KPMG

KPMG S.p.A.
Revisione e organizzazione contabile
Via Andrea Costa, 160
40134 BOLOGNA BO

Telefono +39 051 4392511
Telefax +39 051 4392599
e-mail it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Report of the auditors on the capital increase with the exclusion of subscription rights pursuant to article 2441.5/6 of the Italian Civil Code and article 158.1 of Legislative decree no. 58/98

To the shareholders of
YOOX NET-A-PORTER GROUP S.p.A.

1 Scope and nature of the engagement

In the context of the proposal for a capital increase against contribution with the exclusion of subscription rights pursuant to article 2441.5 of the Italian Civil Code, YOOX NET-A-PORTER GROUP S.p.A. (the "Company" or "YNAP") provided us with the directors' report approved by the Board of Directors on 11 November 2015 and updated on 16 November 2015 that describes and explains the proposal for a capital increase against contribution with the exclusion of subscription rights, setting out the criterion adopted by the Board of Directors to determine the newly-issued share price (the "Report").

According to the Report, the directors will submit the proposal for "a capital increase against contribution in one or more instalments, for a maximum nominal amount of €69,061.33, with the exclusion of subscription rights pursuant to article 2441.5/6 of the Italian Civil Code, through the issue of a maximum of 6,906,133 new ordinary shares of YOOX NET-A-PORTER GROUP S.p.A., with no indication of par value, having the same characteristics as the outstanding shares" to the Company's shareholders for their approval (the "Capital Increase").

In their Report, the directors specify that the above-mentioned proposal for a capital increase is subject to the preliminary approval by the shareholders of the proposed revocation of the "resolution to increase the share capital to service the 2014-2020 Stock Option Plan".

The Report specifies that the Capital Increase, as proposed above to the shareholders, is intended to service an incentive and loyalty plan (the "2015-2025 Stock Option Plan") reserved for the directors, managers and employees of YOOX NET-A-PORTER GROUP S.p.A. and its subsidiaries, directly or indirectly controlled pursuant to article 93 of Legislative decree no. 58/1998. Accordingly, its purpose is "to create the necessary shares to service the 2015-2025 Stock Option Plan, to be implemented by the free granting of options (the "Options") to be used to subscribe newly-issued YOOX NET-A-PORTER GROUP S.p.A. ordinary shares". To this end, in their Report, the directors have provided that:

- "The Options will be granted free of charge to the beneficiaries whom the Board of Directors or its delegated bodies will identify within the scope of the category of recipients indicated in the 2015-2025 Stock Option Plan ...";
- "the 2015-2025 Stock Option Plan concerns a maximum of 6,906,133 Options, valid for the subscription of a maximum of 6,906,133 YNAP ordinary shares, at a ratio of 1 ordinary share for every 1 Option granted and exercised under the terms and in the manner established in the 2015-2025 Stock Option Plan".

Based on the information and documentation the Company provided us with (in particular, the information memorandum prepared pursuant to article 84-bis of Consob (the Italian Commission for Listed Companies and the Stock Exchange) Regulation no. 11971/1999 and report pursuant to article 114-bis of Legislative decree no. 58/1998):

- the Options assigned to each beneficiary may be exercised in three instalments (for an amount equal to one third of the total Options assigned thereto) and, as part of each instalment, are subject to a vesting period (and may be exercised only if the performance targets, that will be decided by the Board of Directors, are met). Therefore, the capital increase, i.e., its subscription following the exercise of the Options, will be carried out after the Options are granted;
- the term of the 2015-2025 Stock Option Plan, which is the deadline for the subscription of the capital increase servicing it, is 31 December 2025, with a total duration of ten years.

Therefore, in relation to the proposed Capital Increase in one or more instalments, for a maximum nominal amount of €69,061.33 through the issue of a maximum of 6,906,133 new ordinary shares, the directors will also propose that the shareholders approve the following criterion for the determination of new share issue price: "the share issue price will be determined as the arithmetical average of the official prices recorded by YOOX NET-APORTER GROUP S.p.A. ordinary shares on the Italian stock exchange organised and managed by Borsa Italiana S.p.A. in the trading days of the period from the day prior to the Options' grant date and the day with the same date of the Options' grant date of the previous calendar month, €0.01 of the issue price determined as above will be allocated to share capital and the remainder to the share premium".

The Report also includes a proposal to the shareholders to confer the fullest powers upon the Board of Directors for the implementation of the Capital Increase, setting the deadline for its subscription at 31 December 2025. The proposal also envisages that, should the capital increase not be fully subscribed on 31 December 2025, the share capital shall be intended to be increased by an amount equal to the subscriptions gathered up to that date.

The directors specify that, at the date the Report was approved:

- "The subscribed and paid-up share capital of YOOX NET-A-PORTER GROUP S.p.A. is €1,301,258.85, divided into 130,125,885 shares, including 85,220,252 ordinary shares and 44,905,633 shares without voting rights (the B shares), all with no indication of par value";

- "The maximum number of ordinary shares to service the new plan *(the 2015-2025 Stock Option Plan)* equals approximately 5.0% of the Company's fully diluted share capital, including the same capital increase servicing the new plan (consisting of 138,122,666 shares). Fully diluted share capital means the share capital issued and subscribed in the event that all stock options assigned as part of the Company's existing stock option plans are exercised".

The above proposal for the capital increase will be submitted to the shareholders for approval during their extraordinary meeting called for 16 December 2015 (single call).

In this context and in our capacity as the independent auditors responsible for the legally-required audit of YNAP's financial statements, as specified in the Report, the Board of Directors requested us to express an opinion, pursuant to article 2441.6 of the Italian Civil Code and article 158.1 of Legislative decree no. 58/98, on the fairness of the criterion proposed by the directors to determine the issue price of the YNAP new shares with the following approach.

2 Nature and scope of this report

As set out in the Report, the Board of Directors will determine the new share issue price after the issue date of this report, based on the above-mentioned criterion and the methods described in paragraph 3 hereof identified by the directors.

In this context, our report issued pursuant to article 2441.6 of the Italian Civil Code and article 158.1 of the Consolidated Finance Act is aimed at supplementing the disclosures provided to the shareholders whose subscription rights have been excluded pursuant to article 2441.5 of the Italian Civil Code about the methods adopted by the directors to determine the share issue price for the purposes of the capital increase.

Considering the peculiarity and characteristics of the transaction described above, as described in the Report, this report describes the criterion identified by the directors to determine the issue price of the new shares and any valuation difficulties they may have encountered. It also sets out our considerations about the fairness, in the circumstances, of that criterion in terms of its reasonableness and non-arbitrariness.

The scope of our engagement did not include a valuation of the Company's economic value, which was solely performed by the directors.

3 Documentation used

We obtained the following documentation and information deemed useful for the scope of our engagement from the YNAP management:

- the directors' report to the shareholders at their extraordinary meetings (called for 16 December 2015, single call), which includes:
  - a report on the "Proposal for a capital increase against contribution in one or more instalments, for a maximum amount of €69,061.33 to be recognised as equity, with the exclusion of subscription rights, through the issue of a maximum

of 6,906,133 new ordinary shares, with no indication of par value pursuant to article 2441.5/6 of the Italian Civil Code, with subscription reserved for the directors, managers and employees of YOOX NET-A-PORTER GROUP S.p.A. and its subsidiaries, as the beneficiaries of the 2015 Stock Option Plan ...";

  - a report pursuant to article 114-bis of Legislative decree no. 58/1998 on the "2015 Stock Option Plan relating to YOOX NET-A-PORTER GROUP S.p.A. ordinary shares, reserved for executive directors of the Company and its directors ...";

- analysis, for the purpose of this engagement, of the Company's current articles of association;
- the minutes of the meeting of 11 November 2015, during which the directors approved their report to the shareholders at their extraordinary meeting detailed above;
- the "Information memorandum on the Stock Option Plan relating to the YOOX NET-A-PORTER GROUP S.p.A. shares submitted to the shareholders for approval", drawn up in accordance with article 84-bis of the Consob Regulation endorsed with Resolution no. 11971 of 14 May 1999, as subsequently amended and integrated;
- market price trends of the Company's shares over the six months before the date of this report and other market information, such as share volatility and average daily trades (source: Bloomberg);
- additional accounting, non-accounting and statistical documentation deemed to be useful for the purposes of preparing this report;
- YNAP's separate and consolidated financial statements as at and for the year ended 31 December 2014 and interim financial statements as at and for the six months ended 30 June 2015, accompanied by the related reports thereon issued by us;
- the financial statements of Largenta Limited as at and for the year ended 31 March 2015, accompanied by the related report thereon issued by PricewaterhouseCoopers LLP;
- the THE NET-A-PORTER GROUP S.p.A.'s separate and consolidated financial statements as at and for the year ended 31 March 2015, accompanied by the related reports thereon issued by PricewaterhouseCoopers LLP.

Finally, with the representation letter issued on 23 November 2015, YNAP management specifically and expressly confirmed that, to the best of its knowledge, no significant changes have taken place with respect to the data and information used by us to carry out our engagement.

4 Valuation methods adopted by the directors to determine the issue price

As already mentioned, as part of the capital increase under analysis, the Board of Directors will propose the shareholders approve a criterion to determine the issue price of the new shares, on which basis it will determine the issue price when it will carry out the capital increase, rather than proposing the approval of an exact and definitive issue price.

4.1 The criterion identified by the directors to determine the issue price

The unit share issue price, including share premium and par value, will be determined by the Board of Directors as the arithmetical average of the official prices recorded by YNAP ordinary shares on the Italian stock exchange organised and managed by Borsa Italiana S.p.A. in the trading days of the period from the day prior to the Options' effective grant date and the day with the same date of the previous calendar month, as long as this complies with article 2441.6, last sentence of the Italian Civil Code.

Therefore, as part of the capital increase, which, from a legal perspective, as already mentioned, is a capital increase with the exclusion of subscription rights pursuant to article 2441.5 of the Italian Civil Code, the directors have identified the criterion to be used by the Board of Directors subsequently, when the capital increase is carried out, rather than establishing an amount for the share issue price.

Specifically, the Board of Directors holds that the average stock market price of the thirty trading days prior to the day prior to the Options' grant date, which reflects the Company's value based on the capitalisation of the shares traded on the Italian stock exchange, is a suitable criterion to determine the share issue price.

5 Valuation difficulties encountered by the Board of Directors

The Report does not set out any difficulties encountered by the Board of Directors in connection with the identification of the criterion it proposes and set out in paragraph 4.

6 Procedures performed

We carried out our engagement mainly by performing the following procedures:

- critical reading of the report on the proposal for a capital increase with the exclusion of subscription rights pursuant to article 2441.5/6 of the Italian Civil Code;
- analysis, for the purpose of this engagement, of the Company's current articles of association;
- analysis, for the purpose of this engagement, of the minutes of the Board of Directors' meeting held on 11 November 2015 relating to the approval of:
  - the proposal for the adoption of the 2015-2025 Stock Option Plan relating to YOOX NET-A-PORTER GROUP S.p.A. ordinary shares for the directors, managers and employees of YNAP and its direct and indirect subsidiaries;

- the proposal for a capital increase against contribution in one or more instalments, for a maximum amount of €69,061.33 to be recognised as equity, with the exclusion of subscription rights pursuant to article 2441.5/6 of the Italian Civil Code, with subscription reserved for the beneficiaries of the 2015-2025 Stock Option Plan;

- analysis, for the purpose of this engagement, of the information memorandum on the 2015-2025 Stock Option Plan drawn up in accordance with article 84-bis of the Consob Regulation endorsed with Resolution no. 11971 of 14 May 1999, as subsequently amended and integrated;
- analysis, for the purpose of this engagement, of the report drawn up pursuant to article 114-bis of Legislative decree no. 58/1998 on the 2015-2025 Stock Option Plan;
- critical analysis of the criterion adopted by the directors to determine the share issue price to check, in the circumstances, its fairness, reasonableness and non-arbitrariness;
- analysis of the elements necessary to check that the criterion is technically suitable, in the circumstances, in terms of its reasonableness and non-arbitrariness, for determining an issue price of the shares that equals their fair value when the Options are granted;
- check of the reasons given by the Board of Directors for the adoption of that criterion for completeness and consistency;
- analysis of the market price trends of the Company's share over the thirty days before the date of this report and other information, such as, without limitation, the reference timeframe, relevance of the price considered, type of average used, float characteristics, share volatility and average daily trades;
- sensitivity analysis of the market price trends of the Company's share over the six months before the date of the Report, covering also other periods prior to the date of the Report;
- receipt of the representation letter signed by the Company's legal representatives about the valuation elements made available to us and confirming that, to the best of their knowledge, no significant changes have taken place with respect to the data and information used by us to carry out our engagement at the date of this report.

Company management provided us with a draft of some of the documents necessary to carry out our engagement before they had been approved by the Board of Directors on 11 November 2015 and updated on 16 November 2015. Therefore, we also carried out our procedures on those draft documents. We have nonetheless checked their definitive versions subsequently approved by the Board of Directors.

7 Comments on the fairness of the criterion adopted by the directors to determine the share issue price

We set out below our comments on the criterion adopted by the directors to determine the share issue price:

- generally speaking, stock market prices provide a direct indication of the fair value of the shares under analysis. Such value is a reference input which takes utmost relevance when the traded volumes and prices of the shares of companies under valuation are the result of a high number of ongoing deals freely carried out by shareholders and investors operating in that market without any external conditioning. The prices of securities with an adequate liquidity level and significant trading volumes observable on financial markets with suitable efficiency levels tend to converge towards the economic value that can be theoretically calculated by adopting different valuation methods (analytical or empirical);
- the market price method takes into account the reference prices at different time periods. The directors believe it adequate to consider the value resulting from the arithmetical average of the official prices of YNAP shares on the Italian stock exchange organised and managed by Borsa Italiana S.p.A. in the trading days of the period from the day prior to the Options' effective grant date and the day with the same date of the previous calendar month as significant. The directors' decision is in line with the relevant market practice and theory. In this respect, a shorter time period may be impacted by extraordinary or speculative events, whereas, in principle, a longer time period may not include information sufficiently updated about the Company's situation and the reference market;
- given the number of issued shares in relation to the total number of shares making up the Company's share capital and the purposes of the capital increase, the directors have established the issue price considering solely the market price, without any share premium;
- the directors have also stated that the criterion to determine the share issue price shall nonetheless be applied in compliance with article 2441.6, last sentence of the Italian Civil Code. Therefore, the issue price resulting from the arithmetical average of the official prices of YNAP shares on the Italian stock exchange organised and managed by Borsa Italiana S.p.A. in the trading days of the period from the day prior to the Options' effective grant date and the day with the same date of the previous calendar month shall nonetheless be consistent with article 2441.6, last sentence of the Italian Civil Code;
- the maximum number of ordinary shares to service the 2015-2025 Stock Option Plan may be 6,906,133 shares, equal to approximately 5.3% of the Company's share capital at the date of this report;
- in our assessment of the fairness of the criterion in terms of its reasonableness and non-arbitrariness, we made reference to the above-mentioned market conditions as

existing at the date of this report; difference conditions might have led us to reach different conclusions.

We took into account the matters set out above for the purposes of this report.

8 Specific limitations and other significant issues that arose during the engagement

The main difficulties and limitations encountered during our engagement are as follows:

- the Board of Directors' proposal for a capital increase sets out the maximum number of shares to be issued, but it does not establish their issue price. Rather, it presents a criterion according to which the issue price of the newly-issued shares should be determined on the basis of a price equal to the arithmetical average of the official prices recorded by YNAP ordinary shares on the stock exchange organised and managed by Borsa Italiana S.p.A. in the trading days of the period from the day prior to the Options' effective grant date and the day with the same date of the previous calendar month. Therefore, our engagement did not entail checking that the share issue price, which has not yet been established, equalled their fair value. We only assessed the fairness, in the circumstances, of the criterion proposed by the directors in terms of its reasonableness and non-arbitrariness, for the calculation of an issue price of the shares that equals their fair value when the Board of Directors grant the Options to the beneficiaries of the 2015-2025 Stock Option Plan;
- stock exchange prices fluctuate in line with financial market performances and, hence, may vary significantly especially in the short term, due to uncertainties in the national and international general economic climate. Moreover, price trends may be affected by speculation or external extraordinary and unforeseeable factors, unrelated to the individual companies' financial outlook. However, given that the share issue price will be determined after the date of this report, the occurrence of unforeseeable events affecting it may not be excluded;
- the Board of Directors has not applied another method to check the market price method, since, according to the general practice in the case of similar capital increases servicing stock option plans, the market price method is usually considered suitable to determine a company's value, including taking into account its growth potential, as it is not affected by subjective factors, as it is the output of a market valuation.

Moreover, we draw your attention to the following important matters:

- the criterion identified by the directors makes reference to a future, definite and limited interval, which is specifically referred to in their Report. This may have an impact on the determination of the market price and, therefore, the issue price of the shares, arising from the market's use of that information;
- there are no restrictions on the transfer of the shares acquired following the exercise of the Options;

- the directors have also stated that, if necessary to enable the beneficiaries of the 2015-2025 Stock Option Plan to exercise their rights, they will request that the relevant corporate bodies implement any procedures necessary to amend the option exercise method and terms in the event of mergers and demergers, capital decreases due to losses or cancellation of shares, or other events;
- as set out in the Report, the Board of Directors will be responsible for granting the Options provided for by the 2015-2025 Stock Option Plan. Given that the criterion to determine the issue price of the new shares, which will be approved by the shareholders and adopted by the Board of Directors, refers to the Options' grant date and is linked to future market trends, the issue price resulting from its application will equal the fair value of the shares when the Options provided for by the 2015-2025 Stock Option Plan are granted and, hence, updated at a date that is prior to that of the subscription and implementation of the capital increase.

9 Conclusions

Based on the documentation examined and the procedures detailed above, considering the nature and scope of our engagement described herein and subject to that reported in paragraph 8, we believe that the valuation criterion adopted by the Board of Directors is fair, as it is reasonable in the circumstances and is not arbitrary in order to determine the issue price of the YOOX NET-A-PORTER GROUP S.p.A. new shares as part of the capital increase, with the exclusion of subscription rights, reserved for the directors, managers and employees of YOOX NET-A-PORTER GROUP S.p.A. and its direct and indirect subsidiaries, to service the 2015-2025 Stock Option Plan.

Bologna, 23 November 2015

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit