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REPORT OF THE INDEPENDENT AUDITOR ON THE SHARE EXCHANGE RATIO PURSUANT TO ART. 2501-*SEXIES* OF THE ITALIAN CIVIL CODE

To the Shareholders of
YOOX S.p.A.

To the Shareholders of
Largenta Italia S.p.A.

1. Reason and object of this assignment

On 12 May 2015, based on the joint appeal of YOOX S.p.A. (hereinafter "**YOOX**" or the "**Transferee**") and Deal S.r.l., which was later renamed Largenta Italia S.p.A. (hereinafter, "**Largenta**" or the "**Transferor**"), the President of the Court of Bologna issued a court order appointing Baker Tilly Revisa S.p.A. to draw up the report required under Article 2501-*sexies* of the Italian Civil Code on the Exchange Ratio between YOOX shares and those of Largenta (hereinafter, "the **Exchange Ratio**").

To this end, we have received from YOOX and Largenta the joint merger plan for the absorption of Largenta by YOOX ("the **Merger Plan"**) accompanied by the Report by the YOOX Board of Directors that indicates, describes and justifies the Exchange Ratio between the YOOX shares and the shares of Largenta, as required under Article 2501-*quinquies* of the Italian Civil Code.

The Sole Shareholder of Largenta has elected to waive the preparation of a Report by its Board of Directors pursuant to, and in accordance with, Article 2501-*quinquies*, last paragraph, of the Italian Civil Code.

We have also received the statements of financial position indicated in Article 2501-*quater* of the Italian Civil Code consisting of the financial statements of YOOX for the financial year closed at 31 December 2014, approved by the Shareholders' Meeting of 30 April 2015, and of the statement of financial position of the Transferor at 10 April 2015, approved by the Largenta Board of Directors on 23 April 2015, as well as minutes of the meetings of Largenta's Board of Directors on 23 April 2015 and 16 June 2015 that describe the methodology used by Directors and justify the Exchange Ratio proposed.

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The Merger Plan will be submitted for the approval of the Extraordinary Shareholders' Meeting of YOOX and Largenta, to be convened in accordance with the prevailing legislation and regulations.

2. Description of transaction

2.1 Summary of transaction

The Merger is a part of the transaction to combine the assets of YOOX and those of the company The Net-A-Porter Group Limited ("**NAP**"), a company incorporated under English law indirectly controlled by Compagnie Financière Richemont S.A. ("**Richemont**"), through Richemont Holdings (UK) Limited ("**RH**"), which operates in the same industry as YOOX, on the basis of mutual undertakings governed by the merger agreement ("the **Merger Agreement**") signed on 31 March 2015 between YOOX and Richemont and RH.

The transaction is structured as a merger by absorption of Largenta into YOOX. As a result of the Merger, the Largenta Shareholders will receive in exchange a number of YOOX shares representing a holding in the (post-Merger) share capital of YOOX (calculated on a fully diluted basis) equating to 50% of that share capital.

2.2 Transferee

YOOX S.p.A. is a company with registered office in Zola Predosa (Bologna), with a share capital on the Merger Plan approval date of EUR 620,992.32 fully subscribed and paid, divided into 62,099,232 ordinary no-par-value shares admitted to listing on the MTA (*Mercato Telematico Azionario*), the Italian electronic share market.

The share capital also includes capital increases approved in the past by the YOOX Board of Directors, authorised by the requisite Shareholders' Meetings and relating to staff incentive plans for a total of 3,517,704 ordinary shares as yet unissued.

At the date of the Merger Plan, YOOX held 17,339 ordinary shares in its portfolio.

The company also operates through its subsidiaries in electronic commerce and offers commercial services relating to clothing and fashion accessories, and more generally to anything that accessorises the person or the home, during free time, when relaxing or during leisure activities. The Group has offices and operations in Europe, the United States, Japan, China and Hong Kong, and delivers to over 100 countries worldwide.

2.3 Transferor

Largenta is a non-trading company that was recently established under the name Deal S.r.l., and then renamed following resolutions to convert it into a *società per azioni* [a company limited by shares] and to change the company's name that were adopted by an Extraordinary Shareholders' Meeting on 23 April 2015. Its registered office is in Milan, and on the Merger Plan approval date its share capital was EUR

50,000.00, fully subscribed and paid, consisting of 3,608 no-par-value ordinary shares.

NAP, which is a key luxury online retailer at a global level, is a subsidiary indirectly controlled by Richemont through RH.

At the date of this report, Largenta's sole Shareholder is RH, which will transfer to Largenta its entire stake in Largenta Limited ("**Largenta UK**"), NAP's parent company.

In fact, on 23 April 2015, the Shareholders' Meeting of Largenta approved a conditional capital increase to service the merger contribution for a total amount of EUR 909,000,000 through the issuing of 65,595,989 no-par-value ordinary shares.

Thus, on the date of execution of the Merger Deed, following execution of the contribution, Largenta's share capital will equate to EUR 655,955.97, represented by 65,599,597 no-par-value ordinary shares, and EUR 908,394,044.03 allocated to the share premium account.

The contribution is based on a valuation prepared pursuant to Article 2343-*ter*, paragraph 2(b), of the Italian Civil Code, and the Contribution Deed will be entered into (and the Contribution will be executed) at least five business days before the Merger Deed execution date.

2.4 Terms of the transaction

YOOX will initiate the merger through a capital increase of EUR 655,995.97 through the issue of a total of 65,599,597 new no-par-value shares.

These shares will be assigned to Largenta shareholders (i.e., RH and any other shareholders that acquire this status pending execution of the Merger Deed) pro rata based on their respective holdings in Largenta on the effective date of the merger.

Under the Merger Plan, the shares allocated to RH will break down as follows:

i. ordinary shares representing no more than 25% of the YOOX voting share capital, calculated on the basis of the number of YOOX shares in circulation on the date of the Merger Plan;

ii. B shares for any excess, up to the number of YOOX shares to be assigned to the same.

Only ordinary shares will be assigned in exchange to any other Largenta shareholders.

Since, as specified in the Merger Plan and in line with the Merger Agreement, the YOOX ordinary shares to be allocated in exchange to Largenta shareholders other than RH (based on their holdings in Largenta on the specified date) shall not, in total, exceed 4% YOOX's post-Merger share capital (calculated on a fully diluted basis), the total of 65,599,597 newly issued no-par-value YOOX shares will be divided as follows:

i. ordinary shares, from a minimum of 20,693,964 up to a maximum of 27,691,255;

ii. B shares, from a minimum of 37,908,342 up to a maximum of 44,905,633.

Applying this principle and based on the existing position on the Merger Plan date (i.e. the fact that Largenta is fully owned by RH), the total of 65,599,597 newly issued no-par-value shares will be divided as follows:

i. 20,693,964 ordinary shares, representing 25% of the YOOX voting share capital, calculated on the basis of the number of YOOX shares in circulation on the date of the Merger Plan;

ii. 44,905,633 B shares.

The YOOX ordinary shares issued for the purpose of implementing the Exchange Ratio will be listed on the MTA in the same way as the Issuer's ordinary shares in circulation on the effective date of the Merger.

The B shares will not be listed and will have the characteristics laid down by the Issuer's Bylaws that will come into effect on the effective date of the Merger. These will include the right to convert those shares into YOOX ordinary shares provided that, after the conversion, the total number of ordinary shares held by the shareholder making that request (together with those held by the parent company, subsidiaries and companies subject to joint control on the basis of the definition of control established in the prevailing International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)) does not exceed 25% of the Issuer's share capital represented by voting shares.

Following completion of the Merger, all the Largenta's shares will be cancelled and exchanged for YOOX ordinary shares and B shares, in accordance with the Exchange Ratio and the procedures for share allocation set out above.

Pursuant to the Merger Agreement, the Parties have agreed that YOOX's Bylaws, which will come into effect on the effective date of the Merger, will, among other things, reflect the provisions set out below:

(a) B shares have no voting rights at Ordinary or Extraordinary Shareholders' Meeting ; however, holders of B shares shall be entitled to any other non-financial and financial rights attaching to ordinary shares, as well as those rights reserved, under the prevailing applicable statutory provisions, for the holders of special shares;

(b) all holders of B shares may freely dispose of their shares with the exception of 1 (one) B share, which, for a period of 5 (five) years from the effective date of the Merger, must continue to be held by the holder of B shares or by parties related to that holder (as defined in point (c) below);

(c) if B shares are transferred to an entity other than a related party (as defined in IAS and IFRS) of Richemont, the B shares transferred will automatically be converted at a ratio of 1:1 into YOOX ordinary shares;

(d) all holders of B shares shall have the right, at any time, to convert all or a part of the B Shares held, at the same Conversion Ratio, provided, however, that

the overall percentage of ordinary shares held by that holder after that conversion (that calculation including the ordinary shares held by the parent company, subsidiaries and companies subject to joint control on the basis of the prevailing definition of control in IAS and IFRS) does not, as a result, exceed 25% of the share capital of YOOX represented by ordinary shares with voting rights;

(e) in the event that a public tender offer, on cash terms or in terms of the exchange of shares, is made to shareholders representing at least 60% of the Issuer's ordinary share capital, each holder of B Shares shall have the right to convert all or part of its B shares for the exclusive purpose of transferring to the tendering company the ordinary shares resulting from the conversion;

(f) pursuant to the Merger Agreement, the Parties have also agreed, among other things, that YOOX's (post-Merger) Bylaws shall include a mechanism to limit the rights of RH (and its related parties under IAS IAS and IFRS) to appoint members of YOOX's Board of Directors so that RH may appoint no more than two members to the YOOX Board of Directors.

(g) in the Merger Agreement, the Parties, among other things, have agreed that in order to provide new funds to the company resulting from the Merger for the purpose of implementing its business plan following the Merger, a capital increase may be implemented, under the powers delegated to the Board of Directors pursuant to Article 2443 of the Italian Civil Code, subject to the following key terms and conditions:

(i) Maximum amount of EUR 200,000,000.00;

(ii) Maximum number of YOOX new shares to be issued equating to 10% of post-Merger share capital;

(iii) Under the powers delegated, the capital increase may be offered:

(x) to qualified investors as defined in Article 34-*ter*, paragraph 1(b), of Consob Regulation no. 11971/1999, as subsequently amended and supplemented, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code; or

(y) to YOOX's strategic and/or industrial partners, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code; or

(z) to YOOX shareholders by granting option rights;

or through a combination of any of the three alternatives set out in points (x), (y) and (z) above. In the event of a capital increase with the exclusion of option rights pursuant to (x) and (y), the delegated capital increase shall, in all cases, be subject to the provisions of the Shareholders' agreement entered into between YOOX, Richemont and RH which requires the delegated capital increase to be conditional on a favourable vote by one director designated by Richemont.

An essential precondition to the Merger is that following completion of the Merger:

(i) YOOX will own the entire share capital of Largenta UK, whose assets essentially only consist of its holding in NAP;

(ii) Largenta UK will own the entire share capital of NAP.

More specifically, on the date of the Merger Plan, RH owns approximately 96% of the ordinary share capital of Largenta UK, and also holds the unconditional right to complete the acquisition of the entire remaining holding in the share capital of Largenta UK. That right derives from the exercise by RH of call option rights - in accordance with the provisions of the Bylaws of Largenta UK and of a Shareholders' agreement concluded with the remaining shareholders of Largenta UK - on the entire remaining holding in the share capital of Largenta UK. As a result, RH will receive the corresponding shares on completion of the procedure laid down in the relevant contractual and corporate documents for determining the purchase price to be paid by RH for that share transfer.

Under English law, the exercise of the aforementioned call option rights grants to RH the beneficial ownership of the shares over which it has exercised the call option rights (and thus, the unconditional right to receive such shares). Therefore if, by the date scheduled for the execution of the Contribution, the process for determining the purchase price, and the transfer, of these shares has not yet been completed, RH will transfer to Largenta the beneficial ownership in the shares it holds as well as the aforementioned rights (but the obligation to pay the price of the shares will remain with RH), which shares shall, as a result of the Merger of Largenta with YOOX, become a part of the Transferee's assets.

On the date of this Report, Largenta UK owns approximately 97% of the ordinary share capital of NAP, and has exercised call option rights on a residual holding of class B shares and class C shares to which it is entitled pursuant to NAP's Bylaws.

As a result, under English law, Largenta UK enjoys beneficial ownership of the above class B and class C shares (and thus holds the unconditional right for such shares to be transferred to its name).

This transfer will take place on completion of the procedure to determine the related purchase price owed by Largenta UK in accordance with the provisions of NAP's Bylaws. Based on the provisions of the Merger Agreement, this price will be paid by Largenta UK from funds made available by RH, which Largenta UK will be under no obligation to repay.

NAP’s share capital also includes a small number of deferred shares held by two minority shareholders, which, in any case, shall be transferred to Largenta or repurchased by NAP at a token price, by the effective date of the Merger.

Lastly, NAP’s capital also includes one special share held by RH which will be transferred to Largenta UK at a token price after completion of the process to determine the price for NAP shares to be purchased through the exercise of call options by RH and for the transfer of shares optioned to RH or Largenta UK, as applicable.

All costs related to the purchases of the above shares shall be paid, in any event, by RH.

3. Nature and scope of this report

In order to provide shareholders with appropriate information on the Exchange Ratio, this report sets out the methods used by the Directors of YOOX and Largenta to determine this ratio, and the valuation problems they encountered. It also contains our assessment, as applicable, of whether these methods are appropriate, reasonable and not arbitrary, and on the relative importance attributed by the Companies' Directors to each of these, as well as their proper application.

In reviewing the valuation methods used by the Companies' Boards of Directors, we did not perform an economic assessment of YOOX and Largenta.

Such assessments were done solely by the YOOX and Largenta Boards of Directors and the consultants they hired.

We carried out the procedures described in this Report solely for the purposes of expressing an opinion on the valuation methods used by the Directors to determine the Exchange Ratio, and thus:

- they are not valid for any other purposes;
- they do not, in any way, represent an assessment as to whether the merger transaction is appropriate or on the reasons for the merger expressed by Directors.

In addition, the conclusions provided in this Report are based on the information and considerations contained therein as a whole, and thus, no part of the Report should be considered or used, in any way, separately from the document in its entirety.

4. Documentation used

To do our work, we obtained the documents and information deemed necessary in this case and obtained from the companies participating in the transaction.

Accordingly, we analysed the documentation made available to us, and specifically:

- the Merger Plan drawn up by the Boards of Directors of YOOX and Largenta for the respective Shareholders' Meetings which proposes the following Exchange Ratio:

  1 (one) newly issued YOOX share for every Largenta share with no cash adjustment;
- the Report of the Directors of YOOX drawn up pursuant to Article 2501-*quinquies* of the Italian Civil Code;

- the minutes of the meetings of Largenta's Board of Directors of 23 April 2015 and 16 June 2015 that describe the valuation criteria used to determine the Exchange Ratio;

- the investor presentation of the Transaction given on 31 March 2015 ("Investor Presentation");

- press releases and merger information made available to the public;

- the annual financial statements of YOOX for the financial years 2012, 2013 and 2014;

- YOOX's operating and financial projections for the period 2015-2019 prepared by the Company's management but not approved by the Board of Directors, and contained in the document "Financial Guidelines 2015-2019";

- information relating to YOOX's stock option plan at 30 March 2015;

- NAP's annual reports for financial years 2013, 2014 and 2015 (52 weeks with the reporting date at the end of March each year);

- the annual reports at 31 March 2013, 2014 and 2015 and consolidated non-statutory financial statements at 31 December 2014 of Largenta UK;

- the annual report of RH at 31 March 2014;

- the document "Discussion Materials Project Beach" of 29 March 2015 drawn up by Lazard for Richemont;

- KPMG's reclassification of NAP's financial data based on the management accounts at 31 December 2013 and 2014;

- NAP's operating and financial projections for the period March 2015 to March 2020 drawn up by NAP's management;

- NAP's revised operating and financial projections drawn up by YOOX's management ("Revised Case");

- the Fairness Opinion on the financial appropriateness of the Exchange Ratio issued by Mediobanca di Credito Finanziario S.p.A. on 24 April 2015 and sent to the YOOX Board of Directors;

- the Fairness Opinion on the financial appropriateness of the Exchange Ratio issued by Banca IMI S.p.A. on 24 April 2015 and sent to YOOX's Independent Directors;

- the appraisal of the contribution to Largenta issued by Professor Silvano Corbella and Professor Gabriele Villa;

- the document "Project Spiaggia Discussion Materials for the Board of Directors" issued by Goldman Sachs for YOOX;

- the statement of financial position at 10 April 2015 for Deal S.r.l.;

- the pro-forma statement of financial position at 10 April 2015 of Deal S.r.l., which reflects the impact of the contribution as if it had already occurred on that reporting date;

- publicly available information on companies operating in comparable industries, and research and financial analyses published by specialised institutes and investment banks;

- any other documentation made available to us for the purposes of carrying out the assignment;

- we have also received a declaration that as far as the Directors of YOOX and Largenta are aware, there have been no material changes in the data and information taken into consideration in the performance of our analyses.

5. Valuation methods used by Directors to determine the Exchange Ratio

The Boards of Directors of YOOX and Largenta determined the Exchange Ratio as a result of a weighted valuation of the two companies, taking into account the nature of the transaction and using commonly used valuation methods, including at international level, for transactions of this nature for companies operating in this industry, that have been adapted to the characteristics of each company participating in the merger.

In a merger between companies, the aim of such a valuation is to determine the relative amounts of economic capital and the resulting Exchange Ratio, i.e., the ratio of the number of shares of the transferor to the number of shares that the transferee allocates to shareholders of the transferor.

Thus, the main purpose of valuations of companies involved in mergers is to obtain relative comparable values for the purposes of determining the Exchange Ratio rather than to estimate the absolute values of economic capital. Therefore, the companies involved in the transaction were valued on the basis of uniform criteria in such a way that the results of the valuation analyses are fully comparable.

The valuations were performed on the assumption that the companies are going concerns and looking at the companies as separate entities, i.e., in a stand-alone context based on the current configuration of the companies, and therefore disregarding any consideration concerning expected synergies from the merger as well as the consideration of control premiums.

For Largenta, valuations were based on the post-contribution company. Since Largenta is the special-purpose vehicle through which Richemont will hold indirect control in NAP, and since Largenta and Largenta UK (NAP's parent company) have no debt or other significant assets or liabilities, the valuations of Largenta coincide with those for NAP.

Taking into account the purpose of the estimates, the criteria commonly used in national and international valuation procedures, the unique characteristics of each company, YOOX's status as a listed company and NAP's status as an unlisted company, as well as the nature of the transaction, the Directors of the two companies have applied the following valuation methodologies.

- Discounted Cash Flow ("DCF") method

  The DCF method determines the value of a company or business in its entirety on the basis of its capacity to generate cash flows. In particular, this criterion is based on the assumption that the value of a company or business is equal to:

  (i) the present value of cash flows generated in the future discounted at an appropriate discount rate, which, in this case, is the company's weighted average cost of invested capital (Weighted Average Cost of Capital - **WACC**);

  (ii) a terminal value, which is also discounted using the same discount rate.

- Market multiples method

  The market multiples method is based on an analysis of information provided by the market in relation to a selected sample of companies operating in the industry concerned, and on the subsequent application of valuation multiples resulting from this analysis, to the values of the companies being valued. Multiples are obtained from the ratio of market capitalisation of comparable companies to related earnings, balance sheet and financial figures deemed significant.

Other methodologies that are commonly used by professionals, such as market price analysis and target price analysis of research analysts are not applicable in this case given NAP's status as a private company. In addition, the nature of the "merger of equals" of the transaction under review, and the specific qualities of the companies involved, limit the applicability of previous transaction multiples related to acquisitions with a transfer of control, and companies with limited comparability in business models.

Based on the above, and for the purposes of the analyses performed, the Directors of the two companies do not indicate absolute values attributable to YOOX and NAP, but only express the contribution of economic capital by each of the two companies to the company resulting from the merger.

In this regard, the Directors of the two companies point out that these valuations should only be construed in relative terms, and solely in relation to the merger, and that, in particular, the methods used and the resulting values were estimated solely to establish a range for determining the Exchange Ratio deemed appropriate for the purposes of the merger, and that the valuations should not, under any circumstances, be considered as possible indications of the market price or current or future absolute value, or be used as a reference in a context other than the one under review.

a) Analytical methods: Discounted Cash Flow

This valuation method was used in order to capture the specific qualities of both companies participating in the merger in terms of profitability, growth, risk level and capital structure.

Based on this criterion, the value of a company's economic capital is estimated as the sum of (i) the present value of expected "unlevered" operating cash flows over the projection period, and (ii) a terminal value net of (iii) net financial debt and third-party interests as expressed in the following formula:

$$W = \sum_{t=1}^{n} \frac{FC_t}{(1+WACC)^t} + \frac{VT}{(1+WACC)^n} - DF_{t0}$$

where:

W =	value of the economic capital (Equity Value)
FCt =	annual "unlevered" operating cash flow anticipated in period t
VT =	terminal value
DF =	net financial position and third-party interests at t=0
n =	number of projection periods
WACC =	weighted average cost of capital

"Unlevered" operating cash flows for the explicit projection period can be determined analytically as follows:

+	Earnings before interest and taxes (EBIT);
–	Taxes on EBIT (net of non-monetary adjustments considered as part of the tax base in tax accounting);
+	Amortisation and depreciation/non-monetary costs;
–	Fixed investments;
+/–	Changes in net working capital.

Details on significant individual parameters:

Cash flows

Cash flows reflect the financial dimension of a company's operations, and thus, they are determined by transforming applicable operating amounts (operating profit) into actual movements of monetary resources generated as a result of the normal performance of the company's operations and by taking into account outlays of cash from making investments.

The sum of discounted operating cash flows actually expresses the overall value of a company's total operations, and thus, the present value of operating invested capital. For the purposes of valuation, these flows are normally determined net of taxes.

Terminal value

In the valuation process, it is not sufficient to discount cash flows projected in the company's business plan, and it is also necessary to calculate a value for annual flows that go beyond the analytical threshold projection of the business plan. Several alternative approaches are proposed in theory and prevailing professional practice to estimate this residual value. Specifically, terminal value can be determined as:

- the asset liquidation value net of remaining debt at the end of the specific projection period;
- the value corresponding to the unlimited compounding of net operating profit;
- the value resulting from the use of empirical multipliers such as Price/Earnings per share, Price/Net book value per share or Enterprise Value/EBITDA;
- the value corresponding to the compounding of the average future cash flow.

Weighted average cost of capital

The cash flows to be discounted are those of an operating nature that are to be used to compensate all suppliers of capital, shareholders and third parties. Thus, for the purposes of discounting cash flows and the residual value, a rate representing the average cost of capital invested in the companies must be used. Based on practice and theory, and in particular the valuation method known as the Capital Asset Pricing Model (CAPM), the weighted average cost of capital (WACC) is defined below:

$$WACC = Kd\,(1\text{-}t)\ \frac{D}{D+E}\ + Ke\ \frac{E}{D+E}$$

where:

Kd = Cost of debt capital net of tax effect

Ke = Cost of equity

D = Debt

E = Equity

t = Tax rate

In particular, the cost of debt represents the long-term funding rate applicable to companies or economic activities of similar risk levels. The cost of equity, on the other hand, reflects the investor's expected return, taking into account the relative risk of the investment, calculated according to the Capital Asset Pricing Model by applying the following formula:

$K_e = R_f + \beta\ (R_m - R_f)$

where:

Ke =	Cost of equity
Rf =	Expected rate of return on risk-free investments
β =	Coefficient that measures the correlation between the expected returns from the investment considered and the expected returns on the reference stock market
Rm =	Expected average return on equity investments on the reference stock market.

In general, the WACC rate used for estimating the value of economic capital reflects assumptions consistent with the market benchmarks relating to the cost of equity (expected rate of return on risk-free investments, Beta coefficient, return premium demanded by the stock market), as well as with the capital structure of the assets under valuation assumed to be debt-free for both companies.

b) Analytical methods: Market multiples

This method derives the value of a company from the valuation attributed by the market to other companies having comparable characteristics and, in particular, by determining the ratio between the stock market value of comparable companies and certain financial data (for example EBITDA, revenues, cash flow) and then applying the multiples thus determined to the corresponding financial data of the company under valuation in order to determine its value.

The main steps in the application of this method are as follows:

(i) definition of the reference sample of companies with comparable characteristics;

(ii) selection of the appropriate multiples;

(iii) calculation of multiples for the companies with comparable characteristics and identification of a range of values to apply to the company under valuation;

(iv) application of the multiples to the corresponding financial data of the company under valuation.

The calculation of multiples requires observation of the market value of the company, which may be the value of its economic capital or the Enterprise Value, and identification of a logical financial figure.

In addition, appropriate adjustments should be made to the values and the important financial data in order to ensure that the multiples are calculated in a consistent manner with regard to all the companies in the reference sample, taking account, if necessary, of the differences in accounting principles, financial structure, etc.

5.1 Results of the valuation performed by the Directors of YOOX

5.1.1 Discounted Cash Flow method

The value of YOOX's economic capital has been estimated by discounting cash flows indicated in the Financial Guidelines 2015-2019 prepared by YOOX's management; the corresponding value for NAP has been determined on the basis of the Management Business Plan 2015-2020 prepared by NAP's management and reformulated by YOOX's management to reflect the more conservative assumptions, in terms of both growth and profitability, and to ensure consistency with the estimates included in plans prepared by YOOX.

In light of the comparable operating profiles of the two companies, the Directors have chosen to apply similar financial assumptions regarding cash flow growth rates for estimating the terminal value.

The WACC rate was determined by taking into account the risk-free rate for 10-year government bonds in the countries where the two companies have their registered offices, the equity risk premium determined on the basis of different historical sets reflecting the unique nature of the two companies, and a Beta rate common to both.

The methodology was applied by also taking into account the sensitivity analysis in relation to the cost of capital and cash flow growth rates for estimating the terminal value.

NFP (net financial position) was added to the Enterprise Value as determined above in order to arrive at the Equity Value of the two companies.

The result of the analysis in the baseline case considered is shown in the table below:

DCF methodology	YOOX	NAP
Contribution of economic capital	41%	59%

5.1.2 Analysis of market multiples

Given YOOX's status as a listed company and the similarities between the two companies in terms of reference markets, business models and economic and financial outlook, the Directors decided to use YOOX's market multiples for the valuation of NAP, since these were considered to be more significant than those of the other companies in the analysed sample. Implicitly, given the use of equivalent multiples for the two companies, this choice is tantamount to comparing the economic capital value of the two companies on the basis of the relative contribution of certain economic metrics (such as, in this specific case, revenues, EBITDA and net profit) and then taking account, where necessary, of the reference net financial positions to determine the contribution on an Equity Value basis.

For NAP, the net financial position is zero based on the agreement between the parties that specifies that NAP's existing financial debt is to be extinguished prior to the merger.

These multipliers were applied to the revenues, EBITDA and net profit of the two companies for 2014, and they were adjusted appropriately to maximise comparability.

The result of applying the multiple method is indicated in the following table:

Market multiple method	YOOX	NAP
Contribution of economic capital		
– Revenue multiples	42%	58%
– Multiples of adjusted EBITDA	47%	53%
– Multiples of adjusted net profit	40%	60%

The Directors also reviewed relative contributions of economic capital of YOOX and NAP to the company resulting from the merger, including in the two following financial years based on forecasts. This comparison confirmed the results of the analysis performed on historical data, and even showed a growing contribution of NAP's economic capital to the company resulting from the merger, and thus, provided additional reassurance for the indications resulting from the analysis performed on 2014 data.

The Directors also observed that, on a historical basis, the relative contribution had only recently changed in NAP's favour, and that YOOX had meanwhile showed a better track record of profitability and lower volatility in its results. Finally, to complete the valuation task and as a control method, the Directors compared the implicit multiples of NAP, valuing the company's economic capital on the basis of the YOOX market price at 27 March 2015 and the proposed Exchange Ratio, with those of a sample of other companies active in the e-commerce sector. The comparison between the implicit multiples of NAP and those of the sample gave reassurance to the Board of Directors, since the company's implicit multiples are lower than those of the companies in the sample.

5.1.3 Determination of the Exchange Ratio

Taking account of the results arising from the application of the valuation methods, the business dynamic with the counterparty and other qualitative and quantitative elements, such as YOOX's considerable track record of profitability and the essential homogeneity of the development prospects of the two companies, the Board of Directors – taking account of the results of the fairness opinions issued to the Board of Directors and to the independent directors of YOOX, respectively, by Mediobanca – Banca di Credito Finanziario S.p.A. and Banca IMI S.p.A. - resolved to propose an Exchange Ratio corresponding to an economic capital contribution of 50% from YOOX to the fully diluted capital of the company resulting from the Merger. In light of the post-reorganisation composition of Largenta's share capital, the Board of Directors therefore resolved to propose an Exchange Ratio of one newly issued YOOX share for each Largenta share. The Board of Directors also resolved, in compliance with the other provisions of the Merger Agreement, to achieve the Exchange Ratio by issuing either ordinary shares or B Shares without distinction, in view of the equivalent capital and financial rights of the two share classes and the automatic convertibility of B Shares into ordinary shares in the event of any transfer to third parties.

5.2 Results from the Directors' valuation of LARGENTA

5.2.1 Discounted Cash Flow method

NAP's Enterprise Value was determined by discounting the cash flows of the Management Business Plan 2015-2020 prepared by NAP's management and calculating Terminal Value based on the estimated growth rate. YOOX's Enterprise Value was also determined on the basis of management's plans indicated in the Financial Guidelines 2015-2019, while the Terminal Value was calculated on the basis of an EBITDA multiple to reflect the inconsistencies found in other components of future free cash flow between the data of management's plan and the consensus indications of analysts.

The analysis done by Largenta's Directors also reviewed similar financial assumptions regarding the WACC rate, which was determined by considering the risk-free rate related to the countries where the two companies operate, the equity risk premium determined on the basis of public data banks in relation to sales market outlets and a beta rate common to both determined on the basis of the average of unlevered betas for comparable listed companies.

The method was applied also taking into account the sensitivity analysis in relation to the cost of capital and cash flow growth rates for NAP or the multiples for YOOX for the purposes of estimating terminal value.

The Equity Value took into consideration the position of YOOX's NFP at 31 December 2014, while for NAP this measure was set at zero since it is anticipated that NAP's existing financial debt will be extinguished before the merger.

The result of the analysis in the baseline case considered is shown in the table below:

DCF methodology	YOOX	NAP
Contribution of economic capital	49%	51%

In addition, a different assumption was made for applying the DCF method that was based on more conservative data. This method reviewed a revised version of the plans originally prepared by the management of the two companies leading to results that were even closer to an economic capital contribution of each company of 50%.

5.2.2 Analysis of market multiples

The Enterprise Value of the two companies was estimated by using market multiples equal to figures represented by sales and EBITDA. The multiples used are the averages used for companies operating in the same sector. Sales and EBITDA are for financial years 2013, 2014 and 2015 (forecast data) after adjusting NAP's data on the basis of the calendar year for consistency purposes. The latter data were originally for a financial year of 52 weeks ending on 31 March each year.

Since equivalent multiples were used for the two companies, this decision is tantamount to comparing the value of economic capital of the companies on the basis of the relative contribution of certain economic metrics (such as, in this specific case, revenues and EBITDA), also taking into account, where necessary, reference net financial positions to determine the contribution on an Equity Value basis. For NAP, the net financial position is zero based on the agreement between the parties that specifies that NAP's existing financial debt is to be extinguished prior to the merger.

Based on these analyses, the contribution of economic capital of the two companies to the post-merger company is as follows:

Market multiple method	YOOX	NAP
Contribution of economic capital		
– Revenue multiples 2013, 2014 and 2015	38-44%	56-62%
– EBITDA multiples 2013, 2014 and 2015	46-49%	51-54%

The EV/Revenues parameter is used in analyses of the e-commerce sector, and more generally, Internet companies, especially in cases in which the profitability of the company being valued is negative, or in any event, not yet stabilised at "normal" levels that would make it possible to establish reliable projections on the future growth of profitability.

With regard to YOOX and NAP, in view of the track record of the companies in terms of EBITDA, and thus the reasonable possibility of projecting their future profit growth, the Directors believe that the EV/EBITDA multiple leads to a more accurate calculation of the companies' economic value since, unlike the EV/Revenues multiple, it takes into account higher or lower efficiency in terms of the cost structure of YOOX and NAP.

With regard to the growth of the relative contribution in 2013-2015 that is covered by the analysis, the Directors show that YOOX demonstrated lower volatility, and thus, greater predictability, and lower risk associated with changes in profit flows in the final analysis.

5.2.3 Determination of the Exchange Ratio

For the purposes of determining the Exchange Ratio, the Directors considered the characteristics of each company, and in particular, YOOX's status as a listed company and NAP's status as an unlisted company, which justify the application of a "cash discount" to the NAP valuation as compared to the YOOX valuation.

In light of the results based on the application of the valuation methods described above, Largenta's Directors voted to propose that the Exchange Ratio should be determined at one YOOX share for every Largenta share, corresponding to a contribution of economic capital of the company to the fully diluted capital of the company resulting from the merger of 50%.

6. Valuation difficulties encountered by Directors

The following were the main difficulties and limitations found by Directors in the valuations performed to determine the Exchange Ratio:

- valuation methodologies were applied using historical and projected operating and financial data prepared by YOOX and NAP. By their nature, the projected data are uncertain and indefinite;

- the operating and financial data for NAP have areas that are very dissimilar to the equivalent figures for YOOX due to different reference currencies (the euro for YOOX and pound sterling for NAP), different reporting dates and durations of financial years (calendar year ending on 31 December for YOOX, and 52 weeks ending at the end of March for NAP) and different accounting standards (IAS/IFRS for YOOX and UK GAAP for NAP);

- NAP's operating and financial data for the calendar year ending in December 2014 are based on the company's management accounting records, which are not necessarily in line with established accounting standards and include a number of adjustments deemed necessary to maximise comparability with YOOX results, such as adjustments related to non-recurring costs tied to NAP's affiliation with the Richemont Group;

- NAP's projected operating and financial data were revised by YOOX's management and Largenta's Directors with the support of their respective consultants, on the basis of assumptions that do not necessarily reflect the opinions of NAP's management;

- the NAP group is not listed, and as a result, there is no market valuation cross-check that can be used for comparison for the Exchange Ratio determined by the Directors of the two companies;

- the market multiple analysis is based on a sample of companies operating in the e-commerce sector including YOOX itself. The Directors decided that YOOX primarily, and the other companies in the sample secondarily, represented the best benchmark possible for NAP from the standpoint of comparability. However, each company taken into consideration, including YOOX, has its own unique characteristics, and none of the companies in the sample can be considered fully comparable to the companies being valued;

- The use of data such as beta coefficients and stock market multiples, which are taken from market observations, are based on the assumption that they are applicable to the complex companies being merged since they related to entities comparable to those under review. However, it should be stressed that in light of the unique nature of each of the business entities considered, this comparability is still only partial.

7. Work done

With regard to the methods used by Directors, including on the basis of guidelines provided by their consultants, to estimate the value of the companies, and thus, the Exchange Ratio, we conducted a critical review of the methods used and gathered useful information to confirm that such methods were technically suitable under the specific circumstances to determine the Exchange Ratio while adhering to the criterion of consistent valuations.

In addition, among other things, we performed the following procedures:

- we examined the Merger Plan and the YOOX Directors' Report pursuant to Article 2501-*quinquies* of the Italian Civil Code;

- we reviewed YOOX's separate and consolidated financial statements at 31 December 2012 and 2014 accompanied by the reports of the Board of Directors, Board of Statutory Auditors and independent auditor;

- we examined NAP's Annual Reports at 31 March 2013, 2014 and 2015 (52 weeks ending at the end of March each year);

- we reviewed the Annual Reports of Largenta UK at 31 March 2013, 2014 and 2015 and Consolidated Non-Statutory Financial Statements at 31 December 2014;

- we reviewed RH's Annual Report at 31 March 2014;

- we analysed YOOX's operating and financial projections for the period 2015-2019 prepared by the company's management but not approved by the Board of Directors, contained in the document "Financial Guidelines 2015-2019";

- we checked the assumptions and the construction of stand-alone plans of the companies by analysing and reviewing the plan details provided, and discussing these with management and consultants that supported the Directors;

- we discussed with the independent auditor, KPMG, the work done in relation to the audit of YOOX's separate and consolidated financial statements at 31 December 2014;

- we discussed with Goldman Sachs the assumptions and methods used in the valuations adopted for the purposes of determining the Exchange Ratio;

- we examined, with Professors Gabriele Villa and Silvano Corbella, the appraisal of the value of NAP's contribution to Deal, which is now Largenta;

- we examined the company Bylaws currently in effect of the companies participating in the merger and the draft Bylaws of the company resulting from the merger;

- we verified the sensitivity analyses performed with the aim of confirming to what extent the Exchange Ratio selected can be influenced by changes in assumptions and parameters used;

- we checked the accuracy of mathematical calculations for the valuations used by Directors for the purposes of determining the Exchange ratio with the assistance of their consultants;

- we reviewed the investor presentation for the transaction at 31 March 2015 ("Investor Presentation");

- we examined press releases and information on the merger made available to the public by YOOX and NAP;

- we analysed information on YOOX's stock option plan at 30 March 2015;

- we reviewed KPMG's reclassification of NAP"s financial data based on management accounts and dated as at 31 December 2014;

- we examined NAP's operating and financial projections for the period March 2015 to March 2020 prepared by NAP's management;

- we examined NAP's revised operating and financial projections as prepared by YOOX's management ("Revised Case");

- we analysed the minutes of Largenta's meetings of the Board of Directors of 23 April 2015 and 16 June 2015 that describe the valuation criteria used for determining the Exchange Ratio;

- we discussed with Lazard the assumptions and methods used in the valuations used for determining the Exchange Ratio;

- we reviewed the statement of financial position of Deal S.r.l. at 10 April 2015;

- we reviewed the pro-forma statement of financial position at 10 April 2015 of Deal S.r.l., currently Largenta, which reflects the impact of the contribution as if it had taken place on that reporting date;

- we analysed and discussed the Fairness Opinion with respect to the financial appropriateness of the Exchange Ratio, issued by Mediobanca Banca di Credito Finanziario S.p.A. on 24 April 2015 and addressed to YOOX's Board of Directors;

- we analysed and discussed the Fairness Opinion with respect to the financial appropriateness of the Exchange Ratio, issued by Banca IMI S.p.A. on 24 April 2015 and addressed to YOOX's Independent Directors;

- we found and analysed public information considered relevant for the purposes of applying the valuation methods selected, including market data related to the sample of comparable listed companies and comparable transactions, including financial research and analyses published by specialised institutes and investment banks;

- in meetings with management and the independent auditor, we gathered information on events occurring after the reporting date of the aforementioned statements of financial position that could have a material impact on the purposes of the assignment given to us;

- we analysed all other documentation made available to us for the purposes of completing the assignment;

- we also obtained a declaration from the legal representatives of the two companies participating in the merger that, to the best of their knowledge, on the date of this report, there were no circumstances that could modify the data and content of the documentation analysed, and no events had occurred that could modify the assessments expressed by Directors to determine the Exchange Ratio.

8. Comments on the adequacy of the methods used and the validity of estimates produced

With regard to this assignment, we should stress that the main purpose of the Directors' decision-making process is to estimate the financial values related to the individual companies being merger by applying consistent criteria to determine the Exchange Ratio; as a result, this estimate cannot be used for other purposes.

In fact, in the valuation of merger transactions, the ultimate purpose is not so much to determine the absolute values of the economic capital of the companies concerned, but rather to identify comparable values for determining the Exchange Ratio.

For this reason, valuations for merger transactions have a meaning that is only relevant for that purpose, and they cannot be used, especially in the current market environment, as estimates of the absolute value of the companies concerned for transactions other than the merger for which they were performed.

Having said this, the following are the main remarks regarding the valuation methods used by Directors as to whether they are reasonable and not arbitrary for the circumstances of this specific case:

- the valuation methods used are generally accepted and used in professional and market practice at the national and international levels, and are shared by financial and corporate theory in the context of valuations of companies with characteristics similar to those being reviewed;

- the methods used were identified in compliance with the general principle of consistency and were applied in a consistent manner to the two companies with the aim of expressing comparable values for the purposes of determining the Exchange Ratio;

- the methods were applied in relation to the two companies considered separately, and under the assumption of autonomy, i.e., regardless of any possible impact from the merger;

- when determining the Exchange Ratio, the Directors took into account the strategic value of the transaction and the governance structure agreed to as a part of the proposed merger;

- with regard to the financial values resulting from the development of stand alone valuation methodologies, the Directors negotiated an Exchange Ratio that incorporates other qualitative and quantitative elements such as YOOX's status as a listed company, YOOX's significant track record of profitability and the largely similar nature of the development outlook for the two companies;

- we believe that the decision of YOOX's Directors to establish the proposed Exchange Ratio, which incorporates a premium for YOOX shareholders as compared to the range of Exchange Ratio values resulting from the stand alone valuation methods, is justified due to the strategic value of the proposed merger and synergies resulting from it, and by quantitative and qualitative elements such as the greater stability of YOOX's operating results, its considerable track record of profitability and the greater liquidity of YOOX's listed shares. These factors can be reasonably measured by applying an additional risk premium to NAP's Beta coefficient as a part of the valuation using the DCF method, and with the application of a discount with respect to the multiples used for NAP, which is a common professional practice that is accepted in prevailing theory.

9. Conditions for the merger

As indicated in the Merger Plan, its execution is subject to the provisions of current regulations on mergers concerning Shareholders' Meeting resolutions and oppositions expressed by creditors as well as the authorisation for listing of YOOX's ordinary shares that were issued in support of the merger exchange, and the following conditions:

- the execution of the contribution to Largenta of the company assets represented by the stake in Largenta UK held by RH;

- the ownership by Largenta UK of 100% of NAP's capital after calls are exercised by RH on the shares of Largenta UK and NAP;

- obtaining the necessary authorisations of antitrust authorities in Austria, Germany, Japan, the UK, Ukraine and the US by 31 December 2015.

10. Specific limitations encountered by the auditor in the performance of this assignment

In the performance of our assignment, we used data, documents and information provided by the companies participating in the merger, and we assumed their veracity, accuracy and completeness without performing any checks in this respect.

In addition to what was indicated by the Directors concerning the main difficulties and limitations encountered in the performance of this assignment, please note the following:

- for the purposes of determining the Exchange Ratio, the Directors used valuation methodologies that were also based on the use of ex ante operating and financial projections. By their nature, these projections contain elements of uncertainty and are subject to changes, including of a significant nature, in the event of changes in the market or regulatory environment and the macro-economic scenario. These projections were analysed from the standpoint of being reasonable on the whole, and the continuity and consistency of the accounting standards applied subject to the uncertainties and limitations connected with any type of projected valuation;

- the Directors confirm that they determined the Exchange Ratio through a logical comparison of the outcomes obtained from the application of various valuation methods, without, however, clearly expressing all calculation elements that led them to identify the specific Exchange Ratio chosen. In the determination of the Exchange Ratio resulting from the application of the various valuation methods used, the Directors did not indicate the absolute values resulting from these methodologies;

- based on the fact that NAP is a part of a listed group, and that YOOX in turn is listed on the stock exchange, the respective plans and other information submitted to us is subject to confidentiality restrictions. Although it was specified that there were no limits on obtaining documents and information necessary to review the plans in particular, the data contained in them were not provided in this report based on these confidentiality restrictions.

The above difficulties were carefully considered in the preparation of this report.

11. Conclusions

Based on the documentation reviewed and the procedures noted above, and taking into account the nature and scope of our work and the specific limitations encountered in the performance of this assignment, as described in this report, we find that the valuation methods used by YOOX's and Largenta's Directors, including on the basis of guidelines from their consultants, are appropriate, since, under the circumstances, they were reasonable and not arbitrary, and that these methods were properly applied to determine the share Exchange Ratio contained in the Merger Plan equal to:

one newly issued YOOX share for each Largenta share with no cash adjustment.

Bologna, 18 June 2015

Baker Tilly Revisa S.p.A.	Baker Tilly Revisa S.p.A.
Dionigi Crisigiovanni Shareholder and Director	Enzo Spisni Shareholder and Director