharmacy-led health and beauty group under the ownership of Walgreens Boots Alliance, Inc., where he spent over 19 years, most recently holding the position of Finance Director of Boots Retail. He subsequently joined Pentland Brands plc, the name behind some of the world's best sports, outdoor and fashion brands, where he spent five years in a similar capacity. He is a graduate of Loughborough University and is based in the London Head Office of Jimmy Choo.

ELISABETH MURDOCH
INDEPENDENT NON-EXECUTIVE DIRECTOR

Elisabeth Murdoch was named a Non-Executive Director of the Company in November 2015. She is the Founder and Chair of Freeland Group, comprising Freeland Ventures, a media and technology investment fund and Freeland Foundation, which supports visual arts and cultural programmes. She was the founder and former Chair of Shine Group, which grew to become one of the leading content production companies internationally over her 14 year tenure. Prior to founding Shine, she was the Managing Director of Sky Networks, the programming and marketing division of BSkyB plc. She began her career in television at the Nine Network in Australia, later joining Fox Television in Los Angeles as Programme and Promotion Manager for seven stations and then went to the FX Cable Network as Director of Acquisitions. In 1995, she started her own company, EP Communications, managing two dominant NBC affiliate stations which won one national and five Californian Emmy Awards as well as the 1995 Peabody Award for Broadcast Excellence. She was a Tate Trustee between 2008 and 2016, and Chairman of the Tate Modern Advisory Council from 2009 to 2016.

ROBERT SINGER
INDEPENDENT NON-EXECUTIVE DIRECTOR

Robert Singer was named an Independent Non-Executive Director of the Company, with effect from Admission, in September 2014. He is currently a member of the Board of Directors of Mead Johnson Nutrition, a global leader in infant nutrition, as well as a member of the Board of Directors and the Chairman of the Audit Committee of Coty, Inc., a global leader in beauty, positions he has held since 2009. He is also a member of the Board of Directors and the Chairman of the Audit Committee of Tiffany and Co., a specialty retailer of jewellery and other accessories, a position he has held since 2012; and, from 2001, an Advisory Council Member of Johns Hopkins University School of Advanced International Studies – Bologna Campus. From 1995 to 2004, he was the CFO and Executive Vice President of Gucci Group N.V., the high fashion, Italian luxury goods house; and, from 2004 to 2005, he was the President, COO and member of the Board of Directors of Abercrombie and Fitch, a branded specialty retailer targeting the youth market. He also was the CEO of Barilla Holdings S.p.A., one of the top Italian food groups, from 2006 to 2009.

FABIO FUSCO
NON-EXECUTIVE DIRECTOR

Fabio Fusco was named a Non-Executive Director of the Company in September 2014. He is a JAB Holding Partner, a position he has held since July 2014 and has 20 years of experience in the luxury industry, ten of which were in executive positions. He has been the JAB Luxury CFO since April 2010, overseeing the set up and development of JAB's investment in luxury. He is a Board member of Espresso House AB, the leading Scandinavian coffee retailer. He was also the CFO of Bally, the luxury accessories brand, from 2005 to 2010, leading the brand turnaround and the transfer of ownership from TPG to JAB. He was also the CFO of IT Holding, a leader in the production and global distribution of clothing and total look accessories, from 2003 to 2005, overseeing the disposal of non-strategic assets and the restructuring of the financial debt. Before that, he held various positions within IT Holding SpA and Diners Club Europe SpA, a credit card issuer member of Diners Club International Network.

MERIBETH PARKER
INDEPENDENT NON-EXECUTIVE DIRECTOR

Meribeth Parker was named a Non-Executive Director of the Company in August 2015. She is a Media and Luxury Consultant currently on contract with News UK developing their multimedia luxury offer across The Times (LUX) and The Sunday Times (Style). Meribeth served as Group Publishing Director at Hearst Magazines UK (2001 to 2015) where she was responsible for the publishing and commercial strategy of the Company's luxury portfolio of brands which included: Harper's Bazaar, ELLE, ELLE Decoration and Town & Country. Originally from Canada, she worked for ten years in the tourism and hospitality industry before moving to the UK in 1995, where she spent five years as Publishing Director of WHERE London Magazine. She serves as the President of the Education Pillar for the British Fashion Council and is on the Women of Influence Board for Cancer Research UK.

CORPORATE GOVERNANCE REPORT

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

DEAR SHAREHOLDER

I am pleased to present our third Corporate Governance Report which describes how the main principles of the 2014 UK Corporate Governance Code (the "Code") have been applied throughout our second complete year as a listed Company. Good governance is aligned to the Company's core values and a full schedule has enabled the Board to meet on four formal occasions. We have made UK corporate governance history by undertaking and implementing the UK's first electronic AGM in order to promote enhanced shareholder participation. Gianluca Brozzetti has left the Board given his continuing commitments elsewhere. We would like to thank him for the valuable contributions he has made since 2014.

Since 1 January 2016, JAB Luxury continues to be the majority shareholder of Jimmy Choo PLC and the Company represents a significant investment to JAB Luxury (67.66%). The Board and JAB Luxury are mindful of the need to consider the interests of the Company's minority shareholders. The Board believes that the Board and its Committees provide the appropriate corporate governance balance in light of the interests of both the majority shareholder and the minority shareholders. All members of the Audit and Risk Committee are Independent Non-Executive Directors and the Conflicts Committee assists in the management of the relationship between the Company and its majority shareholder. Further details of these measures are contained within this report.

Under the existing Relationship Agreement between JAB Luxury and the Company, JAB Luxury is able to appoint up to one half of the Board while it continues to own 50% or more of the Company's shares. Further details of the Relationship Agreement can be found on page 43.

The Board believes that there are sufficient safeguards in place in the structures and processes implemented to consider and protect the interests of independent shareholders. There are a number of areas where the Company does not currently comply with the recommendations of the 2014 UK Corporate Governance Code. These are detailed in the compliance statement below.

This report includes a description of how the Company has applied the principles of the Code during the year and how it intends to apply those principles throughout 2017.

PETER HARF
NON-EXECUTIVE CHAIRMAN
1 March 2017

UK CORPORATE GOVERNANCE CODE – COMPLIANCE STATEMENT

The Company has applied all except three of the main principles of the Code as listed below:

- A.3.1 The Chairman was not independent on appointment.
- B.2.1 There is a joint Remuneration and Nominations Committee. The majority of the members of this Committee are not determined by the Board to be independent. As the previous Chairman of the Committee resigned in July 2015, the Chairman is the chair on an interim basis until a successor, with the relevant skills and experience, is appointed. As a result, this leaves two members on the Committee.
- C.3.1 There are two members on the Audit and Risk Committee. The Board has decided that, given the professional background, experience and contribution offered by the two members of the Committee, it is not necessary to extend membership of the Committee further at this point. The Board will keep this under regular review.

JIMMY CHOO LEADERSHIP AND GOVERNANCE STRUCTURE

THE BOARD STRUCTURE

The structure and business of the Board is designed to ensure that the Board focuses its time and energy on providing entrepreneurial leadership to the Group, setting strategy and monitoring performance and ensuring that the necessary financial and human resources are in place to enable the Company to meet its objectives. In addition, the Board ensures that the appropriate financial and business systems and controls are in place to safeguard both the majority and the minority shareholders' interests and to maintain effective corporate governance.

The Board operates in accordance with the Company's Articles of Association and its own written terms of reference (Schedule of Matters Reserved for Board Decision). The Board has established a number of Committees as indicated in the chart below. Each Committee has its own terms of reference which will be reviewed at least annually. A summary of the matters reserved for decision by the Board is set out below:

LEADERSHIP, STRATEGY, BUDGETS AND MANAGEMENT

- Providing leadership and setting values and standards.
- Approving, developing and monitoring the strategy and objectives of the Group.
- Overseeing operations.

STRUCTURE AND CAPITAL

- Changes to the Group's capital or corporate structure.
- Changes to the Group's management and control structure.

FINANCIAL REPORTING

- Approval of financial statements.
- Approval of dividend policy.
- Approval of material changes in accounting policies.
- Approval of major capital expenditure.

RISK MANAGEMENT AND INTERNAL CONTROLS

- Ensuring maintenance of effective systems of internal control and risk management.
- Reviewing these systems of control and risk management.

BOARD MEMBERSHIP

- Changes to the structure, size and composition of the Board.
- Ensuring adequate succession planning.
- Appointment or removal of the Chairman, CEO, SID and Company Secretary.

CORPORATE GOVERNANCE

- Review of the Group's overall governance framework.
- Determining the independence of Directors.
- Considering the views of shareholders.
- Authorising any conflicts of interest.

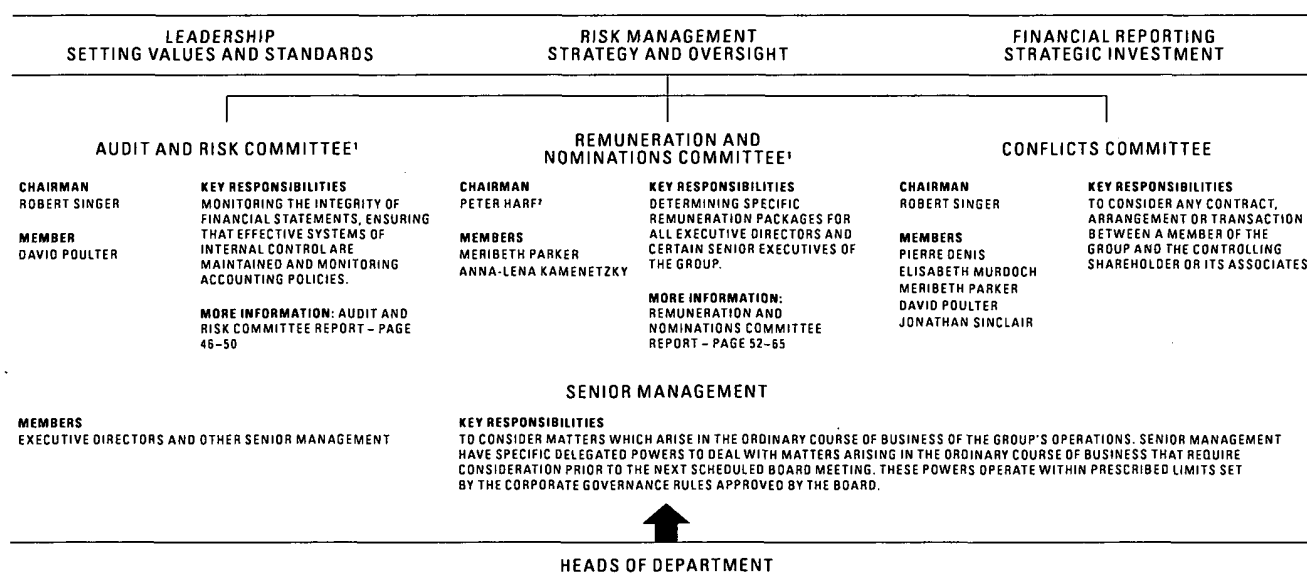
REMUNERATION

- Determining the policy for remuneration of the Chairman, the Executive Directors, Company Secretary and other senior executives.
- Determining the remuneration of the Non-Executive Directors.
- Introduction of new share incentive plans or major changes to existing plans.

OTHER

- Approval and monitoring of the Share Dealing Code.
- Approval and monitoring of Corporate Social Responsibility.
- Approving policies for political and charitable donations.
- Approval of the overall levels of insurance for the Group.

THE JIMMY CHOO BOARD



1 Terms of reference of the Audit and Risk Committee and the Remuneration and Nominations Committee are available on the Company's website.

2 Chair on an interim basis until a successor has been identified.

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD AND SENIOR MANAGEMENT

All power to make managerial decisions affecting the future development and business prospects of the Company rests with the Board. Below the Board is an Executive Management Team ("Executive Team") comprising nine senior managers overseen by Pierre Denis and Jonathan Sinclair. This is a diverse Executive Team with 55% being female. Corporate governance rules adopted by the Board have been cascaded down to the Executive Team and throughout the Company and are updated on a regular basis.

KEY BOARD ROLES AND RESPONSIBILITIES

There is a clear division of responsibilities between the Chairman and CEO which has been agreed by the Board. The roles of the Chairman and CEO are held by different people and the purpose of each role is clear and distinct and set out in respective job descriptions. The Chairman is responsible for the leadership and overall effectiveness of the Board and setting the Board's agenda. The CEO reports to the Chairman and the Board and is responsible for all executive management matters of the Group. A summary of the key areas of responsibility of the Chairman and CEO are set out below:

ROLE OF THE CHAIRMAN

- Conduct the affairs of the Group in accordance with the highest standards of integrity, probity and corporate governance throughout the Company;
- Run the Board effectively, ensuring adequate frequency of meetings;
- Set the Board agenda and ensure that adequate time is available for discussion of the important issues facing the Group;
- Ensure the frequency and depth of evaluation of the Board and its Committees is in compliance with best practice;
- Ensure there is appropriate delegation of authority from the Board to the executive management;
- Ensure that the Board receives accurate, timely and clear information in advance of meetings;
- Promote a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors;
- Ensure compliance with Board approved procedures;
- Hold meetings with the Non-Executive Directors without the Executive Directors present;
- Ensure training and development needs of all Directors are met and that all new Directors receive a full induction;
- Ensure effective communication with shareholders and stakeholders; and
- Ensure shareholders' views are communicated to the Board.

ROLE OF THE CEO

- Conduct the affairs of the Group in accordance with the highest standards of integrity, probity and corporate governance throughout the Company;
- Manage the Group on a day-to-day basis within the authority delegated by the Board;
- Develop and propose strategy, annual plans and commercial objectives;
- Lead the Executive Team to pursue the Group's commercial objectives and execute Group strategy;
- Identify and execute strategic opportunities whilst optimising the Group's resources;
- Communicate to the Group's employees the expectations of the Board in relation to the Group's culture, values and behaviour;
- Manage the Group's risk profile;
- Keep the Chairman informed of important matters and maintain a dialogue on important and strategic issues facing the Group;
- Make recommendations on remuneration policies, Board nominations and succession planning;

- Ensure that the Executive Team complies with the terms on which matters are delegated by the Board;
- Support the Chairman in order to ensure that appropriate governance standards are applied throughout the Group;
- Lead communications with shareholders and other stakeholders; and
- Provide, together with the Chairman, coherent leadership of the Group.

SENIOR INDEPENDENT DIRECTOR

David Poulter is the SID. The SID's role is to act as a sounding board for the Chairman and serve as an intermediary for the other Directors when necessary. The SID will meet other Non-Executive Directors without the Chairman and Executive Directors present at least once a year to discuss governance issues. The SID will also provide feedback to the Board on the Independent Non-Executive Directors' collective views on the perceived quality of the relationship between the Chairman and the CEO; the degree of openness between the CEO and the Board; the visibility of checks and balances within the Executive Directors' team; and whether all questions asked by the Non-Executive Directors of the Board have been adequately addressed and, where appropriate, minuted. The SID also leads the formal Board Evaluation process and implemented improvements in 2016 following feedback from Directors in 2015.

The SID is also available to shareholders to discuss concerns where contact through the normal channels of the Chairman, CEO or CFO has failed to resolve them or for which such contact is inappropriate.

BOARD INDEPENDENCE

The Board currently consists of eight Non-Executive Directors (including the Chairman), four of whom are considered to be independent.

Non-Independent	Independent
Peter Harf	Elisabeth Murdoch
Fabio Fusco	Meribeth Parker
Olivier Goudet	David Poulter
Anna-Lena Kamenetzky	Robert Singer

As explained in the Chairman's introduction, under the Relationship Agreement JAB Luxury is able to appoint: (i) up to one half of the Directors on the Board while it continues to hold 50% or more of the shares; (ii) up to one quarter of the Directors on the Board while it continues to hold at least 25% but less than 50% of the shares; and (iii) up to one eighth of the Directors on the Board while it continues to hold at least 10% but less than 25% of the shares. The current appointees are Fabio Fusco, Olivier Goudet, Peter Harf and Anna-Lena Kamenetzky.

The Board has determined that each of Elisabeth Murdoch, Meribeth Parker, David Poulter and Robert Singer are Independent Non-Executive Directors. In reaching this determination, the Board took into consideration the following relationships: David Poulter held senior finance positions in Reckitt Benckiser Group PLC (in which JAB Luxury's controlling shareholder is a significant investor) including a period as a trustee of its pension scheme and Robert Singer has been a Director of Coty Inc. (in which JAB Luxury's controlling shareholder is the majority shareholder) since 2009. Each of these Directors has been appointed as an Independent Non-Executive Director of Bally and Belstaff, which are companies owned by JAB Luxury. The other Directors have concluded that the judgement, experience and challenging approach taken by each of David Poulter and Robert Singer

should ensure that they each make a significant contribution to the work of the Board and its Committees. Both Meribeth Parker and Elisabeth Murdoch have a wealth of experience of great benefit to the Board. Each of these Directors has been appointed as an Independent Non-Executive Director of Bally and Belstaff and they are considered to be Independent Non-Executive Directors due to their diverse skills and experience. Therefore, the Board has determined that each of them is of independent character and judgement and should be regarded as independent directors for the purposes of the Code.

The names of the Directors and brief biographies can be found on pages 38 and 39.

COMMITMENT

The Board expects Non-Executive Directors to commit sufficient time to allow them to meet their obligations to the Company. The Non-Executive Directors' letters of appointment set out that each Non-Executive Director needs to commit ten days per year to the Company but clarifies that more time may be required. Non-Executive Directors will need to attend scheduled and emergency Board and Committee meetings, at least one site visit per year and the AGM if required. In addition, the Non-Executive Directors are expected to commit appropriate preparation time ahead of each meeting.

RELATIONSHIP AGREEMENT

On 3 October 2014, the Company and JAB Luxury entered into the Relationship Agreement which regulates aspects of the ongoing relationship between the Company and JAB Luxury. The principal purpose of the Relationship Agreement is to ensure that the Company and its subsidiaries are capable of carrying on their business independently of JAB Luxury and its associates, that transactions and relationships with JAB Luxury or its associates (including any transactions and relationships with any member of the Group) are at arm's length and on normal commercial terms and that the goodwill, reputation and commercial interests of the Company are maintained.

The Relationship Agreement will continue for so long as (i) the shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's Main Market for listed securities; and (ii) JAB Luxury, together with its associates, is entitled to exercise or control the exercise of 10% or more of the votes able to be cast on all, or substantially all, matters at general meetings of the Company.

The Directors believe that the terms of the Relationship Agreement continue to enable the Group to carry on its business independently of JAB Luxury and to ensure that all transactions and relationships between the Company and/or the members of the Group and JAB Luxury and/or its associates are, and will be, on arm's length terms and on a normal commercial basis.

Under the Relationship Agreement, JAB Luxury is able to appoint to the Board such number of Non-Executive Directors as discussed above. JAB Luxury is entitled to receive, subject to compliance by the Company with its legal and regulatory obligations, such financial or other information in relation to the Group or any member of the Group as is necessary or reasonably required by it: (i) in its capacity as a shareholder of the Company, for the purposes of its accounting or financial control requirements or in order to comply with its legal, regulatory or tax obligations; or (ii) in order for it and other members of its group to provide certain advisory services to the Group, including but not limited to management accounts, long and short term planning documents and sales and margin reports.

INDEMNIFICATION OF DIRECTORS AND INSURANCE

At appointment, all Directors are granted indemnities in respect of any liability in relation to a third party regarding the affairs of the Company or Group member.

The Company has appropriate Directors' and Officers' liability insurance cover in place in respect of legal action against, amongst others, its Executive and Non-Executive Directors.

CONFLICTS COMMITTEE

The Board has constituted a Conflicts Committee that considers on behalf of the Board any contract, arrangement or transaction between any member of the Group and JAB Luxury or any of JAB Luxury's associates and any actual or potential conflict of interest between any member of the Group and JAB Luxury or any of JAB Luxury's associates which involves, or would involve, significant expenditure by the Group. The Conflicts Committee will meet on an ad hoc basis as required. The Conflicts Committee is chaired by Robert Singer, and its other members are Pierre Denis, Elisabeth Murdoch, Meribeth Parker, David Poulter and Jonathan Sinclair. The Conflicts Committee met in May 2016 to review the Relationship Agreement and other relevant agreements and determined that there were no conflicts in 2016.

CONFLICTS OF INTEREST

The Company's Articles of Association set out the policy for dealing with Directors' conflicts of interest and are in line with the Companies Act 2006. The Articles permit the Board to authorise conflicts and potential conflicts, as long as the potentially conflicted Director is not counted in the quorum and does not vote on the resolution to authorise.

In March 2015, the Board agreed a procedure for dealing with conflicts of interest in relation to matters which are scheduled for Board consideration following which each Director completed a "Directors List" which sets out details of situations where each Director's interests may conflict with those of the Company ("situational conflicts"). These lists were subsequently considered and situational conflicts authorised. In addition, Directors are reminded at the beginning of each Board meeting to notify the Board of any further conflicts of interest in accordance with sections 175, 177 and 182 of the Companies Act 2006. There were no conflicts in 2016.

BOARD PROCESS

In 2016, the Board has met four times in line with the usual Board calendar. All Directors were present at each meeting, save for Elisabeth Murdoch in the August meeting due to an unavoidable conflict of commitments. She nevertheless received her papers in sufficient time to enable her to feed back comments to the Chairman prior to the August Board meeting. Gianluca Brozzetti was not re-elected on 15 June at the AGM after his decision to leave the Company to concentrate on other business interests was announced. The Board will continue to meet formally at least four times a year, with ad hoc meetings called as and when circumstances require it to do so at short notice. There is an annual calendar of agenda items to ensure that all matters are given due consideration and are reviewed at the appropriate point in the regulatory and financial cycle. The Board has sought to ensure that there is sufficient time to discuss strategy so that the Non-Executive Directors have a good opportunity to challenge and help develop strategy proposals. The attendance of members at Board meetings in the year was as follows:

CORPORATE GOVERNANCE REPORT CONTINUED

	Board (4)	Audit and Risk (5)	Remuneration and Nominations (2)
Peter Harf	4	–	2
Pierre Denis	4	–	–
Jonathan Sinclair	4	–	–
Fabio Fusco	4	–	–
Olivier Goudet	4	–	–
Robert Singer	4	5	–
Gianluca Brozzetti*	2	–	1
David Poulter	4	5	–
Anna-Lena Kamenetzky	4	–	2
Meribeth Parker**	4	–	1
Elisabeth Murdoch	3	–	–

* Gianluca Brozzetti was not re-elected at the AGM on 15 June 2016 so was only eligible to attend two Board meetings and one Remuneration and Nominations Committee meeting.

** Meribeth Parker joined the Remunerations and Nominations Committee following the departure of Gianluca Brozzetti so was only eligible to attend one Remuneration and Nominations Committee meeting.

TRAINING AND DEVELOPMENT

All new Directors received an induction briefing from the Company's legal adviser, Freshfields Bruckhaus Deringer, on their duties and responsibilities as Directors of a publicly quoted company. The Company Secretary attended the induction briefings and assisted with the Directors' training needs and requests. Various steps are taken to ensure that all Directors continually refresh their knowledge and skills so that they can effectively fulfil their roles. All Directors have attended site visits to flagship stores in various locations throughout the year. Site visits facilitate discussion surrounding current business issues.

INFORMATION AND SUPPORT

An agenda and accompanying pack of detailed papers is circulated to the Board well in advance of each Board meeting. These include reports from Executive Directors and other members of Senior Management. The Board portal, which was introduced in May 2015, has enabled the Directors to view the detailed papers electronically at their convenience. All Directors have direct access to Senior Management should they require additional information or clarification on any of the items to be discussed. The Board and the Audit and Risk Committee also receive further regular and specific reports to allow the monitoring of the adequacy of the Company's systems of internal control. Directors have access to the Company Secretary, as well as independent professional advice at the Company's expense on request. Directors may also request that any concerns they have are recorded in the appropriate Board or committee minutes.

PERFORMANCE EVALUATION

David Poulter, in his capacity as SID, recently facilitated the second internal Board Evaluation process, the results of which were reviewed in February 2017. This was undertaken using a detailed questionnaire completed by each Director together with follow up discussions. The evaluation concluded strong agreement and support

for the Board structure and processes. Further, the SID led the Chairman evaluation process and the Non-Executive Directors met without the Chairman present to review his performance. The Non-Executive Directors consider the Chairman is providing strong and balanced leadership. This Board Evaluation process is internal and will take place annually. To further enhance the Board process, the Chairman and SID have implemented a review of Executive Director performance at the end of each Board meeting, without the Executive Directors present. This new approach has been welcomed by the Non-Executive Directors as a means of facilitating frank and transparent discussion surrounding Executive Director performance.

SHARE DEALING CODE AND MARKET ABUSE REGULATION

At Admission, the Company adopted Share Dealing Codes which cover dealings by PDMRs and relevant employees. Those codes complied with the provisions set out in the Model Code contained in Annex 1 to Listing Rule 9 of the UK Listing Authority's Listing Rules. However, as result of the new Market Abuse Regulation No. 596/2014 ("MAR") which was directly applicable to the UK on 3 July 2016 and the abolition of the UK Model Code, new Share Dealing Codes in line with MAR were approved in June 2016 for immediate implementation. The updated Share Dealing Codes restrict dealings in shares and other relevant securities by PDMRs and relevant employees during designated prohibited periods and at any time when they are in possession of unpublished, price-sensitive information. A new Persons Closely Associated register has been implemented in accordance with MAR. All relevant employees have committed to full compliance of the Company's Share Dealing Codes.

RELATIONS WITH SHAREHOLDERS DIALOGUE WITH SHAREHOLDERS

During the year, the CEO and CFO met with a number of both existing and potential investors following the success of investor roadshows over the past two years since listing.

As part of its ongoing investor relations programme, the Company has maintained an active dialogue with its stakeholders, including institutional investors, to discuss issues relating to the performance of the Group including strategy and new developments. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise and the Chairman and Independent Non-Executive Directors will attend meetings with investors and analysts as required.

Investor relations activity and a review of the share register are standing items on the Board's agenda with quarterly share register analysis available for information, if required.

AGM

It was an historic year for UK corporate governance as we were the first to implement an electronic AGM. As part of good corporate governance we wanted to give all shareholders the opportunity to participate in the AGM regardless of location, to reduce carbon footprint and travel costs and to save time for shareholders. Our registrars delivered a voting system that was both legally robust and practical across electronic platforms, from iOS to Android to desktop. The AGM app that was created to facilitate this allowed shareholders to submit questions and vote (whether by mobile, tablet or desktop). The electronic AGM took place on 15 June 2016. All votes were held on a poll. The result was that the AGM was much better attended than the Company's first AGM in 2015, which evidences the greater appeal and accessibility of an electronic AGM. The next AGM will be held on 1 June 2017 and will again be electronic given the success of this year's electronic AGM process.

REMUNERATION AND NOMINATIONS COMMITTEE MEMBERSHIP AND MEETINGS

The Remuneration and Nominations Committee is chaired by Peter Harf (on an interim basis following the departure of Bart Becht in 2015) and its other member is Meribeth Parker, who was appointed a member following Gianluca Brozzetti's departure. The search continues for the identification of an appropriately qualified successor to the Chair of the Committee.

Only members of the Committee have the right to attend meetings. However, other individuals, including the CEO, senior managers and external advisers, may be invited to attend for all or part of any meeting. The Remuneration and Nominations Committee met twice in 2016.

The Remuneration and Nominations Committee's responsibilities are set out in its Terms of Reference which are available on the Company's website. Its role includes:

- setting the remuneration policy for all Executive Directors of the Company and the Chairman of the Board, the Company Secretary and other senior employees of the Company as the Board may determine;

- within the terms of the remuneration policy, determining the total individual remuneration package of the Executive Directors, Company Secretary and other designated senior executives including base salary, bonuses and performance related payments, discretionary payments, pension contributions, benefits in kind and share options;
- in respect of any performance related element of remuneration, formulating suitable performance related criteria and monitoring their operation;
- ensuring that contractual terms on termination and any payments made are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised; and
- leading the process for appointments to the Board and ensuring that the Board, its Committees and the Boards of the Company's subsidiaries, are appropriately balanced in terms of skills, experience, independence and knowledge of the Company.

In carrying out its duties, the Remuneration and Nominations Committee takes into account any legal requirements, the UK Corporate Governance Code and UK Listing Rules. Determining the fees of the Non-Executive Directors is a matter reserved for the Chairman of the Board and the Executive Directors. The key responsibilities of the Committee are shown below.

THE REMUNERATION AND NOMINATIONS COMMITTEE KEY RESPONSIBILITIES

REMUNERATION POLICY	APPOINTMENTS	BOARD COMPOSITION AND SUCCESSION PLANNING	EFFECTIVENESS
• DETERMINE THE FRAMEWORK FOR THE REMUNERATION POLICY FOR THE CHAIRMAN, EXECUTIVE DIRECTORS, COMPANY SECRETARY AND OTHER SENIOR EXECUTIVES • WHEN SETTING THE POLICY HAVE REGARD FOR PAY AND EMPLOYMENT CONDITIONS ACROSS THE GROUP • FORMULATE SUITABLE PERFORMANCE CRITERIA FOR THE PERFORMANCE RELATED ELEMENTS OF REMUNERATION • ENSURE THAT CONTRACTUAL TERMS ON TERMINATION AND ANY PAYMENTS MADE, ARE FAIR TO THE INDIVIDUAL AND THE COMPANY • ENSURE THAT FAILURE IS NOT REWARDED	• PREPARE ROLE DESCRIPTION FOR BOARD APPOINTMENTS FOLLOWING AN EVALUATION OF THE BALANCE OF SKILLS, KNOWLEDGE AND EXPERIENCE ON THE BOARD • IDENTIFY AND NOMINATE TO THE BOARD CANDIDATES TO FILL BOARD VACANCIES • MAKE RECOMMENDATIONS TO THE BOARD REGARDING THE REAPPOINTMENT OF NON-EXECUTIVE DIRECTORS AT THE END OF THEIR TERM OF OFFICE • MAKE RECOMMENDATIONS TO THE BOARD REGARDING THE ANNUAL RE-ELECTION OF DIRECTORS BY SHAREHOLDERS	• REGULARLY REVIEW STRUCTURE, SIZE AND COMPOSITION OF THE BOARD • KEEP UNDER REVIEW THE LEADERSHIP NEEDS OF THE ORGANISATION • GIVE FULL CONSIDERATION TO SUCCESSION PLANNING FOR DIRECTORS AND OTHER SENIOR EXECUTIVES	• REVIEW THE RESULTS OF THE BOARD PERFORMANCE EVALUATION PROCESS THAT RELATE TO THE COMPOSITION OF THE BOARD • REVIEW ANNUALLY THE TIME REQUIRED FROM NON-EXECUTIVE DIRECTORS

DIVERSITY

The Board recognises the benefits of diversity, including gender diversity, although it believes that all Board appointments should be made on merit, whilst ensuring that there is an appropriate balance of skills and experience within the Board. As at 31 December 2016, the Board consisted of 30% (three) female and 70% (seven) male Board members.

CORPORATE GOVERNANCE REPORT CONTINUED

AUDIT AND RISK COMMITTEE REPORT

DEAR SHAREHOLDER,

On behalf of the Board, I am pleased to present the Company's Audit and Risk Committee Report. This report follows the format established in previous years.

The Audit and Risk Committee is responsible for establishing, monitoring and regularly reviewing the Company's internal controls and risk management framework, as well as overseeing the work of the external auditor. During the year, the Audit and Risk Committee met five times, focused primarily on monitoring the integrity of the Group's financial reporting and enhancing the robustness of the control environment and risk management framework, both through the review and challenge of the work of internal audit and ongoing dialogue with management. These meetings have taken place both at the Group's Head Office in London and also at the head office of JAB Holdings in London.

A significant part of the back office operations in respect of systems, logistics and transaction processing are outsourced to and managed by GBS. GBS operates through a series of central and regional shared service centres and is effectively under common control with Jimmy Choo, offering the benefits of scale and also risk management. The Audit and Risk Committee have oversight of GBS operations and receive regular reports on the control environment in GBS.

During the year, the Company received a request for information from the Financial Reporting Council (FRC) relating to the Annual Report and Accounts to 31 December 2015. The principal areas where questions were raised regarding relevant reporting requirements and further information requested included: Business Combinations, Borrowing Costs, Capital Management disclosures and revenue recognition on wholesale sales. The request for information and the actions agreed with the FRC following their request for information are outlined in more detail in the following report.

Further details on the activities of the Committee during the year and how it discharged its responsibilities are provided in the report below.

ROBERT SINGER
AUDIT AND RISK COMMITTEE CHAIRMAN

THE AUDIT AND RISK COMMITTEE KEY RESPONSIBILITIES

EXTERNAL AUDIT	INTERNAL AUDIT	FINANCIAL AND NARRATIVE REPORTING	INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS	WHISTLEBLOWING, FRAUD AND BRIBERY
- RECOMMEND THE APPOINTMENT, REAPPOINTMENT OR REMOVAL OF THE EXTERNAL AUDITOR - ENSURE THE AUDIT CONTRACT IS PUT OUT TO TENDER AT LEAST EVERY TEN YEARS - OVERSEE THE RELATIONSHIP, APPROVE TERMS OF ENGAGEMENT AND REVIEW INDEPENDENCE AND OBJECTIVITY OF THE EXTERNAL AUDITOR - REVIEW AND APPROVE THE ANNUAL AUDIT PLAN AND REVIEW THE FINDINGS OF THE AUDIT WITH THE EXTERNAL AUDITOR - MEET REGULARLY WITH THE EXTERNAL AUDITOR WITHOUT MANAGEMENT PRESENT - DEVELOP POLICY AND SUPERVISE ENGAGEMENT OF THE AUDITOR IN RESPECT OF THE SUPPLY OF NON-AUDIT SERVICES	- APPROVE APPOINTMENT OR REMOVAL OF THE INTERNAL AUDIT MANAGER - MONITOR AND REVIEW EFFECTIVENESS OF INTERNAL AUDIT - REVIEW AND ASSESS THE INTERNAL AUDIT PLAN - CONSIDER AND APPROVE THE REMIT OF THE INTERNAL AUDIT FUNCTION - ENSURE ACCESS OF INTERNAL AUDIT TO THE BOARD AND COMMITTEE CHAIRMAN - REVIEW MANAGEMENT'S RESPONSIVENESS TO INTERNAL AUDIT FINDINGS - MEET WITH INTERNAL AUDIT WITHOUT MANAGEMENT PRESENT AT LEAST ONCE A YEAR	- MONITOR THE FINANCIAL REPORTING PROCESS AND THE INTEGRITY OF THE FINANCIAL STATEMENTS - REVIEW AND REPORT TO THE BOARD ON SIGNIFICANT FINANCIAL ISSUES AND JUDGEMENTS - REVIEW AND CHALLENGE ACCOUNTING POLICIES, METHODS USED TO ACCOUNT FOR SIGNIFICANT OR UNUSUAL TRANSACTIONS, ENSURE CLARITY AND COMPLETENESS OF DISCLOSURE - ASSESS THE EFFECTIVENESS OF THE GROUP'S FINANCIAL REPORTING PROCEDURES - WHERE REQUESTED BY THE BOARD, ADVISE WHETHER THE ANNUAL REPORT IS FAIR, BALANCED AND UNDERSTANDABLE INCLUDING A REVIEW OF THE LONGER-TERM VIABILITY STATEMENT IN ACCORDANCE WITH PROVISION C.2.2 OF THE 2014 CORPORATE GOVERNANCE CODE	- KEEP UNDER REVIEW THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S INTERNAL FINANCIAL CONTROLS AND INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS - KEEP UNDER REVIEW THE POLICIES AND OVERALL PROCESS FOR IDENTIFYING AND ASSESSING BUSINESS RISKS AND MANAGING THEIR IMPACT - CONSIDER AND REVIEW AREAS OF SPECIFIC RISK - REVIEW AND APPROVE THE STATEMENTS IN THE ANNUAL REPORT CONCERNING INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS - OVERSEE AND ADVISE THE BOARD ON THE CURRENT RISK EXPOSURES OF THE COMPANY AND FUTURE RISK STRATEGY	- REVIEW THE ADEQUACY AND SECURITY OF WHISTLEBLOWING ARRANGEMENTS - REVIEW POLICIES AND PROCEDURES FOR DETECTING FRAUD AND ITS SYSTEMS AND CONTROLS FOR PREVENTING BRIBERY AND MONEY LAUNDERING, ITS CODE OF CORPORATE CONDUCT AND BUSINESS ETHICS

MEMBERSHIP AND MEETINGS

The Audit and Risk Committee currently comprises two Independent Non-Executive Directors: Robert Singer (Chairman) and David Poulter.

Both members of the Committee have recent and relevant financial experience. Robert Singer is currently a member of the Board of Directors of Mead Johnson Nutrition and Chairman of the Audit Committee for Coty Inc. and Tiffany and Co., having previously been CFO of Gucci Group. David Poulter has held previous roles as Head of Internal Audit and Senior Vice President, Finance at Reckitt Benckiser Group PLC and is a Chartered Accountant.

The Audit and Risk Committee meets as often as it deems necessary but in any case at least four times a year, with meetings scheduled at appropriate intervals in the financial reporting cycle. Additional meetings are held as required. The Audit and Risk Committee met five times during the 2016 calendar year and a further meeting has been held since year end to review the 2016 audit and to approve the 2016 Annual Report and Financial Statements. All members of the Committee were present at all meetings.

Only members of the Committee have the right to attend meetings. However, standing invitations are extended to the CFO, the Internal Audit Manager and the Chief Administrative Officer of GBS. Other non-members may be invited to attend all or part of any meeting as and when appropriate. Fabio Fusco (Non-Executive Director) acts as Secretary to the Committee. The external auditor attends most meetings and also meets in private with the Committee when it is appropriate to do so. In addition, the Chairman of the Audit Committee has regular and independent contact with the external and internal auditors throughout the year.

The Board has decided that, given the professional background, experience and contribution offered by the two members of the Committee, it is not necessary to extend membership of the Committee further at this point. The Board will continue to keep Committee membership under regular review.

ROLE OF THE AUDIT AND RISK COMMITTEE

The Board has delegated to the Committee responsibility for overseeing the internal financial controls and financial reporting of the Company and its subsidiaries, reviewing the Group's internal control and risk management systems and for maintaining a proper relationship with the external auditor. The Committee's specific responsibilities are set out in its terms of reference which were adopted in October 2014. These are available on the Company's website and are summarised below.

INTERNAL AUDIT

Internal audit services are provided by GBS as part of an Advisory Services Agreement with JAB Luxury. The role of these internal audit services is to determine whether the Group's network of risk management, control and governance processes are adequate and functioning appropriately. Internal audit plans are reviewed and agreed by the Audit Committee and any internal audit findings are reviewed and discussed at Audit Committee meetings.

During 2016, internal audit conducted six audits across the business. The key area of focus in the year included a detailed review of global cyber security, covering GBS systems infrastructure as well as policies and procedures on data security within the Group.

This will continue to be an area of focus for the Audit Committee during 2017 as the Group prepares for the implementation of General Data Protection Regulations (GDPR) requirements in 2018. The controls over financial accounts payable services within the GBS EMEA regional shared service centre, and the GBS EMEA logistics services, were both reviewed by internal audit following the completion of the SAP implementation during 2015.

For each audit completed during the year, a full report of all findings and remedial actions was presented to the Committee for consideration, review and challenge. Internal audit also completes an annual risk assessment of the Group through discussion with Senior Management, the results of which are presented to the Audit and Risk Committee and are used to guide the agenda for internal audit in the following year.

During its meeting held in February 2017, the Committee considered the effectiveness of the internal audit services provided during the year, taking into consideration the skills and organisation of the internal audit function, the approach taken during the year and the quality of their reports and recommendations. Having also considered input from management and the external auditor, the Committee concluded that the internal audit services provided during 2016 were effective.

At its meeting in December 2016, the Committee approved the annual internal audit plan for 2017 which identified areas of focus for the year ahead, having taken regard of identified risk areas. The Audit and Risk Committee will continue to receive regular reports from the internal audit function during 2017, including progress updates against the approved internal audit plan. The Committee will use these reports as the basis for its assessment of the effectiveness of the internal audit function during 2017, as well as monitoring the relationship between the internal audit function and the Group's management.

EXTERNAL AUDITOR

The Committee is responsible for overseeing the Group's relationship with its external auditor, KPMG LLP. This includes the ongoing assessment of the auditor's independence and the effectiveness of the external audit process, the results of which inform the Committee's recommendation to the Board as to the auditor's appointment (subject to shareholder approval) or otherwise.

APPOINTMENT AND TENURE

KPMG LLP was first appointed as the external auditor of the Group in 2011. Graham Neale has served as audit partner from 2015.

The audit partner is required to rotate every five years. In accordance with the Code, the Committee intends to put the external audit out to tender at least every ten years. There are no contractual obligations that act to restrict the Audit and Risk Committee's choice of external auditor.

NON-AUDIT SERVICES

The engagement of the external audit firm to provide non-audit services to the Group can impact on the independence assessment. The Group has therefore established a policy governing the provision of any such non-audit services. The policy has been recently updated to comply with EU legislation providing the regulatory framework for statutory audit. The policy outlines non-audit services that are specifically prohibited by the EU legislation and cannot be carried out by the external auditor. The provision of any other non-prohibited, non-audit services by the external auditor must be explicitly approved by the Audit and Risk Committee.

CORPORATE GOVERNANCE REPORT CONTINUED

During 2016, KPMG LLP were engaged to provide non-audit services to the Group. The majority of the non-audit fees incurred during the year were in connection with tax advisory services. The fees paid to KPMG LLP in respect of non-audit services during the year totalled £0.1 million, in addition to the total audit fee of £0.3 million. During 2016, PWC LLP was appointed to provide all tax advisory and tax compliance services for the Group. This ensures compliance with the EU regulatory framework for statutory audits which restricts the provision of certain non-audit services and became effective from June 2016 onwards.

The Committee assesses the independence of the external auditor and the effectiveness of the external audit process before making recommendations to the Board in respect of their appointment or reappointment.

In assessing independence and objectivity, the Committee considers the level and nature of services provided by the external auditor as well as the confirmation from the external auditor that it has remained independent within the meaning of the APB Ethical Standards for Auditors and the FRC's Revised Ethical Standards incorporating recent European Union Audit Directive Regulations. The Committee's assessment of the external auditor's independence took into account the non-audit services provided during the year. The Committee concluded that the nature and extent of the non-audit fees did not compromise the independence of the auditor.

Having reviewed the auditor's independence and performance, the Audit and Risk Committee recommends that KPMG LLP be reappointed as the Company's auditor at the next AGM.

SIGNIFICANT ISSUES

Significant issues and accounting judgements are identified by the finance team and through the external audit process and are reviewed by the Audit and Risk Committee. The significant issues considered by the Committee in respect of the year ended 31 December 2016 are set out below:

Risk area	Significant issues and judgements	How the issues were addressed
Revenue recognition	Revenue is a Key Performance Indicator of the Group. Whilst the Group's revenue recognition policies are not complex, the Group's revenue is comprised of a high volume of transactions. The maintenance of an effective control environment, particularly within our retail channel, which accounts for 67.0% of total revenue, is therefore fundamental to ensuring appropriate revenue recognition.	Controls and processes relevant to the retail channel are formally documented within the Retail Excellence Manual. The Retail Excellence Manual is reviewed and updated regularly and is in use in all stores across the business. The accounting policies for revenue are set out in note 1 to the financial statements and are unchanged from previous periods other than further clarification on revenue recognition relating to wholesale sales. Following the request for information from the FRC, the Company has agreed to enhance the disclosures in the 2016 Annual Report and Financial Statements to clarify the point at which risks and rewards of ownership are transferred to wholesale customers. These additional disclosures do not affect the current processes and controls governing the sale of stock to wholesale customers. The Audit and Risk Committee considered reports prepared by the internal auditor during the year and noted no significant issues with respect to the operation of the controls around revenue recognition. The Audit and Risk Committee also considered a report from the external auditor, which included comments on revenue recognition and did not indicate that there were any problems with revenue recognised in 2016.
Goodwill and brand carrying value	Goodwill and brand carrying value represent a significant proportion of the assets of the Group. In accordance with IFRS, goodwill is tested annually for impairment. This requires management judgement in respect of key assumptions such as business growth rates and discount rates.	The Audit and Risk Committee has reviewed, challenged and agreed the business plan and growth rates used in the goodwill and brand carrying valuation. The Audit and Risk Committee have also reviewed and agreed the discount rates to be used in the calculation and reviewed the changes to the discount rate resulting from changes in the capital structure of the business. The Audit and Risk Committee concluded that the judgements applied were appropriate in preparing the financial statements for the year.

When considering the financial statements, the Committee also considered the issues included in the Group's critical accounting policies, which are set out in note 2 to the financial statements. Having discussed these matters with management and the external auditor, the Committee has satisfied itself that such risks are being appropriately managed, the judgements made are reasonable and they are being accounted for in accordance with the relevant accounting standards and principles.

FAIR, BALANCED AND UNDERSTANDABLE

At the request of the Board, the Audit and Risk Committee has conducted a review of the Annual Report and Financial Statements to assess whether it presents a fair, balanced and understandable view of the Company's position and prospects. The Committee's review took account of the process by which the Annual Report and Financial Statements is prepared which includes detailed project planning, analysis of changes to applicable reporting requirements and standards and a robust programme of review and verification at various levels of the business and by external advisers to ensure accurate reporting. The Audit and Risk Committee recommended to the Board that the actions agreed following the FRC's request for information, as outlined below, are incorporated into the Annual Report and Financial Statements for the year ended 31 December 2016.

The Committee is satisfied that the Annual Report and Financial Statements is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance and has advised the Board accordingly.

SYSTEMS OF INTERNAL CONTROL AND RISK MANAGEMENT

The Group has in place a comprehensive financial review cycle, which includes a detailed annual budgeting and forecasting process. The budget is prepared annually for approval by the Board and is regularly reviewed and updated during the year at key points in the business calendar. Performance is monitored against the budget through weekly and monthly reporting cycles. During the financial year under review, quarterly reports on performance, including income statements, balance sheets, cash flow statements and key ratios were provided to the Board. In respect of external financial reporting, the Group finance team is responsible for preparing the Group financial statements and there are well established controls over the financial reporting process.

The Group has defined and formally documented the core elements of the system of internal control at a store, channel and Group level. Policies and procedures and clearly defined levels of delegated authority have been communicated across the Group. Management has identified the key operational and financial processes which exist within the business and implemented internal controls over these processes in addition to the higher level review and authorisation based controls. The control environment is communicated to staff through several key documents:

- the Group's internal governance rules, which set out policies for delegation of authority within the business, including contract approval and signing limits for all types of expenditure;
- the Retail Excellence Manual detailing controls at store level;
- the internal control system documentation which describes controls over key processes such as financial reporting, receivables and payables management; and
- policies and procedures covering anti-bribery and corruption; whistleblowing; risk framework and risk register; and disaster recovery arrangements.

The Group has continued to develop its governance arrangements, enhancing policies and procedures to support the systems of internal control and risk management. The Audit and Risk Committee remains central to this process.

The Board retains ultimate responsibility for setting the Group's risk appetite, identification of key risks and ensuring that there is an effective risk management framework to maintain levels of risk within the risk appetite. The Board has however delegated responsibility for oversight of the Group's risk appetite, risk monitoring and reviewing areas of financial and control risks to the Audit and Risk Committee as well as for ensuring sufficient mitigating actions are taken by management. The Committee will provide oversight and advice to the Board on current risk exposures and future risk strategy for those risks on which it has oversight. Further details of the Group's risk management approach, structure and principal risks are set out in the Strategic Report on pages 31 to 34.

FINANCIAL AND BUSINESS REPORTING

The Board is committed to ensuring that all external financial reporting presents a fair, balanced and understandable assessment of the Group's position and prospects. Under the Schedule of Reserved Matters, the Board has responsibility for the approval of all externally published information including, but not limited to, annual and half-yearly financial statements, regulatory news announcements and publications required by regulators or to satisfy statutory requirements.

During the year, the Company received a request for information from the FRC relating to the Annual Report and Accounts to 31 December 2015. The principal areas where questions were raised regarding relevant reporting requirements, and the actions agreed with the FRC, were as follows:

- **Business Combinations:** A more detailed explanation regarding the basis of accounting for the acquisition of American Style Pte. Ltd. and Valiram Avant Garde Sdn. Bhd. and the treatment of pre-existing relationships was required. It was agreed with the FRC that enhanced disclosures would be made to the Acquisition of Subsidiaries note in the Annual Report and Financial Statements for the year ended 31 December 2016 and any future acquisitions would consider the requirements of IFRS 3, paragraph B29, B43 and B67(e).
- **The application of IAS 23 'Borrowing Costs'** relating to the capitalisation of interest costs. It was agreed with the FRC that capitalisation of interest costs was not applicable.
- **Further information was requested regarding the capital management disclosures.** It was agreed that capital management disclosures in the Annual Report and Financial Statements to 31 December 2016 would be enhanced.
- **Further information was requested regarding revenue recognition on wholesale revenue.** It was agreed that the revenue recognition accounting policy notes would be enhanced to include more detail to explain the point at which risks and rewards of ownership are transferred to wholesale customers relating to wholesale revenue.

CORPORATE GOVERNANCE REPORT CONTINUED

REVIEW OF EFFECTIVENESS OF INTERNAL FINANCIAL CONTROLS

The Board has established a risk and control structure designed to manage the achievement of business objectives as set out in the system of internal control and risk management above. The Directors confirm that these processes have been in place during the financial year and up to the date of approval of the Annual Report and Financial Statements.

The Directors confirm that they have reviewed the effectiveness of the system of internal controls and risk management for the period under review and to the date of approval of the Annual Report and Financial Statements. The Board receives regular reports from the Audit and Risk Committee on its activities, including the Audit and Risk Committee's review of reports prepared by internal audit on the operation and efficacy of internal controls systems.

Such a system is, however, designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

TREASURY OPERATIONS

The Company adopted a treasury policy prior to Admission which sets out the Group's approach to the management of risks from treasury operations. This policy is subject to annual review at the Audit and Risk Committee. During 2016, as part of the annual review process, the Committee received a presentation from management providing an update on the Group's strategy for managing currency risk in light of the significant currency fluctuations experienced in the wider economic environment and specifically resulting from the UK referendum to leave Europe. As a result of this annual review, the Committee has agreed to a number of amendments to the current Group treasury policy with regard to capital structure and approach to hedging which will be implemented during 2017.

WHISTLEBLOWING

The Group has a whistleblowing policy and receives regular reports on the quantity and nature of incidents reported. The Audit and Risk Committee is responsible for monitoring the Group's whistleblowing arrangements and the policy will be reviewed periodically by the Board. The Group is confident that these arrangements remain effective, facilitate the proportionate and independent investigation of reported matters and allow appropriate follow up action to be taken.

REMUNERATION AND NOMINATIONS COMMITTEE CHAIRMAN'S STATEMENT

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present our Remuneration Report for the financial year ended 31 December 2016. This has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium sized Company and Groups (Accounts and Reports) (Amendment) Regulations 2013.

In line with the regulations, this Directors' Remuneration Report has been split into three parts:

- This Annual Statement;
- The Remuneration Policy Report – which sets out the Directors' Remuneration Policy of Jimmy Choo PLC which was approved at the 2015 AGM; and
- The Annual Remuneration Report – which sets out details on how the Directors were remunerated in the period to 31 December 2016 and how the policy will be implemented in 2017. This will be subject to an advisory vote at our 2017 AGM.

REMUNERATION PHILOSOPHY

The remuneration package for our Executive Directors has been designed based on the following key principles:

- Fixed remuneration should be set at a suitable level to attract and retain executives with the required calibre to run a company with the size and growth profile of the Company. Base salaries are generally targeted around market median of a suitable peer group.
- Variable remuneration, in particular long term incentives, should form a significant part of the remuneration package to encourage a high-performance culture and to ensure that the interests of executives are strongly aligned with those of the Company's shareholders.
- In line with the above, the total target cash remuneration opportunity for Executive Directors (fixed remuneration and target annual bonus) is set at around the market median of a suitable peer group. The total remuneration opportunity for Executive Directors (fixed remuneration, annual bonus and long term incentives) is targeted at around the upper quartile of a suitable peer group.

In recognition of our remuneration philosophy, the variable remuneration arrangements for our Executive Directors are made up of an appropriate balance of both short and long term incentives to ensure that our Executive Directors are focused on delivering both annual as well as long term returns for shareholders.

- The annual bonus is based predominantly on financial performance conditions designed to reward the delivery of the Group's strategy of pursuing growth without compromising the brand.
- The long term incentive programme is the primary tool to be used to drive the long term business strategy and align the interests of the management team with those of the Company's shareholders.
- To emphasise the link between the management team and shareholders, the Committee encourages the Executive Directors to build up significant shareholdings in the Company. Executive Directors are therefore expected to build up a significant shareholding in the Company over the seven years following Admission. The shareholding guideline for Pierre Denis is 500% of base salary and for Jonathan Sinclair is 200% of base salary.

IMPLEMENTATION OF THE POLICY IN 2017 ANNUAL BONUS

In line with our remuneration philosophy, for 2017, the annual bonus will be subject to three key performance metrics:

- A revenue growth metric – to support the long term growth strategy of the business and the sustainability of the brand;
- A profit growth metric – to ensure that any growth delivers appropriate returns to shareholders; and
- A cash conversion metric – to ensure that the business is delivering sufficient cash returns to cover its operating costs.

LONG TERM INCENTIVES

The current intention is for no long term incentive awards to be made in 2017.

BASE SALARY

During the year, the Committee reviewed base salary positioning for the CEO and CFO. No changes have been made since the IPO in 2014. In light of the review, the Committee has considered it appropriate to increase the CEO's base salary to £700,000 (an increase of 7.7%) and the CFO's base salary to £360,000 (an increase of 2.9%). The Committee considered the impact of the increase on the total packages in the round and considered the new base salaries appropriate.

2016 PERFORMANCE AND REMUNERATION OUTCOMES

2016 was the second full year as a public company and represented an above market year of performance for Jimmy Choo PLC, particularly given significant headwinds in the luxury market. Highlights for 2016 include:

- Revenue growth of 14.5% at reported rates to £364.0m (growth of 1.6% at constant rates);
- Retail revenue growth of 17.4% at reported rates to £243.9m (growth of 3.9% at constant rates) with -0.8% LFL;
- Wholesale revenue growth of 7.4% at reported rates to £107.2m (down 3.9% at constant rates);
- DOS count increased by 10 in the year with one closure in the USA;
- 16 further DOS renovated in the New Store Concept;
- Over 45% of store portfolio now in the New Store Concept;
- Adjusted EBITDA growth of 15.7% at reported rates to £59.0m;
- Adjusted EBIT growth of 16.6% at reported rates, to £38.7m;
- Adjusted Consolidated Net Income growth of 27.9% at reported rates to £24.3m; and
- EBITDA Cash Conversion of 104.2%.

REMUNERATION AND NOMINATIONS COMMITTEE CHAIRMAN'S STATEMENT CONTINUED

In light of the level of performance achieved in 2016 against objectives that were set, the Remuneration and Nominations Committee approved bonus payments of c.55% of salary to the CEO and c.23% of salary to the CFO.

The Remuneration and Nominations Committee is pleased to confirm that all remuneration payments to Directors made during the year have been in line with the Remuneration Policy approved by shareholders at the 2015 AGM. The Committee is satisfied that the Policy has proved fit for purpose, reflecting the long term performance of the Company and remains appropriate to continue to be implemented going forward.

I hope that you find the Remuneration Report helpful, clear and informative and that you will support the resolutions to approve the Remuneration Report at the 2017 AGM.

PETER HARF
CHAIRMAN OF THE REMUNERATION AND NOMINATIONS COMMITTEE
1 March 2017

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

REMUNERATION POLICY REPORT

The following sets out the Remuneration Policy ("the Policy") for Directors of the Company. This Policy was approved by shareholders at the 2015 AGM and took effect from that date, 27 May 2015. Since the Policy has a maximum term of three years, the Committee is not seeking approval for it this year and it is set out in the Report for reference only. There have been no changes to the Policy and the Committee intends that it remains in effect until the 2018 AGM. For clarity, we have updated the Policy to reflect the approach to remuneration in 2017, where relevant.

EXECUTIVE DIRECTORS

The remuneration of the Executive Directors is set by the Remuneration and Nominations Committee under delegated powers from the Board.

POLICY TABLE

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	To recognise the responsibilities, experience and ability of our talent in a competitive global environment, keeping our people focused on and passionate about the brand.	The Committee sets base salaries within the same framework as those for all other employees taking into account a range of factors, including: - the individual's skills, performance and experience; - their overall contribution to the business during the year; - the cost to the Company; - salary increases awarded across the Group as a whole; - the external economic climate; and - external benchmark data at other global companies of similar size and/or global reach within relevant sectors and/or companies with a high growth profile. Base salaries are normally reviewed, although not necessarily increased, annually. Base salaries may be reviewed more frequently at the discretion of the Committee. The Committee considers the impact of any base salary increase on the total remuneration package.	Salaries for Executive Directors are targeted at around the median for the peer group. Whilst there is no maximum salary, any increases will normally be in line with the range of increase for all employees across the Group. The Committee retains the flexibility to award increases above this level in certain circumstances, for example: - to reflect the individual's development and performance in the role; - to reflect a significant increase in the individual's role or responsibility; and - where a new recruit or promoted employee's salary has been set lower than the market level for such a role and larger increases are justified in the Committee's opinion as the individual becomes established in the role.	n/a

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Pension	To offer market competitive retirement benefits, to recruit and retain appropriate talent to lead the business.	Executive Directors may receive contributions into a defined contribution arrangement, as a cash allowance or as a combination thereof. Base salary is the only element of remuneration that is pensionable.	Maximum Company contribution: up to 25% of salary per annum. The Company pension contribution for the Executive Directors for 2017 is: • CEO – €50,000 to the Caisse des Français de L'Etranger (or as a cash allowance). • CFO – up to 10% of salary.	n/a
Other benefits and allowances	To promote the wellbeing of employees, allowing them to focus on the business.	Benefit levels are normally reviewed on an annual basis and the cost to the Company of providing benefits can vary due to a number of factors. Benefits for Executive Directors may include, but are not limited to: • private medical insurance (including for their spouse and for dependent children); • life assurance; • long term disability insurance; • car or car allowance; • an allowance for school fees for dependent children; • clothing allowance; • employee discount; • other benefits provided to all employees across the Group; and • the Company paying any tax or social security contributions due on any of the benefits. Other benefits may be provided where the Committee considers this appropriate. Reasonably incurred expenses will also be reimbursed. The Committee may agree that the Company will pay additional allowances linked to relocation or international assignment where required.	The aggregate maximum value of all other benefits and allowances is not normally anticipated to exceed £200,000 per individual per annum. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. recruitment or relocation) or in circumstances where factors outside the Company's control have changed materially (e.g. increases in private medical insurance premia).	n/a

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

CONTINUED

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual Bonus	To reward Executive Directors for achieving annual financial targets or other short term objectives linked to the Strategic Plan agreed by the Board.	Awards are based on an appropriate balance of financial and non-financial performance metrics. Performance targets are set annually by the Committee. At the end of the year, the Committee determines the extent to which the performance targets have been achieved. In doing so, the Committee exercises its judgement to ensure that the outcomes are fair in the context of the underlying performance of the Group as a whole. Bonus payouts are in cash. Bonus awards are subject to clawback (details set out later in this report).	The maximum opportunity under the annual bonus plan is 200% of salary in respect of a financial year. The maximum bonus opportunities for 2017 are: • CEO – 120% of salary. • CFO – 50% of salary.	Performance is measured against a range of key performance metrics, determined on an annual basis to ensure they remain appropriate and are aligned with the Group's strategy. The weighting between the measures is determined on an annual basis, however at least 75% will be based on measures relating to financial performance. Performance is measured over 12 months. For performance below threshold the bonus payout is nil. For threshold performance the bonus payout is 25% of maximum. For target performance the bonus payout is up to 75% of maximum. For 2017, 100% of the annual bonus opportunity will be based on financial performance metrics.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long Term Incentive Plan	To incentivise and reward participants for the delivery of long term performance and align the interests of Executive Directors with our shareholders.	Under the long term incentive plan, awards of shares may be granted, which normally vest subject to the continued employment of the participant for a five year period from the date of grant. Long term incentive awards are normally granted in the form of conditional shares or options with a total exercise price of £1 (or such higher amount as determined by the Committee at grant). They may however be awarded in other forms if it is considered appropriate. Unvested awards are subject to malus (details set out later in this report). Dividend equivalents may accrue over the five year vesting period. These will normally be paid in shares on a cumulative reinvestment basis. The Committee may adjust and amend awards in accordance with the plan rules.	The Committee calibrates long term incentive share awards for participants as a fixed number of shares. The Committee will determine annual award levels for each of the Executive Directors taking into account its philosophy that the total compensation opportunity for Executive Directors should be positioned at around the upper quartile of an appropriate peer group (as determined by the Committee). The maximum award to any individual in respect of any one financial year will be over no more than 2,500,000 shares. Details of the awards in respect of each financial year will be disclosed in the Annual Remuneration Report.	Vesting of awards is subject to continued employment.

NOTES TO THE POLICY TABLE**DISCRETION TO HONOUR ALL PRIOR COMMITMENTS**

The Committee reserves the right to make any remuneration payments and payments for loss of office where the terms were agreed before this Policy came into effect or prior to an individual being appointed a Director of the Company and where the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes "payments" include the Committee satisfying awards of variable remuneration and, in relation to an award over shares (including awards granted prior to and shortly after Admission of the Company (including the JC PLC Share Award and the One-Off Share Award as detailed below), in line with the terms of the payment that were agreed at the time the award was granted.

JC PLC SHARE AWARD

Prior to Admission, a co-investment plan was operated which required executives to invest in shares of Choo Luxury Holdings Limited. In return for the participant's investment in these shares, they were granted matching phantom (i.e. cash-settled) options which participated in the growth in the value of the Company from the date of the investment to the end of the vesting period.

On Admission of the Company, participants exercised a portion of their phantom options. The remaining phantom options were surrendered by participants. Following Admission of the Company, participants were granted awards in the form of an option with a nominal total exercise price of £1 or conditional share awards. The number of shares awarded was linked to the Black-Scholes value of the phantom options surrendered. These awards have become, or will normally become, exercisable (or will vest) in equal tranches in July 2016, July 2017 and July 2018 subject to the participant's continued employment with the Group. Details of the outstanding awards made to the CEO under the plan are set out in the Annual Remuneration Report.

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

CONTINUED

ONE-OFF SHARE AWARD

Following Admission of the Company, selected senior management and the Executive Directors of the Company were granted a one-off award in the form of an option with a nominal total exercise price of £1 or conditional shares, which normally vest 50% on the fifth and 50% on the sixth anniversary of the date of grant subject to the participant's continued employment with the Group. The CFO's award vests in equal tranches on the fourth, fifth and sixth anniversary of the date of grant, subject to his continued employment with the Group. Details of the outstanding awards made to Executive Directors under the plan are set out in the Annual Remuneration Report.

REMUNERATION AND NOMINATIONS COMMITTEE DISCRETION IN RELATION TO FUTURE OPERATION OF THE REMUNERATION POLICY

In the event of a variation of share capital, demerger, dividend in specie, special dividend or similar event, the Committee may adjust or amend awards in accordance with the rules of the relevant plan.

If the Company has been or will be affected by a demerger, dividend in specie, special dividend or other transaction which will affect the current or future value of the Company's shares, awards may vest to the extent the Committee determines, which may include awards being time pro-rated if the Committee considers it appropriate.

The Committee retains the discretion to amend performance targets in exceptional business or regulatory circumstances or to vary such targets if acting fairly and reasonably if it considers it appropriate to do so. If discretion is exercised in this way the Committee may consult with major shareholders as appropriate.

The Committee may make minor amendments to the Policy (for example for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

MALUS

Under the malus provision, the Committee can reduce awards that have not yet vested. Malus may apply where stated in the Policy table above.

The circumstances in which malus would apply are set out below:

- where there has been a material misstatement of the Company's Annual Report and Financial Statements for the financial year during which the award was granted and/or for any subsequent financial year ending before either the last date when the award becomes exercisable or the final vesting date;
- where there has been serious reputational damage to the Company as a result of the participant's actions or the actions of a member of the team for which the participant is directly responsible;
- where the participant has deliberately misled the Company, the Company's shareholders or the market regarding the Company's financial performance; or
- gross misconduct.

CLAWBACK

The Committee can reclaim bonus payments made from 2016 onwards, for a period of up to two years post the payment date in the following circumstances:

- where there has been a material misstatement of the Company's Annual Report and Financial Statements for the financial year to which the bonus payment relates; or
- gross misconduct.

PERFORMANCE MEASURES AND APPROACH TO TARGET SETTING

The performance measures for the annual bonus are set by the Remuneration and Nominations Committee on an annual basis to reflect the Group's financial objectives for any given year.

The performance targets applied to the annual bonus are reviewed annually, based on a number of internal reference points (including the budget for the financial year and prior year performance) and external reference points (including consensus forecasts, forecasts for the wider luxury industry as well as the wider economic environment).

The Committee believes that the payouts under the bonus plan should only be received for outperformance. Given the level of stretch in the performance targets for the annual bonus at all levels, the Committee considers it appropriate to set payouts for "target" performance at up to 75% of the maximum. Maximum awards will only be earned where the performance of the Group has significantly exceeded expectations.

The following sets out the performance measures that will be used for the annual bonus for 2017:

MEASURES

- revenue growth;
- Adjusted Consolidated Net Income growth; and
- reduction in net working capital as a percentage of revenue.

WHY

The measures were chosen to support the Company's key financial objectives for 2017 of:

- growth;
- margin expansion; and
- strong cash flow generation.

LONG TERM INCENTIVE AWARDS AND SHAREHOLDER ALIGNMENT

The Committee believes that the long term incentive plan should primarily be used as a tool to align the interests of the management team with those of the Company's shareholders.

In order to achieve this primary objective and to ensure that the long term incentive plan acts as a strong motivation and retention tool, encouraging individuals to remain in long term employment with the Company, the Committee considers it appropriate to grant long term incentive awards that are subject to an extended vesting period (i.e. five years from the date of grant) rather than granting awards which are subject to performance over a shorter period (i.e. three years from the date of grant), which the Committee considers may drive shorter term behaviours.

To emphasise the link between the management team and shareholders, the Committee also encourages the Executive Directors to build up significant shareholdings in the Company. Executive Directors are therefore expected to build up a significant shareholding in the Company over the seven years following Admission. The shareholding guideline for the CEO is 500% of base salary and for the CFO is 200% of base salary.

SCENARIO CHARTS

The regulations require the inclusion of a scenario chart which sets out what each of the Executive Directors could receive for varying levels of performance in respect of the financial year. The following chart has been updated to reflect the 2017 remuneration package.

CEO SCENARIO CHART**CFO SCENARIO CHART**

The above charts are based on the following assumptions:

- Below threshold is based on fixed pay only, which includes 2017 base salary, pension (assuming both of the Executive Directors participate in the pension) and other benefits and allowances. For simplicity, the normal maximum other benefit and allowances cap of £200,000 has been used. It is noted that the actual level of benefits will vary by year.
- Target includes fixed pay (as noted above) and target bonus opportunity (50% of the maximum).
- Maximum includes fixed pay (as noted above) and the maximum bonus opportunity.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

Purpose	Approach to fees
Chairman and Non-Executive Directors – fees To attract and retain high-calibre Non-Executive Directors.	Fees are set at a market appropriate rate with reference to fees paid to other Non-Executive Directors at companies of a similar size to the Company and to reflect the time commitment and the personal contribution expected from Non-Executive Directors. Fees are normally reviewed annually. The remuneration of the Chairman is set by the Board based on a recommendation from the Remuneration and Nominations Committee. The Chairman is paid a single fee for all responsibilities. The remuneration of the Non-Executive Directors is set by the Board based on a recommendation from the Chairman. Non-Executive Directors are paid a basic fee for their role. Additional fees may be paid for additional Board duties such as Chairmanship of a Committee and the SID role. Fees are paid in cash. Non-Executive Directors and the Chairman are expected to invest 50% of their net of tax fees in the Company's shares. Any investment at Admission is recognised as a prepayment of such investment of fees. Fees paid are subject to a maximum cap, which is stated in the Company's Articles of Association. Any changes in this would be subject to shareholder approval.
Chairman and Non-Executive Directors – other benefits To enable the Chairman and Non-Executive Directors to undertake their roles.	Reasonably incurred expenses will be reimbursed. Additional fees or benefits may be provided, where appropriate, at the discretion of the Board. The Chairman and Non-Executive Directors are not eligible to participate in any incentive arrangements operated by the Company.

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

CONTINUED

REMUNERATION POLICY FOR NEW HIRES

The Remuneration Policy for new hires has been updated to reflect the clarificatory announcement made on its operation on 8 May 2015.

The Committee aims to attract, motivate and retain Executive Directors with the required expertise to develop and deliver the business strategy, while at the same time ensuring that the remuneration arrangements offered are in the best interests of both the Company and its shareholders.

In determining the appropriate remuneration arrangements for a new recruit, the Committee will take into account all relevant factors, including but not limited to, the individual's skills and expertise, local market practice, appropriate market data and the individual's existing remuneration package.

In cases of hiring a new recruit to the Board (including an internal promote), the Committee will ensure that the remuneration arrangements are in line with the approved Remuneration Policy and all its elements as set out in the Policy table above. The ongoing annual remuneration arrangements for new Executive Directors will therefore comprise:

- base salary;
- suitable pension and other benefits and allowances (which may include a relocation allowance where the Committee considers it appropriate);
- an annual bonus opportunity; and
- a long term incentive award.

The maximum ongoing level of annual variable remuneration which may be awarded to a new Executive shall therefore be limited to the levels set out in the Policy table (i.e. 200% of salary for the annual bonus and 2,500,000 shares under the long term incentive plan) for Executive Directors, excluding buy-out awards.

The Committee retains the flexibility to undertake the following actions, as appropriate, in the best interests of the Company and therefore shareholders:

- For external appointments, the Committee may offer additional cash and/or share awards (buy-out awards) to take account of remuneration relinquished when leaving a former employer. As far as possible and appropriate, such payments would reflect the nature, time horizons and performance requirements attaching to the relinquished remuneration. Where appropriate, the Committee retains the discretion to utilise Listing Rule 9.4.2 for the purpose of making such an award.
- For an internal appointment, the Committee would honour any contractual commitments made prior to their promotion to the Executive Director level, even in instances where they would not otherwise be consistent with the prevailing Policy at the time of appointment.
- As set out in the regulatory information statement on 8 May 2015, the Committee may also offer additional cash and/or share-based elements to secure an appointment, which will be limited to a value equivalent to 2,500,000 shares at the time of such appointment. The Committee would determine the performance conditions and time horizons that would apply to such awards at the time. The Committee would provide full disclosure of the rationale for such an award in the Directors' Remuneration Report in the year following such an award.

NON-EXECUTIVE DIRECTORS

If a new Chairman or Non-Executive Director is appointed, remuneration arrangements will normally be in line with those detailed in the Remuneration Policy for Non-Executive Directors above.

SERVICE CONTRACT AND EXIT PAYMENT POLICY EXECUTIVE DIRECTORS

Executive Director Service agreements, including for early termination, are carefully reviewed by the Committee. The Committee does not believe that there should be any element of reward for failure.

The Committee's approach to termination payments is to consider each case on an individual basis taking into account any pre-established contractual agreements (including the provisions of any incentive plans), the performance and conduct of the individual and the commercial justification for any payments.

The key terms and conditions of the current Executive Directors, as stipulated in their service agreements, are set out below:

NOTICE PERIOD

- Each Executive Director's service agreement is terminable by the Executive Director on six months' written notice.
- The Company may terminate Pierre Denis' service agreement on 12 months' written notice.
- The Company may terminate Jonathan Sinclair's service agreement on six months' written notice.
- For new appointments, the Committee's policy is that Executive Director service agreements will provide up to 12 months' notice by the Company and up to 12 months' notice by the Executive Director.

TERMINATION PAYMENTS

- The Company is entitled to terminate each Executive Director's employment immediately and make a payment in lieu of notice comprising the Executive's base salary in respect of the notice period (or the remaining part of it) and a sum equal to the value of other benefits during the notice period (or the remaining part of it).
- Alternatively, the Company may continue to provide Jonathan Sinclair with his contractual benefits for the duration of what would have been his notice period (or the remaining part of it).
- The Company may elect at its discretion to make the payment in lieu as a lump sum or to pay half the payment in lieu as a lump sum and to pay the second half subsequently in equal instalments.
- A duty to mitigate may apply to the payment in instalments.

ANNUAL BONUS

- Where an Executive Director leaves office during the performance period (or after the end of the performance year but before payment is made) any bonus will be at the discretion of the Committee. Any payment will typically be on a pro rata basis up to the termination date, taking into account the extent to which any performance targets have been met.
- Under his service contract, other than in certain "bad-leaver" circumstances, where the Company gives notice to Pierre Denis, he is entitled to a pro rata annual bonus taking into account time in employment during the financial year and the extent to which any performance targets have been met.
- Upon voluntary resignation or termination for cause, no bonus payment would be made.

LONG TERM INCENTIVES

- The treatment of long term incentive awards is governed by the relevant incentive plan.

JC PLC SHARE AWARD

- If a participant ceases employment with the Group by reason of disability, death or dismissal without cause (including mutual agreement) the Committee will determine the number of unvested awards that will vest taking into account the proportion of time elapsed since the original investment was made under the co-investment plan and a pre-agreed pro-rating approach for each tranche of the award.
- In other circumstances, unless the Committee determines otherwise, unvested awards will lapse on cessation of employment.
- Awards to the extent that they have vested on cessation of employment (or for any reason) or that are allowed to vest as referred to above, will be exercisable for a period of up to 12 months from the date of cessation (or if earlier until the end of the option exercise period).

ONE-OFF SHARE AWARD AND FUTURE AWARDS UNDER THE LONG TERM INCENTIVE PLAN

- Unless the Committee in its sole discretion determines otherwise (in which case it will determine the terms on which awards vest and may be exercised), if a participant ceases to be employed by the Group for any reason, any awards will lapse on cessation of employment.

OTHER

- Legal fees and outplacement costs may be paid if the Committee considers this commercially appropriate.

CHANGE OF CONTROL

- In the event of a change of control, Executive Directors may receive a bonus in respect of the year in which the change of control occurs, which, unless the Committee determines otherwise, will be pro-rated by reference to the time elapsed in the bonus year and performance achieved.
- Long term incentive awards will normally vest, taking into account the time elapsed between grant and vest, unless the Committee determines otherwise. Awards may alternatively be exchanged for an equivalent award in the acquirer, where appropriate.

CHAIRMAN AND NON-EXECUTIVE DIRECTORS

The Non-Executive Directors and Chairman of the Board have letters of appointment which set out their duties and responsibilities. They do not have service contracts.

The Chairman's letter of appointment states that his appointment is expected to last for at least six years, subject to annual re-election at the Annual General Meeting. His appointment is terminable at any time upon written notice, in accordance with the Articles of Association, his resignation or in accordance with the relationship agreement entered into between the Company and JAB Luxury.

The appointments of each Non-Executive Director are for a fixed term of six years, subject to annual re-election at the Annual General Meeting. The appointments of all the Non-Executive Directors may be terminated at any time upon written notice, in accordance with the Articles of Association or upon their resignations. In addition, the appointment of the Non-Executive Directors appointed pursuant to the relationship agreement entered into between the Company and JAB Luxury may be terminated in accordance with that agreement.

REMUNERATION POLICY IN THE REST OF THE COMPANY

The remuneration arrangements for Executive Directors outlined above are consistent with those for the other employees in the Group, although quantum and award opportunities vary by executive level. Only the most senior executives in the Group participate in the long term incentive plan.

During its deliberations on executive remuneration, the Committee considers the reward framework for all employees worldwide, ensuring that the principles applied are consistent with the Executive Remuneration Policy. Merit increases awarded to executives are determined within the broader context of employee remuneration.

Due to the size and geographical spread of the Group's operations, it does not invite employees to comment on the Directors' Remuneration Policy.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee recognises the importance of understanding the views of shareholders. The Committee is therefore open to listening to the views of our shareholders throughout the year and at the AGM.

The Committee Chairman speaks with the Company's largest shareholder on the subject of remuneration as and when appropriate. The Company's largest shareholder is very supportive of the Company's philosophy and policy on remuneration. The Committee will continue to keep its Remuneration Policy under review to ensure that it remains aligned with the Company's strategic objectives and provides strong alignment with shareholder interests.

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

CONTINUED

ANNUAL REMUNERATION REPORT

EXECUTIVE DIRECTORS STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY FOR 2017 BASE SALARY

As set out in the Chairman's statement, the base salaries have been increased as follows for 2017:

Pierre Denis	£700,000
Jonathan Sinclair	£360,000

PENSION

In respect of Pierre Denis, the Company will contribute up to €50,000 to the Caisse des Français de l'Étranger. In respect of Jonathan Sinclair, the Company will contribute 10% of base salary to the Company's Group Personal Pension Scheme if he contributes at least 5% of base salary.

BENEFITS

The Committee sets benefits in line with the Policy set out on pages 52 to 55. For 2017, each of the Executive Directors will receive private medical insurance for himself, his spouse and dependent children, and life assurance. As agreed, as part of his relocation arrangements, on joining the Group, Pierre Denis will also be reimbursed for annual school fees in respect of his children (up to a maximum of £18,000 per child) and receive a company car.

ANNUAL BONUS

The maximum bonus opportunity for the Executive Directors in respect of 2017, which is unchanged from 2016, will be as follows:

Pierre Denis	120% of base salary
Jonathan Sinclair	50% of base salary

For 2017, the annual bonus opportunity will be based solely on the following financial performance metrics: revenue growth (measured on a constant exchange rate basis), Adjusted Consolidated Net Income growth and a reduction in net working capital as a percentage of net revenue. For 2017, performance below threshold, the bonus payout will be nil. For threshold performance, the bonus payout will be 25% of maximum and for target performance, the bonus payout will be 50% of maximum.

Annual bonus awards will be paid in cash.

The Committee considers the exact performance targets to be commercially sensitive and as such these have not been disclosed ahead of the financial year. However, in next year's Annual Report and Financial Statements, the Committee will provide shareholders with appropriate context on performance against the performance targets and the rationale for any bonus payouts, within commercial constraints.

LONG TERM INCENTIVE PLAN

The current intention is for no long term incentive awards to be made in 2017.

NON-EXECUTIVE DIRECTORS

The following table sets out the Non-Executive Director fee structure for 2017, which remains in line with 2016:

Chairman	£150,000
Basic fee for Non-Executive Directors	£50,000
Board Committee Chairman	£15,000
Senior Independent Director	£5,000

Fees will be paid in cash. Non-Executive Directors and the Chairman are expected to invest 50% of their net of tax fees in the Company's shares, taking into account any investment prepaid at Admission.

SINGLE TOTAL FIGURE OF REMUNERATION FOR EXECUTIVE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2016 (AUDITED)

The following table sets out the total remuneration for Executive Directors for the year ended 31 December 2016. The total remuneration for Executive Directors for the year ending 31 December 2015 has been provided as a comparison.

	Base salary £000	Pension £000	Other benefits and allowances £000	Annual Bonus £000	Total pre long term incentives £000	Long term incentives ¹ £000	Total £000
Pierre Denis							
Year to 31 December 2016	650	40	93	357	1,140	–	1,140
Year to 31 December 2015	650	36	67	135	888	–	888
Jonathan Sinclair							
Year to 31 December 2016	350	–	4	80	434	–	434
Year to 31 December 2015	350	–	4	30	384	–	384

ELEMENTS OF THE SINGLE FIGURE OF REMUNERATION (AUDITED)
BASE SALARY

The values shown in the table represent the amount received since Admission of the Company. Annualised base salaries for the Executive Directors following Admission were:

Pierre Denis	£650,000
Jonathan Sinclair	£350,000

PENSION

For Pierre Denis, this represents the Company's contribution to the Caisse des Français de l'Étranger.

Jonathan Sinclair did not participate in the pension arrangements in 2016.

OTHER BENEFITS AND ALLOWANCES

The values shown in the table represent the taxable value of benefits received during the financial year.

For Pierre Denis this includes: company car, school fees (which is only drawn in respect of one of his three dependent children), private healthcare and product allowances.

For Jonathan Sinclair this includes: private healthcare and product allowances.

ANNUAL BONUS

The value shown in the table reflects the annual bonus earned in respect of performance in the year ended 31 December 2016. The bonus was paid in cash.

The Executive Directors' annual bonus awards in relation to performance during 2016 were measured against a basket of metrics and objectives. For Pierre Denis and Jonathan Sinclair, they were weighted 100% on Group financial objectives.

The table below shows the overall outcome against each of the financial measures. The Board considered the financial performance of the Group to be above market for the year and in particular, the Group delivered very strong *Adjusted Consolidated Net Income* performance of £24.3m which represented growth of 27.9% over 2015. Net Working Capital performance was also strong with performance above the target level set for 2016. The stretch absolute Net Revenue target set at the beginning of the year was not met even though sales growth of 1.6% was delivered in a challenging economic environment.

Performance measure	Weighting (as a total of annual bonus opportunity)		Performance achieved as a percentage of maximum			Payout % maximum
	Pierre Denis	Jonathan Sinclair	Threshold	Target	Maximum	
Adjusted Consolidated Net Income	40%	40%				84.5%
Net Revenue Growth at constant exchange rates	40%	40%				0%
Net Working Capital (as a percentage of revenue)	20%	20%				60%
Overall payout						45.8%

REMUNERATION AND NOMINATIONS COMMITTEE REPORT CONTINUED

As a result of the above performance, the Committee considered it appropriate to pay Pierre Denis a bonus of c.55% of salary and Jonathan Sinclair a bonus of c.23% of salary.

The actual financial performance targets used for the determination of the annual bonus have not been disclosed as they reward achievement of the Group's business plan, the disclosure of which the Board considers to be commercially sensitive. In line with the approach taken for the 2015 annual bonus (see below), provided that the targets are no longer commercially sensitive, the Committee intends to disclose the actual targets in the 2017 Annual Report and Accounts.

2015 ANNUAL BONUS

The financial targets used for the determination of the 2015 annual bonus (paid in March 2016) and not previously disclosed are shown below:

Measure	Threshold	Target	Maximum	Payout
Constant currency revenue growth	5%	12%	14%	43%
Adjusted Consolidated Net Income growth	6%	16%	22%	0%
Net working capital (% of net revenues)	2.6%	2.2%	1.3%	0%

LONG TERM INCENTIVES

No share awards were granted to the Executive Directors during the financial year.

EXECUTIVE DIRECTOR SHAREHOLDINGS (AUDITED)

The Committee recognises the importance of aligning Executive Directors' and shareholders' interests through the Executives building up significant shareholdings in the Company. Executive Directors are therefore expected to build up a significant shareholding in the Company over the seven years following Admission. The shareholding guideline for Pierre Denis is 500% of base salary and for Jonathan Sinclair is 200% of base salary.

The table below shows the shareholding of each Executive Director against their respective shareholding guideline as at 31 December 2016:

Individual	Total number of shares owned at 31 December 2015	Total number of shares owned at 31 December 2016 ¹	Total value of shares owned at 31 December (as a percentage of salary) ²	Shares acquired by the Director during the period 31 December 2016 and 21 March 2017
Pierre Denis ³	2,771,428	2,684,489	578%	–
Jonathan Sinclair	35,714	35,714	14%	–

1 Includes shares held by the Director and by their connected persons.

2 Based on a closing share price on 30 December 2016 of 140p.

3 As disclosed in the Prospectus, following Pierre Denis' exercise of awards under the previous phantom share option plan, he agreed to make an investment in Jimmy Choo PLC shares. Pursuant to this agreement, Pierre Denis purchased 771,428 shares immediately following Admission of the Company. In order to fund his investment, Pierre Denis has entered into a loan agreement with HSBC, pursuant to which he agreed to grant a pledge over 2,771,428 shares to HSBC. After a share sale in September 2016, Pierre's current shareholding is 2,684,489. Pierre Denis has agreed that he will hold these shares in line with and in the same proportions as the vesting schedule for the JC PLC Share Awards.

As shown in the table above, Pierre Denis has met his shareholding guideline. Jonathan Sinclair is on target to meet his shareholding guideline.

The table below shows in relation to each Executive Director the total number of share options with and without performance conditions held at 31 December 2016.

Individual	Options with performance measures	Options without performance measures	Vested but unexercised	Exercised during the year
Pierre Denis	–	3,236,747	–	439,801 ¹
Jonathan Sinclair	–	1,071,429	–	–

1 JC PLC awards 1 July 2016

PAYMENTS TO PAST DIRECTORS (AUDITED)

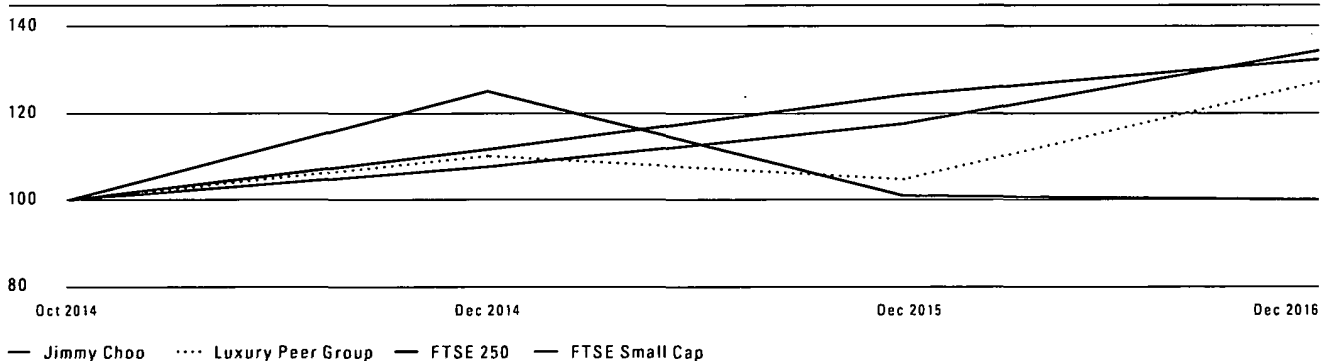
There were no payments to past Directors during the financial year.

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

There were no payments for loss of office during the financial year.

TSR PERFORMANCE CHART (UNAUDITED)

The following graph shows the TSR of the Company, the UK FTSE 250 Index, the FTSE Small Cap Index as well as a group of luxury comparators since Admission of the Company to 31 December 2016. The FTSE 250 Index and the FTSE Small Cap Index were selected on the basis that the Company was a member of the FTSE 250 and FTSE Small Cap at various stages during 2016. The Luxury Comparator Group was selected to illustrate the performance of other companies operating in a similar industry to Jimmy Choo. The Luxury Comparator Group includes Brunello Cucinelli, Burberry, Kering, LVMH, Moncler, Prada, Salvatore Ferragamo and Tod's.

VALUE OF £100 INVESTED AT ADMISSION**HISTORICAL CEO PAY**

Given that the Company has only been publicly listed since 22 October 2014, the following sets out information regarding the CEO's historical pay since Admission on 22 October 2014 to 31 December 2016.

CEO	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000
Single figure of remuneration	n/a	n/a	n/a	5,353 ¹	888	1,140
Annual bonus payout (as a % of maximum opportunity)	n/a	n/a	n/a	36%	17%	45.8%
Long term incentive payout (as a % of maximum opportunity)	n/a	n/a	n/a	100% ¹	n/a	n/a

¹ The regulations require the value of long term incentives granted to the Executive Directors to be included at the date of grant as they are subject to continued employment with the Company only. Further details of the vesting schedule for these awards are provided in the 2014 Annual Report and Financial Statements.

PERCENTAGE CHANGE IN CEO REMUNERATION (UNAUDITED)

The table below illustrates the percentage change in salary, benefits and annual bonus for the CEO as against all other employees in the Head Office.

	% change in average basic salary (2015/2016)	% change in average benefits (2015/2016)	% change in average annual bonus (2015/2016)
CEO	0%	28.4%	164.2%
All other Head Office employees	3.3%	-1.2%	104.1%

NB. Figures calculated comparing full year equivalent average remuneration as at 31 December 2015 and 31 December 2016 of permanent and fixed term Head Office employees. Bonus refers to actual bonuses paid in 2015. 2016 bonus numbers have been calculated using estimated personal achievement where relevant. This is calculated using UK non-store employees as the benefit structure is similar (UK store employees are remunerated using a commission scheme).

REMUNERATION AND NOMINATIONS COMMITTEE REPORT CONTINUED

RELATIVE IMPORTANCE OF SPEND ON PAY (AUDITED)

The following table illustrates total remuneration for all employees in the Group compared to distributions to shareholders based on the financial year up until 31 December 2016.

	2015 £m	2016 £m
Shareholder distributions (dividends and share buybacks)	–	–
Total employee expenditure	55.5	60.7

EXTERNAL APPOINTMENTS (UNAUDITED)

Subject to the Board's approval, Executive Directors are able to accept a limited number of external appointments outside the Company and can retain any fees paid for these services. Details of such external appointments held in the year up to 31 December 2016 are set out below:

Individual	Organisation	Fees
Pierre Denis	–	–
Jonathan Sinclair	LLX Global Business Services SA ¹	–
	Nottingham Scientific Limited	£4,000

¹ A subsidiary of JAB Luxury that provides various services to Jimmy Choo PLC and its subsidiaries.

SINGLE TOTAL FIGURE OF REMUNERATION FOR NON-EXECUTIVE DIRECTORS AND THE CHAIRMAN FOR THE YEAR ENDED 31 DECEMBER 2016 (AUDITED)

The following table sets out the total remuneration for Non-Executive Directors and the Chairman for the year ended 31 December 2016.

	Basic fee £000	Board Committee Chairmanship fee £000	Senior Independent Director fee £000	Total fee 2016 £000	Total fee 2015 £000
Peter Harf					
Year to 31 December	150	–	–	150	150
Fabio Fusco					
Year to 31 December	50	–	–	50	50
Olivier Goudet					
Year to 31 December	50	–	–	50	50
David Poulter					
Year to 31 December	50	–	5	55	55
Robert Singer					
Year to 31 December	50	15	–	65	62
Anna-Lena Kamenetzky					
Year to 31 December	50	–	–	50	21
Meribeth Parker					
Year to 31 December	50	–	–	50	21
Elisabeth Murdoch					
Year to 31 December	50	–	–	50	6
FORMER NON-EXECUTIVE DIRECTORS					
Gianluca Brozzetti					
Year to 31 December	23	–	–	23	50

Notes:

Fees for Gianluca Brozzetti relate to the period from 1 January 2016 to 15 June 2016 (when he was not re-elected to the Board).

Fees are paid in cash. Non-Executive Directors and the Chairman are expected to invest 50% of their net of tax fees in the Company's shares.

NON-EXECUTIVE DIRECTOR SHAREHOLDINGS (AUDITED)

The following table shows the shareholding of each of the Non-Executive Directors and their connected persons as at 31 December 2016.

	Total number of shares owned at 31 December 2014	Total number of shares owned at 31 December 2015	Total number of shares owned at 31 December 2016
Peter Harf	928,571	928,571	928,571
Gianluca Brozzetti*	-	-	-*
Fabio Fusco**	107,142	107,142	107,142
Olivier Goudet	928,571	928,571	928,571
Anna-Lena Kamenetzky	n/a	9,500	9,500
Elisabeth Murdoch	n/a	-	31,317
Meribeth Parker	n/a	9,500	21,500
David Poulter	142,857	142,857	142,857
Robert Singer	285,714	285,714	285,714

* As at the date of resignation.

** Previously reported at 107,143

THE REMUNERATION AND NOMINATIONS COMMITTEE (UNAUDITED)

As of 31 December 2016, the Committee comprised of three Non-Executive Directors:

- Peter Harf (Chairman)
- Anna-Lena Kamenetzky (from 8 March 2016)
- Meribeth Parker (from 1 December 2016)

The Board has decided that, given the professional background and experience offered by the three members of the Committee, it is not necessary to extend membership of the Committee further at this point. This is something that the Board will keep under regular review, particularly in light of the recommendation of the 2014 UK Corporate Governance Code.

The Committee determines and recommends to the Board the Group's policy on executive remuneration, determines the level of remuneration for Executive Directors and the Chairman and other senior executives and prepares the Annual Remuneration Report for approval by shareholders at the AGM. The Committee also assists the Board in reviewing the structure, size and composition of the Board. It is also responsible for reviewing succession plans for the Directors, including the Chairman, the CEO and other senior executives.

The Committee held two scheduled meetings during 2016 (in March and December).

During the year, the Committee received independent advice on executive remuneration matters from Deloitte LLP ("Deloitte"). Deloitte is a member of the Remuneration Consultants Group and as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee has reviewed the advice provided by Deloitte during the year and is comfortable that it has been objective and independent. Total fees received by Deloitte in relation to the remuneration advice provided to the Committee during 2016 amounted to £14,500 (excluding VAT) based on the required time commitment.

SHAREHOLDER VOTING (UNAUDITED)

The following table shows the results of the votes on the Directors' Remuneration Policy at the AGM in May 2015 and the Directors' Remuneration Report at the AGM in June 2016.

Resolution	For		Against		Total Votes	Withheld
	Votes	%	Votes	%	Votes	Votes
Approval of the Directors' Remuneration Policy	275,689,703	96.95	8,679,103	3.05	284,368,806	0
Approval of the Directors' Remuneration Report	283,538,581	99.76	678,379	0.24	284,216,960	0

On behalf of the Board,

PETER HARF

CHAIRMAN OF THE REMUNERATION AND NOMINATIONS COMMITTEE

1 March 2017

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and Auditor's Report, for the year ended 31 December 2016. The Corporate Governance Statement set out on pages 40 to 50 forms part of this report.

Details of significant events since the balance sheet date are contained in note 28 to the financial statements. An indication of likely future developments in the business of the Group is included in the Strategic Report. The Directors' Report should be read in conjunction with the Strategic Report, which contains details of the principal activities of the Group during the year.

Information about the use of financial instruments by the Group and its subsidiaries is given in note 23 to the financial statements.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2015: £nil).

CAPITAL STRUCTURE

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 21 to the financial statements. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. The percentage of the issued nominal value of the ordinary shares is equal to the total issued nominal value of all share capital.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 22 to the financial statements. Shares held by the Jimmy Choo PLC Employee Benefit Trust abstain from voting.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Schedule of Matters Reserved for the Board, copies of which are available on request, and the Corporate Governance Report on page 40.

ACQUISITION OF THE COMPANY'S OWN SHARES

Directors have the authority to purchase the Company's own ordinary shares as permitted under the Articles of Association and under statute. No share purchases were made by the Company during 2016.

SUBSTANTIAL SHAREHOLDINGS

On 31 December 2016, the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company.

Name	Percentage of voting rights and issued share capital	Number of ordinary shares	Nature of holding
JAB Luxury GmbH	67.66%	263,714,153	Direct

During the period between 31 December 2016 and 1 March 2017 the Company did not receive any notifications under chapter 5 of the Disclosure and Transparency Rules.

RELATIONSHIP AGREEMENT WITH CONTROLLING SHAREHOLDER

Prior to the IPO in October 2014, the Company and JAB Luxury entered into a Relationship Agreement to regulate the ongoing relationship between them (the "Relationship Agreement"). The principal purpose of the Relationship Agreement is to ensure that the Group is capable of carrying on its business for the benefit of the shareholders of the Company as a whole and that transactions and relationships with JAB Luxury and any of their respective associates are at arm's length and on normal commercial terms. Further details of the Relationship Agreement with regard to the conduct of the major shareholder are set out in the Corporate Governance Report on page 43 and with regard to the right to appoint Directors, are set out on page 42.

SIGNIFICANT AGREEMENTS: CHANGE OF CONTROL

A number of agreements take effect, alter or terminate upon a change of control of the Company, such as the employee share-based incentive scheme.

DIRECTORS

The Directors of the Company as at 31 December 2016 and their interests in the shares of the Company are shown on pages 62 and 64.

Gianluca Brozzetti did not stand for re-election as a Non-Executive Director due to his continuing Executive commitments elsewhere.

As detailed in the Articles of Association, at every AGM, all Directors at the date of any subsequent notice of AGM shall retire from office. Consequently, the Directors currently holding office will all be required and all intend to seek re-election at the forthcoming AGM to be held in June 2017.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during 2014 and which remain in force at the date of this report.

POLITICAL CONTRIBUTIONS

The Group has not made any political donations during the year (2015: £nil).

SUSTAINABLE BUSINESS

A summary of how the Group recognises its responsibility to colleagues, customers, the environment (including greenhouse gas emissions) and community is contained within the Commitment to Sustainability on pages 27 to 28 which forms part of this report.

GOING CONCERN

The Board is of the opinion that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Board has taken account of current and anticipated trading performance, current and anticipated levels of borrowings and the availability of borrowing facilities and exposures to and management of the financial risks detailed on pages 31 to 34. Consequently, the going concern basis has been used in the preparation of the Company and Group financial statements.

ANNUAL GENERAL MEETING

The AGM will be held on 1 June 2017. The Notice of Annual General Meeting is contained in a separate letter from the Chairman accompanying this report.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the persons who is a Director at the date of approval of this Annual Report and Financial Statements confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

As recommended by the Audit Committee, KPMG LLP have expressed their willingness pursuant to Section 489 of the Companies Act 2006 to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming AGM.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report and Financial Statements includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and Financial Statements and include statements regarding the intentions, beliefs or current expectations of the Directors or the Company concerning, amongst other things, the results of operations, financial condition, prospects, growth, strategies (including continued store roll out plans) and dividend policy of the Company and the industry in which it operates. In particular, the statements regarding the Company's strategy and other future events or prospects are forward-looking statements.

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

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations. Details of these Directors are shown on pages 38 and 39.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards including FRS101 reduced disclosure framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

DIRECTORS' REPORT CONTINUED

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board,



HANNAH MERRITT
COMPANY SECRETARY
1 March 2017

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JIMMY CHOO PLC ONLY

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of Jimmy Choo PLC for the year ended 31 December 2016 set out on pages 73 to 114. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Overview

Materiality:	£1.5 m (2015: £1.5 m)
Group financial statements as a whole	5% (2015: 5%) of Group profit before tax normalised to exclude the net loss on financial instruments and exceptional items
Coverage	93% (2015: 91%) of total Group profits and losses that make up Group profit before taxation
Risks of material misstatement	vs 2015
Recurring risks	Revenue Recognition ↔
	New: Valuation of goodwill and brand ↑

2. OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows:

	The risk	Our response
Revenue (£364.0 million; 2015: £317.9 million) <i>Refer to page 46 (Audit Committee Report), page 82 (accounting policy) and page 85 (financial disclosures).</i>	Revenue Recognition: Revenue and gross margin are key performance measures for the Group. Data capture and processing is complex as the Group generates revenue through a high volume of individually small transactions recorded in a number of different accounting systems. In addition, there is a subjective estimate made of any returns. Due to its materiality in the context of the financial statements as a whole, revenue is considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: Controls Design and Observation: For each of the different accounting systems, testing the design and implementation of key controls around the recognition of revenue, including those related to the reconciliation of cash receipts to sales records. As documented in 'Reconciliations' below, testing of operating effectiveness was performed for certain entities. Control Reperformance: For components in aggregate representing 64% of the total revenue balance for the year we tested the accuracy of sales and that they were recorded in the correct period by tracing the sale transaction through to cash receipt; Reconciliations: For components covering a further 25% of the revenue balance, for example those with a different accounting system, we tested the accuracy of sales and that they were recorded in the correct period by selecting samples of reconciliations between sales transactions and cash receipts and agreeing those reconciliations through to supporting documentation; Test of Detail: Selecting certain manual journals posted to revenue across all accounting systems based on criteria such as value and critically assessing whether these journals were appropriate by agreeing to supporting documentation; and Historical Comparison: Challenging the adequacy of the Group's provision for returns across all revenue streams in light of the historical pattern of credits given for returns.

	The risk	Our response
Goodwill and Brand Intangible (£575.4 million; 2015: £573.9 million) <i>Refer to page 46 (Audit Committee Report), page 81 (accounting policy) and page 90 (financial disclosures).</i>	Valuation of Goodwill and Brand: Evaluation of impairment requires a forecast based valuation which relies on judgement of the directors. This review also uses subjective estimates, including assumptions such as growth rates and discount rates.	Our procedures included: • Historical Comparison and Sensitivity Analysis: Evaluating the adequacy of the budgets and forecasts used in the value in use calculation by assessing the historical accuracy of budgets and performing sensitivity analysis on key assumptions; • Benchmarking Assumptions: Performing an assessment of the discount rate by comparing to a client and industry specific discount rate calculated independently by our own valuation specialists; • Market Capitalisation: Comparing the discounted cash flows to the market capitalisation of the Group; • Long Term Forecasts: Assessing the robustness of the forecasts to changes in assumptions, including sales growth beyond the 2017 detailed forecast, long term growth rates and discount rates in the model to assess the recoverability of the goodwill; and • Assessing Transparency: Considered whether the Group's disclosures in respect of the impairment review and the sensitivity of the outcome of the impairment review to changes in key assumptions are appropriate.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £1.5m (2015: £1.5m), determined with reference to a benchmark of Group profit before tax normalised to exclude the net loss on financial instruments and exceptional items as disclosed in note 5 of £30.0m (2015: £29.6m), of which it represents 5% (2015: 5%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.08m (2015: £0.08m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 35 (2015: 29) reporting components, we subjected 14 (2015: 14) to audits for Group reporting purposes and two to specified risk-focused audit procedures. The latter were not individually financially significant enough to require an audit for Group reporting purposes, but did represent large components in China and Switzerland where we otherwise have limited audit coverage.

The components within the scope of our work accounted for the percentages illustrated opposite.

For the remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved a component materiality of £1.2m (2015: £1.2m) across all components, having regard to the mix of size and risk profile of the Group across the components. The Group audit team visited three component locations in UK and the USA to perform the audit work

and also performed procedures on the items excluded from normalised Group profit before tax. The work on all of the remaining in-scope components was performed by component auditors. Telephone conference meetings were held with these component auditors. At these meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

GROUP PROFIT BEFORE TAX NORMALISED TO EXCLUDE THE NET LOSS ON FINANCIAL INSTRUMENTS AND EXCEPTIONAL ITEMS

£30.0M
(2015: £29.6M)

MATERIALITY £1.5M (2015: £1.5M)

£1.5M

Whole financial statements materiality (2015: £1.5m)

£1.2M

Materiality at components (2015: £1.2m)

£0.08M

Misstatements reported to the Audit Committee (2015: £0.08m)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JIMMY CHOO PLC ONLY CONTINUED

GROUP REVENUE

89%
(2015: 92%)

GROUP PROFIT BEFORE TAX

93%
(2015: 91%)

GROUP TOTAL ASSETS

95%
(2015: 93%)

**GROUP PROFIT BEFORE
EXCEPTIONAL ITEMS AND TAXATION**

93%
(2015: 92%)

4. OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

5. WE HAVE NOTHING TO REPORT ON THE DISCLOSURES OF PRINCIPAL RISKS

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of longer-term viability on page 34, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the Group's continuing in operation over the 3 years to 31 December 2019; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6. WE HAVE NOTHING TO REPORT IN RESPECT OF THE MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the Corporate Governance Report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statements, set out on pages 67 and 34, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on page 40 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

SCOPE AND RESPONSIBILITIES

As explained more fully in the Directors' Responsibilities Statement set out on pages 67 and 68, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

GRAHAM NEALE
SENIOR STATUTORY AUDITOR
for and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

1 March 2017

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £M	2015 £M
Revenue	3	364.0	317.9
Cost of sales		(131.0)	(118.7)
Gross profit		233.0	199.2
Selling and distribution expenses		(127.6)	(104.6)
Administrative expenses		(62.9)	(64.8)
Operating profit	4	42.5	29.8
Financial income	9	–	2.8
Financial expenses	9	(15.3)	(5.4)
Loss on financial instruments	9	(9.5)	(5.1)
Profit after financing expense		17.7	22.1
Share of profit of associates	14	–	–
Profit before tax		17.7	22.1
Taxation	10	(2.3)	(2.7)
Profit for the year		15.4	19.4
Earnings per share – basic and diluted (pence)	6	4.1	5.1

Non-GAAP measures			
Adjusted EBITDA	29	59.0	51.0
Adjusted EBIT	29	38.7	33.2
Adjusted Consolidated Net Income	29	24.3	19.0
Adjusted earnings per share (pence)	6	6.4	5.0

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 €M	2015 €M
Profit for the year	15.4	19.4
Other comprehensive income		
<i>Items that are or may be recycled subsequently to the income statement:</i>		
Foreign currency translation differences	(10.3)	0.4
Income tax credit on items that are or may be recycled subsequently to profit and loss	1.2	0.1
Other comprehensive income for the year, net of tax	(9.1)	0.5
Total comprehensive income for the year	6.3	19.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 €M	2015 €M
Non-current assets			
Intangible assets and goodwill	11	607.2	596.0
Property, plant and equipment	12	56.6	50.4
Investments in equity-accounted investees	14	0.2	0.2
Deferred tax asset	15	11.4	9.2
Total non-current assets		675.4	655.8
Current assets			
Inventories	16	78.1	54.8
Trade and other receivables	17	50.1	42.7
Current tax assets		1.1	0.8
Cash and cash equivalents		14.8	13.8
Total current assets		144.1	112.1
Total assets		819.5	767.9
Current liabilities			
Borrowings	18	(12.5)	(17.8)
Trade and other payables	19	(112.3)	(86.8)
Other current liabilities	20	(2.6)	(1.3)
Current tax liabilities		(4.9)	(8.0)
Other financial liabilities	23	(2.2)	(1.3)
Total current liabilities		(134.5)	(115.2)
Non-current liabilities			
Borrowings	18	(141.3)	(117.4)
Trade and other payables	19	(7.6)	(5.2)
Other non-current liabilities	20	(13.4)	(14.3)
Deferred tax liabilities	15	(46.5)	(48.9)
Total non-current liabilities		(208.8)	(185.8)
Total liabilities		(343.3)	(301.0)
Net assets		476.2	466.9
Equity attributable to equity holders of the parent			
Share capital	21	389.7	389.7
Share premium	21	99.5	99.5
Own shares reserve	21	(15.6)	(16.7)
Translation reserve	21	(12.8)	(2.5)
Retained earnings/(deficit)	21	15.4	(3.1)
Total equity		476.2	466.9

The accompanying notes are an integral part of this consolidated statement of financial position.

These consolidated financial statements of Jimmy Choo PLC, registered number 09198021, have been approved and authorised for issue by the Board of Directors on 1 March 2017 and were signed on its behalf by:



JONATHAN SINCLAIR
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £M	Share premium £M	Own shares reserve £M	Translation reserve £M	Retained earnings £M	Total equity £M
Balance at 1 January 2015		389.7	99.5	(16.7)	(2.9)	(25.5)	444.1
Profit for the year		–	–	–	–	19.4	19.4
Other comprehensive income		–	–	–	0.4	0.1	0.5
Total comprehensive income for the year		–	–	–	0.4	19.5	19.9
Charge for the year under equity-settled share-based payments						2.9	2.9
Total transactions with owners		–	–	–	–	2.9	2.9
Balance at 31 December 2015	21	389.7	99.5	(16.7)	(2.5)	(3.1)	466.9
Profit for the year		–	–	–	–	15.4	15.4
Other comprehensive (loss)/income		–	–	–	(10.3)	1.2	(9.1)
Total comprehensive (loss)/income for the year		–	–	–	(10.3)	16.6	6.3
Share options exercised during the year		–	–	1.1	–	(1.1)	–
Deferred tax on share-based payments		–	–	–	–	0.2	0.2
Charge for the year under equity-settled share-based payments		–	–	–	–	2.8	2.8
Total transactions with owners		–	–	1.1	–	1.9	3.0
Balance at 31 December 2016	21	389.7	99.5	(15.6)	(12.8)	15.4	476.2

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 €M	2015 €M
Cash flows from operating activities		
Operating profit	42.5	29.8
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	18.3	16.1
Amortisation of intangible assets	1.6	1.4
Loss on disposal of property, plant and equipment and intangibles	0.4	0.3
Effects of foreign exchange	(1.8)	1.0
Share-based payment expense	2.8	2.9
Increase in trade and other receivables	(4.4)	(0.9)
(Increase)/decrease in inventories	(14.1)	3.0
Increase/(decrease) in trade and other payables	13.2	(6.8)
Cash generated from operating activities	58.5	46.8
Income taxes paid	(8.7)	(3.8)
Interest paid	(5.7)	(5.6)
Settlement of derivatives	(8.6)	(6.7)
Net cash inflow from operating activities	35.5	30.7
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(0.3)	(3.4)
Acquisition of property, plant and equipment	(18.6)	(18.9)
Acquisition of other intangible assets	(10.0)	(6.9)
Net cash outflow from investing activities	(28.9)	(29.2)
Cash flows from financing activities		
Proceeds from borrowings	136.0	7.8
Repayment of borrowings	(142.5)	(7.5)
Capital contribution from joint venture partner	–	0.1
Net cash (outflow)/ inflow from financing activities	(6.5)	0.4
Net increase in cash and cash equivalents	0.1	1.9
Cash and cash equivalents at start of year	13.8	12.0
Effect of exchange rate fluctuations on cash held	0.9	(0.1)
Cash and cash equivalents at end of year	14.8	13.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Jimmy Choo PLC (the "Company") and its subsidiaries (together referred to as the "Group") is a global luxury shoes and accessories brand owner, wholesaler and retailer incorporated and domiciled in the United Kingdom.

The consolidated financial statements of the Group have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"). The Directors have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards including FRS101 reduced disclosure framework.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these Group financial statements.

Judgements made by the Directors in the application of these accounting policies, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in note 2.

1.1 MEASUREMENT CONVENTION

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting year, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.2 GOING CONCERN

The Group's consolidated financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. The Group has considerable financial resources, following the refinancing of the Group completed on

17 March 2016 together with a strong ongoing trading performance. Details of the Group's liquidity position and borrowing facilities are described in note 18. Financial risk management objectives, details of financial instruments and hedging activities and exposures to credit risk and liquidity risk are described in note 23.

The Directors have reviewed the Group's forecasts and projections. These include the assumptions around the Group's products and markets, expenditure commitments, expected cash flows and borrowing facilities.

Taking into account reasonable possible changes in trading performance and after making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

1.3 BASIS OF CONSOLIDATION

The Group's annual financial statements comprise of Jimmy Choo PLC (the Company) and its subsidiaries. These are presented as a single economic entity.

SUBSIDIARIES

Subsidiaries are entities over which the Group has control. 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group transactions, balances and unrealised profits on transactions between Group companies are eliminated in preparing the Group's consolidated financial statements.

The results of the subsidiaries are prepared for the same reporting year as the Company, using accounting policies that are consistent across the Group.

Employee benefit trusts that are controlled by the Group are consolidated on the same basis as subsidiaries as set out above.

1.4 ASSOCIATES AND JOINT VENTURES

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control.

Associates and joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The Group currently has one associate, for which equity accounting is applied. In addition, the Group has one joint venture which is consolidated as a subsidiary, as the Directors have concluded that the Group has control over the entity by virtue of its control over voting rights.

1.5 FOREIGN CURRENCY

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Pounds Sterling which is the Company's functional and the Group's presentational currency.

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

TRANSLATION OF THE RESULTS OF OVERSEAS BUSINESSES

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

1.6 FINANCIAL INSTRUMENTS

Classification of financial instruments issued by the Group.

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- a. they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- b. where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments, or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

FINANCIAL ASSETS

Financial assets are initially recognised at fair value on the consolidated balance sheet when the entity becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flow expire or substantially all risks and rewards of the asset are transferred.

I. TRADE RECEIVABLES

Trade and other receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows and is recognised in the consolidated income statement in administrative expenses.

II. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents includes bank overdrafts in addition to the definition above.

FINANCIAL LIABILITIES

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's financial liabilities comprise trade and other payables, borrowings and other non-current liabilities including the EBT liability. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method except for derivatives, which are classified as held for trading, except where they qualify for hedge accounting and are held at fair value. The fair value of the Group's liabilities held at amortised cost are approximately equal to their carrying amount. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

I. BANK BORROWINGS

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Financial expenses comprise interest expense on borrowings and the cost of foreign currency forward contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

II. TRADE PAYABLES

Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

III. PUT OPTION LIABILITIES OVER NON-CONTROLLING INTEREST

Put options over shares in subsidiaries or joint ventures held by non-controlling interests are recognised initially at fair value through equity when granted. They are subsequently remeasured at fair value at each reporting period with the change in fair value recorded in the consolidated income statement as other finance expenses and income.

IV. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates arising on certain trading transactions. The principal derivative instruments used are forward foreign exchange contracts taken out to hedge highly probable cash flows in relation to future sales and product purchases.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised in the consolidated income statement.

1.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Operating lease payments are accounted for as described at 1.16 Operating leases below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold improvements	between 2 and 10 years
Fixtures and fittings, plant and machinery	between 3 and 15 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date or if events or changes in circumstances indicate the carrying value may not be recoverable.

1.8 BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1.9 ACQUISITIONS AND DISPOSALS OF NON-CONTROLLING INTERESTS

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.10 INTANGIBLE ASSETS AND GOODWILL GOODWILL

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is not amortised but tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs expected to benefit from synergies of the combination. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of goodwill and then to the other assets of the CGU on a pro rata basis. Impairment losses relating to goodwill are not reversed in subsequent years.

For further details see 1.12 Impairment excluding inventories and deferred tax assets.

BRAND

Brands acquired in a business combination are recognised at fair value at the acquisition date and are carried at cost less accumulated impairment.

The Jimmy Choo brand is the only intangible asset that is considered to have an indefinite useful life on the basis that:

- the brand is central to the business strategy, differentiating the products in the market through building a reputation for excellence and it is not considered realistic to abandon the brand given its importance to the business;
- the brand does not face technological obsolescence and the luxury market is not a sector with a definite life;
- the Group is able to protect the brand and associated products from counterfeiters or other infringements through securing protection of its intellectual property and enforcing this through litigation where necessary; and
- the Group dedicates sufficient resources to support the brand and plans to continue to do so for the foreseeable future. This includes investment across all forms of media to convey the fundamental tenets of the brand.

The brand value is not amortised but subject to an impairment test which is performed annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

For further details see 1.12 Impairment excluding inventories and deferred tax assets.

KEY MONEY

Key money paid to the outgoing tenant to enter a leasehold property is stated within intangible assets at cost, net of amortisation and any provision for impairment. Amortisation is charged on key money at rates calculated to write-off the cost, less estimated residual value (which in some locations and geographies equates to cost) on a straight-line basis over the lease term. For locations where key money residual value is carried at cost, an annual assessment of impairment is undertaken which reviews the carrying value of key money and compares this value to key money values paid for recent, similar key money based transactions based on independent third party property reviews. An assessment is then made regarding whether impairment is required for these locations.

OTHER INTANGIBLE ASSETS

The cost of securing and renewing design patents, trademarks and other intangible assets is capitalised at purchase price and amortised by equal annual instalments over the period in which benefits are expected to accrue. The useful economic life of these assets is determined on a case by case basis, in accordance with the terms of the underlying agreement and the nature of the asset.

AMORTISATION

Amortisation is charged to the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life including the Jimmy Choo brand and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Trademarks	between 5 and 10 years
Software	between 3 and 7 years

1.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

Where necessary, provision is made to reduce the cost to no more than net realisable value having regard to the nature and condition of inventory, as well as anticipated utilisation and saleability.

1.12 IMPAIRMENT EXCLUDING INVENTORIES AND DEFERRED TAX ASSETS FINANCIAL ASSETS (INCLUDING RECEIVABLES)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes which does not exceed the level of individual operating segments. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the units on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 EMPLOYEE BENEFITS DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement in the periods during which services are rendered by employees.

SHORT TERM BENEFITS

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.14 PROVISIONS

A provision is recognised in the consolidated balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are discounted if the effect of the time value of money is material using a pre-tax market rate adjusted for risks specific to the liability.

1.15 REVENUE RECOGNITION

Revenue, which is stated excluding Value Added Tax and other sales related taxes, is the amount receivable for goods supplied (less returns, trade discounts and allowances) and royalties receivable.

Retail revenues, returns and allowances are reflected at the dates of transactions with customers. Provisions for returns on retail sales are calculated based on historical return levels.

Wholesale revenue is only recognised when the significant risks and rewards of ownership have transferred to the customer according to, and in line with, the various internationally recognised shipping terms agreed with customers. Provisions are made for expected returns and allowances based on historical return levels or commercial agreements.

Royalty revenue from licensing agreements is recognised on an accruals basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

1.16 OPERATING LEASES

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

In the event that lease incentives are received to enter into an operating lease such incentives are recognised as a liability. Lease incentives are recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease are consumed.

Premiums paid to landlords to secure operating leases are recognised as assets and depreciated to residual value over the lease term.

1.17 EXCEPTIONAL COSTS

Exceptional items are non-recurring items which are outside the normal scope of the Group's ordinary activities such as costs arising from a fundamental restructuring of the Group's operations or costs that are considered to be one-off in nature such as legal costs in relation to disputes. Such items are disclosed in note 5.

1.18 FINANCIAL INCOME AND EXPENSES

Financial expenses comprise interest payable and changes in the fair value of financial liabilities that are recognised in the income statement. Financial income comprises interest receivable on funds invested and changes in the fair value of financial assets that are recognised in the consolidated income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.19 TAXATION

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

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 balance sheet date.

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

Current and deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities or different taxable entities where there is an intention to settle the balances on a net basis.

**1.20 SHARE-BASED PAYMENT TRANSACTIONS
CASH-SETTLED SHARE-BASED PAYMENT SCHEMES**

Share-based payment transactions in which the Group receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as staff costs in the consolidated income statement.

EQUITY-SETTLED SHARE-BASED PAYMENT SCHEMES

Share-based payment transactions in which the Group receives goods or services by incurring a liability to transfer its own equity instruments are accounted for as equity-settled share-based payments. The payments are assessed at their fair value on the grant date. The cost of the share-based incentives is recognised as an expense over the vesting period of the awards, with a corresponding increase in equity. The estimate of the number of options expected to vest is revised at each balance sheet date.

When options and awards are exercised, they are settled through awards of shares held in the Employee Benefit Trust. The proceeds received from the exercises, net of any directly attributable transaction costs, are credited to equity.

1.21 OWN SHARES RESERVE

Where the Company or its subsidiaries (including the Jimmy Choo PLC Employee Benefit Trust) purchase the Company's own equity shares, the cost of those shares, including any attributable transaction costs, is presented within the own shares reserve as a deduction in shareholders' equity in the consolidated financial statements.

**1.22 ADOPTION OF NEW AND REVISED STANDARDS
ADOPTION OF NEW STANDARDS**

With effect from 1 January 2016, the Group has adopted the following standards, amendments and improvements endorsed by the IASB during 2015 and 2016:

IFRS 11 (Amendments) Accounting for Acquisitions of Interests in Joint Operations

IAS 16 and 38 Classification of Acceptable Methods of Depreciation and Amortisation

IAS 27 (Amendments) Equity Method in Separate Financial Statements

Annual Improvements to IFRSs 2012-2014 Cycle IFRS 10.12, and IAS 28 (Amendments)

IAS 1 (Amendments) Disclosure Initiative

FUTURE ADOPTION OF NEW STANDARDS

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 14	Regulatory Deferral Accounts
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IFRS 15	Revenue from Contracts with Customers
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IFRS 9	Financial Instruments
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IFRS 10 and IAS 28 (Amendments)	Sale or Contribution between an Investor and its Associate or Joint Venture
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IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
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IFRS 16	Leases
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The Group chose not to adopt any of the above standards and interpretations early. It is anticipated that adoption of these standards and interpretations in future periods will not have a material impact on the Group's financial results except for the following standards that may alter measurement and/or disclosure:

- IFRS 9 Financial Instruments and additions to IFRS 9
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

The Group is in the early stages of assessing the impact of IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. The Group's initial view is that IFRS 9 and IFRS 15 will not have a material impact on measurement but may require some further disclosure. From the initial analysis of the potential impact of IFRS 16 Leases, the Group recognises that there is likely to be a significant impact in the financial statements for both asset values, with the creation of a right to use asset, and liabilities, with an increase in financial liabilities, which will impact the classification and reporting of costs and profits in the consolidated income statement. The assessment of the impact of IFRS 16 Leases is at an early stage and will require further work to verify the completeness and accuracy of data.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future year impacted. The key judgements and estimates employed in the financial statements are considered below.

IMPAIRMENT OF GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

On an annual basis, the Group is required to perform an impairment review to assess whether the carrying value of goodwill and other indefinite life intangible assets is less than its recoverable amount. The recoverable amount is based on a calculation of expected future cash flows, which include estimates of future performance. Details of assumptions used in the impairment tests are detailed in note 11.

KEY MONEY VALUATION

Judgement is required in estimating the residual value of key money paid to outgoing tenants to secure a leasehold property. In certain locations, the residual value of key money is considered to be equal to cost, either due to legal protection offered to tenants in that jurisdiction or because it is common practice to at least recover the amounts paid at the end of the lease due to the existence of an active market for operating leases of prime luxury real estate.

VALUATION OF OTHER INTANGIBLE ASSETS

The assessment of fair value in a business combination requires the recognition and measurement of the identifiable assets, liabilities and contingent liabilities in the acquired business. The key judgements required are the identification of intangible assets meeting the recognition criteria of IAS 38 and their attributable fair values. The key assumptions in relation to the brand valuation are the Directors' best estimate of its life and the royalty and discount rate used in its valuation.

SHARE-BASED PAYMENTS

The vesting of awards granted under the Group's share-based payments scheme is dependent upon continued employment within the Group over the vesting period. Judgement is required in determining the number of shares that will ultimately vest.

TAXATION

The Group recognises deferred tax assets and liabilities based upon future taxable income and the expected recoverability of the balance. The estimate will include assumptions regarding future income streams of the Group and the future movement in corporation tax rates in the respective jurisdictions. The estimation of provisions and liabilities in respect of current taxation depends on estimates and judgements in respect of whether or not and the extent to which items of income and expenditure will be taxable. The estimation of provisions in respect of current taxation depends on estimates and judgements in respect of ongoing tax inquiries and the uncertainty surrounding their resolution.

Current tax liabilities include £1.8m (2015: £2.8m) in relation to regional transfer pricing inquiries. The provision represents management's best estimate of the anticipated settlement of these inquiries which are all expected to be resolved within the next financial year.

3. OPERATING SEGMENTS

The Chief Operating Decision Maker ("CODM") is the Executive Directors. Internal management reports are reviewed by the CODM. Key measures used to evaluate segment performance are revenue and segment contribution to operating profit and EBITDA. Management believes that these measures are the most relevant in evaluating the performance of the segment and for making resource allocation decisions as central costs are not allocated across the segments.

The CODM considers the Group's segments to be its three channels to market, being Retail (including Online), Wholesale and Other.

Retail revenue is generated through the sale of luxury goods to end clients through Jimmy Choo DOS in UK, Europe, USA, Canada, Hong Kong, China, Singapore, Malaysia and Japan and through the Group's website.

Wholesale revenue is generated through the sale of luxury goods to distribution partners, multibrand department stores and specialty stores worldwide.

Other revenue is predominantly generated through receipt of royalties from the Group's global licensees of Jimmy Choo branded fragrance, sunglasses and eyewear products.

There are no material inter-segment transactions.

3. OPERATING SEGMENTS CONTINUED

An analysis of net assets by segment is not reviewed by the CODM and accordingly is not presented below. Total assets by segment have been presented below.

The following is an analysis of the Group's revenue and results by reportable segment for the year ended 31 December 2016.

	Retail 2016 €M	Wholesale 2016 €M	Other 2016 €M	Total 2016 €M
Revenue	243.9	107.2	12.9	364.0
Segment contribution	54.4	49.1	1.9	105.4
Administrative expenses				(62.9)
Operating profit				42.5
Financial expenses				(15.3)
Loss on financial instruments				(9.5)
Profit before tax				17.7

The following is an analysis of the Group's revenue and results by reportable segment for the year ended 31 December 2015.

	Retail 2015 €M	Wholesale 2015 €M	Other 2015 €M	Total 2015 €M
Revenue	207.7	99.8	10.4	317.9
Segment contribution	47.0	47.0	0.6	94.6
Administrative expenses				(64.8)
Operating profit				29.8
Financial income				2.8
Financial expenses				(5.4)
Loss on financial instruments				(5.1)
Profit before tax				22.1

SEGMENT ASSETS

The following table provides an analysis of the Group's total assets by reportable segment:

	2016 €M	2015 €M
Retail	155.9	122.3
Wholesale	20.1	20.4
Other	40.5	27.3
Total segment assets	216.5	170.0
Goodwill and brand	575.5	573.9
Cash and cash equivalents	14.8	13.8
Investments in equity-accounted investees	0.2	0.2
Taxation	12.5	10.0
Total assets	819.5	767.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. OPERATING SEGMENTS CONTINUED

ENTITY-WIDE DISCLOSURES

The following table provides an analysis of the Group's revenue by geographical destination, irrespective of the origin of the goods:

	2016 €M	2015 €M
UK	42.2	37.0
EMEA excluding UK	108.7	92.7
Americas	104.6	106.4
Asia excluding Japan	56.3	42.2
Japan	52.2	39.6
Total	364.0	317.9

The total of non-current assets other than deferred tax assets located in the UK and foreign countries is as follows:

	2016 €M	2015 €M
UK	592.5	590.5
EMEA excluding UK	29.5	22.4
Americas	27.2	20.3
Asia excluding Japan	12.3	12.2
Japan	2.5	1.2
Total	664.0	646.6

The Group did not have a single customer which accounted for more than 10% of the Group's consolidated revenue in either of the years presented.

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2016 €M	2015 €M
Depreciation of fixed assets	18.3	16.1
Loss on disposal of fixed assets	0.4	0.3
Amortisation of other intangible fixed assets	1.6	1.4
Exceptional costs	3.0	2.4
Operating lease rentals for land and buildings	34.0	28.3
Net (gain)/loss on foreign currency translation	(6.8)	0.9

5. EXCEPTIONAL COSTS

The Group incurred the following costs during the years presented that are considered to be exceptional:

	2016 €M	2015 €M
Replatforming costs	0.9	2.2
Legal costs	2.1	–
IPO costs	–	0.2
Total	3.0	2.4

Replatforming costs represent one-off costs associated with SAP implementation, supply chain restructure and scaling up the information systems capability and office infrastructure to support the growth strategy, as well as associated streamlining of the organisation.

5. EXCEPTIONAL COSTS CONTINUED

Legal exceptional costs of £2.1m relate to three complaints brought in the USA courts against Jimmy Choo, in which it denies liability. These include a complaint by Tamara Mellon, OBE and class actions involving credit card receipts and payments to employees. In all three cases, Jimmy Choo denies responsibility. A liability has been recognised for costs incurred and judged payable by the Group.

IPO costs represent costs directly associated with the listing of the Group on the London Stock Exchange in October 2014.

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. There were no new shares issued during the year. The difference between basic and diluted earnings per share is not material.

In order to provide a measure of underlying performance, the Group has chosen to present an additional illustrative measure of Adjusted earnings per share. Adjusted earnings per share has been calculated using Adjusted Consolidated Net Income (see note 29) and dividing by the basic weighted average number of ordinary shares in issue during the year.

	2016 No. of shares	2015 No. of shares
Basic weighted average shares	377,965,523	377,786,469
Outstanding shares as at 31 December	378,591,494	377,786,469
	2016 £M	2015 £M
Profit for the year	15.4	19.4
Adjusted Consolidated Net Income	24.3	19.0

Earnings per share is calculated as follows:

	2016	2015
Basic and diluted earnings per ordinary share (pence)	4.1	5.1
Adjusted earnings per ordinary share (pence)	6.4	5.0

7. AUDITOR'S REMUNERATION

	2016 £M	2015 £M
Fees payable for the audit of the Company's financial statements	0.3	0.2
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	0.1	0.1
Taxation compliance services	0.1	0.1
Other non-audit services	–	0.1
Total auditor remuneration	0.5	0.5

Included in auditor remuneration for the year ended 31 December 2016 were fees incurred in relation to tax advice for the replatforming of the business of: £nil (2015: £0.1m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. STAFF NUMBERS AND COSTS

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

	2016	2015
Administration	267	288
Selling and distribution	910	803
Total staff numbers	1,177	1,091

The aggregate payroll costs incurred were as follows:

	2016 £M	2015 £M
Wages and salaries	51.5	44.2
Social security costs	6.2	5.3
Share-based payments	2.8	2.9
Contributions to defined contribution plans	3.0	2.1
Total staff costs	63.5	54.5

Full details of Directors' remuneration and interests are set out in the Remuneration and Nominations Committee Report.

Share-based payment expenses have been recognised in administrative expenses in the current and prior year.

9. FINANCIAL INCOME AND EXPENSES

	2016 £M	2015 £M
Foreign exchange gain on external borrowings	–	2.8
Total financial income	–	2.8
Interest expense on bank loans and overdrafts	(5.1)	(5.0)
Finance charges	(1.0)	(0.4)
Foreign exchange loss on external borrowings	(9.2)	–
Total financial expenses	(15.3)	(5.4)
Loss on financial instruments	(9.5)	(5.1)
Net financing expense	(24.8)	(7.7)

The foreign exchange loss on external borrowings in 2016 relates to the close-out on the old debt facilities (see note 18).

10. TAXATION**TAXATION RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT**

	2016 £M	2015 £M
Corporation tax charge for the year	6.3	5.7
Adjustments for prior year	(1.2)	(0.3)
Double taxation relief	(0.2)	(0.1)
Foreign tax for current year	0.2	0.2
Current taxation	5.1	5.5
Origination and reversal of temporary differences	(0.2)	1.5
Impact of change in tax rate	(2.1)	(4.9)
Adjustments for prior year	(0.5)	0.6
Deferred tax credit	(2.8)	(2.8)
Total tax charge for the year	2.3	2.7

The tax charge is reconciled with the standard rates of UK corporation tax as follows:

	2016 £M	2015 £M
Profit before tax	17.7	22.1
UK corporation tax at standard rate of 20.00% (2015: 20.25%)	3.5	4.5
Factors affecting the charge for the year:		
Expenses not deductible for tax purposes	1.3	2.1
Utilisation of losses brought forward	(0.2)	(0.3)
Impact of change in tax rate	(2.1)	(4.8)
Adjustments in respect of prior year	(1.8)	0.3
Difference of overseas rate	1.6	0.9
Total tax charge for the year	2.3	2.7

FACTORS AFFECTING THE FUTURE, CURRENT AND TOTAL TAX CHARGES

Reductions in the UK corporation tax rate from 20% to 19% on 1 April 2017 and to 17% on 1 April 2020 were substantively enacted on 18 November 2015 and 15 October 2016 respectively. This will reduce the Company's future current tax charge accordingly.

The deferred tax assets and liabilities at 31 December 2016 have been calculated based on the rates substantively enacted at the balance sheet date in each jurisdiction which was 17% in the UK.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

11. INTANGIBLE ASSETS

	Goodwill €M	Brand €M	Key money €M	Software and other intangible assets €M	Total €M
Cost					
Balance at 1 January 2015	306.7	263.8	14.7	2.7	587.9
Additions through business combinations (note 13)	3.4	–	–	–	3.4
Additions	–	–	1.3	8.0	9.3
Exchange differences	0.1	–	(0.8)	–	(0.7)
Balance at 31 December 2015	310.2	263.8	15.2	10.7	599.9
Additions	–	–	0.8	8.3	9.1
Disposals	–	–	–	(0.1)	(0.1)
Exchange differences	1.5	–	2.8	0.1	4.4
Balance at 31 December 2016	311.7	263.8	18.8	19.0	613.3
Amortisation					
Balance at 1 January 2015	–	–	2.0	0.7	2.7
Amortisation for the year	–	–	0.4	1.0	1.4
Exchange differences	–	–	(0.2)	–	(0.2)
Balance at 31 December 2015	–	–	2.2	1.7	3.9
Amortisation for the year	–	–	0.4	1.2	1.6
Disposals	–	–	–	(0.1)	(0.1)
Exchange differences	–	–	0.6	0.1	0.7
Balance at 31 December 2016	–	–	3.2	2.9	6.1
Net book value					
At 31 December 2016	311.7	263.8	15.6	16.1	607.2
At 31 December 2015	310.2	263.8	13.0	9.0	596.0

Amortisation of key money is recognised in selling and distribution expenses in the consolidated income statement. All other amortisation is recognised in administrative expenses.

11. INTANGIBLE ASSETS CONTINUED ALLOCATION OF INDEFINITE LIFE INTANGIBLE ASSETS

The carrying value of goodwill is allocated as follows:

	2016 €M	2015 €M
Retail	194.7	193.1
Wholesale	114.2	114.2
Other	2.8	2.9
Goodwill	311.7	310.2

The additions under software and other intangible assets reflect the costs of the transformation programme.

Goodwill and indefinite life intangible assets are not amortised, but are tested for impairment annually or where there is an indication that goodwill might be impaired. The recoverable amount of all CGUs has been determined on a value-in-use basis.

Goodwill of £294.2m arising on the acquisition of Passion Holdings Limited on 1 July 2011 is allocated to the groups of CGUs acquired that represent the lowest level within the Group at which goodwill is monitored for internal management purposes. This is consistent with the determination of operating segments. For the purpose of impairment testing, the value-in-use of each operating segment is calculated as described below.

Goodwill arising on the acquisitions of J. Choo Hong Kong JV Limited, the business line of Jimmy Choo in Shanghai Kutu Trading Co. Ltd., J. Choo Russia JV Limited and the acquisition described in note 13 is allocated to the Retail segment for impairment testing.

Goodwill arising on the acquisition of Jimmy Choo Florence S.r.l. is allocated to the Other segment for impairment testing.

The Jimmy Choo brand, which was valued at £263.8m on the acquisition of Passion Holdings Limited on 1 July 2011, is considered to have an indefinite useful life and accordingly is tested for impairment on an annual basis, or where an indicator of impairment is identified. The brand is fundamental to the operations of the Group as a whole and is therefore not allocated to CGUs but tested for impairment at the Group level.

IMPAIRMENT TESTING

The value-in-use is represented by the discounted value of future cash flows that are expected from continuous use of the assets associated with the CGUs and by the terminal value attributable to them. In assessing the value-in-use, the cash flow projections were taken from the Group's three year Strategic Plan, approved by the Board of Directors. The cash flow projections are subject to key assumptions in respect of discount rates, future revenue, margin and EBITDA growth. The Directors have reviewed and approved the assumptions inherent in the model as part of the Strategic Planning process using historical experience and considering economic and business risks facing the Group.

The terminal value was determined using a perpetuity long term growth rate in line with macro-economic estimates of 2.5% (2015: 3.0%).

In assessing the Group's value-in-use, a discount rate of 7.2% (2015: 7.5%) has been applied to the groups of CGUs.

A sensitivity analysis has been performed on the value-in-use calculations by assuming a reasonable change in the discount rate, revenue growth rates, EBITDA margins and terminal growth rates. The sensitivity analysis has been run individually and combined together and indicates significant headroom between the recoverable amount under these scenarios and the carrying value of goodwill and intangibles.

No impairment has been recognised in respect of the carrying value of the goodwill or the brand in any of the years presented as, for each CGU and the Group as a whole, the recoverable amount exceeds its carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings €M	Fixtures and fittings, plant and machinery €M	Total €M
Cost			
Balance at 1 January 2015	38.1	42.6	80.7
Additions	11.6	3.9	15.5
Disposals	(2.5)	(1.2)	(3.7)
Transfers	(3.5)	3.5	–
Exchange differences	0.5	0.4	0.9
Balance at 31 December 2015	44.2	49.2	93.4
Additions	9.2	8.7	17.9
Disposals	(3.0)	(4.2)	(7.2)
Exchange differences	9.2	6.0	15.2
Balance at 31 December 2016	59.6	59.7	119.3
Depreciation and impairment			
Balance at 1 January 2015	14.9	15.0	29.9
Depreciation charge for the year	6.7	9.4	16.1
Disposals	(2.4)	(1.0)	(3.4)
Transfers	–	–	–
Exchange differences	0.1	0.3	0.4
Balance at 31 December 2015	19.3	23.7	43.0
Depreciation charge for the year	6.7	11.6	18.3
Disposals	(2.8)	(4.0)	(6.8)
Exchange differences	4.6	3.6	8.2
Balance at 31 December 2016	27.8	34.9	62.7
Net book value			
At 31 December 2016	31.8	24.8	56.6
At 31 December 2015	24.9	25.5	50.4

13. ACQUISITIONS OF SUBSIDIARIES
ACQUISITIONS IN THE YEAR ENDED 31 DECEMBER 2015

	Fair value €m
Non-current assets	
Property, plant and equipment	–
Current assets	
Inventories	–
Total assets	–
Goodwill	3.4
Total consideration	3.4
Satisfied by:	
Cash consideration	3.4

On 1 April 2015, J. Choo Limited acquired part of the trade of American Style Pte. Ltd. and Valiram Avant Garde Sdn. Bhd.. Prior to the acquisition, American Style Pte. Ltd. and Valiram Avant Garde Sdn. Bhd. operated Jimmy Choo franchise stores in Singapore and Malaysia under a distribution agreement with J. Choo Limited. Jimmy Choo (Singapore) Pte. Ltd. subsequently acquired the operating leases, the tangible fixed assets and stock of the franchised stores from American Style Pte. Ltd., and Jimmy Choo (Malaysia) Sdn. Bhd. subsequently acquired the operating lease, the tangible fixed assets and stock of the franchised store from Valiram Avant Garde Sdn. Bhd.. The acquired trade and assets of American Style Pte. Ltd. and Valiram Avant Garde Sdn. Bhd. were accounted for as a single business combination in which the shop fittings, inventory and leases were recognised with a nil fair value. Goodwill represents the fair value of the trade acquired including the operations and a presence in these locations. The total consideration paid was £3.4m. The revenue and loss of the acquired trades from the date of acquisition to 31 December 2015 was £1.4m and £(0.0)m respectively.

14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The undertakings in which the Group's interest at the year end is more than 20% are as follows:

Company	Country of incorporation	Registered address	Nature of business	Ordinary shares held %	
				2016	2015
Jimmy Choo (Holdings) Limited	Great Britain	10 Howick Place, London SW1P 1GW	Holding Co.	100	100
Choo Luxury Group Limited	Great Britain	10 Howick Place, London SW1P 1GW	Holding Co.	100	100
Choo Luxury Holdings Limited	Great Britain	10 Howick Place, London SW1P 1GW	Holding Co.	100	100
Choo Luxury Finance Limited	Great Britain	10 Howick Place, London SW1P 1GW	Holding Co.	100	100
J. Choo Limited	Great Britain	10 Howick Place, London SW1P 1GW	Retail and Wholesale	100	100
J. Choo (OS) Limited	Great Britain	10 Howick Place, London SW1P 1GW	Retail	100	100
Franchoo SAS	France	22 rue de l'arcade 75008 Paris	Retail	100	100
Itachoo S.r.l.	Italy	Via Manzoni 7, Milan 20121	Retail	100	100
J Choo Florida, Inc.	USA	22nd floor, 750 Lexington Avenue New York 10022	Property	100	100
J Choo Germany GmbH	Germany	Prinzregentenstrasse 48 80538 Germany	Retail	100	100
J. Choo (Jersey) Limited	Jersey	44 Esplanade, St Helier Jersey JE4 9WG	Brand Co.	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES CONTINUED

Company	Country of incorporation	Registered address	Nature of business	Ordinary shares held %	
				2016	2015
J Choo USA, Inc.	USA	22nd Floor, 750 Lexington Avenue New York 10022	Retail	100	100
Jimmy Choo Spain S.L.	Spain	C/Claudio Coello no 91, 28006 Madrid	Retail	100	100
J Choo (Switzerland) AG	Switzerland	Bahnhofstrasse 26 8001 Zurich	Retail	100	100
J. Choo (Belgium) BVBA	Belgium	Schuttershofstraat 17 2000 Antwerp	Retail	100	100
J. Choo (Asia) Limited	Hong Kong	16/F, One Peking Road, Tsim Sha Tsui Kowloon, Hong Kong	Regional office	100	100
J. Choo Japan JV Ltd.	Great Britain	10 Howick Place, London SW1P 1GW	Dormant	100	100
Jimmy Choo (Shanghai) Trading Co. Ltd	China	Unit no 26, 25F Wheelock Square, 1717 Nanjing West Road, China	Retail	100	100
Jimmy Choo Tokyo K.K.	Japan	Toda Building, Aoyama 8-5-34, Akasaka, Minato-ku Tokyo	Retail and Wholesale	100	100
J. Choo Netherlands B.V.	The Netherlands	Hoofstraat 62 H, 1071CA Amsterdam	Retail	100	100
J. Choo Czech s.r.o.	Czech Republic	Praha 1, Pařížská 1076/7	Retail	100	100
J. Choo Hong Kong JV Limited	Great Britain	10 Howick Place, London SW1P 1GW	Dormant	100	100
Jimmy Choo Hong Kong Limited	Hong Kong	25/F Car Po Comm Bldg, 18 Lyndhurst Terrace, Central Hong Kong	Retail and Wholesale	100	100
J. Choo Supply SA	Switzerland	Via Industria 1 Caslano CH-6987	Procurement	100	100
J. Choo (Austria) GmbH	Austria	Tuchlauben 4 1010 Vienna	Retail	100	100
J. Choo Canada Inc.	Canada	840 Howe Street (suite 1100) Vancouver, BC, V6Z 2M1	Retail	100	100
Jimmy Choo Florence S.r.l. (formerly known as Studio Luxury S.r.l.)	Italy	Montelupo Fiorentino, Firenze 50056, via del Lavoro n.5 int 2	Production control	100	100
J. Choo Singapore JV Limited	Great Britain	10 Howick Place, London SW1P 1GW	Holding Co.	100	100
Jimmy Choo (Singapore) Pte. Ltd.	Singapore	302 Orchard Road, #13-01/04 Tong Building, Singapore 238862	Retail	100	100
Jimmy Choo (Malaysia) Sdn. Bhd.	Malaysia	Soho Suites @ KLCC Block A2, Level 32-3A No. 20 Jalan Perak 50450, Kuala Lumpur	Retail	100	100
Choo USD Finance Limited	Great Britain	10 Howick Place, London SW1P 1GW	Holding Co.	100	–
Choo EUR Finance Limited	Great Britain	10 Howick Place, London SW1P 1GW	Holding Co.	100	–
J. Choo Russia JV Limited	Great Britain	10 Howick Place, London SW1P 1GW	Holding Co.	50	50

14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES CONTINUED

Company	Country of incorporation	Registered address	Nature of business	Ordinary shares held %	
				2016	2015
J. Choo RUS LLC	Russian Federation	Rm 2, Building 16 Rochdelskaya Street 15 Moscow Russia 123022	Retail	50	50
JC Industry S.r.l.	Italy	Via Virginio, n.376 50025 Montespertoli, Florence	Production	33	33

As at 31 December 2016, all subsidiary undertakings are wholly owned, except where indicated differently above and operate in the country in which they are incorporated. All subsidiaries have financial years ending 31 December.

The Group's share of the results of its immaterial associate, which is unlisted, and its aggregated assets and liabilities, are as follows:

	2016 €M	2015 €M
Total assets	3.8	2.7
Total liabilities	(3.3)	(2.1)
Net assets	0.5	0.6
Group's share of net assets	0.2	0.2
Revenue	4.9	3.9
Profit	0.1	0.1
Group's share of associate profit	–	–

15. DEFERRED TAX ASSETS AND LIABILITIES
RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

ASSETS

	2016 €M	2015 €M
Inventories	6.9	5.6
Employee benefits	1.0	–
Other assets	3.5	3.6
Deferred tax assets	11.4	9.2

LIABILITIES

	2016 €M	2015 €M
Property, plant and equipment	(1.8)	(1.4)
Intangible assets	(44.7)	(47.5)
Deferred tax liabilities	(46.5)	(48.9)
Less deferred tax assets	11.4	9.2
Net deferred tax liabilities	(35.1)	(39.7)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15. DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

Movement in deferred tax during the year:

	1 January 2016 £m	Recognised in profit and loss (credit)/ charge £m	Recognised in other comprehensive income charge £m	Recognised directly in equity £m	Effect of foreign exchange rate changes £m	31 December 2016 £m
Property, plant and equipment	(1.4)	(0.4)	–	–	–	(1.8)
Intangible assets	(47.5)	2.8	–	–	–	(44.7)
Inventories	5.6	0.1	1.2	–	–	6.9
Employee benefits	–	0.7	–	0.2	–	0.9
Other financial assets (including foreign exchange adjustments)	3.6	(0.4)	–	–	0.4	3.6
	(39.7)	2.8	1.2	0.2	0.4	(35.1)

	1 January 2015 £m	Recognised in profit and loss (credit)/ charge £m	Recognised in other comprehensive income charge £m	Recognised directly in equity £m	Effect of foreign exchange rate changes £m	31 December 2015 £m
Property, plant and equipment	(1.2)	(0.2)	–	–	–	(1.4)
Intangible assets	(52.8)	5.3	–	–	–	(47.5)
Inventories	7.8	(2.3)	0.1	–	–	5.6
Other financial assets (including foreign exchange adjustments)	3.6	–	–	–	–	3.6
	(42.6)	2.8	0.1	–	–	(39.7)

The Group has unrecognised deferred tax assets of £0.5m (2015: £0.7m) in relation to unutilised tax losses carried forward as it is not considered probable that there will be sufficient profits in the foreseeable future from which the losses will be utilised.

16. INVENTORIES

	2016 £m	2015 £m
Finished goods	78.0	54.7
Raw materials	0.1	0.1
Total inventories	78.1	54.8

The cost of inventories recognised as an expense and included in cost of sales for the year was £129.2m (2015: £118.9m). There is no material difference between the balance sheet value of stocks and their replacement cost.

17. TRADE AND OTHER RECEIVABLES

	2016 £m	2015 £m
Trade receivables	28.2	26.1
Allowance for doubtful debts	(0.5)	(0.2)
	27.7	25.9
Amounts owed by related parties (note 26)	1.9	2.2
Other receivables	11.8	9.0
Restricted cash	0.4	0.4
Prepayments and accrued income	3.9	3.2
Other tax receivables	4.4	2.0
Total current trade and other receivables	50.1	42.7

17. TRADE AND OTHER RECEIVABLES CONTINUED

Invoices to customers are generally due for payment within 30 days of the end of the month of issue. The Group's experience is that the majority of customers pay within that timeframe. Trade receivables disclosed above include amounts which are past due at the reporting date (see below for aged analysis). In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group has recognised an allowance for doubtful receivables at each reporting date by considering the recoverability of each receivable.

AGEING OF PAST DUE BUT NOT IMPAIRED RECEIVABLES

	2016 €M	2015 €M
31–60 days	1.1	2.0
60–120 days	0.1	0.4
121+ days	0.4	0.7
Total	1.6	3.1

MOVEMENT IN ALLOWANCE FOR DOUBTFUL DEBTS

	2016 €M	2015 €M
Balance at beginning of the year	(0.3)	(0.3)
Movement in allowance for doubtful debts	(0.2)	–
Balance at the end of the year	(0.5)	(0.3)

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written-off against the trade receivables directly.

18. INTEREST-BEARING LOANS AND BORROWINGS

The contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost are described below. For more information about the Group's exposure to interest rate and foreign currency risk, see note 23.

	2016 €M	2015 €M
Bank loans	140.3	113.5
Bank facility	12.9	21.2
Loan from related party	0.6	0.5
Total borrowings	153.8	135.2
Amounts due for settlement within 12 months	12.5	17.8
Amounts due for settlement after 12 months	141.3	117.4

BANK LOAN AND FACILITIES

The principal amounts, interest margins and expiry dates for the main bank facilities as at 31 December 2016 are:

	Principal €M	Principal \$/€M	Interest margin	Expiry date
Facility A1 (USD)	110.3	135.2	LIBOR+2.0%	16 March 2021
Facility A2 (EUR)	31.8	37.1	EURIBOR +2.0%	16 March 2021
Revolving Credit Facility B1 (EUR)	12.9	15.0	EURIBOR +2.0%	16 March 2021

The Group's current bank facility came into effect on 17 March 2016. It consists of two term loans and a revolving credit facility, held by two of the Company's subsidiary undertakings, Choo USD Finance Limited and Choo EUR Finance Limited. During the year, the previous structured facility was repaid in full.

During the year, the Group made no repayments against Facility A1 or Facility A2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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18. INTEREST-BEARING LOANS AND BORROWINGS CONTINUED

ANALYSIS OF BORROWINGS BY CURRENCY

	Euro €M	US Dollars €M	Total €M
31 December 2016			
Bank loans	31.6	108.7	140.3
Bank facility	12.9	–	12.9
Loan from related party	0.6	–	0.6
	45.1	108.7	153.8
	Euro €M	US Dollars €M	Total €M
31 December 2015			
Bank loans	50.3	63.2	113.5
Bank facility	21.2	–	21.2
Loan from related party	0.5	–	0.5
	72.0	63.2	135.2

19. TRADE AND OTHER PAYABLES

	2016 €M	2015 €M
Current		
Trade payables	50.0	46.4
Accruals and deferred income	41.2	26.5
Accrued interest on bank facilities	1.4	1.8
Amounts owed to related parties (note 26)	3.5	4.1
Amounts owed to associate (note 26)	2.0	2.0
Deferred consideration owed to related parties (note 26)	0.4	0.7
Other creditors	13.8	5.3
Total current trade and other payables	112.3	86.8
Non-current		
Put option over non-controlling interest (note 26)	0.5	0.5
Deferred consideration owed to related parties (note 26)	0.9	0.8
Other creditors	6.2	3.9
Total non-current trade and other payables	7.6	5.2

The Directors consider that the carrying amount of trade payables is approximate to their fair value.

Deferred consideration arose on the acquisition of Jimmy Choo Florence S.r.l. (formerly Studio Luxury S.r.l.) on 5 August 2014 and is payable in four tranches between 1 January 2015 and 31 December 2018.

20. OTHER LIABILITIES

	2016 €m	2015 €m
Current		
Employee Benefit Trust liability	2.6	1.3
Non-current		
Employee Benefit Trust liability	13.4	14.3
Total other liabilities	16.0	15.6

The Jimmy Choo PLC Employee Benefit Trust acquired the Company's own shares in 2014 from JAB Luxury GmbH, the Group's majority shareholder. The consideration for the shares remains outstanding and will fall due for payment when shares are awarded to employees in accordance with the terms of the Group's long term incentive plan (see note 22). Shares will be returned to JAB Luxury GmbH in the event of being surplus to requirements from ongoing share schemes.

The current liability will be used to satisfy options awarded under the JC PLC Share Award of which one third vested on 1 July 2016 and one third is due to vest on 1 July 2017.

The non-current liability has been discounted applying a pre-tax discount rate of 1.8% (2015: 1.8%) that has been adjusted for risks specific to the liability.

21. CAPITAL AND RESERVES

	2016 €m	2015 €m
Share capital	389.7	389.7
Share premium	99.5	99.5
Own shares reserve	(15.6)	(16.7)
Translation reserve	(12.8)	(2.5)
Retained earnings	15.4	(3.1)
Total equity	476.2	466.9

SHARE CAPITAL

Share capital is comprised of:

	2016 €m	2015 €m
Allotted and called up		
389,737,588 ordinary shares of £1 each	389.7	389.7

SHARE PREMIUM

Share premium of £99.5m arose on the debt for equity swap transaction between JAB Luxury GmbH and Choo Luxury Group Limited on 3 October 2014. The carrying value of the Shareholder Credit Facility (including accrued interest) at the date of the debt for equity swap was £489.2m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21. CAPITAL AND RESERVES CONTINUED

OWN SHARES RESERVE

The cost of the Company's ordinary shares held by the Jimmy Choo PLC Employee Benefit Trust is treated as a deduction in arriving at total shareholder's equity. The movement in the own shares reserve was as follows:

	Number of ordinary shares	Average price paid per share	£M
Balance at 1 January 2015	11,951,119	£1.40	16.7
Shares purchased by the Employee Benefit Trust during the year	–	–	–
Balance at 31 December 2015	11,951,119	£1.40	16.7
Shares purchased by the Employee Benefit Trust during the year	–	–	–
Options exercised during the year	(805,025)	£1.40	(1.1)
Balance at 31 December 2016	11,146,094	£1.40	15.6

Shares held by the Jimmy Choo PLC Employee Benefit Trust will be used to satisfy options awarded under the Group's long term incentive plan (see note 22).

22. SHARE-BASED PAYMENTS

During the year and the prior year, the Group operated two equity-settled share-based compensation schemes for its Directors and employees. Details of each of these schemes are set out in this note.

EQUITY-SETTLED SHARE OPTION SCHEMES

JC PLC SHARE AWARD

Following the partial vesting of the Phantom Option Scheme at IPO in October 2014, 3,571,713 options were cancelled and a new equity-settled share-based payment scheme implemented (the "JC PLC Share Award"). The number of shares awarded under the JC PLC Share Award was calculated by reference to the value attributed to the proportion of previously held phantom options. For each phantom option forfeited, participants received 0.55 share awards, with an exercise price for these options of £1 in total for each exercise.

The options are due to vest in three stages: one third was exercisable on 1 July 2016; one third is exercisable on 1 July 2017; and the remaining third is exercisable on 1 July 2018. The vesting of these options is dependent upon continued employment over the vesting period.

Any vested but unexercised options will automatically lapse on 21 October 2024.

Movements in the number of share awards outstanding are as follows:

	2016	2015
Outstanding at the beginning of the year	1,871,003	1,951,120
Granted during the year	–	–
Exercised during the year	(521,693)	–
Forfeited during the year	–	(80,117)
Outstanding at 31 December	1,349,310	1,871,003
Exercisable at 31 December	101,974	–

The weighted average exercise price of these options is £nil.

ONE-OFF AWARD

2016 GRANTS

On 9 December 2016, share awards of 535,714 ordinary shares in Jimmy Choo PLC were granted as a one-off performance award, with a nominal exercise price of £1 in total for each exercise.

On 13 June 2016, share awards of 214,285 ordinary shares in Jimmy Choo PLC were granted as a one-off performance award, with an exercise price for these options of £1 in total for each exercise. The options were subsequently forfeited on 31 October 2016.

22. SHARE-BASED PAYMENTS CONTINUED**2015 GRANTS**

On 31 December 2015, share awards of 214,285 ordinary shares in Jimmy Choo PLC were granted as a one-off performance award, with an exercise price for these options of £1 in total for each exercise.

The vesting of these options is dependent upon continued employment over the vesting period. Any vested but unexercised options will automatically lapse on 21 October 2024. The fair value of the award was determined as £1.41 based on the market value of ordinary shares at the grant date.

2014 GRANTS

On 30 October 2014, share awards of 9,842,858 ordinary shares in Jimmy Choo PLC were granted as a one-off award at IPO to members of the Group's Senior Management team, with a nominal exercise price of £1 in total for each exercise.

The options were awarded in three tranches, each with different vesting conditions:

1. MAIN AWARD

50% of the options granted are exercisable on the fifth anniversary of the grant date and 50% are exercisable on the sixth anniversary of the grant date. The total number of shares granted under this award was 7,921,429.

2. ALTERNATE GRANT 1

33% of the options granted are exercisable on the fourth anniversary of the grant date; 33% are exercisable on the fifth anniversary of the grant date and 33% are exercisable on the sixth anniversary of the grant date. The total number of shares granted under this award was 1,071,429.

3. ALTERNATE GRANT 2

850,000 options were granted with vesting conditions that are the same as the JC PLC Share Awards described above.

The vesting of these options is dependent upon continued employment over the vesting period. Any vested but unexercised options will automatically lapse on 21 October 2024. The fair value of the award was determined as £1.40 based on the market value of ordinary shares at the grant date.

Movements in the number of share awards outstanding are as follows:

	2016	2015
Outstanding at the beginning of the year	9,092,857	9,842,858
Granted during the year	749,999	214,285
Exercised during the year	(283,332)	–
Forfeited during the year	(214,285)	(964,286)
Outstanding at 31 December	9,345,239	9,092,857
Exercisable at 31 December	–	–

The weighted average exercise price of these options is Enil.

23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES
FINANCIAL RISK MANAGEMENT

The Directors have overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the Directors, who also monitor the status of agreed actions to mitigate key risks.

CREDIT RISK

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 wholesale customers and the Group's foreign exchange forward contracts.

The Group has no significant concentrations of credit risk. The trade receivables balance is spread across a large number of different customers. The Group has policies in place to ensure that wholesale sales are made to customers with an appropriate credit history. The Group only sells to wholesale customers who are creditworthy and mitigates risk in certain markets by trading on terms with accelerated payments, bank guarantees and letters of credit, as well as adopting credit insurance when appropriate. The Group monitors the creditworthiness of counterparties using publicly available information. As a result, the Group's exposure to bad debts is not significant and default rates have historically been very low. Sales to retail customers are made in cash or through major credit cards. An ageing of overdue receivables is included in note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES CONTINUED

The Group is also exposed to credit risk arising from other financial assets, which comprise cash and short term deposits and certain derivative instruments. The Group's exposure to credit risk arises from the default of the counterparty with a maximum exposure equal to the carrying value of these instruments if a counterparty to a financial instrument fails to meet its contractual obligation. The Group's policy is that surplus funds are placed on deposit with counterparties, who are either party to the Group's banking syndicate, or who are creditworthy counterparties.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or loan facilities to meet all its commitments when they fall due by ensuring that there are sufficient cash or working capital facilities to meet the Group's cash requirements.

The risk is measured by review of forecast liquidity each month to determine whether there are sufficient credit facilities to meet forecast requirements and by monitoring covenants on a regular basis to ensure there are no expected significant breaches, which would lead to an "Event of Default". Cash flow forecasts are submitted monthly to the Directors. These continue to demonstrate the strong cash generating ability of the business and its ability to operate within existing agreed banking facilities. There have been no breaches of covenants during the reported years. For further details of the Group's borrowings see note 18.

All short term trade and other payables, accruals, bank overdrafts and borrowings mature within one year or less. The carrying value of all financial liabilities due in less than one year is equal to their contractual undiscounted cash flows.

The maturity profile of the contractual undiscounted cash flows of the Group's non-current financial liabilities, excluding derivatives used for hedging, is as follows:

	2016 €M	2015 €M
In more than one year, but not more than two years	(9.0)	(9.1)
In more than two years, but not more than three years	(0.5)	(116.7)
In more than three years, but not more than four years	(6.0)	(6.0)
In more than four years, but not more than five years	(148.3)	(6.3)
In more than five years	–	–
Total non-current financial liabilities	(163.8)	(138.1)

MARKET RISK

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Group's income. The Group's exposure to market risk predominantly relates to interest and currency risk.

INTEREST RATE RISK

The Group is exposed to the risk of interest rate fluctuations mainly with regard to the interest expense on the debt carried by Choo USD Finance Limited and Choo EUR Finance Limited. The Group's bank borrowings incur variable interest rate charges linked to EURIBOR/LIBOR plus a margin. The Group's policy aims to manage the interest cost of the Group within the constraints of its financial covenant and business plan.

Sensitivity analysis of the effect of a change in interest rates of $\pm 1\%$ is included on page 104.

FOREIGN CURRENCY RISK

The Group operates internationally and is exposed to the foreign exchange risk which can negatively impact revenue, costs, margins and profit.

The Group transacts with its suppliers of finished goods, based in continental Europe, in Euro. In addition to this, the Group is exposed to transaction risk on the translation and conversion of surplus US Dollar, Hong Kong Dollar, Japanese Yen and Chinese Yuan balances, generated by its directly owned stores globally into Euro and Pounds Sterling. The Group's policy allows these exposures to be hedged for up to 12 months forward in order to create sufficient certainty to price different collections and assure the business cash flows.

Hedging is performed through the use of foreign currency bank accounts and forward foreign exchange contracts and nil cost options. These contracts are put in place as part of the Group's treasury management strategy. It enables merchandisers to be given targeted exchange rates for products, which are set aligned with the hedge rates for future collections, typically 9 to 12 months before cash flows crystallise. In addition, the Group uses forward foreign exchange contracts in order to hedge its exposure to foreign currency gains and losses arising on the Euro denominated portion of its external bank facilities.

23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES CONTINUED

The following table shows the extent to which the Group has monetary assets and liabilities at the balance sheet date in currencies other than the local currency of operation. Monetary assets and liabilities refer to cash, deposits, borrowings and other amounts to be received or paid in cash. Amounts exclude intercompany balances which eliminate on consolidation.

	31 December 2016		31 December 2015	
	Monetary assets €m	Monetary liabilities €m	Monetary assets €m	Monetary liabilities €m
Euro	16.2	(104.2)	6.7	(113.8)
US Dollar	9.3	(121.3)	16.9	(64.9)
Japanese Yen	7.6	(4.4)	0.8	–
Hong Kong Dollar	2.9	(2.0)	2.3	(1.9)
Chinese Yuan	2.4	(2.9)	0.1	–
Other currencies	1.7	(2.1)	0.9	(0.4)
	40.1	(236.9)	27.7	(181.0)

PENSION LIABILITY RISK

The Group has no association with any defined benefit pension scheme and therefore carries no deferred, current or future liabilities in respect of such a scheme.

CAPITAL RISK

The capital structure of the Group consists of net borrowings and shareholders' equity. At 31 December 2016, net borrowings were £139.0m (2015 net borrowings were £121.4m), whilst shareholders' equity was £476.2m (2015: shareholders' equity £466.9m).

The Group manages its capital structure to maintain a prudent balance between debt and equity that provides sufficient headroom to finance the Group's strategic development including acquisitions. The Board's policy is to retain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future growth. The Board reviews the Group's capital allocation policy annually to ensure that these objectives can be achieved. There were no changes in the Group's approach to capital management during the year although new borrowing facilities were put in place in March 2016.

The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades. The Group's operating subsidiaries are generally cash generative. The Group's policy is to maintain borrowing facilities centrally which are then used to finance the Group's operating subsidiaries, either by way of equity investments or loans.

There are financial covenants associated with the Group's borrowings. On the previous facility, the covenants were leverage (net debt to EBITDA) and cash flow cover (cash flow to debt service). The new facility now in place has one covenant test (net debt to EBITDA). The Group was in compliance with all covenant measures throughout the reported years.

Cash is used to fund the Group's ongoing investment and growth of the global brand, as well as to make routine outflows of capital expenditure, tax and repayment of maturing debt. The Group has access to a revolving credit facility of US\$105.8m (£86.3m) of which US\$16.4m (£12.9m) was utilised at 31 December 2016 (2015: €21.3m (£15.7m) utilised). As part of the new facility arrangement, the Group has access to an accordion credit facility of £50m, which was unutilised at 31 December 2016.

FAIR VALUE DISCLOSURES

The carrying amount of financial assets and liabilities approximate their fair values. The majority of the financial assets are current. The majority of the current interest-bearing liabilities are at variable interest rates. The fair values of the non-current fixed rate interest-bearing liabilities are not materially different from their carrying amounts.

The fair value of non-current fixed rate interest-bearing liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value of derivative instruments (currency forwards and options) is determined based on current and available market data. Pricing models commonly used in the market are used, taking into account relevant parameters such as forward rates, spot rates, discount rates, yield curves and volatility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES CONTINUED

FAIR VALUE HIERARCHY

Financial instruments carried at fair value are categorised into the below levels, reflecting the significance of the inputs used in estimating the fair values:

Level 1: Quoted prices (unadjusted) in active markets for identical instruments;

Level 2: Valuation techniques based on observable inputs, other than quoted prices included within Level 1, that are observable either directly or indirectly from market data;

Level 3: Valuation techniques using significant unobservable inputs, this category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

The Group recognises derivative financial instruments at fair value. No other financial instruments are carried at fair value. The derivative financial instruments have been measured using a Level 2 valuation method.

The fair value of financial assets and liabilities are as follows:

	2016 £M	2015 £M
Cash and cash equivalents	14.8	13.8
Trade and other receivables	50.1	42.7
Total financial assets	64.9	56.5
Trade and other payables	(119.9)	(92.0)
Borrowings	(153.8)	(135.2)
Other liabilities (note 20)	(16.0)	(15.6)
Other financial liabilities	(2.2)	(1.3)
Total financial liabilities	(291.9)	(244.1)

FINANCIAL INSTRUMENTS SENSITIVITY ANALYSIS

In managing interest rate and currency risks, the Group aims to reduce the impact of short term fluctuations on its earnings. At the end of each reporting year, the effect of hypothetical changes in interest and currency rates is as follows:

INTEREST RATE SENSITIVITY ANALYSIS

The table below shows the Group's sensitivity to interest rates on floating rate borrowings (i.e. cash and cash equivalents and bank borrowings which attract interest at floating rates) if interest rates were to change by $\pm 1\%$. The impact on the results in the consolidated income statement and consolidated statement of other comprehensive income and equity would be:

	2016 Increase/ (decrease) in equity £M	2015 Increase/ (decrease) in equity £M
+1% movement in interest rates	(1.5)	(1.3)
-1% movement in interest rates	1.5	1.3

FOREIGN EXCHANGE RATE SENSITIVITY ANALYSIS

The table below shows the Group's sensitivity to Pounds Sterling strengthening/weakening by 10%:

	2016 Increase/ (decrease) in equity £M	2015 Increase/ (decrease) in equity £M
10% appreciation of Pounds Sterling	18.1	13.5
10% depreciation of Pounds Sterling	(21.7)	(17.6)

This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting year. The analysis assumes that all other variables, in particular interest rates, remain constant.

23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES CONTINUED**OTHER FINANCIAL ASSETS AND LIABILITIES**

Other financial assets and liabilities are the result of derivative contracts entered into by the Group to hedge against exchange rate risk. The derivative contracts have been recognised at fair value.

	2016 £m	2015 £m
Forward foreign exchange contracts	(2.2)	(1.3)

24. OPERATING LEASES

The Group leases various retail stores and offices under non-cancellable operating lease arrangements. These leases have varying terms including duration and renewal rights.

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings	
	2016 £m	2015 £m
Less than one year	31.7	29.2
Between one and five years	79.1	81.3
More than five years	27.5	32.9
Total operating leases	138.3	143.4

In addition, the Group had annual commitments under concession agreements totalling £3.3m per annum at 31 December 2016 (2015: £3.6m).

25. COMMITMENTS

Following the establishment of the joint venture in Russia in 2013, put and call options exist over the remaining 50% of the share capital of J. Choo Russia JV Limited. J. Choo Limited holds a call option over the remaining shares and Oxana Bondarenko holds the put option. Both options are exercisable at the end of the joint venture agreement in 2018. The fair value of the future consideration payable is estimated to be £0.5m at 31 December 2016 (2015: £0.5m).

In 2012, the Company entered into a joint and several money only guarantee of up to £15.0m for a UK lease for the benefit of Belstaff International Limited, a fellow subsidiary of JAB Luxury GmbH. The Company is counter-indemnified in respect of this guarantee by JAB Luxury GmbH.

There was no unprovided capital or other financial commitments at 31 December 2016 (2015: £nil).

26. RELATED PARTIES**TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

The compensation of key management personnel (including the Directors) is as follows:

	2016 £m	2015 £m
Key management personnel emoluments		
Emoluments (of which Directors £1.5m (2015: £1.2m))	5.3	5.6
Termination payments	–	0.4
Share-based payments (of which Directors £1.3m (2015: £1.2m))	2.8	2.9
Total emoluments	8.1	8.9
Company contributions to money purchase pension schemes (of which Directors £0.0m (2015: £0.0m))	0.2	0.1
Total emoluments	8.3	9.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26. RELATED PARTIES CONTINUED**OTHER RELATED PARTY TRANSACTIONS**

Balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The Group has related party relationships with its shareholder, JAB Luxury GmbH, other subsidiary undertakings of JAB Luxury GmbH, its associate and the other shareholder of J. Choo Russia JV Limited. The Group entered into the following transactions during the year:

	2016		2015	
	Income €M	Expense €M	Income €M	Expense €M
Parent company				
JAB Luxury GmbH	0.1	–	0.2	(0.4)
Other related parties				
Bally GC Retail Co. Limited	–	–	–	(0.1)
Bally UK Sales Ltd.	–	–	–	(0.3)
Bally China	–	(0.1)	–	–
Belstaff International Limited	–	–	–	(0.5)
LLX Global Business Services Americas Inc.	–	(0.8)	–	(0.9)
LLX Global Business Services Hong Kong Limited	–	(0.3)	–	(0.3)
LLX Global Business Services Japan KK	–	(0.2)	–	–
LLX Global Business Services (Shanghai) Co., Ltd.	–	(0.2)	–	(0.1)
LLX Global Business Services SA	–	(1.9)	–	–
LLX Global Business Services UK Ltd	–	(0.6)	–	(3.8)
JC Industry S.r.l. (associated company)	–	(5.8)	–	(3.3)
Oxana Bondarenko	–	(0.2)	–	(0.1)
Total	0.1	(10.1)	0.2	(9.8)

26. RELATED PARTIES CONTINUED
OTHER RELATED PARTY TRANSACTIONS

The following amounts were outstanding at the balance sheet date:

	2016		2015	
	Receivable €m	Payable €m	Receivable €m	Payable €m
Parent company				
JAB Luxury GmbH	0.2	(16.0)	–	(15.7)
Other related parties				
Bally Americas Inc.	0.1	–	0.1	–
Bally GC Retail Co. Limited	–	–	–	–
Bally UK Sales Ltd.	1.1	–	1.5	(0.1)
Belstaff International Limited	0.1	–	–	(0.5)
LLX Global Business Services UK Ltd	0.4	(0.2)	0.5	(3.0)
LLX Global Business Services Americas Inc.	–	(0.4)	–	(0.3)
LLX Global Business Services Hong Kong Limited	–	–	–	(0.1)
LLX Global Business Services SA	–	(2.5)	0.1	–
LLX Global Business Services (Shanghai) Co., Ltd.	–	(0.1)	–	–
LLX Global Business Services Japan KK	–	(0.1)	–	–
Luxury Italia Holding S.r.l.	–	(1.3)	–	(1.4)
JC Industry S.r.l. (associated company)	–	(2.0)	–	(2.0)
Oxana Bondarenko	–	(0.7)	–	(1.1)
Total	1.9	(23.3)	2.2	(24.2)

The Group received income of £0.1m (2015: £0.2m) and incurred no expenses (2015: £0.4m) on behalf of or receivable or payable to JAB Luxury GmbH during the year to 31 December 2016.

Included in the payable to Bally UK Sales Ltd. is £nil (2015: £0.1m) in relation to surrender of tax losses.

Included in the payable to Belstaff International Limited is £nil (2015: £0.5m) in relation to surrender of tax losses.

Included in the payable to Oxana Bondarenko is £0.5m (2015: £0.5m) for a put option to purchase the remaining 50% share capital of J.Choo Russia JV Limited at the end of the joint venture agreement in 2018.

27. ULTIMATE PARENT COMPANY

The majority shareholder is JAB Luxury GmbH and the ultimate controlling party is Agnaten SE, a company incorporated in Austria.

28. POST BALANCE SHEET EVENTS

There were no significant events that occurred between the balance sheet date and the date of authorisation of the report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. RECONCILIATION TO NON-GAAP PERFORMANCE MEASURES

ADJUSTED EBITDA

	2016 £m	2015 £m
Operating profit	42.5	29.8
Adjusted for:		
Exceptional costs (note 5)	3.0	2.4
Depreciation	18.3	16.1
Amortisation	1.6	1.4
Loss on disposal of property, plant and equipment and intangibles	0.4	0.3
Realised and unrealised foreign exchange (gain)/loss	(6.8)	1.0
Adjusted EBITDA	59.0	51.0

ADJUSTED EBIT

	2016 £m	2015 £m
Operating profit	42.5	29.8
Adjusted for:		
Exceptional costs (note 5)	3.0	2.4
Realised and unrealised foreign exchange (gain)/loss	(6.8)	1.0
Adjusted EBIT	38.7	33.2

ADJUSTED CONSOLIDATED NET INCOME

	2016 £m	2015 £m
Profit for the year	15.4	19.4
Adjusted for:		
Exceptional costs (note 5)	3.0	2.4
Deferred tax	(2.8)	(2.8)
Foreign exchange loss/(gain) on external loan	9.2	(2.8)
(Gain)/loss on financial instruments on external loan	(0.6)	2.8
Refinancing interest break costs	0.1	–
Adjusted Consolidated Net Income	24.3	19.0

The tax impact on adjusting items in Adjusted Consolidated Net Income would be a charge of £2.6m (2015: £0.5m).

COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £M	2015 £M
Loss for the year	(5.3)	(5.0)
Total comprehensive loss for the year	(5.3)	(5.0)

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 €M	2015 €M
Non-current assets			
Investments in subsidiaries	4	492.6	491.1
Deferred tax asset	5	0.5	–
Total non-current assets		493.1	491.1
Current assets			
Trade and other receivables	6	0.1	0.1
Total assets		493.2	491.2
Current liabilities			
Trade and other payables	7	(8.9)	(4.7)
Other current liabilities	8	(2.6)	(1.3)
Total current liabilities		(11.5)	(6.0)
Non-current liabilities			
Other non-current liabilities	8	(13.4)	(14.3)
Total liabilities		(24.9)	(20.3)
Net assets		468.3	470.9
Capital and reserves			
Called up share capital	9	389.7	389.7
Share premium	9	99.5	99.5
Own share reserve	9	(15.6)	(16.7)
Capital contribution	9	4.4	2.9
Retained deficit	9	(9.7)	(4.5)
Total equity		468.3	470.9

The accompanying notes are an integral part of this company only statement of financial position.

No profit or loss account is presented for the Company as permitted by Section 408 of the Companies Act 2006.

These company only financial statements of Jimmy Choo PLC, registered number 09198021, have been approved and authorised for issue by the Board of Directors on 1 March 2016 and were signed on its behalf by:



JONATHAN SINCLAIR
DIRECTOR

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital €M	Share premium €M	Own shares reserve €M	Retained deficit €M	Total equity €M
Balance at 1 January 2015		389.7	99.5	(16.7)	0.5	473.0
Loss for the year		–	–	–	(5.0)	(5.0)
Total comprehensive loss for the year		–	–	–	(5.0)	(5.0)
Capital contribution from controlling shareholder		–	–	–	1.5	1.5
Charge for the year under equity-settled share-based payments		–	–	–	1.4	1.4
Total transactions with owners		–	–	–	2.9	2.9
Balance at 31 December 2015	9	389.7	99.5	(16.7)	(1.6)	470.9
Loss for the year		–	–	–	(5.3)	(5.3)
Total comprehensive loss for the year		–	–	–	(5.3)	(5.3)
Capital contribution from controlling shareholder		–	–	–	1.5	1.5
Charge for the year under equity-settled share-based payments		–	–	–	1.2	1.2
Share options exercised during the year		–	–	1.1	(1.1)	–
Total transactions with owners		–	–	1.1	1.6	2.7
Balance at 31 December 2016	9	389.7	99.5	(15.6)	(5.3)	468.3

NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS

(FORMING PART OF THE FINANCIAL STATEMENTS)

1. ACCOUNTING POLICIES

The Company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 115. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

The financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

BASIS OF PREPARATION

The Company has control over the assets and liabilities of the Jimmy Choo PLC Employee Benefit Trust and accordingly the assets and liabilities of the Jimmy Choo PLC Employee Benefit Trust are recognised in the Company financial statements. No profit or loss account is presented for the Company as permitted by Section 408 of the Companies Act 2006. The Company's loss for the period was £5.3m (2015: £5.0m), mainly related to share-based payment expenses and staff costs.

STATEMENT OF COMPLIANCE

These financial statements have been prepared on a going concern basis in accordance with Financial Reporting Standards ("FRS") 100 issued by the Financial Reporting Council and applicable legal and regulatory requirements of the Companies Act 2006 and reflect the following policies which have been adopted and applied consistently.

BASIS OF ACCOUNTING

The Company meets the definition of a qualifying entity under FRS 100 issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 "Reduced Disclosure Framework" as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures have been given in the Group accounts of Jimmy Choo PLC.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations which are dealt with separately below).

RECOVERABILITY OF INVESTMENT IN SUBSIDIARIES

Determining the recoverability of investments in subsidiaries requires estimation as to whether the investment could be realised for consideration at or in excess of the carrying value. In making such estimations, management has regard to the value in use calculations of those investments. As of 31 December 2016, the investment in the balance sheet totalled £492.6m (2015: £491.1m).

2. FEES PAYABLE TO THE AUDITOR

Auditor's remuneration is detailed in note 7 to the consolidated financial statements.

3. STAFF NUMBERS AND COSTS

The Company has no employees other than the Executive Directors. Full details of the Directors' remuneration and interests are set out in the Annual Remuneration Report.

4. INVESTMENTS IN SUBSIDIARIES

	Shares in subsidiary undertaking £m
At 1 January 2016	491.1
Additions	1.5
At 31 December 2016	492.6

During the year, the Company made a capital contribution of £1.5m to a subsidiary undertaking (2015: £1.5m).

The undertakings in which the Company's interest at the period end is more than 20% are detailed in note 14, Investments in Subsidiaries and Associates, to the consolidated financial statements.

As at 31 December 2016, all subsidiary undertakings are wholly owned, except where indicated differently above and operate in the country in which they are incorporated. All subsidiaries have financial years ending 31 December.

The Company indirectly owns all subsidiaries through Jimmy Choo (Holdings) Limited.

5. DEFERRED TAX

	2016 €M	2015 €M
Deferred tax asset	0.5	–

6. TRADE AND OTHER RECEIVABLES

	2016 €M	2015 €M
VAT receivable	0.1	0.1
Total current trade and other receivables	0.1	0.1

7. TRADE AND OTHER PAYABLES

	2016 €M	2015 €M
Current		
Trade payables	0.4	0.2
Amounts due to Group undertakings	6.1	3.5
Accruals	2.4	1.0
Total current trade and other payables	8.9	4.7

8. OTHER NON-CURRENT LIABILITIES

	2016 €M	2015 €M
Current		
Employee Benefit Trust liability	2.6	1.3
Non-current		
Employee Benefit Trust liability	13.4	14.3
Total other liabilities	16.0	15.6

The Jimmy Choo PLC Employee Benefit Trust acquired the Company's own shares in 2014 from JAB Luxury GmbH, the Group's majority shareholder. The consideration for the shares remains outstanding and will fall due for payment when shares are awarded to employees in accordance with the terms of the Group's long term incentive plan (see note 22 in the consolidated financial statements). Shares will be returned to JAB Luxury GmbH in the event of being surplus to requirements from ongoing share schemes.

The current liability will be used to satisfy options awarded under the JC PLC Share Award of which one third vested on 1 July 2016 and one third is due to vest on 1 July 2017.

The non-current liability has been discounted applying a pre-tax discount rate of 1.8% (2015: 1.8%) that has been adjusted for risks specific to the liability.

NOTES TO THE COMPANY ONLY FINANCIAL STATEMENTS

CONTINUED

(FORMING PART OF THE FINANCIAL STATEMENTS)

9. CAPITAL AND RESERVES

SHARE CAPITAL

	2016 €M	2015 €M
Allotted, called up, issued and not paid:		
389,737,588 ordinary shares of €1	389.7	389.7

SHARE PREMIUM

Share premium of €99.5m arose on the debt for equity swap transaction between JAB Luxury GmbH and Choo Luxury Group Limited on 3 October 2014. The carrying value of the shareholder credit facility (including accrued interest) at the date of the debt for equity swap was €489.2m.

OWN SHARE RESERVE

The cost of the Company's ordinary shares held by the Jimmy Choo PLC Employee Benefit Trust is treated as a deduction in arriving at total shareholders' equity. The movement in the own shares reserve was as follows:

	Number of ordinary shares	Average price paid per share	€M
Balance at 1 January 2015	11,951,119	€1.40	16.7
Shares purchased by the Employee Benefit Trust during the year	–	–	–
Balance at 31 December 2015	11,951,119	€1.40	16.7
Shares purchased by the Employee Benefit Trust during the year	–	–	–
Options exercised during the year	(805,025)	€1.40	(1.1)
Balance at 31 December 2016	11,146,094	€1.40	15.6

Shares held by the Jimmy Choo PLC Employee Benefit Trust will be used to satisfy options awarded under the Group's share option schemes (see note 22 in consolidated financial statements).

CAPITAL CONTRIBUTION

	2016 €M	2015 €M
Capital contribution from controlling shareholder	4.4	2.9

The Company has recorded a capital contribution reflecting the push down of the share-based payment expense to subsidiary undertakings.

RETAINED DEFICIT

	2016 €M	2015 €M
Balance at 1 January	(4.5)	(0.9)
Loss for the year	(5.3)	(5.0)
Equity-settled share-based payments charge	1.2	1.4
Share options exercised during the year	(1.1)	–
Balance at 31 December	(9.7)	(4.5)

10. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The majority shareholder is JAB Luxury GmbH and the ultimate controlling party is Agnaten SE, a company incorporated in Austria.

CORPORATE INFORMATION

REGISTERED OFFICE:

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www.jimmychoopl.com

REGISTERED NUMBER

09198021

COMPANY SECRETARY

Hannah Merritt

AUDITOR

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NOTES

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