# YOOX S.p.A.

*(incorporated in the Republic of Italy)*

## Global Offering of 24,330,703 Shares
## Offer Price: €4.30 per Share

This Offering Circular relates to the global offering of our ordinary shares ("Shares"). We and the individuals named on page 5 (together, the "Selling Shareholders") are offering an aggregate of 24,330,703 Shares. We are issuing 6,240,000 Shares for subscription and the Selling Shareholders are offering 18,090,703 Shares. We will not receive any of the proceeds from the sale of Shares by the Selling Shareholders. The institutional managers are selling 21,999,303 Shares by means of an institutional offering (i) through their respective selling agents in the United States solely to qualified institutional buyers ("QIBS") as defined in and in reliance upon Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) to institutional investors outside the United States in reliance upon Regulation S under the Securities Act and outside Japan, Canada and Australia (the "Institutional Offering"). Additionally, the Italian Managers (as defined below) are offering 2,331,400 Shares to retail investors in Italy by means of a public offering pursuant to a separate prospectus in the Italian language (the "Italian Public Offering").

Certain of the Selling Shareholders have granted the Joint Global Coordinators named below an option (the "Over-Allotment Option") to subscribe for up to 3,649,606 additional Shares at the Offer Price (as defined below), to cover over-allotments, if any (exercisable in whole or in part at any time up to 30 days following the date that the Shares commence trading on the MTA (as defined below)). The initial offering of 24,330,703 Shares and the offering of up to 3,649,606 additional Shares pursuant to the Over-Allotment Option are referred to herein as the "Global Offering."

The price of the Shares (the "Offer Price") is €4.30 per Share.

Prior to the Global Offering, there has been no public market for the Shares. The Shares were admitted to listing on the Mercato Telematico Azionario ("MTA"), the Italian screen-based trading system organized and managed by Borsa Italiana S.p.A. (the "Italian Stock Exchange") on November 9, 2009 (the "Listing Date").

Trading in the Shares is expected to commence on the STAR Segment of the MTA on or about December 3, 2009 (that date or such other date on which trading in the Shares commences, the "Trading Date"). Delivery of the Shares (other than those sold pursuant to the Over-Allotment Option) against payment of the Offer Price in immediately available funds in Euro will be made in electronic, book-entry form only through the facilities of Monte Titoli S.p.A. ("Monte Titoli") on or about December 3, 2009 (the "Closing Date").

**Investing in the Shares involves risks. See "Risk Factors" beginning on page 13 hereof.**

*This Offering Circular does not constitute an offer to sell, or the solicitation of any offer to buy, Shares in any jurisdiction where such offer or solicitation is unlawful. The Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Prospective purchasers are hereby notified that the seller of the Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. The Shares are not transferable except in accordance with the restrictions described under "Notices to Investors" and "Plan of Distribution — Selling and Transfer Restrictions" herein.*

*Joint Global Coordinators*

**Goldman Sachs International** **Mediobanca**

*Financial Advisor to the Issuer*

**Eidos Partners**

The date of this Offering Circular is November 30, 2009

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# ADVERTISEMENT

This Offering Circular may constitute an advertisement within the meaning of Article 15 of, but is not a prospectus under, European Commission ("EC") Directive 2003/71/EC (the "Prospectus Directive"). It has been prepared solely in connection with the Institutional Offering. No assurance is given by us or by the Institutional Managers that any Shares will be issued or sold. The prospectus prepared in connection with the Italian Public Offering was approved by the *Commissione Nazionale per le Società e la Borsa,* the Italian securities and exchange commission ("CONSOB"), on November 10, 2009 and published in Italy on November 14, 2009. This Offering Circular has not been approved by CONSOB or made available to the public in Italy. Members of the public in Italy should not subscribe for or purchase any Shares except on the basis of the information, and pursuant to the procedures set out, in the aforementioned Italian prospectus. Copies of the Italian prospectus are available from us at our office at Via Nannetti, 1, 40069 Zola Pedrosa, Italy.

# NOTICES TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF ANY OFFER TO BUY, ANY SHARES OFFERED BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE ISSUER'S AFFAIRS OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

This Offering Circular is strictly confidential and has been prepared by us solely for use in connection with the Institutional Offering. The information contained in this Offering Circular has been provided by us and the other sources identified herein. We, the Selling Shareholders, the Joint Global Coordinators and the other underwriters named on page 167 hereof (the Joint Global Coordinators and such other underwriters, together, the "Institutional Managers") reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of, the Shares offered hereby. This Offering Circular is addressed only to the persons to whom it is delivered by the Institutional Managers and does not constitute an offer to any person or to the public in general to subscribe for, or to otherwise acquire, any Shares. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents, or use of the information it contains for any purpose other than for considering an investment in the Shares is prohibited. By accepting delivery of this Offering Circular, each investor agrees to the above conditions and to make no copies of and not to distribute this Offering Circular. No documents are incorporated by reference into this Offering Circular, and none of our websites or the websites of our shareholders or affiliates, or of the Institutional Managers, forms any part of this Offering Circular.

By accepting delivery of this Offering Circular, potential investors acknowledge that: (i) they have not relied on the Institutional Managers or any person affiliated with the Institutional Managers in connection with any investigation of the accuracy of any information contained in this Offering Circular or for purposes of making an investment decision; and (ii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries, or the Shares (other than as contained in this Offering Circular), and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Selling Shareholders or the Institutional Managers.

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE GLOBAL OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SHARES HAVE NOT BEEN RECOMMENDED BY ANY STOCK EXCHANGE, OR ANY GOVERNMENTAL OR REGULATORY AUTHORITY. NOR HAS ANY AUTHORITY CONFIRMED THE ACCURACY OF ANY INFORMATION CONTAINED IN, OR DETERMINED THE ADEQUACY OF, THIS DOCUMENT.

THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE IN VARIOUS JURISDICTIONS AND MAY NOT BE TRANSFERRED OR RESOLD IN ANY

JURISDICTION EXCEPT AS PERMITTED UNDER APPLICABLE SECURITIES LAWS. INVESTORS SHOULD BE AWARE THAT THEY MIGHT BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE SHARES FOR AN INDEFINITE PERIOD OF TIME.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Institutional Managers by the United Kingdom's Financial Services and Markets Act 2000, the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Institutional Managers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Offering Circular or for any statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Institutional Offering (as defined below). The Institutional Managers and each of their respective affiliates accordingly disclaim any and all liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this Offering Circular.

None of the Company, the Selling Shareholders or the Institutional Managers, or any of their respective representatives make any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of the purchase of Shares.

In connection with the Global Offering, the Joint Global Coordinators are not acting for anyone other than us. In particular they are not acting for any of our shareholders, directors or executive officers and will not be responsible to anyone other than us for providing the protections afforded to their clients under applicable law or for providing advice to anyone other than their clients.

Each of the Institutional Managers and any of their respective affiliates, acting as investors for their own account, may take up Shares in the Institutional Offering (as defined below) and in that capacity may retain, purchase or sell for their own account such Shares or related investments. They may also offer or sell such Shares or other investments otherwise than in connection with the Global Offering. Accordingly, references in this Offering Circular to Shares being offered or placed should be read as including any offering or placement of shares to either of the Institutional Managers or any of their respective affiliates acting in such capacity. The Institutional Managers do not intend to disclose the extent of any such investment or transactions absent any legal or regulatory obligation to do so.

The distribution of this Offering Circular and the sale of the Shares in certain jurisdictions are restricted by law. No action has been taken by us, the Selling Shareholders or the Institutional Managers to permit a public offering of the Shares in any jurisdiction other than Italy. Persons into whose possession this Offering Circular comes are required to inform themselves about and observe any such restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the manner of distribution of the Shares and the transfer restrictions to which they are subject, see "Plan of Distribution" herein.

**Notice to Prospective Investors in the United States of America**

The Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (or to or for the account or benefit of U.S. persons) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. The Shares may not be offered or sold inside the United States as part of the Global Offering, except to persons reasonably believed to be QIBs in compliance with Rule 144A. Moreover, the Shares may not be offered or sold outside the United States as part of the Global Offering except in compliance with Rule 903 under Regulation S.

The Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority; nor have any such authorities confirmed the accuracy or determined the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

**Notice to New Hampshire Residents**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITYOR TRANSACTION. IT IS UNLAWFULTO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

**Notice to Prospective Investors in the European Economic Area**

This Offering Circular has been prepared on the basis that all offers of Shares other than the offer contemplated in the Italian-language prospectus prepared in connection with the Italian Public Offering will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area ("Member States" and the "EEA," respectively), from the requirement to produce a prospectus for offers of securities. Accordingly any person making or intending to make any offer within the EEA of Shares which are the subject of the placement contemplated in this Offering Circular should only do so in circumstances in which no obligation arises for us or any of the Institutional Managers to produce a prospectus for such offer. Neither we nor the Institutional Managers have authorized, nor do they authorize, the making of any offer of Shares through any financial intermediary, other than offers made by the Institutional Managers, which constitute the final placement of Shares contemplated in this Offering Circular.

**Notice to Prospective Investors in the United Kingdom**

The information contained in this Offering Circular is confidential, and has not been (and will not be) approved by a person authorized under the Financial Services and Markets Act 2000 ("FSMA"). In the United Kingdom, this Offering Circular is being distributed to, and is directed only at: (i) professional investors falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) high-net-worth entities and other persons falling within Article 49(2)(a)-(d) of the Order; and (iii) other persons to whom it may lawfully be communicated (all such persons together being referred to as "relevant persons"). This Offering Circular must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to relevant persons in the United Kingdom and will be engaged in only with such persons. All applicable provisions of the FSMA must be complied with in respect of anything done in relation to the Shares in, from, or otherwise involving the United Kingdom. The Shares are not being offered to the public in the United Kingdom within the meaning of the FSMA. The Shares may only be lawfully offered or sold to persons in the United Kingdom in compliance with the provisions of the FSMA.

**Notice to Prospective Investors in Italy**

This Offering Circular has not been submitted to the clearance of the Italian securities commission, the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") and will not be subject to formal review or clearance by CONSOB. The Shares are being offered to the public in Italy pursuant to the Italian prospectus approved by CONSOB on November 10, 2009. Copies of this Offering Circular may not be circulated or distributed in Italy, except:

(a) to Italian Qualified Investors (as defined on page 4 below), provided that such Italian Qualified Investors will act in their capacity and not as depositaries or nominees for other shareholders; or

(b) in circumstances which are exempted from the rules on public offers pursuant to Article 100 of the Italian Unified Financial Act (as defined below) and its implementing CONSOB regulations, including the Regulation on Issuers (as defined below).

Any offer of Shares or any distribution of this Offering Circular within Italy in connection with the Institutional Offering must be conducted: (i) either by banks, investment firms (as defined in the Italian

Unified Financial Act) or financial companies enrolled in the special register provided for by Article 107 of the Italian Banking Act (as defined below) to the extent such entities are authorized to engage in the placement and/or purchase of financial instruments in Italy in accordance with the relevant provisions of the Italian Unified Financial Act, the Regulation on Intermediaries (as defined below), the Regulation on Issuers and the Italian Banking Act and any other applicable laws and regulations; (ii) in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, pursuant to which the issue or the offer of securities (e.g., the Shares) in Italy may need to be followed by an appropriate notice to be filed with the Bank of Italy depending, among other things, on the aggregate value of the securities issued or offered in Italy and their characteristics; and (iii) in accordance with any other applicable Italian securities, tax and exchange control laws and regulations and other applicable requirement or limitation which may be imposed by CONSOB or the Bank of Italy from time to time.

**Notice to Prospective Investors in Other Jurisdictions**

For information regarding restrictions on the distribution of this Offering Circular and the sale of the Shares in other jurisdictions, see "Plan of Distribution — Selling and Transfer Restrictions" herein.

# STABILIZATION

IN CONNECTION WITH THE GLOBAL OFFERING, MEDIOBANCA — BANCA DI CREDITO FINANZIARIO S.P.A. (IN SUCH ROLE, "THE STABILIZING MANAGER"), MAY, ON BEHALF OF THE INSTITUTIONAL MANAGERS AND THE MANAGERS OF THE ITALIAN PUBLIC OFFERING (THE "ITALIAN MANAGERS"), OVER-ALLOT SHARES PURSUANT TO APPLICABLE LAW. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER WILL UNDERTAKE SUCH STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE TRADING DATE AND, IF BEGUN, SHALL BE ENDED WITHIN 30 DAYS OF THE TRADING DATE. STABILIZATION ACTION MAY CAUSE THE MARKET PRICE OF THE SHARES TO REACH OR PERSIST AT A LEVEL DIFFERENT FROM THAT WHICH MIGHT OTHERWISE PREVAIL.

# ENFORCEMENT OF JUDGMENTS

We are a stock corporation (referred to as a "*società per azioni*" or "S.p.A." in Italy) organized and existing under the laws of Italy. Our directors and executive officers (and their equivalents), the Selling Shareholders who are natural persons and the directors and executive officers (and their equivalents) of the Selling Shareholders that are corporations or similar entities reside principally in Italy. In addition, a substantial portion of our assets, the assets of many of the Selling Shareholders and the assets of the other aforementioned persons are located in Italy. As a result, it may not be possible for an investor outside of Italy to effect service of process within its home jurisdiction, upon us, the Selling Shareholders or any such other persons, or enforce against us the Selling Shareholders or such other persons in its home jurisdiction, any judgments obtained in the courts of such jurisdiction.

However, subject to the qualifications described below, recognition and enforcement in Italy of a final judgment of a foreign court will not require retrial on the merits if, among other things: (i) the foreign court has jurisdiction in accordance with Italian law and has rendered a final judgment; (ii) process has been appropriately served on the defendant in accordance with applicable foreign laws and no fundamental right of the defendant has been violated; (iii) the parties have had an opportunity to be heard in accordance with applicable foreign laws or, if the judgment has been obtained by default, such default has been declared in accordance with applicable foreign laws; (iv) there is no conflicting final judgment by an Italian court or any action pending in Italy that commenced prior to the commencement of the proceedings before the foreign court among the same parties and arising from the same facts and circumstances; and (v) the content of the foreign judgment does not violate Italian public policy.

In original actions brought before Italian courts there is doubt as to the enforceability of liabilities based solely on the securities laws of foreign jurisdictions and, in original actions, Italian courts apply Italian rules of civil procedure as well as certain substantive provisions of Italian law that are regarded as mandatory.

# NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements, including (without limitation) statements containing the words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would" and similar words. These statements are based on our current expectations and projections about future events and involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained herein regarding our strategy, goals, plans, future financial position, projected revenues and costs and prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. We do not undertake any obligation to publicly update or revise any forward-looking statements.

We may not actually achieve or realize the plans, intentions or expectations disclosed in our forward-looking statements, and prospective investors should not place undue reliance on them. There can be no assurance that actual results of our marketing programs, development activities, commercialization plans, collaboration activities and operations will not differ materially from the expectations set forth in such forward-looking statements. Factors that could cause actual results to differ from such expectations include, but are not limited to, those described under "Risk Factors," including the following:

- Risks related to the management and sustainability of growth;
- Risk related to the implementation of our business strategy;
- Risks related to the continuity of our relationships with our Strategic Partners and Commercial Partners (each as defined elsewhere herein);
- Risks related to the failure to attract or retain, and to the loss of, key managers and personnel;
- Risks related to failure to recruit, adequately train or retain qualified professionals;
- Risks related to our dependence on a small number of logistics centers;
- Risks related to termination or non-renewal of contracts with external service providers;
- Risks related to fluctuations in exchange rates;
- Risks related to the termination of our syndicated credit facility agreement;
- Risks related to changes in customers' preferences or purchasing behavior or shifts in fashion trends;
- Risks related to the functioning and security of information technology systems;
- Risks related to uncertainty concerning the growth of the Internet as a sales channel;
- Risks related to increases in the price of online advertising;
- Risks related to seasonal variations in sales;
- Risks related to inadequate inventory management practices;
- Risks related to competition;
- Risks related to technological change;
- Risks related to legal and regulatory matters; and
- Risks related to intellectual property infringement.

The above is not an exhaustive list of the factors that could cause actual results to differ materially from the expectations set forth in such forward-looking statements. It should be read together with the other cautionary statements included in this Offering Circular, including all of the information contained under the heading "Risk Factors," beginning on page 13 of this Offering Circular.

# PRESENTATION OF FINANCIAL AND OTHER INFORMATION

**Financial Information**

With the exception of certain non-IFRS/non-Italian GAAP financial measures discussed below, all of the financial information contained in this Offering Circular has been derived from the consolidated financial statements of the Group (as defined below), which are also contained in this Offering Circular (beginning on page F-1).

This Offering Circular includes the Group's audited consolidated financial statements and notes thereto, as well as financial information derived therefrom: (i) as of and for the years ended December 31, 2008 and 2007 prepared in accordance with IFRS (as defined below), as adopted by the European Union (collectively the "IFRS Annual Financial Statements"); and (ii) as of and for the years ended December 31, 2007 and 2006 prepared in accordance with Italian GAAP (as defined below) (collectively, the "Italian GAAP Annual Financial Statements").

This Offering Circular includes the Group's audited interim financial statements and notes thereto, as well as financial information derived therefrom as of and for the six months ended June 30, 2009, prepared in accordance with IFRS, as adopted by the European Union (the "2009 Six-Month Interim IFRS Financial Statements"). In addition, this Offering Circular includes the Group's unaudited consolidated financial information as of and for the six months ended June 30, 2008 prepared in accordance with IFRS, which is included in the 2009 Six-Month Interim IFRS Financial Statements and presented as corresponding figures for the purpose of providing period comparisons.

This Offering Circular also includes the Group's unaudited interim financial statements and notes thereto as of and for the nine months ended September 30, 2009 and 2008, prepared in accordance with IFRS, as adopted by the European Union (the "2009 Nine-Month Interim IFRS Financial Statements").

In this Offering Circular, we do not present consolidated historical financial information that is prepared under a common set of accounting principles. As a result, the presentation, discussion and analysis of our results of operations and financial condition in this Offering Circular compares the Italian GAAP Annual Financial Statements, the IFRS Annual Financial Statements, the 2009 Six-Month Interim IFRS Financial Statements and the 2009 Nine-Month Interim IFRS Financial Statements. There are significant differences between Italian GAAP and IFRS and, as a consequence, our results of operations and financial condition prepared in accordance with Italian GAAP may not be comparable to our results of operations and financial condition prepared in accordance with IFRS.

The Italian GAAP Annual Financial Statements, the IFRS Annual Financial Statements and the 2009 Six-Month Interim IFRS Financial Statements have been audited by KPMG S.p.A., independent accountants, to the extent and for the periods indicated in their reports thereon. The 2009 Nine-Month Interim IFRS Financial Statements have not been audited.

The Italian GAAP Annual Financial Statements, the IFRS Annual Financial Statements, the 2009 Six-Month Interim IFRS Financial Statements and the 2009 Nine-Month Interim IFRS Financial Statements are contained elsewhere in this Offering Circular and should be read in conjunction with the relevant notes and auditor's reports thereto. Except where indicated, references to IFRS in this Offering Circular are solely to IFRS as adopted by the European Commission.

For information concerning the Group's transition from Italian GAAP to IFRS and concerning material differences between the two sets of accounting principles, as applied to the business and financial accounts of the Group, please see "Attachment 1 — Transition to IFRS", beginning on page F-156.

Unless otherwise noted herein the Share and per Share data included in this Offering Circular, for all periods presented, have been adjusted to reflect the 1-to-52 stock split approved at the extraordinary shareholders' meeting of YOOX held on September 8, 2009. However, the Group's consolidated financial statements contained in this Offering Circular present the number of our Shares outstanding as of the relevant date or period prior to the aforementioned stock split. As a result, Share and per Share amounts included in this Offering Circular are not comparable to those included in the Group's consolidated financial statements contained in this Offering Circular (beginning on page F-1).

**Non-IFRS/non-Italian GAAP Financial Measures**

This Offering Circular contains certain non-IFRS/non-Italian GAAP financial measures — namely, the Group's "EBITDA," the Group's "Net Financial Debt" and the Group's "Net Working Capital." The presentation of Non-IFRS/Non-Italian GAAP information in this Offering Circular may not comply with the U.S. Securities and Exchange Commission reporting requirements. Compliance with such requirements would require the modification or exclusion of certain non-IFRS/non-GAAP financial measures, including EBITDA, Net Financial Debt and Net Working Capital, as well as the presentation of certain other financial information that is not included herein. Investors should not place undue reliance on these non-IFRS/non-Italian GAAP financial measures and should not consider any non-IFRS/non-Italian GAAP financial measure as an alternative to any measure determined in accordance with IFRS or Italian GAAP, as the case may be. Such measures are not indicative of the Group's historical operating results or financial condition; nor are they meant to be predictive of future results. Such measures are, however, used by our management to monitor the underlying performance of the Group. Since companies may not calculate similarly entitled non-IFRS/non-Italian GAAP financial measures in an identical manner, our measures may not be consistent with similar, or similarly entitled, measures used by other companies. For this reason, also, investors should not place undue reliance on any non-IFRS/non-Italian GAAP financial measures.

We calculate EBITDA as the profit (loss) attributable to the owners of the parent before: (i) taxation; (ii) financial income and financial charges; (iii) depreciation, amortization and impairments recorded for the period; and (iv) non-recurring charges.

We define Net Working Capital as current assets net of current liabilities (excluding cash and cash equivalents, bank and other current financial payables and the financial assets and liabilities included in current assets and liabilities).

We define Net Financial Debt as the net amount of: (i) cash and cash equivalents; (ii) other current financial assets; (iii) bank and other current financial payables and other current financial liabilities; and (iv) medium- and long-term financial payables.

**Market Information**

This Offering Circular contains statements related to, among other things, the following: (i) the size of the sectors and markets in which the Group operates; (ii) growth trends in the sectors and markets in which the Group operates; and (iii) the Group's relative competitive position in the sectors and markets in which it operates and the position of its competitors in those same sectors and markets.

Whether or not this is stated, where such information is presented, such information is based on external parties' studies and surveys as well as the Issuer's experience, market knowledge, accumulated data and investigation of market conditions. While we believe such information to be reliable and believe any estimates contained in such information to be reasonable, we cannot assure investors that such information or any of the assumptions underlying such estimates are accurate or correct, and none of the surveys, reports or other information on which we have relied have been independently verified. Accordingly, undue reliance should not be placed on such information. In addition, information regarding the sectors and markets in which the Group operates is normally not available for certain periods and, accordingly, such information may not be current as of the date of this Offering Circular. The state and evolution of the market in which we operate and our performance therein may differ from that expressed in this Offering Circular due to known and unknown risks, uncertainties and other factors, including those described in the "Risk Factors" section.

**Certain Defined Terms**

In this Offering Circular:

- Unless otherwise noted or the context requires, references to "we," "us," "our," "the Company," the "Issuer" and "YOOX" are references to YOOX S.p.A., while references to the "Group" or the "YOOX Group" are references to YOOX together with its consolidated subsidiaries pursuant to Article 2359 of the Italian Civil Code and Article 93 of the Italian Unified Financial Act (as defined below).
- References to "Euro," "€" or "euros" are to the currency of the member states of the European Union participating in the third stage of the European Union's Economic and Monetary Union.

References to "£" or "pounds sterling" are references to the currency of the United Kingdom. References to "$" or "dollars" are references to the currency of the United States. References to "¥" or "yen" are references to the currency of Japan.

- References to "IFRS" are to the International Financial Reporting Standards issued by the International Accounting Standards Board (as adopted by the European Union ("EU")), including interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously referred to as the "Standing Interpretations Committee" ("SIC"), and, including, also, International Accounting Standards ("IAS"), where the context requires.
- References to "Italian GAAP" are to the applicable provisions of Italian law as of the reference date of relevant financial statements of the Group regulating the criteria for the preparation of such financial statements, as interpreted and supplemented by the accounting principles issued by the Italian National Council of Accountants and Chartered Accountants (*Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri*) and, to the extent applicable, by the interpretative documents drafted by the Italian Accounting Body (*Organismo Italiano di Contabilità*).
- References to the "Italian Unified Financial Act" are to Legislative Decree No. 58 of 1998, "*Testo unico delle disposizioni in materia di intermediazione finanziaria*," as amended.
- References to the "Regulation on Intermediaries" are to CONSOB Regulation No. 16190 of October 29, 2007, as amended.
- References to the "Regulation on Issuers" are to CONSOB Regulation No. 11971 of May 14, 1999, as amended.
- References to "Italian Securities Markets Regulation" are to the Italian securities markets regulations (*Regolamento dei Mercati Organizzati e Gestiti dalla Borsa Italiana S.p.A.*) issued by the Italian Stock Exchange and approved by CONSOB, as applicable as of the date hereof.
- References to the "Italian Banking Act" are to Legislative Decree No. 385 of 1993, "*Testo unico delle leggi in materia bancaria e creditizia*," as amended.
- References to the "Code of Self-Regulation" are to the code of self-regulation drafted by the Corporate Governance Committee for Listed Companies, established by the Italian Stock Exchange.
- References to "CONSOB" are to the *Commissione Nazionale per le Società e la Borsa*, with its registered office in Rome, at Via G.B. Martini, 3.
- References to the "Italian Stock Exchange" are to Borsa Italiana S.p.A., a company incorporated under the laws of Italy, with its registered office in Milan, at Piazza degli Affari, 6.
- References to "MTA" are to Mercato Telematico Azionario, the Italian screen-based trading system organized and managed by organized and managed by the Italian Stock Exchange.
- References to the "STAR Segment" of the MTA are to the segment of the MTA dedicated to medium-sized companies, the market capitalization of which is not lower than €40,000,000 and not higher than €1 billion, complying with certain liquidity requirements. Companies listed on the STAR Segment undertake to observe stricter standards regarding disclosure and corporate governance than companies listed on the ordinary segment of the MTA.
- As is explained elsewhere in this Offering Circular, we have developed enduring relationships with the owners of a number of leading fashion brands. At times, these relationships pertain to the supply of products for sale through our proprietary online stores, yoox.com and thecorner.com. Companies supplying products to us for this purpose are herein referred to as our "Commercial Partners," and, given the reciprocal nature of such relationships, we are sometimes also referred to as a "Commercial Partner" of such companies. In certain cases, we have developed closer collaborative relationships, in which we operate Online Flagship Stores (as defined below) on behalf of brand-owners. Such brand-owners are herein referred to as our "Strategic Partners," and, given the reciprocal nature of the relevant relationships, we are herein also sometimes referred to as a "Strategic Partner" of such brand-owners.

Certain technical terms used in this Offering Circular are defined in the section entitled "Glossary" beginning on page G-1 hereof.

**Rounding**

Certain numerical figures set out in this Offering Circular, including financial data presented in millions or thousands and certain percentages, have been subject to rounding adjustments and, as a result, the totals of the data in columns or rows of tables in this Offering Circular may vary slightly from the actual arithmetic totals.

**Websites**

This Offering Circular makes reference to a number of websites owned or managed by us. For the avoidance of doubt, no information from any of those websites is incorporated herein.

# EXCHANGE RATE INFORMATION

The following tables set forth, for the periods indicated, certain information regarding the Bank of Italy's *Ufficio Italiano dei Cambi* foreign exchange rates for cable transfers of Euro expressed in dollars, yen and pounds sterling per Euro, respectively, provided by the Bank of Italy's *Ufficio Italiano dei Cambi*. Our inclusion of the exchange rates is not meant to suggest that the Euro amounts actually represent such dollar, yen or pounds sterling amounts, as the case may be, or that such amounts could have been converted into dollars, yen or pounds sterling, as the case may be, at any particular rate, or at all. Exchange rates presented below have been rounded.

*Dollars per Euro*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2006 | 2007 | 2008 |
| | (Dollars per Euro) | | |
| Exchange rate at end period | 1.317 | 1.472 | 1.392 |
| Average exchange rate during period[1] | 1.256 | 1.371 | 1.470 |
| Highest exchange rate during period | 1.333 | 1.487 | 1.599 |
| Lowest exchange rate during period | 1.183 | 1.289 | 1.246 |

(1) *The annual average of the daily closing price for the purchase of dollars with Euro based upon the data of the Bank of Italy's Ufficio Italiano dei Cambi.*

| | At End of Period | Average Rate[1] (Dollars per Euro) | Highest Exchange Rate During the Month | Lowest Exchange Rate During the Month |
|---|---|---|---|---|
| January 2009 | 1.287 | 1.324 | 1.387 | 1.280 |
| February 2009 | 1.264 | 1.279 | 1.301 | 1.259 |
| March 2009 | 1.331 | 1.305 | 1.367 | 1.256 |
| April 2009 | 1.328 | 1.319 | 1.350 | 1.293 |
| May 2009 | 1.410 | 1.365 | 1.410 | 1.322 |
| June 2009 | 1.413 | 1.402 | 1.424 | 1.384 |
| July 2009 | 1.414 | 1.409 | 1.427 | 1.390 |
| August 2009 | 1.427 | 1.427 | 1.441 | 1.407 |
| September 2009 | 1.464 | 1.456 | 1.478 | 1.422 |
| October 2009 | 1.480 | 1.482 | 1.502 | 1.454 |
| November 2009 (through November 27) | 1.492 | 1.491 | 1.508 | 1.466 |

(1) *The monthly average of the daily closing price for the purchase of dollars with Euro based upon the data of the Bank of Italy's Ufficio Italiano dei Cambi.*

*Yen per Euro*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2006 | 2007 | 2008 |
| | (Yen per Euro) | | |
| Exchange rate at end period | 156.93 | 164.93 | 126.14 |
| Average exchange rate during period[1] | 146.02 | 161.25 | 152.45 |
| Highest exchange rate during period | 156.93 | 168.68 | 169.75 |
| Lowest exchange rate during period | 137.50 | 150.93 | 115.75 |

(1) *The annual average of the daily closing price for the purchase of yen with Euro based upon the data of the Bank of Italy's Ufficio Italiano dei Cambi.*

| | At End of Period | Average Rate[1] (Yen per Euro) | Highest Exchange Rate During the Month | Lowest Exchange Rate During the Month |
|---|---|---|---|---|
| January 2009 | 114.98 | 119.73 | 126.81 | 113.65 |
| February 2009 | 123.23 | 118.30 | 125.33 | 114.04 |
| March 2009 | 131.17 | 127.65 | 133.63 | 122.52 |
| April 2009 | 130.34 | 130.25 | 136.02 | 125.08 |
| May 2009 | 135.22 | 131.85 | 135.22 | 128.67 |
| June 2009 | 135.51 | 135.39 | 138.03 | 133.02 |
| July 2009 | 135.33 | 133.09 | 136.53 | 128.21 |
| August 2009 | 133.10 | 135.31 | 138.01 | 132.55 |
| September 2009 | 131.07 | 133.14 | 135.46 | 130.91 |
| October 2009 | 134.66 | 133.91 | 138.09 | 129.95 |
| November 2009 (through November 27) | 129.20 | 133.13 | 135.11 | 129.20 |

*(1) The monthly average of the daily closing price for the purchase of yen with Euro based upon the data of the Bank of Italy's Ufficio Italiano dei Cambi.*

*Pounds Sterling per Euro*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2006 | 2007 | 2008 |
| | (Pounds sterling per Euro) | | |
| Exchange rate at end period | 0.672 | 0.733 | 0.953 |
| Average exchange rate during period[1] | 0.682 | 0.684 | 0.796 |
| Highest exchange rate during period | 0.701 | 0.735 | 0.979 |
| Lowest exchange rate during period | 0.668 | 0.655 | 0.741 |

*(1) The annual average of the daily closing price for the purchase of pounds sterling with Euro based upon the data of the Bank of Italy's Ufficio Italiano dei Cambi.*

| | At End of Period | Average Rate[1] (Pounds sterling per Euro) | Highest Exchange Rate During the Month | Lowest Exchange Rate During the Month |
|---|---|---|---|---|
| January 2009 | 0.898 | 0.918 | 0.961 | 0.889 |
| February 2009 | 0.898 | 0.887 | 0.903 | 0.871 |
| March 2009 | 0.931 | 0.920 | 0.941 | 0.890 |
| April 2009 | 0.893 | 0.898 | 0.921 | 0.882 |
| May 2009 | 0.873 | 0.884 | 0.900 | 0.870 |
| June 2009 | 0.852 | 0.857 | 0.879 | 0.843 |
| July 2009 | 0.857 | 0.861 | 0.868 | 0.852 |
| August 2009 | 0.881 | 0.863 | 0.881 | 0.847 |
| September 2009 | 0.909 | 0.891 | 0.923 | 0.872 |
| October 2009 | 0.894 | 0.916 | 0.941 | 0.894 |
| November 2009 (through November 27) | 0.9091 | 0.898 | 0.911 | 0.886 |

*(1) The monthly average of the daily closing price for the purchase of pounds sterling with Euro based upon the data of the Bank of Italy's Ufficio Italiano dei Cambi.*

# SUMMARY

This summary does not contain all the information that may be important to investors in the Shares. Investors should read this entire Offering Circular, including the financial statements and related notes, and carefully consider the information set forth under "Risk Factors" before making a decision to purchase Shares.

**Overview**

Our mission is to be the global Internet retailing partner for the leading fashion and design brands. Through proprietary multi-brand online stores and mono-brand online stores that we operate on behalf of fashion houses, we offer a rich assortment of high-quality fashion and home & design products, mostly from globally recognized designers, to retail customers in 57 countries. Over the years, we have developed enduring relationships with brand-owners and licensees. In certain cases, these relationships pertain to the supply of merchandise for sale through our proprietary online stores, yoox.com and thecorner.com. We refer to companies that regularly supply products to us for sale through our proprietary online stores as our "Commercial Partners." In certain other cases, we have developed collaborative relationships with fashion houses, for which we manage and operate brand-specific online stores. We refer to these brand-specific online stores as the "Online Flagship Stores" and to these fashion houses as our "Strategic Partners."

The experience and knowledge we have developed in online retailing, in terms of understanding the preferences of our customers and managing our own internal processes and value chain, have, in our management's opinion, placed us in a strong position to present ourselves as a global partner to the most important fashion and design brands in the world. Our global capabilities are based on both the Group's distribution capacity in the main fashion and design markets (Europe, North America and Japan), and the wide range of the business formats and solutions that we offer, which enable us to satisfy various fashion houses' distinct needs in relation to the Internet (through multi- and mono-brand stores, web design and web agency services, among other services).

We began operations in 2000 with the launch of our online multi-brand store, yoox.com. In 2006, based on the skills we had acquired and the success we had achieved through yoox.com, we initiated our "Mono-Brand Business Line," dedicated to the establishment and management of Online Flagship Stores for some of the main fashion companies in the world. In 2008, the Group launched another proprietary multi-brand online store: thecorner.com, which, together with yoox.com, now forms our "Multi-Brand Business Line." Meanwhile, the assortment of products available on yoox.com has been expanded since 2005 to include not only clothes, shoes and accessories, but also other home & design products. Management believes that there are numerous similarities between the home & design sector and the fashion sector, and that both are sectors in which Italian designers excel.

Our expansion into the mono-brand business, as well as the broadening of our product offerings and the geographic coverage of our business, are the reasons behind the growth of our net revenues over time. The net revenues of the Group for the year ended December 31, 2008 were €101.5 million, while the Group's profit was €2.4 million. Net revenues for the first six months of 2009 were €68.3 million, an increase of 46.6% compared to the €46.6 million of net revenues recorded in the six months ended June 30, 2008. The following table illustrates certain key indicators from our operations for the six-month periods ended June 30, 2009 and 2008 and for the years ended December 31, 2008, 2007 and 2006.

| | Six months ended June 30, | | Year ended December 31, | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2008 | 2007 | 2006 |
| Number of orders (thousands) | 536 | 362 | 780 | 508 | 371 |
| Average order value (AOV) (Euro) | 164 | 167 | 167 | 175 | 172 |
| Number of unique visitors per month (millions) | 6.0 | 3.3 | 3.7 | 2.2 | 1.8 |
| Number of active customers (thousands)[1] | 399 | 245 | 319 | 189 | 136 |

*(1) "Active customers," as of any date, are those that made an order during the previous 12 months.*

At June 30, 2009, the Group had 234 employees in Italy (in its offices in Bologna and Milan) and a further 18 in its foreign offices located in Paris, Madrid, Hoboken (United States) and Tokyo.

As of the date hereof, we market merchandise in 57 countries, relying on three logistics centers located on three separate continents. We operate websites in seven different languages and accept payment in four different currencies.

**Our Strengths**

We believe that our competitive position is based on the following key strengths:

- The rich assortment of quality products we are able to offer as a result of consolidated relationships with a number of prestigious international fashion and design companies — particularly the "Made in Italy" ones — to which we represent an important Commercial Partner and/or Strategic Partner for the development of the online sales channel, capable of understanding and maintaining the market positioning of each individual brand;
- Our global geographical presence, arising from the flexibility provided by the Internet to simultaneously offer products in various markets, which makes us a key point of reference for fashion houses with a global presence that want their brands to also be available online worldwide, reducing their dependence on specific geographical markets;
- Our two different but synergic business lines: the Multi-Brand Business Line and the Mono-Brand Business Line;
- Our understanding of the needs of our customers, to which we offer an engaging purchasing experience, combining a welcoming environment with innovative content and high customer service standards;
- Our organizational and strategic structure, supported by a scalable technological and logistics platform, which is capable of sustaining a consistent increase in volumes across both business lines in our existing and other potential geographic markets;
- Our ability to innovate and our concern for quality and creativity, which are typical of the "Made in Italy" tradition of fashion and design, to which we trace our origins and culture;
- Our young management team, which, notwithstanding its average age, has many years of experience in the industry or in specific areas of responsibility; and
- The market's awareness of YOOX as a "brand of brands," as confirmed by the international fashion, business and other press.

**Our Business Strategy**

In order to strengthen our competitive position in the online fashion market, continue to increase our profitability and improve our cash flows, we intend to implement the following strategy:

***Broadening and enhancing the collections available through our Multi-Brand Business Line by strengthening our relationships with our current Commercial Partners and selecting new Commercial Partners.***

We believe that one of the fundamental strengths of our Multi-Brand Business Line is the breadth and quality of the collections available to our online customers. We intend to continue to broaden and enhance the multi-brand collections by strengthening our relationships with our current Commercial Partners, selecting new Commercial Partners (e.g., fashion houses and designers from different geographies), encouraging our Commercial Partners to develop collections or product lines that are created specially for the Multi-Brand Business Line, and continuing to expand our offerings of non-apparel products, such as home & design products.

***Taking advantage of the current window of opportunity in our Mono-Brand Business Line to select new Strategic Partners and to develop solid relationships with them over the coming years.***

We believe that an increasing number of fashion, design and luxury houses have overcome initial skepticism about e-commerce and are now beginning to seriously consider the benefits of online retailing as a new way to compete, to acquire market share and to expand globally. We believe that

mono-brand online stores are suitable for many of these fashion, design and luxury houses and intend to take advantage of this window of opportunity to select new Strategic Partners and to use our accumulated experience in order to open and support, over the coming years, new Online Flagship Stores (in addition to the 16 that we have already opened). We also intend to support the development of new Online Flagship Stores by offering our Strategic Partners added-value services such as web marketing and web design.

***Continuing to expand internationally by using a differentiated and balanced approach in each geographical area.***
We intend to continue our current strategy of balanced international growth, taking into account the competitive landscape in each geographic area, as well as any new opportunities that may develop. We intend to implement this strategy by strengthening our existing foreign offices and, where necessary, hiring or moving dedicated personnel. Furthermore, we intend to expand into countries where we currently do not do business.

***Increasing the size of our online customer base by strengthening our brand and continuing our investment in web marketing.***
We believe that the future development of our Multi-Brand Business Line depends largely on our ability to generate online traffic from users who tend to become online customers. We intend to accomplish this by: (i) developing special communication projects and providing exclusive content that will strengthen our brand recognition and, as a result, generate greater traffic on our multi-brand sites; and (ii) continuing investments in web marketing, particularly through the use of payment-links present on websites belonging to third parties.

***Continuing to improve the quality of our service and of our customers' online "shopping experience" in order to increase our conversion and retention rates.***
We intend to continue to improve the quality of our service and of our customers' online "shopping experience" so that we increase the number of visitors who are converted into customers and engender customer loyalty. We intend to accomplish this by taking actions aimed at, *inter alia*: improving the audio/visual appeal of our multi-brand and mono-brand sites; introducing new services and functions to personalize the user experience; further developing our customer relationship management (CRM) activities; introducing new ways of presenting the clothes, accessories and other non-apparel products we sell online; introducing new customer return options; introducing new payment methods; and launching new added-value services.

***Exploiting the scalability of our business model and synergies between our business lines in order to improve our cost structure and to increase the internal transfer and use of our accumulated know-how.***
We believe that by continuing to improve the way we conduct our operations internally we can increase our profitability and competitiveness. We believe that the scalability of our business model and the synergies between our business lines will enable us to continue to lower our cost base by achieving further economies of scale in our operations and to increase the internal transfer and use of our accumulated know-how between business lines and functions.

***Continuing to strengthen and to update our IT platform.***
We intend to strengthen and update our IT platform and retail technology solutions through various initiatives, including by continuing to improve the way we develop applications and by reviewing our IT infrastructure and organization.

***Attracting and retaining the best people.***
We believe that people are a fundamental resource for future growth. For this reason, we intend to reinforce our investment in human resources through a series of actions aimed at strengthening the capabilities of our workforce, as well as improving our ability to attract the best people.

**The Global Offering**

| | |
|---|---|
| The Company | YOOX S.p.A. |
| Shares | The ordinary shares of YOOX S.p.A., having the rights described under "Description of Share Capital". |
| Global Offering | The Global Offering consists of the Institutional Offering and the Italian Public Offering. An aggregate of 24,330,703 Shares (before the exercise, if any, of the Over-Allotment Option) consisting of (i) 6,240,000 newly issued Shares; and (ii) 18,090,703 existing Shares held by the Selling Shareholders are being be offered in the Global Offering. If the Over-Allotment Option is exercised in full, the Global Offering will amount to 27,980,309 Shares. The Italian Public Offering and the Institutional Offering are being conducted concurrently and the closing of each is conditioned upon the closing of the other. |
| Italian Public Offering | 2,450,000 Shares were initially offered to retail investors in Italy (other than Italian Qualified Investors, as defined below) and employees of YOOX in Italy. See "Allocation" below for information regarding the final allocation of Shares between the Italian Public Offering and the Institutional Offering. |
| Institutional Offering | 21,880,703 Shares were initially offered: (i) outside Australia, Japan and Canada (with certain possible exceptions) and outside the United States of America in accordance with Regulation S under the Securities Act; and (ii) within the United States to QIBs only. See "Allocation" below for information regarding the final allocation of Shares between the Italian Public Offering and the Institutional Offering. |
| Italian Qualified Investors | The Institutional Offering is open to "Italian Qualified Investors" as defined in Article 34-ter, section 1, letter b), of the Regulation on Issuers, with the exclusion of: (i) medium and small enterprises and natural persons pursuant to Article 34-ter, section 1, letter b), numbers 3) and 5) of the Regulation on Issuers, which have not been registered in the registry pursuant to Articles 34-quater and 34-terdecies of the Regulation on Issuers; (ii) management companies authorized to manage individual portfolios on behalf of third parties; (iii) intermediaries authorized to manage individual portfolios on behalf of third parties; and (iv) fiduciary companies authorized to manage individual portfolios, including by means of fiduciary endorsements, pursuant to Article 60(4) of Legislative Decree No. 415 of 1996, as amended. |
| Allocation | 2,331,400 Shares, representing approximately 10% of the total number of 24,330,703 Shares being offered in the Global Offering (not including the Over-Allotment Option), have been allocated to the Italian Public Offering, while 21,999,303 Shares, representing approximately 90% of such total number of Shares, have been allocated to the Institutional Offering. |

| | |
|---|---|
| Offer Price | The Offer Price is €4.30 per Share. The Offer Price is the same for the Shares offered in the Institutional Offering and those offered in the Italian Public Offering. |
| Selling Shareholders | Balderton Capital I, L.P.; Massimiliano Benedetti; Alberto Gaspare Biagetti; Federico Bonadeo; Fabio Cesari; Alberto Giuliani; Alberto Grignolo; Gennaro Grosso; Giuseppe Guillot; Kiwi I Ventura Serviços S.A. Em Liquidacão; Kiwi II Ventura Serviços de Consultadoria S.A.; Federico Marchetti; Andrea Moretti; Nestor 2000 S.p.r.l.; Alessandra Rossi; Nadia Sarti; and Gabriele Tazzari.<br><br>All the Selling Shareholders are offering Shares for sale in the Institutional Offering, while not all of them are offering Shares for sale in the Italian Public Offering. In particular, only Balderton Capital I, L.P.; Federico Bonadeo; Alberto Giuliani; Alberto Grignolo; Gennaro Grosso; Kiwi I Ventura Serviços S.A. Em Liquidacão; Kiwi II Ventura Serviços de Consultadoria S.A.; Federico Marchetti; Nestor 2000 S.p.r.l.; and Nadia Sarti are offering Shares for sale in the Italian Public Offering. |
| Share Capital | Prior to the Global Offering, the Company's issued and outstanding share capital was €423,226.44, divided into 42,322,644 fully paid-in Shares, without any stated nominal value. Following the Global Offering and assuming that the maximum number of Shares to be issued and sold by us are so issued and sold and assuming full exercise of the Over-Allotment Option, the Company's share capital will be €504,037.56 divided into 50,403,756 Shares. See "Description of Share Capital — General." |
| Over-Allotment Option | Certain of the Selling Shareholders have granted to the Joint Global Coordinators an Over-Allotment Option, which is exercisable in whole or in part until 30 days after the Trading Date, to subscribe for up to 3,649,606 additional Shares at the Offer Price, solely for the purpose of covering over-allotments, if any. Assuming that the Over-Allotment Option is exercised in full, the Global Offering will amount to 27,980,309 Shares. See "Plan of Distribution — Over-Allotment Option." |
| Lending Option | Certain of the Selling Shareholders also granted the Joint Global Coordinators an option, exercisable in whole or in part until 30 days after the Trading Date, to borrow up to 3,649,606 Shares, in aggregate, to cover over-allotments. The Joint Global Coordinators exercised this option in respect of the entirety of the 3,649,606 Shares by notice to such Selling Shareholders on the date hereof. |
| Joint Global Coordinators | Goldman Sachs International and Mediobanca — Banca di Credito Finanziario S.p.A. ("Mediobanca"). |
| Use of Proceeds | We expect to receive net proceeds from the Global Offering of approximately €20.6 million after deducting Institutional Managers' commissions and estimated offering expenses. We intend to use these |

| | |
|---|---|
| | net proceeds as discussed under "Use of Proceeds" herein. We will not receive any of the proceeds from the sale of the Shares offered by the Selling Shareholders, which net proceeds are expected to amount to approximately €74.3 million if the Over-Allotment Option is not exercised, and approximately €89.4 million if the Over-Allotment Option is exercised. We will not receive any proceeds from the exercise of the Over-Allotment Option because we are not offering Shares as part of the Over-Allotment Option. |
| Dividends..... | The Shares carry dividend rights. The declaration and payment of dividends, if any, and the amounts thereof, will be at the discretion of the Company's board of directors and shareholders and will depend upon, among other things, the amount of the Company's distributable profits and reserves, if any, the Company's earnings, financial condition and cash requirements, applicable restrictions on the payment of dividends under Italian law, and any other factors that the Company's board of directors may deem relevant. The first dividend to which holders of the Shares may be entitled is the dividend, if any, declared in respect of the Company's financial year ending on December 31, 2009. See "Dividend Policy." See also "Taxation" for a discussion of withholding taxes payable in respect of dividends on the Shares. |
| Voting Rights..... | Holders of Shares may attend and vote at shareholders' meetings on the basis of one vote for each Share held. See "Description of Share Capital — Shareholders' Meetings." |
| Lock-up Agreements ..... | We and certain Selling Shareholders have agreed with the Joint Global Coordinators, *inter alia:* (i) to certain restrictions on the sale, pledge or other disposal or transfer of Shares; (ii) not to enter into any transaction or agreement in respect of derivative instruments, that transfers the economic consequence of ownership of any Shares; and (iii) not to submit for approval or approve any increase in our share capital, or the issuance of securities convertible into or exchangeable for Shares, in each case without the prior written consent of the Joint Global Coordinators, during the period commenced on the date of the signing of the relevant agreement and ending either 180 days after the Trading Date, with respect to certain Selling Shareholders and the Company, or 12 months after the Trading Date, with respect to other Selling Shareholders, subject to certain exceptions and exclusions. See "Plan of Distribution — Lock-up Agreements." |
| Risk Factors ..... | An investment in the Shares involves certain risks. Prior to investing in our Shares, potential investors should consider carefully the matters discussed under "Risk Factors" beginning on page 13 hereof. |

| | |
|---|---|
| Delivery, Settlement and Payment ..... | Payment for and delivery of the Shares (other than the Shares offered pursuant to the Over-Allotment Option) is expected to be made on the Closing Date. It is anticipated that the Shares, which will be in electronic, book-entry registered form, will settle, against payment therefore in Euro, through the facilities of Monte Titoli, a centralized securities clearing system. |
| Listing and Trading Information ..... | The Shares were admitted to listing on the MTA on the Listing Date (as defined on the cover page hereof). Trading in the Shares is expected to commence on the STAR Segment of the MTA on or about the Trading Date (as defined on the cover page hereof). |
| Sponsor and Specialist..... | We have appointed Mediobanca as sponsor and specialist (*specialista*) in respect of the listing on the MTA, in accordance with the Italian Securities Market Regulations. |
| Identification Codes..... | ISIN: IT0003540470; COMMON CODE: 046993675 |

## Summary Historical Financial Information

With the exception of certain non-IFRS/non-Italian GAAP financial measures discussed below, all of the summary financial information contained in this Offering Circular has been derived from the consolidated financial statements of the Group, which are also contained in this Offering Circular (beginning on page F-1).

This Offering Circular includes the following audited consolidated financial statements and notes thereto, as well as financial information derived therefrom: (i) the IFRS Annual Financial Statements; and (ii) the Italian GAAP Annual Financial Statements.

This Offering Circular includes the 2009 Six-Month Interim IFRS Financial Statements. In addition, this Offering Circular includes the Group's unaudited consolidated financial information as of and for the six months ended June 30, 2008 prepared in accordance with IFRS, which is included in the 2009 Six-Month Interim IFRS Financial Statements and presented as corresponding figures for the purpose of providing period comparisons. This Offering Circular includes also the 2009 Nine-Month Interim IFRS Financial Statements.

In this Offering Circular, we do not present consolidated historical financial information that is prepared under a common set of accounting principles. As a result, the presentation, discussion and analysis of our results of operations and financial condition in this Offering Circular compares the Italian GAAP Annual Financial Statements, the IFRS Annual Financial Statements, the 2009 Six-Month Interim IFRS Financial Statements and the 2009 Nine-Month Interim IFRS Financial Statements. There are significant differences between Italian GAAP and IFRS and, as a consequence, our results of operations and financial condition prepared in accordance with Italian GAAP may not be comparable to our results of operations and financial condition prepared in accordance with IFRS. The Italian GAAP Annual Financial Statements, the IFRS Annual Financial Statements and the 2009 Six-Month Interim IFRS Financial Statements have been audited by KPMG S.p.A., independent accountants, to the extent and for the periods indicated in their reports thereon. The 2009 Nine-Month Interim IFRS Financial Statements have not been audited.

The Italian GAAP Annual Financial Statements, the IFRS Annual Financial Statements, the 2009 Six-Month Interim IFRS Financial Statements and the 2009 Nine-Month Interim IFRS Financial Statements are contained elsewhere in this Offering Circular and should be read in conjunction with the relevant notes and auditor's reports thereto. Except where indicated, references to IFRS in this Offering Circular are solely to IFRS as adopted by the European Commission.

For information concerning the Group's transition from Italian GAAP to IFRS and concerning material differences between the two sets of accounting principles, as applied to the business and financial accounts of the Group, please see "Attachment 1 — Transition to IFRS", beginning on page F-156.

Unless otherwise noted herein the Share and per Share data included in this Offering Circular, for all periods presented, have been adjusted to reflect the 1-to-52 stock split approved at the extraordinary shareholders' meeting of YOOX held on September 8 2009. However, the Group's consolidated financial statements contained in this Offering Circular present the number of our Shares outstanding as of the relevant date or period prior to the aforementioned stock split. As a result, Share and per Share amounts included in this Offering Circular are not comparable to those included in the Group's consolidated financial statements contained in this Offering Circular (beginning on page F-1).

Interim results for the first six or nine months of 2009 are not necessarily indicative of the results of operations that may be expected for any other interim period in 2009, or for the full year. See "Presentation of Financial and Other Information" herein for further information.

For information regarding the Group's results of operations and financial condition as of and for the nine months ended September 30, 2009 please see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments" and the 2009 Nine-Month Interim IFRS Financial Statements starting on page F-2.

**Summary Consolidated Income Statement Information**

The following table contains summary consolidated financial information derived from the Group's IFRS income statements for the six-month periods ended June 30, 2009 and 2008 and the years ended December 31, 2008 and 2007, and from the Group's Italian GAAP income statements for the years ended December 31, 2007 and 2006.

| | For the Six Months Ended June 30, | | For the Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | IFRS | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | | |
| Total net revenues from sales | 68,305 | 46,585 | 101,450 | 68,773 | 70,074 | 49,969 |
| Total costs[1] | (65,012) | (45,721) | (96,661) | (68,262) | N/A | N/A |
| Total production cost[1] | N/A | N/A | N/A | N/A | (68,567) | (49,933) |
| Operating profit | 3,293 | 864 | 4,789 | 511 | 1,507 | 36 |
| Financial income (expense) | (716) | (650) | (1,220) | (905) | (876) | (350) |
| Profit (loss) before taxation | 2,577 | 214 | 3,569 | (394) | 569 | (314) |
| Profit (loss) for the period attributable to the owners of the parent | 1,562 | (439) | 2,402 | (633) | 350 | (43) |

*(1) "Total costs" is a line item from the Group's IFRS financial statements whereas "total production cost" is a similar, but not equivalent, line item from the Group's Italian GAAP financial statements.*

**Summary Consolidated Balance Sheet Information**

The following table contains summary consolidated financial information derived from the Group's IFRS balance sheets as of June 30, 2009 and as of December 2008 and 2007, and from the Group's Italian GAAP balance sheets as of December 2007 and 2006.

| | As of June 30 | As of December 31, | | | |
|---|---|---|---|---|---|
| | IFRS | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | |
| Non-current assets[1] | 9,391 | 8,402 | 6,049 | N/A | N/A |
| Total fixed assets[1] | N/A | N/A | N/A | 4,734 | 3,570 |
| Current assets | 63,480 | 56,407 | 38,906 | 39,672 | 24,361 |
| Total assets | 72,871 | 64,809 | 44,955 | 44,925 | 28,221 |
| Non-current liabilities | 16,869 | 19,403 | 820 | N/A | N/A |
| Current liabilities | 32,392 | 28,971 | 31,619 | N/A | N/A |
| Total liabilities | 49,261 | 48,374 | 32,439 | 31,696 | 15,105 |
| Shareholders' equity | 23,610 | 16,435 | 12,516 | 12,747 | 12,418 |
| Total Liabilities and Shareholders' Equity | 72,871 | 64,809 | 44,955 | 44,925 | 28,221 |

*(1) "Non-current assets" is a line item from the Group's IFRS financial statements whereas "total fixed assets" is a similar, but not equivalent, line item from the Group's Italian GAAP financial statements.*

**Summary Consolidated Cash Flow Statement Information**

The following table contains summary consolidated financial information derived from the Group's IFRS cash flow statements for the six-month periods ended June 30, 2009 and 2008 and the years ended December 31, 2008 and 2007, and from the Group's Italian GAAP cash flow statements for the years ended December 31, 2007 and 2006.

| | For the Six Months Ended June 30, | | For the Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | | |
| Cash flow from operating activities | 5,465 | (2,356) | (1,824) | (3,945) | (4,026) | (2,588) |
| Cash flow from investing activities | (580) | (1,675) | (4,230) | (2,605) | (2,398) | (1,493) |
| Cash flow from financing activities | (1,266) | 4,709 | 9,831 | 9,914 | 9,808 | 3,179 |
| **Total cash flow** | **3,619** | **678** | **3,777** | **3,364** | **3,384** | **(902)** |

**Certain Non-IFRS/Non-Italian GAAP Information**

The following tables contain certain non-IFRS/non-Italian GAAP measures of the Group as of and for the six-month periods ended June 30, 2009 and 2008 and as of and for the years ended December 31, 2008, 2007 and 2006, as calculated on the basis of information from the Group's IFRS and Italian GAAP financial statements included herein. Investors should not place undue reliance on these non-IFRS/non-Italian GAAP financial measures and should not consider any non-IFRS/non-Italian GAAP financial measure as an alternative to any measure determined in accordance with IFRS or Italian GAAP, as the case may be. Such measures are not indicative of the Group's historical operating results or financial condition; nor are they meant to be predictive of future results. Such measures are, however, used by our management to monitor the underlying performance of the Group. Since companies generally do not calculate similarly entitled non-IFRS/non-Italian GAAP financial measures in an identical manner, our measures may not be consistent with similar, or similarly entitled, measures used by other companies. For this reason, also, investors should not place undue reliance on our non-IFRS/non-Italian GAAP financial measures.

| | As of or for the Six Months Ended June 30, | | As of and For the Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | | |
| EBITDA[1] | 4,184 | 1,675 | 6,762 | 2,916 | 3,855 | 1,404 |
| Net Working Capital[2] | 18,504 | N/A | 22,606 | 14,921 | 14,905 | 9,792 |
| Net Financial Debt[3] | 3,544 | N/A | 13,905 | 7,775 | 7,803 | 1,359 |

*(1) We calculate EBITDA as the profit (loss) attributable to the owners of the parent before: (i) taxation; (ii) financial income and financial charges; (iii) depreciation, amortization and impairments recorded for the period; and (iv) non-recurring charges. EBITDA should not be considered by prospective investors as an alternative to: (a) operating profit as a measure of our operating performance; (b) net cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs; or (c) any other measure of performance under IFRS or Italian GAAP. See the next page for an EBITDA reconciliation.*

*(2) Net Working Capital is defined as current assets net of current liabilities (excluding cash and cash equivalents, bank and other current financial payables and the financial assets and liabilities included in current assets and liabilities). See page 12 for details.*

*(3) Net Financial Debt is defined as the net amount of: (i) cash and cash equivalents; (ii) other current financial assets; (iii) bank and other current financial payables and other current financial liabilities; and (iv) medium- and long-term financial payables. See the next page for details.*

***EBITDA***

The following table shows the reconciliation between profit (loss) attributable to the owners of the parent and EBITDA for the periods ended June 30, 2009 and 2008, and the years ended December 31, 2008 and 2007 (on the basis of financial information from the Group's IFRS financial statements), as well as for the years ended December 31, 2007 and 2006 (on the basis of financial information from the Group's Italian GAAP financial statements).

| | For the Six Months Ended June 30, | | For the Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | | |
| **EBITDA** | **4,184** | **1,675** | **6,762** | **2,916** | **3,855** | **1,404** |
| Taxation for the period | (1,015) | (653) | (1,167) | (239) | (219) | 271 |
| Financial income | 337 | 174 | 754 | 258 | 198 | 18 |
| Financial charges | (1,053) | (824) | (1,974) | (1,163) | (1,074) | (368) |
| Depreciation, amortization and impairments | (891) | (810) | (1,803) | (1,231) | (1,235) | (1,126) |
| Non-recurring charges | — | — | (170) | (1,174) | (1,174) | (242) |
| **Profit (loss) for the period attributable to the owners of the parent** | **1,562** | **(439)** | **2,402** | **(633)** | **350** | **(43)** |

***Net Financial Debt***

The following table shows the manner of calculation of the Group's Net Financial Debt as of June 30, 2009 and as of December 31, 2008 and 2007 (on the basis of financial information from the Group's IFRS financial statements), as well as of December 31, 2007 and 2006 (on the basis of financial information from the Group's Italian GAAP financial statements).

| | As of June 30, | As of December 31, | | | |
|---|---|---|---|---|---|
| | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | |
| Cash and cash equivalents | (12,581) | (8,962) | (5,185) | (5,185) | (1,821) |
| Other current financial assets | (231) | (70) | (28) | — | — |
| Bank loans and other borrowings | 226 | 4,086 | 12,847 | 12,847 | 3,039 |
| Other current financial liabilities | 1 | 116 | — | — | — |
| **Net short-term financial position** | **(12,584)** | **(4,830)** | **7,634** | **7,662** | **1,218** |
| Non-current financial payables | 16,128 | 18,735 | 141 | 141 | 141 |
| **Net Financial Debt** | **3,544** | **13,905** | **7,775** | **7,803** | **1,359** |

***Net Working Capital***

The following table shows the manner of calculation of the Group's Net Working Capital as of June 30, 2009 and as of December 31, 2008 and 2007 (on the basis of financial information from the Group's IFRS financial statements), as well as of December 31, 2007 and 2006 (on the basis of financial information from the Group's Italian GAAP financial statements).

| | As of Six Months Ended June 30, | As of Year Ended December 31, | | | |
|---|---|---|---|---|---|
| | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | |
| Inventories | 43,458 | 38,652 | 28,109 | 28,109 | 18,956 |
| Trade receivables | 2,810 | 3,911 | 1,878 | 1,878 | 1,067 |
| Other current assets (financial assets and cash and cash equivalents excluded) | 4,401 | 4,812 | 3,706 | 1,595 | 772 |
| Trade payables | (22,800) | (17,282) | (13,544) | 2,111 | 1,154 |
| Other current payables (financial liabilities excluded) | (6,979) | (6,554) | (4,739) | (13,544) | (8,923) |
| Other current liabilities[1] | (2,386) | (933) | (489) | (5,244) | (3,235) |
| **Net Working Capital** | **18,504** | **22,606** | **14,921** | **14,905** | **9,792** |

*(1) Consists of tax payables and the current portion of provisions for risks and charges.*

**Summary Information Relating to the Shares**

The following table contains summary data relating to the Issuer's Shares and financial results per Share as of and for the periods ended June 30, 2009 and 2008 and as of and for the years ended December 31, 2008 and 2007, as derived from, or calculated on the basis of, the Group's consolidated IFRS financial statements, and as of and for the years ended December 31, 2007 and 2006, as derived from, or calculated on the basis of, the Group's consolidated Italian GAAP financial statements.

| | As of or For the Six Months Ended June 30, | | As of or For the Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | | |
| **Consolidated Data** | | | | | | |
| Shares outstanding[1] | 42,322,644 | 40,152,268 | 40,152,268 | 40,032,668 | 40,032,668 | 40,032,668 |
| EBITDA[2] | 4,184 | 1,675 | 6,762 | 2,916 | 3,855 | 1,404 |
| Operating profit | 3,293 | 864 | 4,789 | 511 | 1,507 | 36 |
| Profit (loss) for the period attributable to the owners of the parent | 1,562 | (439) | 2,402 | (633) | 350 | (43) |
| Shareholders' equity | 23,610 | 12,658 | 16,435 | 12,516 | 12,747 | 12,418 |
| | (Euro) | | | | | |
| **Per Share Data** | | | | | | |
| Profit (loss) for the period attributable to the owners of the parent per Share | 0.04 | (0.01) | 0.06 | (0.02) | 0.01 | (0.00) |
| Shareholders' equity per Share | 0.56 | 0.32 | 0.41 | 0.31 | 0.32 | 0.31 |

*(1) The number of Shares corresponds to the number of Shares issued as of the end of the relevant period, adjusted for the 1-to-52 stock split approved at the extraordinary shareholders' meeting of YOOX held on September 8, 2009. Shareholders resolved in favor of the 1-to-52 stock split, splitting the 813,897 then existing and issued Shares, after deleting the nominal value stated thereon, into 42,322,644 Shares.*

*(2) We calculate EBITDA as the profit (loss) attributable to the owners of the parent before: (i) taxation; (ii) financial income and financial charges; (iii) depreciation, amortization and impairments recorded for the period; and (iv) non-recurring charges. EBITDA should not be considered by prospective investors as an alternative to: (a) operating profit as a measure of our operating performance; (b) net cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs; or (c) any other measure of performance under IFRS or Italian GAAP.*

# RISK FACTORS

*An investment in the Shares involves risks. In addition to considering carefully, in light of the circumstances and your individual investment objectives, the information contained elsewhere in this Offering Circular, you should carefully consider the risks described below before investing in the Shares. If any of the events described below actually occurs, our business, results of operations, financial condition or prospects could be materially adversely affected and, accordingly, the value and the trading price of the Shares may decline, resulting in a loss of all or part of any investment in the Shares. Furthermore, the risks and uncertainties described herein may not be the only ones that we face. Additional risks and uncertainties not presently known to us or that we currently consider to be immaterial may also have a material effect on our business, results of operations, financial condition or prospects.*

## Risks Related to the Company and our Group

***Our failure to manage future growth effectively or sustain our growth at the same level as in previous periods may have a material adverse effect on our business, results of operations, financial condition or prospects.***

Our business and operations have grown significantly over the past few years, including in terms of numbers of online customers, sales volumes and geographic coverage, inventory, distribution capacity and numbers of employees, all of which has tended to increase the complexity of our operations and require us to restructure our organization and our internal procedures so as to be able to manage this growth and the resulting complexity. We cannot assure you that we will continue to be able to manage our growth effectively in the future.

The Group's consolidated net revenues from sales increased from €49,969 thousand for the year ended December 31, 2006 (Italian GAAP) to €70,074 thousand for the year ended December 31, 2007 (Italian GAAP) and from €68,773 thousand for the year ended December 31, 2007 (IFRS) to €101,450 thousand for the year ended December 31, 2008 (IFRS). Although we have experienced growth in our net revenues from sales during the periods under review in this Offering Circular, we cannot assure you that our net revenues from sales will continue to grow in the future, or that they will grow at the same levels or at all.

In addition, our growth could be negatively affected by downturns in the global economy and other macroeconomic factors that are beyond our control. Although we have experienced growth in our net sales during a period of sustained global economic difficulty, we cannot assure you that our net sales will continue to grow at the same rate in the future or that they will grow at all; nor can we assure you that our net revenues will not decline in the future.

Our failure to manage our growth effectively or a downturn in the global economy, or both, could have a material adverse effect on our business, results of operations, financial condition and prospects. See "Business — Strategy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations" for more information.

***Our failure to implement our business strategy may have a material adverse effect on our business, results of operations, financial condition or prospects.***

Our ability to increase the Group's net sales and profitability depends on the successful implementation of our business strategy, which contemplates expanding our Mono-Brand and Multi-Brand Business Lines, further international expansion, increasing the number of our online customers, improving our internal structure to lower our cost base, continuing to strengthen and update our IT platform and attracting and retaining the best people.

Part of our strategy involves the use of web marketing for the purpose of attracting customers to our multi-brand online stores, which are likely to require continuous expenditures to be effective. We cannot assure you that such initiatives will be successful and, even if successful, it may take some time for their effects to translate into increased sales.

Our strategy may not be effective, or we may fail to implement it in a timely manner or at all. In addition, any failure by us: (i) to anticipate or respond to market demand; (ii) to control our operating costs; or (iii) otherwise to manage effectively any challenges that may arise as we attempt to implement our strategy, could have a material adverse effect on our business, results of operations, financial condition or prospects. See "Business — Strategy" for more information.

***The discontinuation of existing relationships with Strategic Partners and Commercial Partners or the failure to develop new relationships may have material adverse effects on our business, results of operations or financial condition.***

Our business and strategy are based on the strength of our relationships with our Strategic Partners. If any of our relationships with current Strategic Partners ends for any reason, or we are unable to select and develop relationships with new Strategic Partners our business, results of operations, financial condition or prospects could be materially adversely affected.

We also have long-standing relationships with our Commercial Partners, whose collections we sell through our multi-brand online stores. If any material number of our relationships with current Commercial Partners end for any reason, or if any material number of such Commercial Partners decide to reduce the quantity or selection of products to be sold in our multi-brand online stores, it may become difficult or impossible for us to manage inventory in order to fill orders for such Commercial Partner's products. Any failure by us to maintain our relationships with our current Commercial Partners or to select and develop relationships with new Commercial Partners in order to secure increased supplies of products meeting our quality standards may have a material adverse effect on our business, results of operations, financial condition or prospects. See "Business — Material Contracts" for more information.

***Our success depends on our ability to attract and retain highly qualified key managers and other key personnel. The loss of any key managers or key personnel may have a material adverse effect on our business.***

Our business depends substantially on the continued services and performance of certain key managers and key personnel, who have thus far significantly contributed to our success. Our success depends upon our ability to attract and retain highly qualified senior managers and other skilled employees, in the face of vigorous competition from other companies seeking to hire similarly experienced individuals.

The loss of the services of any key manager or key employee who plays a significant role in the management and operations of our business could disrupt our business and result in additional cost and management time in order to recruit suitable replacements. In particular, any failure to replace, or replace in a timely manner, any such key manager or key employee with a sufficiently qualified individual could have a material adverse effect on our business, results of operations, financial condition or prospects. See "Business — Employees" for more information.

***Any failure to recruit, to train adequately or to retain qualified personnel may affect our competitive position and have material adverse effects on our business, results of operations, financial condition or prospects.***

Our success depends on the availability of professionally qualified people with specific skills and experience in Internet technology and online retailing, as well as in the fashion and design fields. In the past, we have experienced some difficulty in recruiting such multi-disciplinary professionals and may experience difficulty recruiting additional personnel as our business expands. Once we find qualified candidates, we must train them so that they acquire the skills necessary to support our operations and strategy, which requires time and a significant investment of economic and human resources. In addition, the market for such qualified personnel is competitive and we may experience difficulty or increased costs in order to retain such individuals.

If we fail to attract, train and retain qualified personnel so that they can support our operations and our strategy, we may not be able to compete successfully, which could have a material adverse effect on our business, results of operations, financial condition or prospects.

***The Group depends upon a small number of logistics centers. Any interruption of activities at such logistics centers may have a material adverse effect on our results of operations.***

The Group has three warehouses ("logistics centers") from which goods are shipped around the world. These three logistics centers are located in Italy, the United States and Japan, respectively. As of the date of this Offering Circular, the logistics center located in Italy, at the Bologna Interport, is our principal hub, and, during the six months ended June 30, 2009, it processed approximately 93% of the products the Group sold to customers.

The Group's logistics centers and operations are subject to ordinary operating risks, including, for instance, equipment failure, failures to comply with applicable regulations, permits or licenses, strikes or other work interruptions, natural disasters and material interruptions in the supply of products.

Any interruption for any reason of the Group's logistics operations would have a material adverse effect on our business, results of operations or financial condition. In particular, any interruption of our logistics operations carried out at our Italian logistics center, would be extremely detrimental to our business. Although we have obtained insurance coverage against damages arising from events such as injuries suffered by personnel, fires, theft and damage to products and electronic equipment in the logistics centers, we cannot assure you that such insurance would be sufficient to cover any damages that may arise from an interruption of our logistics operations, which could have a material adverse effect on our business, results of operations, financial condition or prospects.

***We depend on a small number of logistics and distribution services providers. Any unexpected termination or non-renewal of our contractual relationship with any such provider could have a material adverse effect on our business, results of operations, financial condition or prospects.***

Currently we depend on a small number of logistics and distribution services providers. Our ability to manage effectively our contractual relationships with logistics and distribution service providers is important to our business. If any such contractual relationship is terminated unexpectedly, or if we are unable to renew any such relationship, we may not be able to find a suitable replacement in a timely manner or establish a contractual relationship on terms and conditions that are similar to those currently in force. The occurrence of any of these events could have a material adverse effect on our business, results of operations, financial condition or prospects. See "Business — Material Contracts" for more information.

***Fluctuations in exchange rates may have material adverse effects on the business, results of operations or financial condition of the Group.***

Our functional currency (and the currency in which we report our consolidated financial results) is the Euro. However, because the Group operates internationally and conducts sales in countries with other currencies, we are exposed to exchange rate risks in our operations, and in our financial reporting (we must convert the financial statements of our subsidiaries in the United States and Japan into Euro in the context of preparing the Group's consolidated financial statements). We are particularly exposed to the dollar, the yen and the U.K. pound sterling. Because we generate substantial revenues in foreign currencies that correspond to costs recorded in Euros, we are particularly exposed to risk during periods when foreign currencies are devalued against the Euro.

In order to hedge partially the currency risks on our transactions, we have entered and may in the future enter into derivative contracts with major domestic and international financial institutions. The contracts are designed to hedge receivables in dollars (amounting to €2,504 thousand as of December 31, 2008) and in yen (amounting to €476 thousand as of December 31, 2008). Thus far, we have not considered it necessary to hedge our exposures to U.K. pounds sterling, due to the substantially lower amount of receivables in that currency. We cannot assure you that our hedging activities will be sufficient to protect us from sudden or extreme fluctuations in exchange rates in the future, which could have material adverse effects on our business, results of operations, financial condition or prospects. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Market Risk — Exchange Rate Risk" for more information.

***The syndicated credit facility agreement that we have entered into contains financial covenants. Termination of the syndicated credit facility agreement because of a breach of these covenants may have material adverse effects on our business, results of operations, financial condition or prospects.***

On June 16, 2008, we entered into an unsecured five-year revolving loan facility agreement for an aggregate available amount equal to €21,000,000 with UniCredit Corporate Banking S.p.A., Banca Nazionale del Lavoro S.p.A. and Banca Popolare di Novara S.p.A. As of September 30, 2009, €15,750 thousand (IFRS) was outstanding under the facility agreement.

Pursuant to the facility agreement, the lenders have the right to demand immediate repayment of 10% of the available amount under the facility in certain cases. Unless they exercise this right, the Company does not plan to allocate any part of the proceeds of the Global Offering to debt repayment. See "Business — Material Contracts — Syndicated Credit Facility Agreement" for more information."

The facility agreement contains certain financial covenants, computed on the basis of annual consolidated financial statements prepared in accordance with Italian GAAP. See "Management's Discussion and Analysis and Results of Operations — Liquidity — Bank and Other Financing" for more information.

In the event of any failure by us to comply with such financial covenants, the lenders may elect to suspend the financings and/or terminate the facility and immediately accelerate the repayment of the amounts then outstanding. Suspension and/or termination of the revolving loan facility would have a material adverse effect on our business, results of operations, financial condition and prospects.

## Risks Related to the Industry in Which We Operate

***We face risks related to changes in customers' preferences or purchasing behavior, or shifts in fashion trends.***

We operate in the fashion business, which is extremely sensitive to changes in customers' preferences, purchasing behavior and purchasing power. Changes in consumer tastes and preferences, including changes in the amount of disposable income allocated to fashion and luxury products could lead to reductions in our net sales.

In addition, we cannot assure you that we will accurately anticipate shifts in fashion trends and adjust our merchandise mix to appeal to changing consumer tastes in a timely manner. If we misjudge the market for our products or are unsuccessful in responding to changes in fashion trends or in market demand, we could experience insufficient or excess inventory levels or higher mark-downs, either of which would have a material adverse effect on our business, financial condition and results of operations.

Our business is also exposed to local economic conditions in the countries where we sell our merchandise, particularly the purchasing power and willingness to spend of consumers in such countries, which may be affected by uncertainties over future economic and political prospects. Future downturns in economic conditions or prospects may materially and adversely affect consumer spending and could have material adverse effects on our business, results of operations, financial condition or prospects.

***The interruption or malfunctioning of our websites or security breaches of our systems and databases may have a material adverse effect on our business, results of operations, financial condition or prospects.***

We operate an e-commerce business, which is based on the use of information technology systems that are subject to several operating risks, including equipment malfunctions, work interruptions, unlawful conduct and/or exceptional events such as natural disasters. The occurrence of such events or circumstances, or other similar events or circumstances, may affect the regular functioning of our information systems and compel us to suspend or interrupt our business.

A fundamental requirement for online commerce and communications is the secure transmission of confidential information over public networks. The conduct of our operations depends on our ability to safeguard our information technology systems and infrastructure against damage caused by interruptions in telecommunication services, computer viruses, unlawful access or other events that may jeopardize our operations. We cannot assure you that advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments will not result in a compromise or breach of the systems we use to protect transactional and personal data contained in our customer database. Any individual who is able to breach our security measures could misappropriate proprietary information or cause interruptions in our operations. We cannot assure you that our security measures are sufficient to protect us against such risks. If any such compromise of our security were to occur, it could have a material adverse effect on our reputation with customers and on our growth prospects. In addition, we may be required to expend significant capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

If any of these or similar events should occur, our business, results of operations, financial condition or prospects could be materially adversely affected. See "Business — Business Processes — Technology" for more information.

***Our business has grown during a period when online commerce has undergone a positive trend in growth. Any adverse change in that growth trend in the future could have a material adverse effect on our business.***

We operate an online retail business. The overall transaction volume in the global online retail market has grown steadily over the past few years, to the benefit of our Group.

The online retail market depends significantly on the development and penetration of broadband networks and interconnection facilities, the tendency of consumers to make online retail purchases, and the development of ancillary activities such as web marketing. Any adverse change in these trends could lead to lower than expected growth in online sales in a particular market or on a global scale, which could have an adverse effect on our business, results of operations, financial condition or prospects.

***Increases in the price of online advertising may have material adverse effects on our business, results of operations, financial condition and prospects.***

Current market conditions favor our investments in online advertising as a means of increasing awareness of our brand and attracting new customers. Should prices for such advertising increase in the future, we would have to bear the relevant costs or, alternatively, reduce our online advertising, which could have material adverse effects on our business, results of operations, financial condition and prospects. See "Industry and Market — Market" for further information.

***Our results of operations and financial condition are affected by seasonality.***

Our sales are affected by seasonality, which is typical of retailers operating in the fashion industry. In particular, our sales volumes are normally significantly higher in the second half of the year than during the first half, which has an impact on the comparability of our margins between different periods. In addition, our procurement cycle is not synchronized with the seasonal variation in sales volumes. As a consequence, our cash flow from operations and our cash flow used in operations do not match during the year and we have to sustain our working capital requirements in part by obtaining outside financing. Our inability to obtain affordable financing to sustain our working capital requirements could have a material adverse effect on our results of operations and financial condition.

***Failures in our inventory management practices could adversely affect our business, results of operations, financial condition or prospects.***

In our Multi-Brand Business Line, we are exposed to risks due to the need to predict in advance the quantities and selection of products to be sold in future months (given the frequent reliance upon traditional procurement contracts). We constantly face the risk of not having sufficient quantities or the appropriate selection of products in order to satisfy customer demand. We also face the risk of carrying excess inventory. Inventory damage, theft and obsolescence risks as well as price erosion risks are also associated with our inventory management. Correctly forecasting the quantities and selection of products in future periods is difficult and depends on many factors, including seasonality, trends in customers' preferences and purchasing behavior, and macroeconomic conditions. Any failure by us to take into account such factors and adjust our purchases and inventory management accordingly could have a material adverse effect on our business, results of operations, financial condition or prospects.

***We face strong competition.***

The market in which we operate is highly competitive. Our principal competitors fall within the following categories: (i) retailers, including traditional retail stores, which may or may not use the Internet to grow their customer base; and (ii) e-commerce service providers. Many of our current and potential competitors have greater resources, longer operating histories, more customers, and greater brand recognition. They may secure better terms from vendors, adopt more aggressive pricing policies or devote more resources to technology, order fulfillment and marketing. In addition, new and enhanced technologies, including search services, web services, and digital services, may increase our competition. The Internet facilitates competitive entry and comparison-shopping and renders e-commerce inherently more competitive than other retail platforms. If competition continues to intensify, we may not have the resources available to respond effectively and in a timely manner, which could adversely affect our market share, results of operations and financial condition. See "Industry and Market — Industry" for more information.

***Our failure to adopt and apply technological advances in a timely manner could have a material adverse effect on our business, results of operations, financial condition or prospects.***
The Internet and online commerce are characterized by rapid technological development, and new advances in technology can create competitive pressure. Our success depends on our ability to improve our current technological platform and to develop new online retail technologies in a timely manner in order to remain at the cutting edge of Internet technology, and any failure to do so could have a material adverse effect on our business, results of operations, financial condition or prospects. See "Business — Technology" for more information.

***The Group faces legal and regulatory risks in the countries where it conducts sales and/or operations.***
The Group conducts sales in 57 countries and is subject to a large variety of different legal and regulatory regimes, including those that deal specifically with consumer protection and sales of products over the Internet. The Group is also subject to laws and regulations on taxation, privacy, data protection, transfer pricing, copyrights, distribution, mobile communications, electronic contracts and other communications, the provision of online payment services, the design and operation of websites, and the characteristics and quality of products and services. In addition, it is not clear how some existing laws governing issues such as property ownership, libel, and personal privacy apply to the Internet and e-commerce in certain countries.

Legal and regulatory regimes vary from country to country. Amendments to laws or regulations or the enactment of new ones could expose the Group to increased compliance costs. In addition, the growth and development of the market for online commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on those companies conducting business online. Any failure to comply with existing or future laws or regulations could expose the Group to penalties or other liabilities, and the adoption of any additional laws or regulations may increase the Group's cost of doing business and/or decrease the demand for its products and services. Any such development or failure could have a material adverse effect on our business, results of operations, financial condition or prospects. See "Regulation" for more information.

***Any failure to protect our trademarks, trade names or other intellectual property could have material adverse effects upon our business, results of operations or financial condition. Other parties may assert infringement claims against us.***
We own a number of trademarks and trade names, which, along with related Internet domain names, are crucial to our business. We regularly register our trademarks and trade names in Europe, the United States, Japan and other markets. However, registration is often a lengthy process and we have not completed the registration of all of our intellectual property rights in all of the jurisdictions where we conduct sales. We may not be able to obtain effective intellectual property protection or domain name protection in all countries where we do business.

We also may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights. We may be required to spend significant amounts of economic and human resources in order to protect our intellectual property. Any failure to adequately protect our trademarks, trade names, domain names or other intellectual property could have a material adverse effect on our business, results of operations, financial condition or prospects. See "Business — Research & Development — Intellectual Property" and Annex A-1 hereto for more information.

In addition, third parties may assert infringement claims against us. From time to time in the ordinary course of business we have been, and we expect to continue to be, subject to claims alleging infringement of the trademarks and other intellectual property rights of third parties. These claims and any resulting litigation, if it occurs, could subject us to significant liability for damages. In addition, even if we prevail, litigation could be expensive and could result in the diversion of our time and attention. Any claims from third parties may also result in limitations on our ability to use the intellectual property subject to the claims unless we are able to enter into agreements with the parties making the claims. See "Business — Litigation" for more information.

## Risks Relating to the Global Offering and the Shares

***We may not be able to maintain a STAR Segment listing. As a result, we may cease to be subject to the disclosure and corporate governance requirements of the STAR Segment of the MTA***

As described elsewhere herein, the Shares have been admitted to listing on the STAR Segment of the MTA. The Issuer's ability to continue to qualify for listing on the STAR Segment will depend, among other things, on the Issuer's market capitalization and public float. The STAR Segment is characterized, as compared to the ordinary segment of the MTA, by stricter requirements in terms of disclosure, corporate governance and the liquidity of the securities traded thereon. If the Issuer does not continue to meet the requirements of the STAR Segment, it may be dropped to the ordinary segment of the MTA, in which case it will no longer be required to meet the aforementioned disclosure and corporate governance requirements. Low liquidity in the Shares may be a cause or effect of the removal of the Issuer from the STAR Segment, either of which may also have an unfavorable impact on the market price of the Shares.

***The market for the Shares may be illiquid and the price of the Shares may be highly volatile, and may decline from the Offer Price***

Prior to the Global Offering, there has been no trading market for the Shares. Subsequent to the Global Offering, the Shares are expected to be traded on the MTA — STAR Segment. Nevertheless, there can be no assurance that an active market will emerge or will be sustained. Accordingly, there can be no assurance as to the liquidity of the Shares. After the Global Offering, the market price of the Shares could be subject to fluctuations in response to various factors, including many macroeconomic, political and competitive factors outside of our control. The Share price may decline and investors may lose all or part of their investment in the Shares.

***Options to acquire Shares are held by various individuals, which, if exercised, may cause the interests of investors in the Global Offering to be diluted***

We have implemented several stock option plans, reserved to the employees, consultants and directors of the Company and its subsidiaries. As of September 30, 2009, 231,057 options are outstanding (not lapsed nor exercised yet). Some of those options are not yet exercisable. Others, though exercisable, are subject to contractual lock-ups. Nonetheless, if, in the future, all options are exercised and the relevant shares are subscribed, the aggregate dilutive effect on those who purchase Shares in the Offering would be equal to 20.2% of the post-offering share capital of YOOX, assuming that the maximum number of Shares to be issued and sold pursuant to the Global Offering are so issued and sold. See "Management — Remuneration and Benefits — Stock Option Plans" for more information.

At the extraordinary shareholders' meeting of YOOX held on September 8, 2009, the shareholders resolved in favor of, among other things, a 1-to-52 stock split, splitting the 813,897 then existing and issued Shares, after deleting the nominal value stated thereon, into 42,322,644 Shares. Although the stock split did not affect the number of stock options outstanding, after the stock split each outstanding option now entitles the holder thereof to subscribe for 52 Shares.

***The price of the Shares may decline once the lock-up agreements expire***

The price of the Shares may decline suddenly if there is a significant increase in the number of Shares offered for sale. Such an increase could occur upon the expiry of the lock-up agreements referred to under "Plan of Distribution — Lock-up Agreements" below. Under these agreements, the Company has agreed not to issue new Shares and Balderton Capital I L.P., Kiwi I Ventura Serviços S.A. Em Liquidação, Kiwi II Ventura Serviços de Consultadoria S.A., Essegi S.r.l. and Nestor 2000 S.p.r.l. have committed not to sell their Shares (other than as part of the Global Offering) until 180 days after the Trading Date and our chief executive officer Federico Marchetti and Alberto Grignolo have committed not to sell their Shares (other than as part of the Global Offering) until 12 months after the Trading Date. After such dates, such persons will be free to sell any or all of their Shares. Significant sales of Shares by us or any of our shareholders, or the perception that these sales may occur, may have a negative effect on the price of the Shares and may prejudice our ability to raise capital through offerings of Shares, or other means, in the future.

***Investors in the Global Offering will not have the ability to immediately appoint members of the Company's board of directors and board of statutory auditors***

We have sought to ensure the compliance of our bylaws and our corporate governance structure with the Italian Unified Financial Act. In particular, upon our proposal, our shareholders adopted new bylaws

at the extraordinary meeting of September 8, 2009; these bylaws will enter into force upon the beginning of trading of the Shares on the MTA. The new bylaws provide that: (i) the members of the Company's board of directors and of the board of statutory auditors shall be appointed using a voting-list system so as to ensure the appointment of at least one director and one standing statutory auditor by minority shareholders; and (ii) the chairman of the board of statutory auditors shall be the auditor appointed by minority shareholders.

Although the new bylaws will come into effect when the Shares begin trading, it should be noted that the incumbent members of our board of directors and our board of statutory auditors were appointed at the shareholders' meeting of October 7, 2009 and will remain in office until the date of the shareholders' meeting called to resolve upon the approval of our financial statements for the year ending December 31, 2011. Thus, investors in the Global Offering will not have the ability to immediately appoint members of corporate bodies, and it is possible that the existing board of directors may take actions contrary to the interests of some individual investors in the Shares.

Moreover, the Company has no experience with its new procedures for the appointment of members of the corporate bodies and we cannot predict how the procedures will function in practice and how the composition of the board of directors and the board of statutory auditors may evolve following the Global Offering. Furthermore, potential investors should note that the appointment of the officer in charge of the preparation of the Company's corporate accounting documents and compliance with the duties set forth in Article 154-bis of the Italian Unified Financial Act, as resolved by the Issuer's board of directors on September 3, 2009, will take effect only upon the beginning of trading in the Shares. See "Management — Corporate Bodies and Principal Officers" and "Description of Share Capital — Election of the Board of Directors and the Board of Statutory Auditors" for more information.

***The Shares will not be freely transferable in the United States***

Any Shares offered and sold to investors located in the United States or to U.S. persons will be "restricted securities" (as defined in Rule 144 under the Securities Act) and such Shares may not be reoffered, resold, pledged or otherwise transferred, except: (i) to a person reasonably believed to be a QIB, (ii) in an offshore transaction outside the United States in accordance with Rule 903 or Rule 904 under Regulation S or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of the Shares.

# USE OF PROCEEDS

We expect to receive net proceeds from the Global Offering of approximately €20.6 million after deducting Institutional Managers' commissions and estimated offering expenses (and not considering any proceeds from the Over-Allotment Option, which is not being offered by us). We intend to use these net proceeds to accelerate the development of our business in accordance with our business strategy (for more information, see "Business — Strategy").

Particularly, we intend to use such proceeds to accelerate our international growth, increase our investments in web marketing and communication, further develop our technological knowledge, encourage the production of further product collections for sale exclusively through our Multi-Brand Business Line, develop supplies in new product categories and consolidate our organizational and financial structure.

Depending on the opportunities that arise, we may use part of the proceeds from the Global Offering for the acquisition of, or investments in, complementary companies, products or technologies. At present, however, we have not yet entered into any agreement with a view to making any such acquisition or investment.

We anticipate that we may use part of the net proceeds from the Global Offering to fund our investment program.

We will not receive any of the proceeds from the sale of the Shares offered by the Selling Shareholders, which net proceeds are expected to amount to approximately €74.3 million if the Over-Allotment Option is not exercised, and approximately €89.4 million if the Over-Allotment Option is exercised in full.

# DIVIDEND POLICY

The declaration and payment of any future dividends will require recommendation by our board of directors and approval by our shareholders and will depend upon, among other things, our earnings, capital requirements, financial position, existing and/or future financial covenants, general economic conditions and compliance with Italian laws applicable to the payment of dividends. Pursuant to applicable Italian law, before dividends may be paid with respect to any financial year, we must allocate at least 5% of our unconsolidated net profit for such year to a legal reserve until such reserve, including amounts reserved during previous years, equals at least 20% of our share capital. Accordingly, no assurance can be given that dividends will be paid on the Shares in the future. The newly issued Shares will have the same dividend rights as the currently outstanding Shares and will be entitled to dividends, if any are declared, in respect of the Company's financial year ending on December 31, 2009.

If we pay any dividends, they will be paid in Euro. We expect to pay any dividends to shareholders through Monte Titoli or such other authorized centralized securities custody and administration system with which the intermediaries of the shareholders have deposited their Shares in accordance with Legislative Decree No. 213 of 1998, as amended, and the Regulation of the Bank of Italy and CONSOB of February 22, 2008, as amended, from time to time. See "Taxation" for a discussion of certain U.S. and Italian income tax provisions regarding the taxation of dividends.

# CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization (representing financial liabilities (net of "other financial assets") plus total shareholders' equity), as of June 30, 2009: (i) on an actual basis; and (ii) as adjusted to reflect the offering and issuance of 6,240,000 Shares in the Global Offering, after deducting Institutional Managers' commissions and estimated offering expenses. The table should be read in conjunction with the 2009 Six-Month IFRS Interim Financial Statements included elsewhere in this Offering Circular.

| | As of June 30, 2009 | |
|---|---|---|
| | **Historical** | **As adjusted for the issue and subscription for 6,240,000 Shares[1]** |
| | **(Euro thousands)** | |
| Cash and cash equivalents | 12,581 | 33,206 |
| Financial liabilities | (16,354) | (16,354) |
| Other financial assets | 230 | 230 |
| Subtotal (A) | (16,124) | (16,124) |
| *Shareholders' equity:* | | |
| Share capital | 423 | 485 |
| Share premium | 28,071 | 52,351 |
| Legal reserve | 193 | 193 |
| Translation reserve | (43) | (43) |
| Reserve for stock options | 2,850 | 2,850 |
| Hedging reserve | 16 | 16 |
| Retained earnings (losses carried forward) | (9,462) | (9,462) |
| Profit attributable to the owners of the parent | 1,562 | (2,156) |
| **Shareholders' equity attributable to the owners of the parent** | **23,610** | **44,235** |
| Non-controlling interests | — | — |
| **Total shareholders' equity (B)** | **23,610** | **44,235** |
| **Total capitalization (A+B)** | **39,734** | **60,359** |

*(1) This calculation assumes the payment of the 1% incentive fee, which may or may not be paid. See "Plan of Distribution — Commissions and Costs in Respect of the Global Offering" for more information.*

The total amount of Share capital and Share premium are not impacted by the 1-to-52 stock split approved at the extraordinary shareholders' meeting of YOOX held on September 8, 2009, pursuant to which the 813,897 then existing and issued Shares were split into 42,322,644 Shares, after deletion of their nominal value.

# SELECTED HISTORICAL FINANCIAL INFORMATION

With the exception of certain non-IFRS/non-Italian GAAP financial measures discussed below, all of the selected financial information contained in this Offering Circular has been derived from the consolidated financial statements of the Group, which are also contained in this Offering Circular (beginning on page F-1).

This Offering Circular includes the following audited consolidated financial statements and notes thereto, as well as financial information derived therefrom: (i) the IFRS Annual Financial Statements; and (ii) the Italian GAAP Annual Financial Statements.

This Offering Circular includes the 2009 Six-Month Interim IFRS Financial Statements. In addition, this Offering Circular includes the Group's unaudited consolidated financial information as of and for the six months ended June 30, 2008 prepared in accordance with IFRS, which is included in the 2009 Six-Month Interim IFRS Financial Statements and presented as corresponding figures for the purpose of providing period comparisons. This Offering Circular includes the 2009 Nine-Month Interim IFRS Financial Statements.

In this Offering Circular, we do not present consolidated historical financial information that is prepared under a common set of accounting principles. As a result, the presentation, discussion and analysis of our results of operations and financial condition in this Offering Circular compares the Italian GAAP Annual Financial Statements, the IFRS Annual Financial Statements, the 2009 Six-Month Interim IFRS Financial Statements and the 2009 Nine-Month Interim IFRS Financial Statements. There are significant differences between Italian GAAP and IFRS and, as a consequence, our results of operations and financial condition prepared in accordance with Italian GAAP may not be comparable to our results of operations and financial condition prepared in accordance with IFRS. The Italian GAAP Annual Financial Statements, the IFRS Annual Financial Statements and the 2009 Six-Month Interim IFRS Financial Statements have been audited by KPMG S.p.A., independent accountants, to the extent and for the periods indicated in their reports thereon. The 2009 Nine-Month Interim IFRS Financial Statements have not been audited.

The Italian GAAP Annual Financial Statements, the IFRS Annual Financial Statements, the 2009 Six-Month Interim IFRS Financial Statements and the 2009 Nine-Month Interim IFRS Financial Statements are contained elsewhere in this Offering Circular and should be read in conjunction with the relevant notes and auditor's reports thereto. Except where indicated, references to IFRS in this Offering Circular are solely to IFRS as adopted by the European Commission.

For information regarding the Group's results of operations and financial condition as of and for the nine months ended September 30, 2009 please see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments" and the 2009 Nine-Month Interim IFRS Financial Statements starting on page F-2.

For information concerning the Group's transition from Italian GAAP to IFRS and concerning material differences between the two sets of accounting principles, as applied to the business and financial accounts of the Group, please see "Attachment 1 — Transition to IFRS", beginning on page F-156.

Unless otherwise noted herein the Share and per Share data included in this Offering Circular, for all periods presented, have been adjusted to reflect the 1-to-52 stock split approved at the extraordinary shareholders' meeting of YOOX held on September 8, 2009. However, the Group's consolidated financial statements contained in this Offering Circular present the number of our Shares outstanding as of the relevant date or period prior to the aforementioned stock split. As a result, Share and per Share amounts included in this Offering Circular are not comparable to those included in the Group's consolidated financial statements contained in this Offering Circular (beginning on page F-1).

Interim results for the first six or nine months of 2009 are not necessarily indicative of the results of operations that may be expected for any other interim period in 2009, or for the full year. See "Presentation of Financial and Other Information" herein for further information.

**Selected Consolidated Income Statement Information**

The following table contains Selected consolidated financial information derived from the Group's IFRS income statements for the six-month periods ended June 30, 2009 and 2008 and the years ended December 31, 2008 and 2007, and from the Group's Italian GAAP income statements for the years ended December 31, 2007 and 2006.

| | For the Six Months Ended June 30, | | For the Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | | |
| Total net revenues from sales | 68,305 | 46,585 | 101,450 | 68,773 | 70,074 | 49,969 |
| Total costs[1] | (65,012) | (45,721) | (96,661) | (68,262) | N/A | N/A |
| Total production cost[1] | N/A | N/A | N/A | N/A | (68,567) | (49,933) |
| Operating profit | 3,293 | 864 | 4,789 | 511 | 1,507 | 36 |
| Financial income (expense) | (716) | (650) | (1,220) | (905) | (876) | (350) |
| Profit (loss) before taxation | 2,577 | 214 | 3,569 | (394) | 569 | (314) |
| Profit (loss) for the period attributable to the owners of the parent | 1,562 | (439) | 2,402 | (633) | 350 | (43) |

*(1) "Total costs" is a line item from the Group's IFRS financial statements whereas "total production cost" is a similar, but not equivalent, line item from the Group's Italian GAAP financial statements.*

**Selected Consolidated Balance Sheet Information**

The following table contains selected consolidated financial information derived from the Group's IFRS balance sheet as of June 30, 2009 and as of December 2008 and 2007, and from the Group's Italian GAAP balance sheet as of December 2007 and 2006.

| | As of June 30 | As of December 31, | | | |
|---|---|---|---|---|---|
| | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | |
| Non-current assets[1] | 9,391 | 8,402 | 6,049 | N/A | N/A |
| Total fixed assets[1] | N/A | N/A | N/A | 4,734 | 3,570 |
| Current assets | 63,480 | 56,407 | 38,906 | 39,672 | 24,361 |
| Total assets | 72,871 | 64,809 | 44,955 | 44,925 | 28,221 |
| Non-current liabilities | 16,869 | 19,403 | 820 | N/A | N/A |
| Current liabilities | 32,392 | 28,971 | 31,619 | N/A | N/A |
| Total liabilities | 49,261 | 48,374 | 32,439 | 31,696 | 15,105 |
| Shareholders' equity | 23,610 | 16,435 | 12,516 | 12,747 | 12,418 |
| Total Liabilities and Shareholders' Equity | 72,871 | 64,809 | 44,955 | 44,925 | 28,221 |

*(1) "Non-current assets" is a line item from the Group's IFRS financial statements whereas "total fixed assets" is a similar, but not equivalent, line item from the Group's Italian GAAP financial statements.*

**Selected Consolidated Cash Flow Statement Information**

The following table contains selected consolidated financial information derived from the Group's IFRS cash flow statements for the six-month periods ended June 30, 2009 and 2008 and the years ended December 31, 2008 and 2007, and from the Group's Italian GAAP cash flow statements for the years ended December 31, 2007 and 2006.

| | For the Six Months Ended June 30, | | For the Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | | |
| Cash flow from operating activities | 5,465 | (2,356) | (1,824) | (3,945) | (4,026) | (2,588) |
| Cash flow from investing activities | (580) | (1,675) | (4,230) | (2,605) | (2,398) | (1,493) |
| Cash flow from financing activities | (1,266) | 4,709 | 9,831 | 9,914 | 9,808 | 3,179 |
| **Total cash flow** | **3,619** | **678** | **3,777** | **3,364** | **3,384** | **(902)** |

**Certain Non-IFRS/Non-Italian GAAP Information**

The following tables contain certain non-IFRS/non-Italian GAAP measures of the Group as of and for the six-month periods ended June 30, 2009 and 2008 and as of and for the years ended December 31, 2008, 2007 and 2006, as calculated on the basis of information from the Group's IFRS and Italian GAAP financial statements included herein. Investors should not place undue reliance on these non-IFRS/non-Italian GAAP financial measures and should not consider any non-IFRS/non-Italian GAAP financial measure as an alternative to any measure determined in accordance with IFRS or Italian GAAP, as the case may be. Such measures are not indicative of the Group's historical operating results or financial condition; nor are they meant to be predictive of future results. Such measures are, however, used by our management to monitor the underlying performance of the Group. Since companies generally do not calculate similarly entitled non-IFRS/non-Italian GAAP financial measures in an identical manner, our measures may not be consistent with similar, or similarly entitled, measures used by other companies. For this reason, also, investors should not place undue reliance on our non-IFRS/non-Italian GAAP financial measures.

| | As of or for the Six Months Ended June 30, | | As of and For the Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | | |
| EBITDA[1] | 4,184 | 1,675 | 6,762 | 2,916 | 3,855 | 1,404 |
| Net Working Capital[2] | 18,504 | N/A | 22,606 | 14,921 | 14,905 | 9,792 |
| Net Financial Debt[3] | 3,544 | N/A | 13,905 | 7,775 | 7,803 | 1,359 |

*(1) We calculate EBITDA as the profit (loss) attributable to the owners of the parent before: (i) taxation; (ii) financial income and financial charges; (iii) depreciation, amortization and impairments recorded for the period; and (iv) non-recurring charges. EBITDA should not be considered by prospective investors as an alternative to: (a) operating profit as a measure of our operating performance; (b) net cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs; or (c) any other measure of performance under IFRS or Italian GAAP. See below for an EBITDA reconciliation.*

*(2) Net Working Capital is defined as current assets net of current liabilities (excluding cash and cash equivalents, bank and other current financial payables and the financial assets and liabilities included in current assets and liabilities). See the next page for details.*

*(3) Net Financial Debt is defined as the net amount of: (i) cash and cash equivalents; (ii) other current financial assets; (iii) bank and other current financial payables and other current financial liabilities; and (iv) medium- and long-term financial payables. See the next page for details.*

***EBITDA***

The following table shows the reconciliation between profit (loss) attributable to the owners of the parent and EBITDA for the periods ended June 30, 2009 and 2008, and the years ended December 31, 2008 and 2007 (on the basis of financial information from the Group's IFRS financial statements), as well as for the years ended December 31, 2007 and 2006 (on the basis of financial information from the Group's Italian GAAP financial statements).

| | For the Six Months Ended June 30, | | For the Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | | |
| **EBITDA** | **4,184** | **1,675** | **6,762** | **2,916** | **3,855** | **1,404** |
| Taxation for the period | (1,015) | (653) | (1,167) | (239) | (219) | 271 |
| Financial income | 337 | 174 | 754 | 258 | 198 | 18 |
| Financial charges | (1,053) | (824) | (1,974) | (1,163) | (1,074) | (368) |
| Depreciation, amortization and impairments | (891) | (810) | (1,803) | (1,231) | (1,235) | (1,126) |
| Non-recurring charges | — | — | (170) | (1,174) | (1,174) | (242) |
| **Profit (loss) for the period attributable to the owners of the parent** | **1,562** | **(439)** | **2,402** | **(633)** | **350** | **(43)** |

***Net Financial Debt***

The following table shows the manner of calculation of the Group's Net Financial Debt as of June 30, 2009 and as of December 31, 2008 and 2007 (on the basis of financial information from the Group's IFRS financial statements), as well as of December 31, 2007 and 2006 (on the basis of financial information from the Group's Italian GAAP financial statements).

| | As of June 30, | As of December 31, | | | |
|---|---|---|---|---|---|
| | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | |
| Cash and cash equivalents | (12,581) | (8,962) | (5,185) | (5,185) | (1,821) |
| Other current financial assets | (231) | (70) | (28) | — | — |
| Bank loans and other borrowings | 226 | 4,086 | 12,847 | 12,847 | 3,039 |
| Other current financial liabilities | 1 | 116 | — | — | — |
| **Net short-term financial position** | **(12,584)** | **(4,830)** | **7,634** | **7,662** | **1,218** |
| Non-current financial payables | 16,128 | 18,735 | 141 | 141 | 141 |
| **Net Financial Debt** | **3,544** | **13,905** | **7,775** | **7,803** | **1,359** |

***Net Working Capital***

The following table shows the manner of calculation of the Group's Net Working Capital as of June 30, 2009 and as of December 31, 2008 and 2007 (on the basis of financial information from the Group's IFRS financial statements), as well as of December 31, 2007 and 2006 (on the basis of financial information from the Group's Italian GAAP financial statements).

| | As of Six Months Ended June 30, | As of Year Ended December 31, | | | |
|---|---|---|---|---|---|
| | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | |
| Inventories | 43,458 | 38,652 | 28,109 | 28,109 | 18,956 |
| Trade receivables | 2,810 | 3,911 | 1,878 | 1,878 | 1,067 |
| Other current assets (financial assets and cash and cash equivalents excluded) | 4,401 | 4,812 | 3,706 | 1,595 | 772 |
| Trade payables | (22,800) | (17,282) | (13,544) | 2,111 | 1,154 |
| Other current payables (financial liabilities excluded) | (6,979) | (6,554) | (4,739) | (13,544) | (8,923) |
| Other current liabilities[1] | (2,386) | (933) | (489) | (5,244) | (3,235) |
| **Net Working Capital** | **18,504** | **22,606** | **14,921** | **14,905** | **9,792** |

*(1) Consists of tax payables and the current portion of provisions for risks and charges.*

**Selected Information Relating to the Shares**

The following table contains selected data relating to the Issuer's Shares and financial results per Share as of and for the periods ended June 30, 2009 and 2008 and as of and for the years ended December 31, 2008 and 2007, as derived from, or calculated on the basis of, the Group's consolidated IFRS financial statements, and as of and for the years ended December 31, 2007 and 2006, as derived from, or calculated on the basis of, the Group's consolidated Italian GAAP financial statements.

| | As of or For the Six Months Ended June 30, | | As of or For the Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | | | IFRS | | Italian GAAP | |
| | 2009 | 2008 | 2008 | 2007 | 2007 | 2006 |
| | (Euro thousands) | | | | | |
| **Consolidated Data** | | | | | | |
| Shares outstanding[1] | 42,322,644 | 40,152,268 | 40,152,268 | 40,032,668 | 40,032,668 | 40,032,668 |
| EBITDA[2] | 4,184 | 1,675 | 6,762 | 2,916 | 3,855 | 1,404 |
| Operating profit | 3,293 | 864 | 4,789 | 511 | 1,507 | 36 |
| Profit (loss) for the period attributable to the owners of the parent | 1,562 | (439) | 2,402 | (633) | 350 | (43) |
| Shareholders' equity | 23,610 | 12,658 | 16,435 | 12,516 | 12,747 | 12,418 |
| | (Euro) | | | | | |
| **Per Share Data** | | | | | | |
| Profit (loss) for the period attributable to the owners of the parent per Share | 0.04 | (0.01) | 0.06 | (0.02) | 0.01 | (0.00) |
| Shareholders' equity per Share | 0.56 | 0.32 | 0.41 | 0.31 | 0.32 | 0.31 |

*(1) The number of Shares corresponds to the number of Shares issued as of the end of the relevant period, adjusted for the 1-to-52 stock split approved at the extraordinary shareholders' meeting of YOOX held on September 8, 2009. Shareholders resolved in favor of the 1-to-52 stock split, splitting the 813,897 then existing and issued Shares, after deleting the nominal value stated thereon, into 42,322,644 Shares.*

*(2) We calculate EBITDA as the profit (loss) attributable to the owners of the parent before: (i) taxation; (ii) financial income and financial charges; (iii) depreciation, amortization and impairments recorded for the period; and (iv) non-recurring charges. EBITDA should not be considered by prospective investors as an alternative to: (a) operating profit as a measure of our operating performance; (b) net cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs; or (c) any other measure of performance under IFRS or Italian GAAP.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following is a discussion and analysis of the Group's financial condition and results of operations as of and for the periods ended June 30, 2009 and 2008 and as of and for the years ended December 31, 2008, 2007 and 2006. Financial data included in the discussion below has been derived from the Group's audited consolidated financial statements (including the notes thereto): (i) as of and for the years ended December 31, 2008 and 2007 prepared in accordance with IFRS; and (ii) as of and for the years ended December 31, 2007 and 2006 prepared in accordance with Italian GAAP, as well as the Group's audited interim financial statements (including the notes thereto) as of and for the six months ended June 30, 2009, prepared in accordance with IFRS and the Group's unaudited consolidated financial information as of and for the six months ended June 30, 2008 prepared in accordance with IFRS, which is included in the 2009 Six-Month Interim IFRS Financial Statements for comparative purposes. In addition, the following includes a brief discussion and analysis of the Group's financial condition and results of operations as of and for the periods ended September 30, 2009 and September 30, 2008, which is based on data derived from the Group's 2009 Nine-Month Interim IFRS Financial Statements.*

*This discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties, which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. See "Notice Regarding Forward-Looking Statements" for a discussion of risks and uncertainties facing the Group; see, also "Risk Factors."*

**Overview**

Our mission is to be the global Internet retailing partner for the leading fashion and design brands. Through proprietary multi-brand online stores and mono-brand online stores that we operate on behalf of fashion houses, we offer a rich assortment of high-quality fashion and home & design products, mostly from globally recognized designers, to retail customers in 57 countries. Over the years, we have developed enduring relationships with brand-owners and licensees. In certain cases, these relationships pertain to the supply of merchandise for sale through our proprietary online stores, yoox.com and thecorner.com. We refer to companies that regularly supply products to us for sale through our proprietary online stores as our "Commercial Partners." In certain other cases, we have developed collaborative relationships with fashion houses, for which we manage and operate brand-specific online stores. We refer to these brand-specific online stores as the "Online Flagship Stores" and to these fashion houses as our "Strategic Partners."

The experience and knowledge we have developed in online retailing, in terms of understanding the preferences of our customers and managing our own internal processes and value chain, have, in our management's opinion, placed us in a strong position to present ourselves as a global partner to the most important fashion and design brands in the world. Our global capabilities are based on both the Group's distribution capacity in the main fashion and design markets (Europe, North America and Japan), and the wide range of the business formats and solutions that we offer, which enable us to satisfy various fashion houses' distinct needs in relation to the Internet (through multi- and mono-brand stores, web design and web agency services, among other services).

We began operations in 2000 with the launch of our online multi-brand store, yoox.com. In 2006, based on the skills we had acquired and the success we had achieved through yoox.com, we initiated our "Mono-Brand Business Line," dedicated to the establishment and management of Online Flagship Stores for some of the main fashion companies in the world. In 2008, the Group launched another proprietary multi-brand online store: thecorner.com, which, together with yoox.com, now forms our "Multi-Brand Business Line." Meanwhile, the assortment of products available on yoox.com has been expanded since 2005 to include not only clothes, shoes and accessories, but also home & design products. Management believes that there are numerous similarities between the home & design sector and the fashion sector, and that both are sectors in which Italian designers excel.

Our expansion into the mono-brand business, as well as the broadening of our product offerings and the geographic coverage of our business, are the reasons behind the growth of our net revenues over

time. The net revenues of the Group for the year ended December 31, 2008 were €101.5 million, while the Group's profit was €2.4 million. Net revenues for the first six months of 2009 were €68.3 million, an increase of 46.6% compared to the €46.6 million of net revenues recorded in the six months ended June 30, 2008.

## Certain Factors Affecting the Group's Results of Operations In Recent Periods

***General Development of the Online Retail Market***

The Group's results of operations have been positively influenced by the general development of online shopping. The Group operates entirely online. The overall transaction volume in the global online retail market grew steadily in 2007 and 2008, to the benefit of the Group. See "Industry and Market — Market."

The online retail market depends significantly on the inclination of customers to buy online, shifting from traditional channels, as well as the development of Internet infrastructure — particularly broadband network access — and the development of ancillary activities, such as marketing on the Internet. In the periods under consideration, the Group's results of operations have benefited from favorable trends in these areas. See "Industry and Market." See also "Risk Factors — Risks Related to the Industry in Which the Group Operates."

***Growth of Our Business***

The revenues and costs of the Group increased in the three years 2006-2008 and in the six months ended June 30, 2009, due substantially to increases in the volume of sales through the online store yoox.com and the development of Online Flagship Stores on behalf of the Group's Strategic Partners.

Sales volumes across the online stores operated by the Group increased in the years 2006-2008 and in the six months ended June 30, 2009, due primarily to increases in the number of individual purchase orders from customers (up from 371 thousand in 2006 to approximately 508 thousand in 2007 and 780 thousand in 2008, and up from 362 thousand in the six months ended June 30, 2008 to 536 thousand in the six months ended June 30, 2009).

For the periods under consideration, net revenues from sales have increased in all geographical areas where the Group operates. In particular:

- In Italy, net revenues from sales increased by 41.6% from €13,314 thousand in the six months ended June 30, 2008 to €18,851 thousand in the corresponding period of 2009, by 40.5% from €20,667 thousand in 2007 to €29,027 thousand in 2008 (based on the Group's IFRS financial statements) and by 40.8% from €14,677 thousand in 2006 to €20,667 thousand in 2007 (based on the Group's Italian GAAP Financial Statements);
- In the other European countries in which the Group operates, net revenues from sales increased by 50.8% from €22,535 thousand in the six months ended June 30, 2008 to €33,993 thousand in the corresponding period of 2009, by 56.3% from €31,673 thousand in 2007 to €49,498 thousand in 2008 (based on the Group's IFRS financial statements) and by 45.3% from €21,797 thousand in 2006 to €31,673 thousand in 2007 (based on the Group's Italian GAAP Financial Statements);
- In North America, net revenues from sales increased by 31.2% from €7,761 thousand in the six months ended June 30, 2008 to €10,180 thousand in the corresponding period of 2009, by 47.6% from €11,080 thousand in 2007 to €16,354 thousand in 2008 (based on the Group's IFRS financial statements) and by 31% from €8,4597 thousand in 2006 to €11,080 thousand in 2007 (based on the Group's Italian GAAP Financial Statements); and
- In Japan, net revenues from sales increased by 87.9% from €2,147 thousand in the six months ended June 30, 2008 to €4,035 thousand in the corresponding period of 2009, by 51.3% from €3,069 thousand in 2007 to €4,643 thousand in 2008 (based on the Group's IFRS financial statements) and by 15.9% from €2,649 thousand in 2006 to €3,069 thousand in 2007 (based on the Group's Italian GAAP Financial Statements).

The average Euro value of customer orders remained substantially stable during the years 2006-2008 and in first half of 2009 (€172 in 2006; €175 in 2007; €167 in 2008; €167 in the six months ended June 30, 2008; and €164 in the six months ended June 30, 2009). Small changes in the average

monetary value of customer orders resulted from the combined effects of changes in the mix of merchandise sold, changes in the geographical make-up of sales and changes in the mix of sales between our two business lines.

The Group has endeavored to generate economies of scale by: (i) better absorbing fixed costs through increased revenues; and (ii) reducing its incremental variable costs, by, among other things, negotiating volume-based discounts from providers of services such as shipping.

***Launch and Development of the Mono-Brand Business Line***

In 2006, we launched our Mono-Brand Business Line, dedicated to the establishment and management of mono-brand online stores for our Strategic Partners. The number of our Online Flagship Stores increased from one at the end of 2006 to three by the end of 2007, six by June 30, 2008, 10 by the end of 2008 and 13 as of June 30, 2009. Net revenues from sales of the Mono-Brand Business Line increased from €590 thousand in 2006 to €4,035 thousand in 2007 and €15,443 thousand in 2008, influenced by the opening of, and revenues generated from, a succession of new online stores, as described above. Net revenues from sales of the Mono-Brand Business Line increased from €6,291 thousand in the six months ended June 30, 2008 to €11,323 thousand in the first half of 2009.

The sale of merchandise in the Mono-Brand Business Line is today completely based on consignment-type contracts, which provide that unsold items may be returned to the respective suppliers. We do not bear inventory risks with respect to items sold pursuant to such contracts, which has a positive effect on the Group's working capital, debt and interest expense.

***Currency Fluctuations***

Because we sell merchandise in countries that use currencies other than the Euro, we are exposed to currency risk both from transactions and from the consolidation of financial statements of subsidiaries with different currencies, especially with respect to the dollar, the yen and the U.K. pound sterling. In fact, in addition to changes in sales volumes, currency fluctuations have affected our reported net revenues in North America, Japan and the United Kingdom. By way of illustration, the increase in net revenues from sales between 2007 and 2008, amounted to 47.5% but would have amounted to 50.6%, if calculated on the basis of constant exchange rates.

In 2008, we partially hedged our intra-Group transactional currency risk by executing forward contracts and purchasing standard currency options from major Italian and international credit institutions with which the Group engages in transactions on a daily basis.

Our current policy is to hedge 50% of intra-Group transactional exposures to the dollar and the yen through derivative contracts and options on currencies. We may stop or change our hedging practices at any time. See "Risk Factors — Risks Related to the Company and our Group — Fluctuations in exchange rates may have material adverse effects on the business, results of operations or financial condition of the Group."

***Seasonality***

Our sales are affected by seasonality, which is typical of retailers operating in the fashion industry. In particular, our sales volumes are normally significantly higher in the second half of the year than during the first half, which has an impact on the comparability of our margins between different periods. In addition, our procurement cycle is not synchronized with the seasonal variation in sales volumes. As a consequence, our cash flow from operations and our cash flow used in operations do not match during the year and we have to sustain our working capital requirements in part by obtaining outside financing. See "Risk Factors — Risks Related to the Industry in Which We Operate — Our results of operations and financial condition are affected by seasonality."

**Accounting Policies**

In this Offering Circular, the consolidated historical financial information presented has not all been prepared under a common set of accounting principles. As a result, the presentation, discussion and analysis of our results of operations and financial condition in this Offering Circular compares the Italian GAAP Annual Financial Statements, the IFRS Annual Financial Statements, the 2009 Six-Month Interim IFRS Financial Statements and the 2009 Nine-Month Interim IFRS Financial Statements. There

are significant differences between Italian GAAP and IFRS and, as a consequence, our results of operations and financial condition prepared in accordance with Italian GAAP may not be comparable to our results of operations and financial condition prepared in accordance with IFRS.

References to the number of our Shares in this Offering Circular take into account the 1-to-52 stock split approved at the extraordinary shareholders' meeting of the Company held on September 8, 2009, unless otherwise noted herein. However, the Group's consolidated financial statements contained in this Offering Circular beginning on page F-1 include the number of our Shares prior to the aforementioned stock split. As a result, Share and per-Share amounts in this Offering Circular are not comparable to those included in the Group's consolidated financial statements contained in this Offering Circular beginning on page F-1.

The application of either IFRS or Italian GAAP requires management to make judgments, assumptions and estimates, which affect recorded financial results. We believe that certain discretionary accounting policies are particularly critical in terms of understanding the Group's financial statements. We believe that the Group's most critical accounting policies under each of IFRS and Italian GAAP are those set forth below:

***Critical Accounting Policies — IFRS***

The application of IFRS often requires management to make certain judgments, assumptions and estimates that may result in different financial presentations. We believe that certain accounting principles are critical in terms of understanding the Group's IFRS financial statements. We believes that the Group's most critical IFRS accounting policies are the following:

*Use of Estimates*

Preparation of the financial statements and the related notes requires Group management to make certain estimates and assumptions. These affect the amounts of the assets and liabilities reported in the financial statements, and the information provided about contingent assets and liabilities at the end of the reporting period. Actual results may differ from these estimates. Estimates have been made to determine the provisions for impairment losses on receivables, obsolete inventories, depreciation and amortization, impairment losses on assets, employee benefits, taxation etc. These estimates and assumptions are reviewed periodically and the effects of any changes are recognized immediately in the income statement.

*Foreign Currency Transactions*

Foreign currency transactions are translated into the functional currency of each Group company using the transaction-date exchange rate. Monetary items denominated in foreign currencies at the end of a reporting period are translated into the functional currency using the exchange rate applying on that date. The exchange rate gains or losses on monetary items are represented by the difference between the amortized cost of the functional currency at the start of the period, as adjusted to reflect the effective interest and payments during the period, and the amortized cost of the foreign currency translated using the exchange rate applying on the end of the reporting period. The exchange rate differences deriving from the translation of monetary items denominated in foreign currencies are recognized in the income statement.

*Financial Statements of Foreign Operations*

The assets and liabilities of foreign operations are translated to Euro using the exchange rates applying at the end of each reporting period. For practical reasons, the revenue and costs of foreign operations are translated to Euro using the average exchange rates for the period, if this does not give rise to significant differences with respect to their translation using the rates applicable to the individual transactions. The exchange rate differences deriving from the translation of the financial statements of foreign operations are recognized directly in equity as part of the "translation reserve." On the partial or complete sale of a foreign operation, the related amount of the differences accumulated in this reserve is released to the income statement. To the extent that payment or collection is not planned or likely in the foreseeable future, the exchange rate gains and losses deriving from the translation of monetary amounts due to or from foreign operations are deemed to be part of the net investment in them, and are recognized directly in equity as part of the reserve mentioned above.

*Development Costs*
The cost of research carried out with a view to obtaining new knowledge, or making scientific or technical discoveries, is charged to the income statement as incurred. Development expenditure is incurred on the basis of a plan or a project for the production of new or substantially improved products or processes. Development expenditure is only capitalized if the conditions specified in IAS 38, "Intangible assets" are met, namely:

- The demonstrable technical feasibility of the product;
- The demonstrable ability to use or sell the intangible asset;
- The intention of the company to complete the development project;
- The ability to determine reliably the costs incurred on the project;
- The recoverability of the amounts recorded against the economic benefits expected to derive from the development project; and
- availability of adequate technical, financial and other resources.

Capitalized development expenditure comprises the cost of services provided by third parties and directly-incurred personnel expenses. Borrowing costs relating to the development of capitalized assets are charged to the income statement as incurred. Other development expenditure is also charged to the income statement as incurred. Capitalized development expenditure is stated at cost, net of accumulated amortization and impairment losses. Development projects in progress are recorded at cost in the "assets under development" caption until such projects have been completed; on completion, such cost is reclassified to the appropriate caption and amortization commences.

*Inventories*
Inventories are stated at the lower of purchase and/or production cost or their net realizable value estimated with reference to market trends, having regard for any selling-related expenses. The cost of inventories, determined on an average basis by category, comprises their purchase cost and the costs incurred to bring them to the present location and condition. Inventories are reported in the financial statements net of the provision for obsolescence, which takes account of the impairment losses associated with obsolete and slow-moving items.

*Trade and Other Receivables*
Trade and other receivables, generally due within one year, are stated at the fair value of the initial consideration plus any transaction costs. Subsequently, they are measured at amortized cost, as adjusted for any impairment losses represented by the difference between their carrying amounts and the value of the related estimated future cash flows. If the amount of the impairment loss decreases in subsequent years, the loss is partially or completely reversed, and the receivable is reinstated to an amount that does not exceed the amortized cost that would have been recognized had the loss not been identified.

*Financial Liabilities*
Financial liabilities are initially recognized at their fair value, net of related charges; subsequent to initial recognition, they are measured at amortized cost using the effective interest method. The difference between amortized cost and the amount to be repaid is recognized in the income statement over the life of the liability, with reference to the interest accrued. Where the hedge accounting rules apply, financial liabilities hedged by derivative instruments are measured on a basis consistent with that applied to the hedging instrument.

*Share-based Payments*
The YOOX Group pays additional benefits to certain directors, executives, clerical staff, consultants and employees via their participation in stock option plans. Pursuant to IFRS 2, "Share-based payment," these plans are deemed to be equity settlement plans; accordingly, the total fair value of the stock options at the grant date is charged to the income statement as a cost. Changes in their fair value subsequent to the grant date do not affect their initial measurement. Personnel expenses, corresponding to the fair value of the options at the grant date, is recognized on a straight-line basis over the period from the grant date to the vesting date, with a matching entry in equity.

*Sales of Goods*
Net revenues from the sale of goods are stated at the fair value of the consideration received or due, taking account of any returns, allowances, commercial discounts and volume rebates. Net revenues are recognized when the significant risks and rewards of owning the goods are transferred to the purchaser, on condition that recovery of the consideration is likely, the related costs and any returns can be estimated reliably, and Group management ceases to exercise the level of continuous attention normally associated with ownership of the goods sold. These risks and rewards are normally transferred upon shipment to the customer, which corresponds to the time when the goods are handed over to the carrier.

*Sales of Services*
Net revenues from the provision of services is recognized in the income statement based on the stage of completion of the service at the end of the reporting period. The stage of completion is determined by measurement of the work performed.

*Financial Income and Charges*
Financial income includes the interest earned on invested liquidity and the profits on hedging instruments recognized through the income statement. Interest income is recognized in the income statement on an accruals basis, using the effective interest method. Financial charges include the interest charged on loans and the losses on hedging instruments recognized through the income statement. The cost of loans is recognized in the income statement using the effective interest method.

*Income Taxes*
The tax charge for the period comprises the current tax charge and the deferred tax charge. Income taxes are recognized in the income statement, except for those relating to any transactions recognized directly in equity, which are recorded in the same way. Current taxes represent the estimated income taxes payable in relation to taxable income for the period, determined by applying the tax rates in force or substantially in force at the end of the reporting period, together with any adjustments to prior-period amounts. Deferred taxes are recorded using the liability method by calculating the temporary differences between the carrying amounts of assets and liabilities and the corresponding amounts recognized for fiscal purposes. Deferred tax assets and liabilities are determined using the tax rates that are expected to be in force when the related assets are realized and the related liabilities are settled. For this purpose, reference is made to the tax rates laid down in current regulations or which are substantially in force at the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets against current tax liabilities, and if such deferred tax assets and liabilities relate to income taxes charged by the same tax authority to the same taxpayer, or to different taxpayers that intend to settle their current tax assets and liabilities on a net basis, or realize their tax assets and settle their tax liabilities at the same time. Deferred tax assets are recognized to the extent it is likely that future taxable income will be sufficient for their recovery. The amount of deferred tax assets is reviewed at each end of the reporting period and is decreased to the extent that the related fiscal benefits are no longer likely to be realized. The additional income taxes deriving from the distribution of dividends are recorded at the time the liability to pay dividends is recognized.

***Critical Accounting Policies — Italian GAAP***
As with IFRS, the application of Italian GAAP often requires management to make judgments, assumptions and estimates that may result in different financial presentations. We believe that certain accounting principles are critical in terms of understanding the Group's Italian GAAP financial statements. We believes that the Group's most critical Italian GAAP accounting policies are the following:

*Intangible Fixed Assets*
Intangible fixed assets are recorded at acquisition cost, including any directly-related charges, and stated net of accumulated amortization. Amortization is effected on a straight-line basis, using the same rate each year, having regard for the effective useful lives of the assets. If at year-end the economic value of an asset is found to be permanently lower than the amount determined on the above basis, the latter amount is written down. The original amount is reinstated, in whole or in part, if the reasons for such write-downs cease to apply. Intangible fixed assets have not been written down in the Italian GAAP financial statements included herein.

*Inventories*
Inventories are recorded at the lower of purchase cost or their amount estimated with reference to market trends. Cost is determined on an average-cost basis by category of products, including any directly-related charges. Inventories are stated net of the provision for obsolescence, which takes account of the lower realizable value of certain goods with respect to their purchase cost. Slow-moving and obsolete goods are written down to reflect their future recoverability. The original amount is reinstated, in whole or in part, if the reasons for such write-downs cease to apply.

*Receivables*
Receivables are stated at their estimated realizable value. The nominal value of receivables is written down to their estimated realizable value via the direct deduction of an allowance for doubtful accounts. This is determined from a specific analysis of the amounts that may not be recoverable, and on a general basis — considering the historical incidence of bad debts — to take account of any losses that have not yet been identified.

*Income Taxes*
Current taxes are recorded with reference to taxable income, estimated in accordance with current legislation, having regard for applicable exemptions and available tax credits, and in compliance with the accounting standards applicable to the recognition of income taxes. If a net liability for income taxes is identified from the calculations, this is classified among the "tax payables." Conversely, if a net asset is identified, this is classified as a current asset among the "tax receivables." In accordance with Italian accounting standards YOOX has recognized "deferred tax assets" in relation to both positive "temporary differences" and part of the tax losses carried forward that, with reasonable certainty, will be recovered in the following year. There are no items that generate "deferred tax liabilities." Deferred tax assets associated with carried-forward tax losses are recognized if: (i) there is a reasonable likelihood that taxable income in the following year will be sufficient to absorb the carried-forward losses associated with such deferred tax assets; and (ii) the losses concerned arose from clearly identified events and it is reasonable certain that such circumstances will not be repeated.

*Costs and Revenues*
These are recorded in the financial statements on a prudent accrual basis, which involves recognizing the related accruals and deferrals. Revenue and income, costs and charges are stated net of returns, commercial discounts, allowances and rebates, as well as the taxation directly associated with the sale of goods and the provision of services. Revenues from the sale of goods are recognized on the transfer of ownership, which normally occurs on the delivery or the shipment of the goods concerned. Financial revenues and those deriving from the provision of services are recognized on an accruals basis.

*Foreign Currency Assets and Liabilities*
Fixed assets denominated in foreign currencies are recorded using the exchange rates in force on the acquisition date. Current assets and liabilities denominated in foreign currencies are translated using the spot rate at year-end, and the related exchange rate gains and losses are recorded after taking account of any hedging contracts. In accordance with the Italian Civil Code, any net gains are allocated to a specific non-distributable reserve until they have been realized. No significant effects have arisen as a result of the exchange rate fluctuations between the year-ends of the IFRS financial statement included herein. The forward contracts and other derivative financial instruments arranged to hedge commercial transactions denominated in foreign currencies are measured in the same way as the hedged transactions, recognizing the receivable and the income using the average hedging rate. The nominal value of these derivative contracts at the balance sheet date is recorded in the memorandum accounts.

**Transition to IFRS**
There are significant differences between Italian GAAP and IFRS and, as a consequence, financial data under Italian GAAP are not comparable to financial data under IFRS. For information concerning the Group's transition from Italian GAAP to IFRS and concerning material differences between the two sets of accounting principles, as applied to the business and financial accounts of the Group, please see "Attachment 1 — Transition to IFRS" to the Group's consolidated annual financial statements as of and for the years ended December 31, 2008 and 2007, beginning on page F-156 hereof.

For a reconciliation between the profit (loss) attributable to the owners of the parent for the year ended December 31, 2007 under IFRS and those under Italian GAAP for the same year, see "— Results of Operations — Year Ended December 31, 2007 Compared to the Year Ended December 31, 2006 — Effect on the Consolidated Income Statement of the Adoption of IFRS."

**Recent Developments**

Set forth below is certain financial information derived from, or calculated on the basis of, our unaudited interim consolidated financial statements as of and for the nine months ended September 30, 2009, prepared in accordance with IFRS, as approved by our board of directors on November 14, 2009 (the "2009 Nine-Month Interim IFRS Financial Statements") included elsewhere herein. Such financial statements, and the financial information set forth below, include unaudited consolidated financial data as of and for the nine months ended September 30, 2008, for comparison purposes.

*Consolidated Results of Operations*

The following table contains consolidated income statement data for the Group for the nine-month periods ended September 30, 2009 and 2008, as derived from the Group's 2009 Nine-Month Interim IFRS Financial Statements.

| | Nine Months Ended September 30, | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | Amount (Euro thousands) | Amount (Euro thousands) | Change |
| Net Revenues from the sale of goods | 100,423 | 67,872 | 48.0% |
| Net Revenues from the provision of services | 6,324 | 3,844 | 64.5% |
| **Total net revenues from sales** | **106,747** | **71,716** | **48.8%** |
| Cost of goods sold | (66,846) | (45,073) | 48.3% |
| Fulfillment cost | (11,426) | (8,888) | 28.6% |
| Selling expenses | (12,115) | (7,266) | 66.7% |
| General expenses | (9,706) | (8,365) | 16.0% |
| Other income and charges | (789) | (702) | 12.4% |
| Non-recurring charges | — | (130) | |
| **Total costs** | **100,882** | **70,424** | **43.2%** |
| **Operating profit** | **5,865** | **1,291** | **>100%** |
| Financial income | 442 | 405 | 9.1% |
| Financial charges | (1,455) | (1,222) | 19.1% |
| **Financial income (expense)** | **(1,013)** | **(817)** | **24.0%** |
| **Profit (loss) before taxation** | **4,852** | **473** | **>100%** |
| Taxation | (2,010) | (913) | >100% |
| **Profit (loss) for the period** | **2,842** | **(440)** | **>100%** |
| Profit (loss) for the year attributable to non-controlling interests | — | — | |
| **Profit (loss) for the period attributable to the owners of the parent** | **2,842** | **(440)** | **>100%** |

*Net Revenues from Sales*

Net revenues from sales increased by 48.8% from €71,716 thousand in the nine months ended September 30, 2008 to €106,747 thousand in the same period of 2009. Net revenues from sales include all revenues from the sale of goods, net of discounts and returns, as well as revenues from services.

*Net revenues from the Sale of Goods*

Net revenues from the sale of goods increased by 48% from €67,872 thousand in the nine months ended September 30, 2008 to €100,423 thousand during the same period of 2009, mainly due to an increase in volumes, driven principally by an increase in the number of customer orders.

The average value in Euro of customer orders was substantially the same in both the nine-month periods, amounting to €163.

The number of customer orders increased by 48.7% from 563 thousand in the nine months ended September 30, 2008 to 837 thousand in the same period of 2009.

Our net revenues from the sale of goods are net of costs associated with goods returns which increased by 50.2% from €24,494 thousand in the nine months ended September 30, 2008 to €36,798 thousand during the same period of 2009.

The cost of returns as a percentage of gross revenues from sales (i.e., revenues from the sale of goods before costs associated with returns) increased from 26.5% in the nine months ended September 30, 2008 to 26.8% during the same period of 2009.

*Net revenues from the Provision of Services*

Net revenues from the provision of services increased by 64.5% from €3,844 thousand in the nine months ended September 30, 2008 to €6,324 thousand during the same period of 2009, due principally to higher shipping charges, which were in turn driven by higher merchandise orders and higher revenues from web agency and web design services.

*Net revenues by Business Line*

Net revenues from the sales of the Multi-Brand Business Line increased by 43.9% from €61,678 thousand for the nine months ended September 30, 2008 to €88,779 thousand during the same period of 2009, due primarily to an increase in volumes, driven principally by an increase in orders from both existing and new customers, mainly at the online store yoox.com and thecorner.com.

Net revenues from sales of the Multi-Brand Business Line represented 83.2% of the Group's total net revenues in the nine months ended September 30, 2009.

Net revenues of the Mono-Brand Business Line increased by 79% from €10,038 thousand in the nine months ended September 30, 2008 to €17,968 thousand during the same period of 2009, due to both the opening of new online stores (increased from 8 as of September 30, 2008 to 15 as of September 30, 2009), and an increase in revenues generated by the existing stores, as a result of higher order volumes.

Net revenues from sales of the Mono-Brand Business Line represented 16.8% of the Group's total net revenues from sales in the nine months ended September 30, 2009.

*Revenues by Geographical Area*

The following table sets forth a breakdown of the Group's net revenues from sales by geographical area for the periods indicated, as derived from the Group's 2009 Nine-Month Interim IFRS Financial Statements.

| | Nine Months Ended September 30, | | |
|---|---|---|---|
| | 2009 | 2008 | |
| | Amount (Euro thousands) | Amount (Euro thousands) | Change |
| Italy | 28,120 | 20,248 | 38.9% |
| Europe (Italy excluded) | 53,071 | 35,055 | 51.4% |
| North America | 16,778 | 11,776 | 42.5% |
| Japan | 6,435 | 3,280 | 96.2% |
| Other countries | 618 | 397 | 55.7% |
| Not associated with any geographical area | 1,725 | 960 | 79.7% |
| **Total net revenues from sales** | **106,747** | **71,716** | **48.8%** |

Net revenues from sales in Italy increased by 38.9% from €20,248 thousand in the nine months ended September 30, 2008 to €28,120 thousand in the same period of 2009, reflecting growth in both the Multi-Brand Business Line and the Mono-Brand Business Line. Net revenues in the rest of Europe increased by 51.4% from €35,055 thousand in the first nine months of 2008 to €53,071 thousand in the same period of 2009, also reflecting growth in both the Multi-Brand and Mono-Brand Business Lines, with strong revenue growth in France and Germany.

Net revenues from sales in North America increased by 42.5% from €11,776 thousand in the nine months ended September 30, 2008 to €16,778 thousand during the same period of 2009, due primarily to higher volumes and to the relative strengthening of the dollar against the Euro.

Net revenues from sales in Japan increased by 96.2% from €3,280 thousand in the nine months ended September 30, 2008 to €6,435 thousand during the same period of 2009, due primarily to higher volumes both in the Mono-Brand and Multi-Brand Business Lines and to the relative strengthening of the yen against the Euro.

Net revenues from sales in other geographical areas increased, both in the Mono-Brand and Multi-Brand Business Lines, notwithstanding the fact that the Group did not engage in any specific marketing or commercial initiatives in those countries.

The line item "not associated with any geographical area" includes revenues from set-up fees and maintenance fees relating to new and existing Online Flagship Stores and revenues from web agency and web design services.

*Costs*

*Cost of Goods Sold*

The line item "cost of goods sold" includes both costs associated with sales of goods and costs associated with sales of services.

Cost of goods sold increased by 48.3% from €45,073 thousand (62.8% of total net revenues) in the nine months ended September 30, 2008 to €66,846 thousand (62.6% of total net revenues) in the nine months ended September 30, 2009, principally due to increased sales volumes.

The following table sets forth a breakdown of the cost of goods sold for the periods indicated, as derived from the Group's 2009 Nine-Month Interim IFRS Financial Statements.

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2009 | 2008 |
| | Amount (Euro thousands) | Amount (Euro thousands) |
| Purchases of goods | (63,990) | (44,855) |
| Changes in inventories of goods | 7,672 | 7,558 |
| **Purchases of goods and changes in inventories of goods** | **(56,318)** | **(37,297)** |
| Costs for services | (9,726) | (7,210) |
| Other costs | (802) | (566) |
| **Total cost of goods sold** | **(66,846)** | **(45,073)** |

*Fulfillment Cost*

Fulfillment cost increased by 28.6%, from €8,888 thousand (12.4% of total net revenues) in the nine months ended September 30, 2008 to €11,426 thousand (10.7% of total net revenues) in the same period of 2009. The decrease in fulfillment cost as a percentage of net revenues is attributable mainly to economies of scale resulting from increases in the volume of goods handled.

The following table sets forth the breakdown of fulfillment cost for the periods indicated, as derived from the Group's 2009 Nine-Month Interim IFRS Financial Statements.

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2009 | 2008 |
| | Amount (Euro thousands) | Amount (Euro thousands) |
| Costs of services | (8,265) | (6,149) |
| Personnel expenses | (2,690) | (2,331) |
| Depreciation and amortization | (251) | (282) |
| Other costs | (220) | (126) |
| **Total fulfillment cost** | **(11,426)** | **(8,888)** |

*Selling Expenses*

Selling expenses increased by 66.7% from €7,266 thousand in the nine months ended September 30, 2008 to €12,115 thousand in the same period of 2009, mainly due to an increase in sales volumes, an increase in our web marketing costs (from €2,031 thousand in the nine months ended September 30, 2008 to €3,181 thousand in the same period of 2009) and the expansion of our sales workforce and operations.

The table below sets forth the breakdown of selling expenses for the periods indicated, as derived from the Group's 2009 Nine-Month Interim IFRS Financial Statements.

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2009 | 2008 |
| | Amount (Euro thousands) | Amount (Euro thousands) |
| Costs of services | (7,711) | (4,596) |
| Personnel expenses | (3,225) | (1,890) |
| Impairment | (20) | (5) |
| Other costs | (1,159) | (775) |
| **Total selling expenses** | **(12,115)** | **(7,266)** |

*General Expenses*

General expenses increased by 16.0% from €8,365 thousand in the nine months ended September 30, 2008 to €9,706 thousand in the same period of 2009, mainly due to an increase in general and administrative, information technology and communication costs.

The following table sets forth a breakdown of general expenses for the periods indicated, as derived from the Group's 2009 Nine-Month Interim IFRS Financial Statements.

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2009 | 2008 |
| | Amount (Euro thousands) | Amount (Euro thousands) |
| Costs of services | (4,554) | (3,782) |
| Personnel expenses | (3,922) | (3,399) |
| Depreciation and amortization | (1,110) | (954) |
| Provisions | (120) | (230) |
| **Total general expenses** | **(9,706)** | **(8,365)** |

*Other Income and Charges*

Other charges increased by 12.4% from €702 thousand in the nine months ended September 30, 2008 to €789 thousand in the same period of 2009 mainly due to an increase in charges for items lost or stolen during shipping and increased provisions for risks, which were partially offset by reimbursements received by the Group from shipping companies for claims for lost or damaged items.

*Non-recurring charges*

The Group did not record any non-recurring charges during the first nine months of 2009. The non-recurring charges recorded in the first nine months of 2008, equal to €130 thousand, included the costs of the transfer of the Bologna logistics center to the Bologna Interport, as well as costs to repair fire damage at the Group's office in Milan in August 2007.

*Operating Profit*

Operating profit increased more than four times from €1,291 thousand in the nine months ended September 30, 2008 to €5,865 thousand in the same period of 2009. Operating profit as a percentage of total net revenues increased from 1.8% in the nine months ended September 30, 2008 to 5.5% in the same period of 2009. This increase reflected, principally, higher revenues and the implementation of commercial strategies aimed at absorbing more fixed costs through economies of scale, especially in our fulfillment activities.

*Operating Profit by Business Line before Corporate Costs*

The operating profit of the Multi-Brand Business Line increased by 48.5% from €9,632 thousand (15.6% of the Multi-Brand Business Line net revenues) in the nine months ended September 30, 2008 to €14,304 thousand (16.1% of the Multi-Brand Business Line net revenues) in the same period of 2009. Such increase was principally attributable to increased volumes. Operating profit takes into account all costs directly associated with such business line, including the cost of goods sold, fulfillment cost and selling expenses.

The operating profit of the Mono-Brand Business Line more than doubled from €1,145 thousand (11.4% of the Mono-Brand Business Line net revenues) in the nine months ended September 30, 2008 to €2,328 thousand (13.0% of the Mono-Brand Business Line net revenues) in the same period of 2009, mainly due to the opening of new online stores (increased from 8 as of September 30, 2008 to 15 as of September 30, 2009) and an increase in net revenues generated by the existing online stores, as a result of higher order volumes. Operating profit takes into account all costs directly associated with the Mono-Brand Business Line, including the cost of goods sold, fulfillment cost and selling expenses.

The foregoing discussion of operating profit by business line excludes costs associated with the "corporate area" (and thus not allocated to either business line). Costs associated with the corporate area increased by 13.5% from €9,484 thousand in the nine months ended September 30, 2008 to €10,767 thousand in the same period of 2009, mainly due to growth in the Group's administrative structures and systems. The costs of the corporate area include depreciation and amortization classified under "fulfillment cost" and "selling expenses", and costs associated with general administration, other income and charges and non-recurring charges.

*Net Financial Expense*

Our net financial expense increased by 24% from €817 thousand in the nine months ended September 30, 2008 to €1,013 thousand in the same period of 2009.

In particular, financial income increased by 9.1% from €405 thousand in the nine months ended September 30, 2008 to €442 thousand in the same period of 2009, mainly due to realized gains from, and the marking to market of, exchange rate hedging derivatives.

Financial expense increased by 19.1% from €1,222 thousand in the nine months ended September 30, 2008 to €1,455 thousand in the same period of 2009, mainly due to an increase in exchange rate losses, especially from the conversion of dollar and yen amounts into Euro.

*Taxation*

The following table sets forth a breakdown of our income tax expense for the periods indicated.

| | Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2009 | 2008 | Change | |
| | Amount (Euro thousands) | Amount (Euro thousands) | Amount (Euro thousands) | Percentage |
| Current corporate income tax[1] due by the Company | (2,088) | — | (2,088) | >100% |
| Current regional income tax[2] due by the Company | (501) | (344) | (157) | 46% |
| Current income tax on foreign subsidiaries' profits | (644) | (356) | (288) | 81% |
| Deferred income taxes | 1,223 | (214) | 1,437 | >100% |
| **Total taxation** | **(2,010)** | **(913)** | **(1,096)** | **>100%** |
| **Profit (loss) before taxation** | **4,852** | **473** | **4,379** | **>100%** |
| **Effective tax rate** | **41.4%** | **>100%** | | |

*(1) Imposta sul Reddito delle Società, or IRES.*
*(2) Imposta Regionale sulle Attività Produttive, or IRAP.*

The total amount of current taxation due increased from €700 thousand for the nine months ended September 30, 2008 to €3,233 thousand for the same period of 2009.

Current regional income tax (IRAP) increased by approximately 46% from €344 thousand for the nine months ended September 30, 2008 to €501 thousand for the same period of 2009.

With respect to the current corporate income tax (IRES), tax losses amounting to €223 thousand generated in the Company's previous tax years were carried forward to offset taxable income for the nine months ended September 30, 2009. The current corporate income tax (IRES) amounted to €2,088 thousand for the nine months ended September 30, 2009.

Current income tax on foreign subsidiaries' profits increased by 81% from €356 thousand for the first nine months of 2008 to €644 thousand for the same period of 2009, due to increased taxable income generated in the nine months ended September 30, 2009.

The Group also recorded deferred tax assets equal to €2,413 thousand and deferred tax liabilities equal to €39 thousand during the first nine months of 2009. We wrote down tax assets recorded in the 2008 fiscal year in the amount of €1,151 thousand.

*Profit (Loss) for the Period Attributable to the Owners of the Parent*

Profit (loss) for the period attributable to the owners of the parent increased from a loss of €440 thousand in the nine months ended September 30, 2008 to a profit of €2,842 thousand during the same period of 2009 for the reasons discussed above.

*Cash Flow Statement Analysis*

The following table summarizes our cash flows during the nine months ended September 30, 2009 and 2008, as derived from the Group's 2009 Nine-Month Interim IFRS Financial Statements.

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2009** | **2008** |
| | **(Euro thousands)** | |
| Cash flow from operating activities | 4,307 | (4,779) |
| Cash flow from investing activities | (1,094) | (3,290) |
| Cash flow from financing activities | (1,306) | 8,518 |
| **Total cash flow** | **1,907** | **449** |
| Cash and cash equivalents at the beginning of the period | 8,962 | 5,185 |
| Cash and cash equivalents at the end of the period | 10,869 | 5,634 |

The Group's total cash flow increased by more than four times from €449 thousand in the nine months ended September 30, 2008 to €1,907 thousand during the same period of 2009, due to an increase in cash inflow from operating activities. This increase in cash flow from operating activities was mainly due to an increase in the profits of the period (increased from a loss of €440 thousand in the first nine months of 2008 to a profit of €2,842 in the same period of 2009). The cash inflow from operating activities totally offset the cash outflow from investing and financing activities.

*Cash and Cash Equivalents*

The cash and cash equivalents of the Group amounted to €10,869 thousand as of September 30, 2009, as compared to €12,581 thousand as of June 30, 2009 and €8,962 thousand as of December 31, 2008. Cash equivalents consist of liquid securities, demand deposits and other short-term deposits with banks.

*Bank Loans and Other Borrowings*

The Group's total debt to banks and other financial institutions and assets and losses from financial instruments amounted to €16,545 thousand as of September 30, 2009, as compared to €22,821 thousand as of December 31, 2008.

*Net Financial Debt*

The Group's net financial debt increased as of September 30, 2009, due primarily to a seasonal purchase campaign and an increase in bank loans and other borrowings.

The following table sets forth a breakdown of the components of the Group's Net Financial Debt as of the dates indicated, calculated on the basis of information from the Group's 2009 Nine-Month Interim IFRS Financial Statements.

| | As of | | |
|---|---|---|---|
| | September 30, 2009 | June 30, 2009 | Change |
| | (Euro thousands) | | |
| Cash and cash equivalents | (10,869) | (12,581) | (13.6)% |
| Other current financial assets | (43) | (231) | (81.4)% |
| Bank and other current financial payables | 399 | 226 | 76.5% |
| Other current financial liabilities | 12 | 1 | >100% |
| **Subtotal (short-term items)** | **(10,501)** | **(12,584)** | **(16.6)%** |
| Medium/long-term financial payables | 16,146 | 16,128 | 0.1% |
| **Net Financial Debt[1]** | **5,645** | **3,544** | **54.2%** |

*(2) As shown in the below table, Net Financial Debt is defined as the net amount of: (i) cash and cash equivalents; (ii) other current financial assets; (iii) bank and other current financial payables and other current financial liabilities; and (iv) medium- and long-term financial payables. Net Financial Debt is not a recognized accounting measure in the context of Italian GAAP or the IFRS endorsed by the European Union.*

*Net Working Capital*

The Group's Net Working Capital increased from €18,504 thousand as of June 30, 2009 to €21,671 thousand as of September 30, 2009, mainly due to increases in inventories and trade receivables and a decrease in trade payables.

*Selected Consolidated Balance Sheet Information*

The following table contains consolidated balance sheet data for the Group for the periods indicated, as derived from the Group's IFRS balance sheets as of September 30, 2009 and June 30, 2009.

| | As of | |
|---|---|---|
| | September 30, 2009 | June 30, 2009 |
| | Amount (Euro thousands) | Amount (Euro thousands) |
| Non-current assets | 9,722 | 9,391 |
| Current assets. | 66,478 | 63,480 |
| Total assets | 76,200 | 72,871 |
| Non-current liabilities | 16,876 | 16,869 |
| Current liabilities | 34,307 | 32,392 |
| Total liabilities | 51,283 | 49,261 |
| Shareholders' equity | 25,017 | 23,610 |
| **Total Liabilities and Shareholders' Equity** | **76,200** | **72,871** |

## Results of Operations

***First Half of 2009 Compared to the First Half of 2008***

*Consolidated Results of Operations*

The following table contains consolidated income statement data for the Group for the six-month periods ended June 30, 2009 and 2008, as derived from the Group's IFRS interim financial statements included in this Offering Circular.

| | Six Months Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2009 | | 2008 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Net revenues from the sale of goods | 64,453 | 94.4% | 44,182 | 94.8% | 45.9% |
| Net revenues from the provision of services | 3,852 | 5.6% | 2,403 | 5.2% | 60.3% |
| **Total net revenues from sales** | **68,305** | **100.0%** | **46,585** | **100.0%** | **46.6%** |
| Cost of goods sold | (42,635) | (62.4)% | (28,874) | (62.0)% | 47.7% |
| Fulfillment cost | (7,566) | (11.1)% | (5,828) | (12.5)% | 29.8% |
| Selling expenses | (7,843) | (11.5)% | (4,839) | (10.4)% | 62.1% |
| General expenses | (6,344) | (9.3)% | (5,629) | (12.1)% | 12.7% |
| Other income and charges | (624) | (0.9)% | (551) | (1.2)% | 13.2% |
| Non-recurring charges | — | — | — | — | — |
| **Total costs** | **(65,012)** | **(95.2)%** | **(45,721)** | **(98.1)%** | **42.2%** |
| **Operating profit** | **3,293** | **4.8%** | **864** | **1.9%** | **>100.0%** |
| Financial income | 337 | 0.5% | 174 | 0.4% | 93.7% |
| Financial charges | (1,053) | (1.5)% | (824) | (1.8)% | 27.8% |
| **Financial income (expense)** | **(716)** | **(1.0)%** | **(650)** | **(1.4)%** | **10.2%** |
| **Profit (loss) before taxation** | **2,577** | **3.8%** | **214** | **0.5%** | **>100.0%** |
| Taxation | (1,015) | (1.5)% | (653) | (1.4)% | 55.4% |
| **Profit (loss) for the period** | **1,562** | **2.3%** | **(439)** | **(0.9)%** | **>100.0%** |
| Profit (loss) for the year attributable to non-controlling interests | — | — | — | — | — |
| **Profit (loss) for the period attributable to the owners of the parent** | **1,562** | **2.3%** | **(439)** | **(0.9)%** | **>100.0%** |

*Net Revenues from Sales*

Net revenues from sales increased 46.6% from €46,585 thousand in the six months ended June 30, 2008 to €68,305 thousand in the six months ended June 30, 2009. Net revenues from sales include all revenues from the sale of goods, net of discounts and returns, as well as revenues from services.

*Net revenues from the Sale of Goods*

Net revenues from the sale of goods increased 45.9% from €44,182 thousand in the six months ended June 30, 2008 to €64,453 thousand in the six months ended June 30, 2009, mainly due to an increase in volumes, driven by an increase in the number of customer orders. The number of customer orders increased from approximately 362 thousand in the six months ended June 30, 2008 to approximately 536 thousand in the six months ended June 30, 2009.

The average value in Euro of customer orders decreased slightly from €167 in the six months ended June 30, 2008 to €164 in the first half of 2009. The slight variation in the average monetary value of customer orders resulted from the combined effects of changes in the mix of goods sold, changes in the geographical make-up of sales and the growth of — and changes in the mix of online stores within — the Mono-Brand Business Line.

Cost associated with goods returns increased by 43.8% from €16,418 thousand in the six months ended June 30, 2008 to €23,607 thousand during the same period of 2009. By contrast, the cost of returns as a percentage of gross revenues from sales (i.e., revenues from the sale of goods before costs associated with returns) decreased from 27.1% in the six months ended June 30, 2008 to 26.8% during the same period of 2009. The slight decrease in the incidence of returns on revenues was driven by the increase in net revenues originating from the Mono-Brand Business Line. The Mono-Brand Business Line has, to date, been characterized by lower returns than the Multi-Brand Business Line. We believe this is because the customers of Online Flagship Stores are more familiar (as

compared to customers of yoox.com) with the features of the brands they choose to buy. In general, returns are an unavoidable feature of the Group's business, originating both from legal protections for e-commerce consumers and from the Group's high service standards.

*Net revenues from the Provision of Services*

Net revenues from the provision of services mainly consist of:

- shipping costs charged to purchasers of goods, net of reimbursements to customers in case of returns (although, in certain countries, shipping costs are also charged to customers on returns);
- set-up fees paid by Strategic Partners for the establishment of new Online Flagship Stores, and recurring fees paid by Strategic Partners for the maintenance of such stores; and
- revenues from sales of advertising and web marketing services.

Net revenues from the provision of services increased by 60.3% from €2,403 thousand in the six months ended June 30, 2008 to €3,852 thousand during the same period of 2009, due principally to higher shipping charges in turn driven by higher merchandise orders.

*Net revenues by Business Line*

Net revenues from the sales of the Multi-Brand Business Line increased by 41.4% from €40,294 thousand in the six months ended June 30, 2008 to €56,982 thousand during the same period of 2009, due primarily to an increase in volumes, driven by increases in orders from both existing and new customers, mainly at the online store yoox.com. Net revenues from sales of the Multi-Brand Business Line amounted to 86.5% of the Group's total net revenues from sales in the six months ended June 30, 2008 and 83.4% during the same period of 2009.

Net revenues of the Mono-Brand Business Line increased by 80% from €6,291 thousand in the six months ended June 30, 2008 to €11,323 thousand during the same period of 2009, due to both the opening of new online stores (increased from six as of June 30, 2008 to 13 as of June 30, 2009), and an increase in revenues generated by the stores already operating in the six months ended June 30, 2008, as a result of higher order volumes.

*Net revenues by Geographical Area*

The following table sets forth a breakdown of the Group's net revenues from sales by geographical area for the periods indicated, as derived from the Group's IFRS financial statements.

| | Six Months Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2009 | | 2008 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Italy | 18,851 | 27.6% | 13,314 | 28.6% | 41.6% |
| Europe (Italy excluded) | 33,993 | 49.8% | 22,535 | 48.4% | 50.8% |
| North America | 10,180 | 14.9% | 7,761 | 16.7% | 31.2% |
| Japan | 4,035 | 5.9% | 2,147 | 4.6% | 87.9% |
| Other countries | 364 | 0.5% | 250 | 0.5% | 45.6% |
| Not associated with any geographical area | 882 | 1.3% | 578 | 1.2% | 52.6% |
| **Total net revenues from sales** | **68,305** | **100.0%** | **46,585** | **100.0%** | **46.6%** |

Total net revenues increased by 46.6% from €46,585 thousand in the first six months of 2008 to €68,305 thousand in the same period of 2009. The increase in net revenues would have been equal to 43.6% if calculated on the basis of constant currency exchange rates. The difference resulted from the strengthening of the dollar and the yen against the Euro, as partially offset by the strengthening of the Euro against the U.K. pound sterling. In particular:

- the dollar had an average exchange rate of $1.5304 per Euro in the six months ended June 30, 2008, as compared to $1.3328 during the same period of 2009;
- the yen had an average exchange rate of ¥160.62 per Euro in the six months ended June 30, 2008, as compared to ¥127.27 during the same period of 2009; and
- the U.K. pound sterling had an average exchange rate of £0.7752 per Euro in the six months ended June 30, 2008, as compared to £0.8939 during the same period of 2009.

Net revenues in Italy increased by 41.6% from €13,314 thousand in the first six months of 2008 to €18,851 thousand in the same period of 2009, reflecting growth in both the Multi-Brand Business Line and the Mono-Brand Business Line. Net revenues in the rest of Europe increased by 50.8% from €22,535 thousand in the first six months of 2008 to €33,993 thousand in the same period of 2009, also reflecting growth in both the Multi-Brand and Mono-Brand Business Lines; the Multi-Brand Business Line saw particularly strong net revenue growth in France and Germany.

Net revenues from sales in North America increased by 31.2% from €7,761 thousand in the six months ended June 30, 2008 to €10,180 thousand during the same period of 2009. By contrast, North American net revenues as a percentage of total net revenues decreased from 16.7% in the six months ended June 30, 2008 to 14.9% in the same period of 2009, due to greater increases in sales volumes in other geographical areas, notwithstanding the strengthening of the dollar against the Euro.

Net revenues in Japan increased by 87.9% from €2,147 thousand in the six months ended June 30, 2008 to €4,035 thousand during the same period of 2009, due primarily to higher volumes in both of the Group's lines of business and the strengthening of the yen against the Euro.

Net revenues in other geographical areas increased, both in the Mono-Brand and Multi-Brand Business Lines, notwithstanding the fact that the Group did not promote any specific marketing or commercial initiatives in those countries.

The line item "not associated with any geographical area" includes net revenues from set-up fees and maintenance fees relating to new and existing Online Flagship Stores and net revenues from sales of advertisements and web marketing services.

*Costs*

*Cost of Goods Sold*

The line item "cost of goods sold" includes both costs associated with sales of goods and costs associated with sales of services.

Cost of goods sold increased by 47.7% from €28,874 thousand in the six months ended June 30, 2008 to €42,635 thousand in the six months ended June 30, 2009, principally due to increased sales volumes. As a percentage of total net revenues, the cost of goods sold remained substantially unchanged.

Cost of goods sold includes costs incurred in the purchase of goods to be resold and ancillary acquisition costs, shipping costs for goods sold to customers and for returns, and costs incurred in the establishment and maintenance of Online Flagship Stores.

The following table sets forth a breakdown of the cost of goods sold for the periods indicated, as derived from the Group's IFRS financial statements.

| | Six Months Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2009 | | 2008 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Purchases of goods | (40,534) | (59.3)% | (28,477) | (61.1)% | 42.3% |
| Changes in inventories of goods | 4,813 | 7.0% | 4,681 | 10.0% | 2.8% |
| **Purchases of goods and changes in inventories of goods** | **(35,721)** | **(52.3)%** | **(23,796)** | **(51.1)%** | **50.1%** |
| Costs for services | (6,582) | (9.6)% | (4,677) | (10.0)% | 40.7% |
| Other costs | (332) | (0.5)% | (401) | (0.9)% | (17.2)% |
| **Total cost of goods sold** | **(42,635)** | **(62.4)%** | **(28,874)** | **(62.0)%** | **47.7%** |

Costs of the purchase of goods (the costs of purchasing goods to be resold) increased 42.3% from €28,477 thousand in the six months ended June 30, 2008 to €40,534 thousand in the same period of 2009, reflecting the growth of the business.

Purchases of goods and changes in inventories of goods increased by 50.1%, or €11,925 thousand, from the first six months of 2008 to the same period of 2009, in line with the increase in business volumes. Costs of purchases of goods and changes in inventories of goods as a percentage of net revenues increased from 51.1% in the six months ended June 30, 2008 to 52.3% during the same period of 2009, due primarily to differences in the timing of buying campaigns between the two years.

Changes in inventories of goods in the six months ended June 30, 2009 included a €1,298 thousand charge for inventory depreciation. Such depreciation charges were equal to €939 thousand during the same period of 2008.

Costs of services increased by 40.7% from €4,677 thousand in the six months ended June 30, 2008 to €6,582 thousand in the same period of 2009, due to the increase in sales volumes. Costs of services include shipping costs relating to merchandise sales and returns. Shipping costs are partially charged directly to final customers and such partial amounts are classified as revenues from services, net of reimbursements paid to customers in some countries in case of returns.

Other costs decreased by 17.2% from €401 thousand in the six months ended June 30, 2008 to €332 thousand during the same period of 2009. This line item includes, principally, shipping costs on purchased goods, and the personnel expenses and the cost of external services suppliers relating to the activities of setting-up and maintenance of Online Flagship Stores.

*Fulfillment Cost*

The line item "fulfillment cost" includes digital production costs, cataloguing and quality control costs, inventory logistics costs and customer service (i.e., call center and customer care) functions.

Fulfillment cost increased by €1,738 thousand, or 29.8%, from €5,828 thousand (12.5% of total net revenues) in the six months ended June 30, 2008 to €7,566 thousand (11.1% of total net revenues) in the same period of 2009. The decrease in fulfillment cost as a percentage of net revenues is attributable mainly to economies of scale resulting from increases in the volumes of goods handled.

The following table sets forth the breakdown of fulfillment cost for the periods indicated, as derived from the Group's IFRS financial statements.

| | Six Months Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2009 | | 2008 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Costs of services | (5,441) | (8.0)% | (3,960) | (8.5)% | 37.4% |
| Personnel expenses | (1,824) | (2.7)% | (1,584) | (3.4)% | 15.2% |
| Depreciation and amortization | (162) | (0.2)% | (199) | (0.4)% | (18.6)% |
| Other costs | (139) | (0.2)% | (85) | (0.2)% | 63.5% |
| **Total fulfillment cost** | **(7,566)** | **(11.1)%** | **(5,828)** | **(12.5)%** | **29.8%** |

Costs of services associated with fulfillment cost increased by 37.4% from €3,960 thousand in the six months ended June 30, 2008 to €5,441 thousand in the same period of 2009, due to high business volumes. Costs of services include the costs of stock handling, of packaging and of other outsourced processes. Costs of services are directly proportional to volumes of goods sold.

Personnel expenses associated with fulfillment cost increased by 15.2% from €1,584 thousand in the six months ended June 30, 2008 to €1,824 thousand in the same period of 2009, due to the increase in sales volume. Personnel expenses include costs associated with stock option plans, which amounted to €57 thousand in the six months ended June 30, 2008 and €27 thousand in the same period of 2009.

Personnel expenses include not only costs relating to employees, but also all costs of consultants and others that are classifiable as personnel expenses, including the cost of temporary employees.

*Selling Expenses*

Selling expenses increased by 62.1% from €4,839 thousand in the six months ended June 30, 2008 to €7,843 thousand in the same period of 2009.

Selling expenses include costs associated with sales activities, including most of the costs of the salaries of sales employees and employees in the web marketing and advertising areas. Selling expenses also include other costs associated with marketing activities and consulting for the creation and development of advertising campaigns and procurement, as well as commissions paid to intermediaries providing settlement services on transactions by credit cards and other means of payment, and customs duties paid by the Group in respect of merchandise shipments.

The table below sets forth the breakdown of selling expenses for the periods indicated, as derived from the Group's IFRS financial statements.

| | Six Months Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2009 | | 2008 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Cost of services | (4,847) | (7.1)% | (3,033) | (6.5)% | 59.8% |
| Personnel expenses | (2,101) | (3.1)% | (1,273) | (2.7)% | 65.0% |
| Impairment | (14) | (0.0)% | (4) | (0.0)% | >100.0% |
| Other costs | (881) | (1.3)% | (529) | (1.1)% | 66.5% |
| **Total selling expenses** | **(7,843)** | **(11.5)%** | **(4,839)** | **(10.4)%** | **62.1%** |

Cost of services associated with selling expenses increased by 59.8% from €3,033 thousand in the first half of 2008 to €4,847 thousand in the same period of 2009. Costs for services mainly consist of:

- Costs relating to web marketing activities, which increased by 62.1% from €1,356 thousand in the six months ended June 30, 2008 to €2,198 thousand in the same period of 2009. These costs relate to online advertising projects, marketing consultancy and assistance with the development of new joint ventures and commercial and technical management of existing joint ventures (substantially in the Multi-Brand Business Line);
- Costs of credit card transactions, which increased by 30.1% from €867 thousand in the six months ended June 30, 2008 to €1,128 thousand in the same period of 2009; and
- Customs duties (included in this line item because they are charged to the Group by the Group's shipping service providers), which increased by 57.1% from €595 thousand in the six months ended June 30, 2008 to €935 thousand in the same period of 2009.

The cost of personnel associated with selling expenses increased by 65.0% from €1,273 thousand in the six months ended June 30, 2008 to €2,101 thousand in the six months ended June 30, 2009, due to the combined effect of an increase in the number of employees employed in this area (43 as of June 30, 2008 and 67 as of June 30, 2009), and employees employed in this area abroad (5 as of June 30, 2008 and 11 as of June 30, 2009).

Personnel expenses associated with selling expenses includes costs associated with stock option plans, which amounted to €90 thousand in the six months ended June 30, 2008 and €77 thousand in the same period of 2009. Personnel expenses include not only costs relating to employees, but also all costs relating to consultants and others that are classifiable as personnel expenses, including the cost of temporary employees.

Other costs associated with selling expenses increased by 66.5% from €529 thousand in the six months ended June 30, 2008 to €881 thousand in the same period of 2009. Other costs primarily include the costs of online frauds. Costs of online fraud increased by 86% from €335 thousand in the six months ended June 30, 2008 to €623 thousand in the same period of 2009, partly due to an increase in overall volumes and partly due to increased sales in the Mono-Brand Business Line, which is characterized by a higher incidence of online fraud.

*General Expenses*

General expenses increased by 12.7% from €5,629 thousand in the six months ended June 30, 2008 to €6,344 thousand in the same period of 2009.

General expenses are made up of all the shared and administrative costs of the different offices of the Group, including the costs of general management, human resources, finance and control, communications, general services and the Group's information technology systems.

The following table sets forth a breakdown of general expenses for the periods indicated, as derived from the Group's IFRS financial statements.

| | Six Months Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2009 | | 2008 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Cost of services | (2,966) | (4.3)% | (2,563) | (5.5)% | 15.7% |
| Personnel expenses | (2,535) | (3.7)% | (2,311) | (5.0)% | 9.7% |
| Depreciation and amortization | (742) | (1.1)% | (609) | (1.3)% | 21.8% |
| Provisions | (101) | (0.1)% | (146) | (0.3)% | (30.8)% |
| **Total general expenses** | **(6,344)** | **(9.3)%** | **(5,629)** | **(12.1)%** | **12.7%** |

The cost of services associated with general expenses increased by 15.7% from €2,563 thousand in the six months ended June 30, 2008 to €2,966 thousand in the six months ended June 30, 2009. Costs for services include primarily:

- Costs of technology services, which increased from €480 thousand in the six months ended June 30, 2008 to €483 thousand in the six months ended June 30, 2009;
- Costs of legal and consulting services, which increased from €408 thousand in the six months ended June 30, 2008 to €646 thousand in the six months ended June 30, 2009;
- Costs of business leases, which increased from €234 thousand in the six months ended June 30, 2008 to €370 thousand in the six months ended June 30, 2009; and
- Costs of communication services, which increased from €191 thousand in the six months ended June 30, 2008 to €228 in the six months ended June 30, 2009.

The increase in the personnel expenses associated with "general expenses" is attributable to an increase in the number of employees employed in the relevant functions (up from 74 as of June 30, 2008 to 105 as of June 30, 2009). The increase in the cost of personnel was partially offset by a decrease in the costs associated with stock option plans, which decreased from €358 thousand in the six months ended June 30, 2008 to €168 thousand in the six months ended June 30, 2009. Personnel expenses include not only costs relating to employees, but also all costs relating to consultants and others that are classifiable as personnel expenses, including the cost of temporary employees.

Depreciation and amortization classified under general expenses increased by 21.8% from €609 thousand in the six months ended June 30, 2008 to €742 thousand during the same period of 2009 mainly due to general growth in investments in capital assets.

Provisions recorded in the "general expenses" line item decreased by 30.8% from €146 thousand in the six months ended June 30, 2008 to €101 thousand in the six months ended June 30, 2009. These provisions record estimated losses on certain receivables.

*Other Income and Charges*

Other charges increased by 13.2% from €551 thousand in the six months ended June 30, 2008 to €624 thousand in the same period of 2009 mainly due to an increase in charges for theft and losses and increased provisions for risk, partially offset by reimbursements received by us from shipping companies. In particular:

- Charges in the "theft and losses" line item increased by 44% from €159 thousand in the six months ended June 30, 2008 to €229 thousand in the same period of 2009. The "theft and losses" line item includes items lost or stolen during shipping. Shipping contracts include insurance provisions concerning such losses and thefts. Pursuant to such insurance provisions the Group was reimbursed €13 thousand in the six months ended June 30, 2008 and €29 thousand during the same period of 2009.
- We did not record any provisions for risks in the six months ended June 30, 2008, but recorded provisions for other risk amounting to €165 thousand during the same period of 2009. Provisions for other risks concern estimated losses and thefts during the relevant period not yet registered at the end of the previous fiscal year and provisions for other risks recorded in accordance with IAS 37.

- Reimbursements more than tripled from €32 thousand in the six months ended June 30, 2008 to €124 thousand during the same period of 2009 mainly due to improvements in our process for presenting claims for lost or damaged goods.

*Operating Profit*

Operating profit increased more than three times from €864 thousand in the six months ended June 30, 2008 to €3,293 thousand in the same period of 2009. Operating profit as a percentage of total net revenues increased from 1.9% in the six months ended June 30, 2008 to 4.8% in the same period of 2009. This significant increase reflected, principally, higher net revenues and the implementation of commercial strategies aimed at absorbing more fixed costs through economies of scale.

*Operating Profit by Business Line before Corporate Costs*

The operating profit of the Multi-Brand Business Line increased by 42.2% from €6,515 thousand (16.2% of the net revenues of the Multi-Brand Business Line) in the six months ended June 30, 2008 to €9,264 thousand (16.3% of the net revenues of the Multi-Brand Business Line) in the same period of 2009. Such increase was attributable to increased volumes. Operating profit takes into account all costs directly associated with such business line, including the cost of goods sold, fulfillment cost and selling expenses.

The operating profit of the Mono-Brand Business Line increased by 60.3% from €731 thousand (11.6% of the net revenues of the Mono-Brand Business Line) in the six months ended June 30, 2008 to €1,172 thousand (10.4% of the net revenues of the Mono-Brand Business Line) in the same period of 2009. The negative variation in the margin was attributable to the different number and characteristics of Online Flagship Stores operating in the first six months of 2008 and 2009, respectively, including differences in markets and price bands.

The foregoing discussion of operating profit by business line excludes costs associated with our "corporate area" (and thus not allocated to either business line). Cost associated with the corporate area increased by 11.9% from €6,382 thousand in the six months ended June 30, 2008 to €7,143 thousand in corresponding period of 2009, mainly due to growth in the Group's administrative structures and systems. Costs of the corporate area include depreciation and amortization classified under "fulfillment cost" and "selling expenses," and costs associated with general administration, other income and charges and non-recurring charges.

*Net Financial Income*

The deficit in net financial income increased by 10.2% from negative €650 thousand in the six months ended June 30, 2008 to negative €716 thousand in the same period of 2009.

In particular, financial income increased by 93.7% from €174 thousand in the six months ended June 30, 2008 to €337 thousand in the same period of 2009, while financial charges increased by 27.8% from €824 thousand in the six months ended June 30, 2008 to €1,053 thousand in the same period of 2009.

The increase in financial income was mainly due to an increase in exchange rate gains mainly from currency exchange and hedging, which increased from €145 thousand in the six months ended June 30, 2008 to €259 thousand in the same period of 2009.

The increase in financial charges was primarily due to an increase in interest expense paid on facilities, which increased from €416 thousand in the six months ended June 30, 2008 to €508 thousand in the same period of 2009, and to an increase in exchange rate losses, which increased from €338 thousand in the six months ended June 30, 2008 to €457 thousand in the same period of 2009.

*Taxation*

The following table sets forth a breakdown of taxes paid by the Group for the periods indicated, as derived from the Group's IFRS financial statements.

| | Six Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2009 | | 2008 | | Change | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | Percentage |
| Current corporate income tax[1] due by the Company | (1,256) | (1.8)% | — | — | — | — |
| Current regional income tax[2] due by the Company | (324) | (0.5)% | (235) | (0.5)% | (89) | 37.9% |
| Current income tax on foreign subsidiaries' profits | (521) | (0.8)% | (319) | (0.7)% | (202) | 63.3% |
| Deferred income taxes | 1,086 | 1.6% | (99) | (0.2)% | 1,185 | >100.0% |
| **Total taxation** | **(1,015)** | **(1.5)%** | **(653)** | **(1.4)%** | **(362)** | **>55.4%** |
| **Profit (loss) before taxation** | **2,577** | **3.8%** | **214** | **0.5%** | **2,363** | **>100.0%** |
| **Effective tax rate** | 39.4% | | >100.0% | | | |

*(1) Imposta sul Reddito delle Società, or IRES.*
*(2) Imposta Regionale sulle Attività Produttive, or IRAP.*

With respect to the total taxation due in connection with the first six months of 2009 tax losses generated in the Company's previous tax years were carried forward to partially offset the taxable income realized in the six months ended June 30, 2009, equal to €223 thousand. The benefit resulting from the carry-forward of such losses was equal to €61 thousand. In addition, as of June 30, 2009, the Company recorded a credit for prepaid taxes relating to certain temporary deductibility differences, generally referring to taxable reserves, for an amount equal to €1,086 thousand.

With respect to the total taxation due in connection with the first half of 2008, it should be noted that tax losses generated in the Company's previous tax years were carried forward to totally offset the taxable income realized in the six months ended June 30, 2008 (approximately equal to €1,661 thousand). Moreover, it should be noted that the effective tax rate, exceeding 100%, cannot be compared with the effective tax rate of the tax period ended June 30, 2009, because, as of June 30, 2008, the Company had not recorded any tax prepayments in connection with temporary deductibility differences.

The remaining taxable losses as of June 30, 2008 were equal to approximately €4,413 thousand; such losses were able to be carried forward without limits.

*Profit (Loss) for the Period Attributable to the Owners of the Parent*

Profit (loss) for the period attributable to the owners of the parent increased from a loss of €439 thousand in the six months ended June 30, 2008 to a profit of €1,562 thousand during the same period of 2009 for the reasons discussed above.

***Year Ended December 31, 2008 Compared to the Year Ended December 31, 2007***

*Consolidated Results of Operations*

The following table contains consolidated income statement data for the Group for the years ended December 31, 2008 and 2007, as derived from the Group's IFRS financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2008 | | 2007 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Net revenues from the sale of goods | 96,218 | 94.8% | 65,338 | 95.0% | 47.3% |
| Net revenues from the provision of services | 5,232 | 5.2% | 3,435 | 5.0% | 52.3% |
| **Total net revenues from sales** | **101,450** | **100.0%** | **68,773** | **100.0%** | **47.5%** |
| Cost of goods sold | (61,588) | (60.7)% | (42,618) | (62.0)% | 44.5% |
| Fulfillment cost | (11,992) | (11.8)% | (8,210) | (11.9)% | 46.1% |
| Selling expenses | (10,740) | (10.6)% | (7,564) | (11.0)% | 42.0% |
| General expenses | (11,289) | (11.1)% | (8,068) | (11.7)% | 39.9% |
| Other income and charges | (882) | (0.9)% | (628) | (0.9)% | 40.4% |
| Non-recurring charges | (170) | (0.2)% | (1,174) | (1.7)% | (85.5)% |
| **Total costs** | **(96,661)** | **(95.3)%** | **(68,262)** | **(99.3)%** | **41.6%** |
| **Operating profit** | **4,789** | **4.7%** | **511** | **0.7%** | **>100.0%** |
| Financial income | 754 | 0.7% | 258 | 0.4% | >100.0% |
| Financial charges | (1,974) | (1.9)% | (1,163) | (1.7)% | 69.7% |
| **Financial income (expense)** | **(1,220)** | **(1.2)%** | **(905)** | **(1.3)%** | **34.8%** |
| **Profit (loss) before taxation** | **3,569** | **3.5%** | **(394)** | **(0.6)%** | **>100.0%** |
| Taxation | (1,167) | (1.2)% | (239) | (0.3)% | >100.0% |
| **Profit (loss) for the year** | **2,402** | **2.4%** | **(633)** | **(0.9)%** | **>100.0%** |
| Profit (loss) for the year attributable to non-controlling interests | — | — | — | — | — |
| **Profit (loss) for the year attributable to the owners of the parent** | **2,402** | **2.4%** | **(633)** | **(0.9)%** | **>100.0%** |

*Net Revenues from Sales*

Net revenues increased 47.5% from €68,773 thousand in 2007 to €101,450 thousand in 2008. Net revenues from sales include all revenues from the sale of goods, net of discounts and returns, and revenues from services.

*Net revenues from the Sale of Goods*

Net revenues from the sale of goods increased 47.3% from 65,338 thousand in 2007 to 96,218 thousand in 2008, mainly due to an increase in volumes, driven by an increase in the number of customer orders. The number of customer orders increased from approximately 508 thousand in 2007 to approximately 780 thousand in 2008.

The average value in Euro of customer orders decreased from €175 in 2007 to €167 in 2008. This variation in the average monetary value of customer orders resulted from the combined effects of changes in the mix of goods sold, changes in the geographical make-up of sales and the growth of — and changes in the mix of stores within — the Mono-Brand Business Line.

Cost associated with returns of goods increased by 39.9% from €24,967 in 2007 to €34,937 thousand in 2008, mainly due to the increase in sales volumes. By contrast, the costs of returns as a percentage of gross revenues from sales (i.e., sales revenues before returns) decreased from 27.6% in 2007 to 26.6% in 2008. The decrease in the incidence of returns on revenues was driven, in part, by the increase in revenues originating from the Mono-Brand Business Line. The Mono-Brand Business Line has, to date, been characterized by lower returns because the brands of the Mono-Brand Business Line and their features are better known by customers. In general, returns are an unavoidable feature of in the Group's business, originating both from legal protections provided in favor of e-commerce consumers and from the Group's high service standards.

*Net revenues from the Provision of Services*

Net revenues from the provision of services mainly consist of:

- shipping costs charged to purchasers of goods, net of reimbursements to customers in case of returns (although, in certain countries, shipping costs are also charged to customers on returns);
- set-up fees relating to new Online Flagship Stores, and recurring fees paid by Strategic Partners for the maintenance of such stores; and
- revenues from sales of advertising and web marketing services.

Net revenues from the provision of services increased by 52.3% from €3,435 thousand in 2007 to €5,232 thousand in 2008, due principally to higher shipping charges driven by higher merchandise orders, as well as the revision of certain shipping rates.

*Net Revenues by Business Line*

Net revenues from sales of the Multi-Brand Business Line increased by 32.9% from €64,738 thousand in 2007 to €86,007 thousand in 2008, due primarily to the positive results of the online store yoox.com, which were driven by an increase in volumes, reflecting an increase in the number of orders from both existing and new customers. Net revenues of the Multi-Brand Business Line represented 84.8% of the total net revenues from sales of the Group in 2008, as compared to 94.1% in 2007.

Net revenues from sales of the Mono-Brand Business Line more than tripled from €4,035 thousand in 2007 to €15,443 thousand in 2008, principally as a result of the opening of new Online Flagship Stores over the course of 2007 and in 2008. As of December 31, 2007 only three Online Flagship Stores were open (and two of them were opened only in the second half of 2007), while in 2008, seven new online stores were opened.

*Net revenues by Geographical Area*

The following table sets forth a breakdown of the Group's net revenues from sales by geographical area for the years indicated, as derived from the Group's IFRS financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2008 | | 2007 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Italy | 29,027 | 28.6% | 20,667 | 30.1% | 40.5% |
| Europe (Italy excluded) | 49,498 | 48.8% | 31,673 | 46.1% | 56.3% |
| North America | 16,354 | 16.1% | 11,080 | 16.1% | 47.6% |
| Japan | 4,643 | 4.6% | 3,069 | 4.5% | 51.3% |
| Other countries | 541 | 0.5% | 380 | 0.6% | 42.4% |
| Not associated with any geographical area | 1,387 | 1.4% | 1,904 | 2.8% | (27.2)% |
| **Total net revenues from sales** | **101,450** | **100.0%** | **68,773** | **100.0%** | **47.5%** |

Total net revenues increased by 47.5% for the year ended December 31, 2008 as compared to those in 2007. The increase in net revenues would have been 50.6% if calculated on the basis of the average currency exchange rates prevailing during 2007. The strengthening of the Euro against the U.S dollar and the pound sterling primarily determined the difference in reported net revenues due to differences in average exchange rates between the two years. Such variations were partially offset by the strengthening of the yen against the Euro.

In particular:

- the dollar had an average exchange rate of $1.3707 per Euro in 2007, as compared to $1.4706 in 2008;
- the Euro had an average exchange rate of €0.6821 per pound sterling in 2007, as compared to €0.7963 in 2008; and
- the yen had an average exchange rate of ¥161.24 per Euro in 2007, as compared to ¥152.33 in 2008.

Net revenues from sales in Italy increased by 40.5% from 2007 to 2008, reflecting growth in both the Multi-Brand Business Line and the Mono-Brand Business Line. Net revenues in the rest of Europe increased by 56.3% from 2007 to 2008, also reflecting growth in both the Multi-Brand Business Line and the Mono-Brand Business Line; the Multi-Brand Business Line recorded particularly strong revenue growth in France and Germany.

Net revenues from sales in North America increased by 47.6% from €11,080 thousand in 2007 to €16,354 thousand in 2008, notwithstanding the strengthening of the Euro against the dollar, due mainly to an increase in Mono-Brand net revenues from existing and newly opened online stores. North American net revenues as a percentage of total net revenues remained stable from 2007 to 2008, despite the impact of the changes in exchange rates on the consolidation of results.

Net revenues in Japan increased by 51.3% from €3,069 thousand in 2007 to €4,643 thousand in 2008, benefiting from the strengthening of the yen against the Euro. Japanese net revenues as a percentage of total net revenues remained stable from 2007 to 2008.

Net revenues in other geographical areas increased, especially in the Multi-Brand Business Line, notwithstanding the fact that the Group did not promote any specific marketing or commercial initiatives in those areas.

The line item "not associated with any geographical area" includes net revenues from set-up fees and maintenance fees relating to new and existing Online Flagship Stores and net revenues from sales of advertisements and web marketing services, as well as sales of goods through alternate channels.

*Costs*

*Cost of Goods Sold*

The line item "cost of goods sold" includes both costs associated with sales of goods and costs associated with sales of services.

Cost of goods sold increased by 44.5% from €42,618 thousand in 2007 to €61,588 thousand in 2008, due to an increase in sales volumes. Cost of goods sold as a percentage of total net revenues decreased from 62.0% in 2007 to 60.7% in 2008. The 1.3% decrease in the cost of goods sold as a percentage of net revenues was mainly attributable to a decrease in the cost of services, driven principally by a decrease in shipping costs for goods sold to customers.

Cost of goods sold includes costs incurred in the purchases of goods to be resold and ancillary acquisition costs, shipping costs for goods sold to customers and for returns and costs incurred in the establishment and maintenance of Online Flagship Stores.

The following table sets forth a breakdown of the cost of goods sold for the years indicated, as derived from the Group's IFRS financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2008 | | 2007 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Purchases of goods | (61,190) | (60.3)% | (44,172) | (64.2)% | 38.5% |
| Changes in inventories of goods | 9,939 | 9.8% | 9,659 | 14.0% | 2.9% |
| **Purchases of goods and changes in inventories of goods** | **(51,251)** | **(50.5)%** | **(34,513)** | **(50.2)%** | **48.5%** |
| Cost of services | (9,554) | (9.4)% | (7,506) | (10.9)% | 27.3% |
| Other costs | (783) | (0.8)% | (599) | (0.9)% | 30.7% |
| **Total cost of goods sold** | **(61,588)** | **(60.7)%** | **(42,618)** | **(62.0)%** | **44.5%** |

Purchases of goods and changes in inventories of goods increased by 48.5% (or €16.738 thousand) from 2007 to 2008, in line with the increase in business volumes. Costs of purchases of goods and changes in inventories of goods as a percentage of net revenues increased from 50.2% in 2007 to 50.5% in 2008, due primarily to differences in the timing of buying campaigns between the two years.

Costs for the purchases of goods increased 38.5% from €44,172 thousand in 2007 to €61,190 thousand in 2008, due to an increase in sales volumes.

Changes in inventories of goods in 2008 included a €1,035 thousand depreciation charge. Depreciation charges were €859 thousand in 2007.

Costs of services increased by 27.3% from €7,506 thousand in 2007 to €9,554 thousand in 2008, due to increase in the sales volumes.

Costs of services include shipping costs on the Group's sales to its customers and on customer returns. Shipping costs are partially charged directly to final customers and such partial amounts are classified as revenues from services, net of reimbursements paid to customers in some countries in case of returns.

Costs of services as a percentage of total net revenues decreased from 10.9% in 2007 to 9.4% in 2008, mainly due to a reduction of shipping fees agreed upon with the providers of shipping services for 2008. Such renegotiation took place in 2007, but had effects starting from 2008.

Other costs increased by 30.7% from €599 thousand in 2007 to €783 thousand in 2008, due to an increase in sales volumes. This line item includes, principally, shipping costs on the Group's purchases of goods, and the costs of employees and external services suppliers relating to the establishment and maintenance of Online Flagship Stores.

*Fulfillment Cost*

The line item "fulfillment cost" includes digital production costs, cataloguing and quality control costs, inventory logistics costs and customer service (i.e., call center and customer care) functions.

Fulfillment cost increased by 46.1% (or €3,782 thousand) from €8,210 thousand (11.9% of total net revenues) in 2007 to €11,992 thousand (11.8% of total net revenues) in 2008, mainly due to increases in the costs of services and personnel expenses. This increase reflects principally the increase in merchandise volumes.

The following table sets forth the breakdown of fulfillment cost for the periods indicated, as derived from the Group's IFRS financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2008 | | 2007 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Costs of services | (8,241) | (8.1)% | (5,565) | (8.1)% | 48.1% |
| Personnel expenses | (3,205) | (3.2)% | (2,076) | (3.0)% | 54.4% |
| Depreciation and amortization | (376) | (0.4)% | (354) | (0.5)% | 6.2% |
| Other costs | (170) | (0.2)% | (215) | (0.3)% | (20.9)% |
| **Total fulfillment cost** | **(11,992)** | **(11.8)%** | **(8,210)** | **(11.9)%** | **46.1%** |

Costs of services associated with fulfillment cost increased by 48.1% from €5,565 thousand in 2007 to €8,241 thousand in 2008, due to increased merchandise volumes. Costs of services include the costs of stock handling, the costs of packaging and the costs of other outsourced processes. Cost of services is generally proportional to volumes of goods sold.

Personnel expenses associated with fulfillment cost increased by 54.4% from €2,076 thousand in 2007 to €3,205 thousand in 2008, due to an increase in the number of employees employed in this area (from 72 as of December 31, 2007 to 84 as of December 31, 2008). Personnel expenses include costs associated with stock option plans, which amounted to €107 thousand in 2007 and €132 thousand in 2008.

Personnel expenses include not only costs relating to employees, but also all costs of consultants and others that are classifiable as personnel expenses, including the cost of temporary employees.

*Selling Expenses*

Selling expenses increased by 42.0% from €7,564 thousand in 2007 to €10,740 thousand in 2008.

Selling expenses include costs associated with sales activities, including most of the costs of the salaries of sales employees and employees in web marketing and advertising. Selling expenses also include other costs associated with marketing activities and consulting for the creation and development of advertising campaigns, as well as commissions paid to intermediaries providing settlement services on transactions by credit cards and other means of payment, and customs duties paid by the Group in respect of its merchandise shipments.

The table below sets forth the breakdown of selling expenses for the years indicated, as derived from the Group's IFRS financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2008 | | 2007 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Cost of services | (6,785) | (6.7)% | (4,732) | (6.9)% | 43.4% |
| Personnel expenses | (2,726) | (2.7)% | (2,090) | (3.0)% | 30.4% |
| Amortization | (20) | (0.0)% | (6) | (0.0)% | >100.0% |
| Other costs | (1,209) | (1.2)% | (736) | (1.1)% | 64.3% |
| **Total selling expenses** | **(10,740)** | **(10.6)%** | **(7,564)** | **(11.0)%** | **42.0%** |

Cost of services associated with selling expenses increased by 43.4% from €4,732 thousand in 2007 to €6,785 thousand in 2008. Cost of services mainly consisted of:

- Costs relating to web marketing activities, which increased by 22.1% from €2,457 thousand in 2007 to €3,001 thousand in 2008. These costs relate to online advertising projects, marketing consultancy and assistance with the development of new joint ventures and commercial and technical management of existing joint ventures (substantially in the Multi-Brand Business Line);
- Costs of credit card transactions, which increased by 47.1% from €1,234 thousand in 2007 to €1816 thousand in 2008; and
- Customs duties (included in this line item because they are charged to the Group by the Group's shipping service providers), which increased by 41.7% from €918 thousand in 2007 to €1,301 thousand in 2008.

Cost of personnel associated with "selling expenses" increased by 30.4% from €2,090 thousand in 2007 to €2,726 thousand in 2008, due to an increase in the number of employees employed in this area (up from 35 as of December 31, 2007 to 51 as of December 31, 2008).

Personnel expenses associated with "selling expenses" include costs associated with stock option plans, which amounted to €233 thousand in 2007 and €348 thousand in 2008. Personnel expenses include not only costs relating to employees, but also all costs relating to consultants and others that are classifiable as costs of personnel, including the cost of temporary employees.

Other costs associated with "selling expenses" increased by 64.3% from €736 thousand in 2007 to €1,209 thousand in 2008. The largest component of other costs is the cost of online fraud, which more than tripled from €280 thousand in 2007 to €821 thousand in 2008, partly due to an increase in overall volumes and partly due to increased sales in the Mono-Brand Business Line, which is characterized by a higher percentage of online frauds.

*General Expenses*

General expenses increased by 39.9% from €8,068 thousand in 2007 to €11,289 thousand in 2008.

General expenses include shared and administrative costs of the different offices of the Group, including the costs of general management, human resources, finance and control, communications, general services and the Group's information technology systems.

The following table sets forth a breakdown of general expenses for the years indicated, as derived from the Group's IFRS financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2008 | | 2007 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Cost of services | (4,916) | (4.8)% | (4,190) | (6.1)% | 17.3% |
| Personnel expenses | (4,741) | (4.7)% | (2,973) | (4.3)% | 59.5% |
| Depreciation and amortization | (1,406) | (1.4)% | (871) | (1.3)% | 61.4% |
| Provisions | (226) | (0.2)% | (34) | (0.0)% | >100.0% |
| **Total general expenses** | **(11,289)** | **(11.1)%** | **(8,068)** | **(11.7)%** | **39.9%** |

The cost of services within the "general expenses" line item increased by 17.3% from €4,190 thousand in 2007 to €4,916 thousand in 2008. The most significant elements of the cost of services are:

- Costs of technology services, which decreased from €902 thousand in 2007 to €847 thousand in 2008;
- Costs of legal and consulting services which increased from €911 thousand in 2007 to €932 thousand in 2008;
- Costs of commercial leasing, which decreased from €613 thousand in 2007 to €493 thousand in 2008; and
- Costs of communication services, which increased from €358 thousand in 2007 to €426 in 2008.

The increase in the personnel expenses within the "general expenses" line item is attributable to an increase in the number of employees in the relevant functions (up from 63 as of December 31, 2007 to 84 as of December 31, 2008). Personnel expenses include costs associated with stock option plans, which increased from €692 thousand in 2007 to €822 thousand in 2008. Personnel expenses include not only costs relating to employees, but also all costs relating to consultants and others that are classifiable as personnel expenses, including the cost of temporary employees.

Costs of depreciation within the "general expenses" line item increased by 61.4% from €871 thousand in 2007 to €1,406 thousand in 2008, mainly due to depreciation of intangible assets with limited useful lives.

Provisions within the "general expenses" line item increased by more than six times from €34 thousand in 2007 to €226 thousand in 2008 due to depreciation of receivables.

*Other Income and Charges*

Other charges increased by 40.4% from €628 thousand in 2007 to €882 thousand in 2008, due to increases in "other tax charges," "provisions for other risks," partially offset by reimbursements received from shipping companies due to losses of, and damage to, our goods. In particular:

- Other tax charges increased by more than four times from €45 thousand in 2007 to €194 thousand in 2008, due to higher volumes.
- The "provisions for risks" line item recorded an increase of 64.3% from €56 thousand in 2007 to €92 thousand in 2008. Provisions for risks in 2008 included €56 thousand of estimated losses from theft and losses of goods referable to the 2008 financial year but not yet manifested at the end of 2008, as well as €30 thousand for taxes and fines imposed on the Group by the Italian tax authority in August 2008.
- Reimbursements more than doubled from €27 thousand in 2007 to €56 thousand in 2008.

*Non-Recurring Charges*

Non-recurring charges decreased by 85.5% from €1,174 thousand in 2007 to €170 thousand in 2008, mainly due to the fact that the 2007 results included the costs of the transfer of the Bologna logistics center to the Bologna Interport, as well as costs to remediate fire damage at the Group's office in Milan in August 2007.

*Operating Profit*

Operating profit increased by more than nine times from €511 thousand in 2007 to €4,789 thousand in 2008, while operating profit as a percentage of total net revenues increased from 0.7% in 2007 to 4.7% in 2008.

*Operating Profit by Business Line before Corporate Costs*

The operating profit of the Multi-Brand Business Line increased 60.0% from €9,688 thousand (15.0% of the net revenues of the Multi-Brand Business Line) in 2007 to €15,503 thousand (18.0% of the net revenues of the Multi-Brand Business Line) in 2008. Such increase is attributable to increased net revenues and cost control measures including the renegotiation of shipping fees with suppliers in 2007, which allowed the Group to reduce shipping costs in 2008. Operating profit includes all costs directly associated with the business line, including the cost of goods sold, fulfillment cost and selling expenses.

The operating profit of the Mono-Brand Business Line almost doubled from €1,055 thousand (26.1% of the net revenues of the Mono-Brand Business Line) in 2007 to €2,029 thousand (13.1% of the net revenues of the Mono-Brand Business Line) in 2008. The negative variation in the margin was attributable to the different number and characteristics of online stores operating in the 2007 and 2008, respectively, including differences in markets and price bands.

The foregoing discussion of operating profit by business line excludes costs associated with our "corporate area" (and thus not allocated to either business line). Costs associated with the corporate area increased 24.5% from €10,232 thousand in 2007 to €12,743 thousand in 2008, mainly due to growth in the Group's administrative structures and systems. Costs of the corporate area include depreciation and amortization classified under "fulfillment cost" and "selling expenses," and costs associated with general administration, other income and charges and non-recurring charges.

*Net Financial Income*

The deficit in the Group's net financial income increased by 34.8% from negative €905 thousand in 2007 to negative €1,220 thousand in 2008.

Financial income almost tripled from €258 thousand in 2007 to €754 thousand in 2008, due mainly to an increase in exchange rate gains from currency exchanges and hedging contracts, which increased from €161 thousand in 2007 to €573 thousand in 2008, and to an increase in other financial income, which increased from €62 thousand in 2007 to €126 thousand in 2008.

Financial charges increased by 69.7% from €1,163 thousand in 2007 to €1,974 thousand in 2008, due mainly to an increase in interest expense, which increased from €490 thousand in 2007 to €1,112 thousand in 2008 (due to the larger recourse to financings from credit institutions in 2008, necessary for the management of the Group's working capital), and to an increase in other financial charges, which increased from €121 thousand in 2007 to €370 thousand in 2008.

*Taxation*

The following table sets forth a breakdown of taxes paid by the Group in the years indicated, as derived from the Group's IFRS financial statements.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2008 | | 2007 | | Change | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | Percentage |
| Current corporate income tax due by the Company[1] | — | — | — | — | — | — |
| Current regional income tax due by the Company[2] | (543) | (0.5)% | (324) | (0.5)% | (219) | 67.6% |
| Current income tax on foreign subsidiaries' profits | (701) | (0.7)% | (332) | (0.5)% | (369) | >100.0% |
| Deferred income taxes | 77 | 0.1% | 417 | 0.6% | (340) | (81.5)% |
| **Total taxation** | **(1,167)** | **(1.2)%** | **(239)** | **(0.3)%** | **(928)** | >100.0% |
| **Profit (loss) before taxation** | **3,569** | **3.5%** | **(394)** | **(0.6)%** | **3,963** | >100.0% |
| Effective tax rate | 32.7% | | – | | | |

*(1) Imposta sul Reddito delle Società, or IRES.*
*(2) Imposta Regionale sulle Attività Produttive, or IRAP.*

With respect to the total taxation due in connection with 2008, it should be noted that part of the tax losses generated in the Company's previous fiscal years was carried forward to offset the taxable income earned in 2008, equal to €5,897 thousand. The benefit resulting from the carry-forward of such losses was equal to €1,622 thousand. In addition, in 2008, the Company recorded prepaid taxes relating to certain temporary deductibility differences, generally referring to taxable reserves, for an amount equal to €1,406 thousand, which were not recorded in previous fiscal years. Therefore, the effective tax rate in 2008 was 32.7%.

With respect to the total taxation due in connection with 2007, it should be noted that part of the tax losses generated in the Company's previous fiscal years was carried forward to offset the taxable income earned in 2007 (approximately €1,019 thousand). It should be pointed out that the remaining taxable losses as of December 31, 2007, were equal to approximately €6,074 thousand, and could be carried forward without limitations.

The remaining taxable losses as of December 31, 2008 were equal to approximately €223 thousand, and could be carried forward without limits.

*Profit (Loss) for the Year Attributable to the Owners of the Parent*
Profit (loss) for the year attributable to the owners of the parent increased from a loss of €633 thousand in 2007 to a profit of €2,402 thousand in 2008 for the reasons discussed above.

***Year Ended December 31, 2007 Compared to the Year Ended December 31, 2006***
Unlike the foregoing data regarding the years 2008 and 2007, which is derived from the Group's IFRS financial statements, the following data regarding the years 2007 and 2006 is derived from the Group's Italian GAAP financial statements. For information concerning the Group's transition from Italian GAAP to IFRS and concerning material differences between the two sets of accounting principles, as applied to the business and financial accounts of the Group, please see "Attachment 1 — Transition to IFRS" to the Group's consolidated annual financial statements as of and for the years ended December 31, 2009 and 2008, beginning on page F-156 hereof.

*Consolidated Results of Operations*

The following table contains consolidated income statement data for the Group for the years ended December 31, 2007 and 2006, as derived from the Group's Italian GAAP financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2007 | | 2006 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Net revenues from sales and services | 68,773 | 100.0% | 49,339 | 100.0% | 39.4% |
| Internal work capitalized | 975 | 1.4% | 256 | 0.5% | >100.0% |
| Other revenues and income | 445 | 0.5% | 374 | 0.8% | (12.8)% |
| **Net revenues from sales** | **70,074** | **101.9%** | **49,969** | **101.3%** | **40.2%** |
| **Production costs:** | | | | | |
| Raw materials, consumables, supplies and goods | (46,492) | (67.6)% | (31,676) | (64.2)% | 46.8% |
| Changes in inventories of goods | 9,659 | 14.0% | 4,796 | 9.7% | >100.0% |
| Services | (22,246) | (32.3)% | (15,327) | (31.1)% | 45.1% |
| Use of third-party assets | (733) | (1.1)% | (707) | (1.4)% | 3.7% |
| Personnel expenses | (6,291) | (9.1)% | (5,015) | (10.2)% | 25.4% |
| Depreciation, amortization and write-downs | (1,269) | (1.8)% | (1,250) | (2.5)% | 1.5% |
| Provisions for risks and charges | (30) | (0.0)% | (43) | (0.1)% | (30.2)% |
| Other provisions | (71) | (0.1)% | (56) | (0.1)% | 26.8% |
| Other operating profit (expense) | (1,094) | (1.6)% | (655) | (1.3)% | 67.0% |
| **Total production costs** | **(68,567)** | **(99.7)%** | **(49,933)** | **(101.2)%** | **37.3%** |
| **Operating profit**[1] | **1,507** | **2.2%** | **36** | **0.1%** | **>100.0%** |
| Interest and other financial expenses | (522) | (0.8)% | (104) | (0.2)% | >100.0% |
| Exchange rate gains (losses) | (392) | (0.6)% | (262) | (0.5)% | 49.6% |
| Other financial income | 38 | 0.1% | 16 | 0.0% | >100.0% |
| **Total financial income (expense)** | **(876)** | **(1.3)%** | **(350)** | **(0.7)%** | **>100.0%** |
| Extraordinary items | (62) | (0.1)% | — | — | 100.0% |
| **Profit (loss) before taxation** | **569** | **0.8%** | **(314)** | **(0.6)%** | **>100.0%** |
| Income taxes for the year — current | (651) | (0.9)% | (255) | (0.5)% | >100.0% |
| Income taxes for the year — deferred | 432 | 0.6% | 526 | 1.1% | (17.9)% |
| Profit (loss) for the year attributable to non-controlling interests | — | — | — | — | 0.0% |
| **Profit (loss) for the year attributable to the owners of the parent** | **350** | **0.5%** | **(43)** | **(0.1)%** | **>100.0%** |

*(1) Difference between net revenues from sales and total production costs.*

*Net Revenues*

Net revenues from sales and services increased by 39.4% from €49,339 thousand in 2006 to €68,773 thousand in 2007 due to an increase in sales volumes.

The amount recorded in the "internal work capitalized" line item more than tripled from €256 thousand in 2006 to €975 thousand in 2007. This line item includes expected future reimbursement from clients for all of the costs associated with internal work on development projects conducted on behalf of clients during the relevant year but not completed during the year. Important projects begun in 2007, but not completed as of December 31, 2007, concerned applications directed at providing services to customers and customizing the graphic and content interfaces of the websites of the Mono-Brand Business Line.

Other revenues and income did not significantly vary between 2006 and 2007. This line item includes various sources of revenues, including the rebate of part of the lease cost of the Group's Milan office in 2007, which was shared with an external supplier, and insurance settlements regarding thefts and losses of merchandise shipped to final customers.

*Net Revenues by Business Line*

Net revenues from the sales of the Multi-Brand Business Line increased by 32.8% from €48,749 thousand in 2006 to €64,738 thousand in 2007, due primarily to the positive results of the online store yoox.com, which were driven by an increase in volumes, determined by an increase in the

number of orders from both existing and new customers. Net revenues of the Multi-Brand Business Line represented 94.1% of the total net revenues from sales of the Group in 2007, as compared to 98.8% in 2006.

The growth of the net revenues of the Mono-Brand Business Line in 2007, as compared to 2006, was due both to the opening of the Emporio Armani and Diesel online stores in the first half of 2007, and to the higher net revenues of the Marni online store, which was opened in the last quarter of 2006.

*Net revenues by Geographical Area*

The following table sets forth a breakdown of the Group's net revenues from sales and services by geographical area for the years indicated, as derived from the Group's Italian GAAP financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2007 | | 2006 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Italy | 20,667 | 30.1% | 14,677 | 29.7% | 40.8% |
| Europe (Italy excluded) | 31,673 | 46.1% | 21,797 | 44.2% | 45.3% |
| North America | 11,080 | 16.1% | 8,459 | 17.1% | 31.0% |
| Japan | 3,069 | 4.5% | 2,649 | 5.4% | 15.9% |
| Other countries | 380 | 0.6% | 188 | 0.4% | >100.0% |
| Not associated with any geographical area | 1,904 | 2.8% | 1,569 | 3.2% | 21.4% |
| **Net revenues from sales** | **68,773** | **100.0%** | **49,339** | **100.0%** | **39.4%** |

Total net revenues from sales increased by 39.4% from €49,339 thousand in 2006 to €68,773 thousand in 2007.

In Italy, net revenues from sales and services increased 40.8% from €14,677 thousand to €20,667 thousand, while net revenues from sales as a percentage of total net revenues from sales and services remained substantially stable (29.7% in 2006 as compared to 30.1% in 2007).

In the rest of Europe net revenues from sales and services increased by 45.3% from €21,797 thousand (44.2% of total net revenues from sales) to €31,673 thousand (46.1% of total net revenues from sales).

Net revenues from sales and services also increased in North America and Japan, though less so than in Europe. In North America, net revenues from sales increased by 31.0% from €8,459 thousand in 2006 to €11,080 thousand in 2007. In Japan, net revenues from sales increased by 15.9% from €2,649 thousand in 2006 to €3,069 thousand in 2007. Net revenues from sales in North America and Japan were negatively influenced by fluctuations in currency exchange rates. Specifically, examining average annual exchange rates, the dollar weakened 9.2% against the Euro and the yen weakened 10.4% against the Euro from 2006 to 2007.

Net revenues from sales and services in other geographical areas increased, notwithstanding the fact that the Group had not promoted any specific marketing or commercial initiatives in those areas.

The line item "not associated with any geographical area" includes revenues from set-up fees and maintenance fees relating to new and existing Online Flagship Stores and revenues from sales of advertisements and web marketing services.

*Costs*

*Raw Materials, Consumables, Supplies and Goods and Changes in Inventories of Goods*

Costs for raw materials, consumables, supplies and goods, net of changes in inventories of goods, increased by 37.0% from €26,880 thousand in 2006 to €36,833 thousand in 2007, due to the increase in business volumes.

*Services*

The following table sets forth a break down of costs of services for the years indicated, as derived from the Group's Italian GAAP financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2007 | | 2006 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Transport expenses | (7,746) | (11.3)% | (4,823) | (9.8)% | 60.6% |
| Handling costs | (2,722) | (4.0)% | (1,701) | (3.4)% | 60.0% |
| Advertising and marketing expenses | (2,627) | (3.8)% | (1,882) | (3.8)% | 39.6% |
| External consultancy | (2,299) | (3.3)% | (1,272) | (2.6)% | 80.7% |
| Porterage and materials movement | (1,462) | (2.1)% | (1,056) | (2.1)% | 38.4% |
| Bank services and credit card commissions | (1,283) | (1.9)% | (1,000) | (2.0)% | 28.3% |
| Other costs | (1,127) | (1.6)% | (1,006) | (2.0)% | 12.0% |
| IT services (including e-sourcing) | (903) | (1.3)% | (455) | (0.9)% | 98.5% |
| Travel expenses | (494) | (0.7)% | (516) | (1.0)% | (4.3)% |
| Call center services | (428) | (0.6)% | (379) | (0.8)% | 12.9% |
| Directors' fees | (424) | (0.6)% | (344) | (0.7)% | 23.3% |
| Recruiting and training | (322) | (0.5)% | (107) | (0.2)% | >100.0% |
| Contract and temporary workers | (227) | (0.3)% | (635) | (1.3)% | (64.3)% |
| Insurance | (147) | (0.2)% | (120) | (0.2)% | 22.5% |
| Statutory auditors' fees | (35) | (0.1)% | (31) | (0.1)% | 12.9% |
| **Total costs of services** | **(22,246)** | **(32.3)%** | **(15,327)** | **(31.1)%** | **45.1%** |

Costs of services increased by 45.1% from €15,327 thousand in 2006 to €22,246 thousand in 2007, due principally to increases in transport costs, handling costs, advertising and marketing expenses, and external consultancy costs.

Transport costs increased by 60.6% from €4,823 thousand in 2006 to €7,746 thousand in 2007. Transport costs for deliveries of goods and returns increased due primarily to the increase in sales volumes, and due secondarily to higher shipping costs.

Handling costs increased by 60.0% from €1,701 thousand in 2006 to €2,722 thousand in 2007, due to the increase in volumes and to the effect of a new contract entered into with the main provider of logistics services, which manages the Group's Bologna Interport logistics center. This new contract provides for a different cost structure, which is based on estimated business dimensions and volumes. Certain lease costs relating to the Bologna Interport logistics center were classified as costs for the use of third-party assets in 2006 and the first half of 2007, but not for the last six months of 2007. For this reason handling costs as a percentage of net revenues increased from 3.4% in 2006 to 4.0% in 2007.

Advertising and marketing expenses increased by 39.6% from €1,882 thousand in 2006 to €2,627 thousand in 2007, due to the initiation of new advertising projects and purchases of new sponsored links, the costs of which are based on the number of connections (cost-per-click).

External consultancy costs increased by 80.7% from €1,272 thousand in 2006 to €2,299 thousand in 2007. This increase was due to legal consulting for new consignment contracts for the Emporio Armani and Diesel online stores in 2007, consulting relating to inventory logistics, and the hiring of a larger number of photographers and models due to the increased dimensions of the collections to be posted on the Group's websites.

*Use of Third-Party Assets*

The following table sets forth a breakdown of costs for the use of third-party assets for the years indicated, as derived from the Group's Italian GAAP financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2007 | | 2006 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Rental of premises | (620) | (0.9)% | (598) | (1.2)% | 3.7% |
| Other costs | (113) | (0.2)% | (109) | (0.2)% | 3.7% |
| **Total** | **(733)** | **(1.1)%** | **(707)** | **(1.4)%** | **3.7%** |

Costs for use of third party assets increased by 3.7% from €707 thousand in 2006 to €733 thousand in 2007, and relate primarily to leases of offices and logistics centers. As of July 1, 2007, lease costs relating to the Bologna Interport logistics center have been classified as handling costs.

*Personnel Expenses*

The cost of personnel increased by 25.4% from €5,015 thousand in 2006 to €6,291 in 2007, due primarily to a 38% increase in the average number of employees of the Group in 2007 (from an average of 107 employees in 2006 to an average of 148 employees in 2007).

*Depreciation, Amortization and Write-Downs*

Depreciation, amortization and write-downs increased by 1.5% from €1,250 thousand in 2006 to €1,269 in 2007. This line item includes:

- Amortization of intangible assets, which remained stable over the two financial years 2006-2007 (€625 thousand in 2006 and €631 thousand in 2007), notwithstanding the internal development of the technological platform in 2007, because some assets, which were still amortizable during 2006 were completely amortized by 2007;
- Amortization of tangible assets, which increased from €502 thousand to €604 thousand due primarily to the new investments of the Group in 2007; and
- Write-downs of accounts receivable, which decreased from €123 thousand in 2006 to €34 thousand in 2007 due to depreciation of receivables.

*Provisions for Risks and Charges*

Provisions for risks and charges decreased 30.2% from €43 thousand in 2006 to €30 thousand in 2007. This line item includes the provisions for risks related to pending legal proceedings.

*Other Provisions*

Other provisions increased by 26.8% from €56 thousand in 2006 to €71 thousand in 2007. This line item includes provisions set aside to cover fraudulent online credit card transactions.

*Other Operating Profit (Expense)*

The following table sets forth a breakdown of other operating profit (expense) for the years indicated, as derived from the Group's Italian GAAP financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2007 | | 2006 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Other costs | (522) | (0.8)% | (123) | (0.2)% | >100.0% |
| Theft and losses | (288) | (0.4)% | (159) | (0.3)% | 80.6% |
| Fraud losses | (209) | (0.3)% | (283) | (0.6)% | (26.1)% |
| Miscellaneous taxes | (46) | (0.1)% | (39) | (0.1)% | 18.9% |
| Miscellaneous administrative expenses | (20) | (0.0)% | (21) | (0.0)% | (6.9)% |
| Donations and similar costs | (9) | (0.0)% | (23) | (0.0)% | (61.0)% |
| Credit losses not covered by provisions | — | — | (7) | (0.0)% | >(100)% |
| **Total other operating profit (expense)** | **(1,094)** | **(1.6)%** | **(655)** | **(1.3)%** | **67.0%** |

Other operating profit (expense) increased by 67.0% from €655 thousand in 2006 to €1,094 thousand in 2007, due essentially to an increase in the costs relating to theft and losses and an increase in the "other costs" line item.

Costs from theft and losses increased by 81.1% from €159 thousand in 2006 to €288 thousand in 2007, due primarily to an increase in sales volumes.

"Other costs" increased by more than four times from €123 thousand in 2006 to €522 thousand in 2007, due primarily to capital losses originating from the sale of the lease of the Group's former logistics center in Zola Predosa.

*Operating Profit*

Operating profit increased by several times from €36 thousand in 2006 to €1,507 thousand in 2007, while operating profit as a percentage of total net revenues increased from 0.1% in 2006 to 2.2% in 2008.

*Operating Profit by Business Line before Corporate Costs*

The operating profit of the Multi-Brand Business Line increased by 43.8% from €6,945 thousand in 2006 to €9,990 thousand in 2007, while operating profit as a percentage of the net revenues of the Multi-Brand Business Line increased from 14.2% in 2006 to 15.4% in 2007. Such increase was attributable to higher net revenues (leading to more efficient absorption of fixed costs, especially with respect to the costs of the commercial and marketing functions).

The operating profit of the Mono-Brand Business Line increased more than 6 times from €174 thousand in 2006 to €1,069 thousand in 2007, while operating profit as a percentage of the net revenues of the Mono-Brand Business Line decreased from 29.5% in 2006 to 26.5% in 2007. The negative variation in the margin was attributable to the different number of online stores operating in the 2006 and 2007, respectively, as well as their different characteristics, including different markets and price bands and differences in the Group's contracts with the brand-owners for which the Group operates Online Flagship Stores.

Costs associated with the corporate area (which are not included in the above analysis of operating profit by business line) increased by 34.8% from €7,083 thousand in 2006 to €9,552 thousand in 2007, due to the expansion of the operative structure. Costs of the corporate area include depreciation and amortization classified under "fulfillment cost" and "selling expenses," and costs associated with general administration, other operating expenses and non-recurring charges.

*Financial Income and Charges*

The following table sets forth a break down of the financial income and charges for the years indicated, as derived from the Group's Italian GAAP financial statements.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2007 | | 2006 | | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Change |
| Interest and other financial charges | (522) | (0.8)% | (104) | (0.2)% | >100.0% |
| Exchange rate gains (losses) | (392) | (0.6)% | (262) | (0.5)% | 49.6% |
| Other financial income | 38 | 0.1% | 16 | — | >100.0% |
| **Total financial income (charges)** | **(876)** | **(1.3)%** | **(350)** | **(0.7)%** | **>100.0%** |

Total net financial charges more than doubled from negative €350 thousand in 2006 to negative €876 thousand in 2007, due primarily to an increase in interest and other financial expenses following an increase in financing from credit institutions.

*Extraordinary Items*

The €62 thousand of extraordinary items recorded in 2007 relates to losses incurred due to extraordinary damage to inventory.

*Taxation*

The following table sets forth a breakdown of taxes paid by the Group in the years indicated, as derived from the Group's Italian GAAP financial statements.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2007 | | 2006 | | Change | |
| | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | % of Net Revenues | Amount (Euro thousands) | Percentage |
| Current corporate income tax due by the Company[1] | (327) | (0.5)% | (252) | (0.5)% | (75) | >100.0% |
| Current regional income tax due by the Company[2] | (324) | (0.5)% | (3) | (0.0)% | (321) | >100.0% |
| Deferred income taxes | 432 | 0.6% | 526 | 1.1% | (94) | (17.9)% |
| **Total taxation** | **(219)** | **(0.3)%** | **271** | **0.5%** | **(490)** | **>100.0%** |
| **Profit (loss) before taxation** | **569** | **0.8%** | **(314)** | **(0.6)%** | **883** | **>100.0%** |
| Effective tax rate | 38.5% | | — | | | |

(1) *Imposta sul Reddito delle Società, or IRES.*

(2) *Imposta Regionale sulle Attività Produttive, or IRAP.*

With respect to the total taxation due in connection with 2007, it should be noted that part of the tax losses generated in the Company's previous tax years was carried forward to offset the taxable income realized in 2007 (approximately €1,019 thousand). It should be pointed out that the relevant taxable losses as of 31 December 2007, were equal to approximately €6,074 thousand and, as of that date, could be carried forward in their entire amount, without limitations.

With respect to the total taxation due in connection with 2006, part of the tax losses generated in Company's previous fiscal years was carried forward to offset the taxable income earned in 2006 (approximately €461 thousands). The relevant taxable losses as of 31 December 2006 were equal to approximately €7,021 thousand, and, as of that date, could be carried forward in their entire amount, without limitations.

*Profit (Loss) for the Year Attributable to the Owners of the Parent*

Under Italian GAAP, profit (loss) for the year attributable to the owners of the parent increased from a loss of €43 thousand in 2006 to a profit of €350 thousand in 2007 for the reasons discussed above.

*Effect on the Consolidated Income Statement of the Adoption of IFRS*

The following table sets forth a reconciliation between the profit (loss) attributable to the owners of the parent for the year ended December 31, 2007 under Italian GAAP and profit (loss) attributable to the owners of the parent for the same year under IFRS:

| | Year Ended December 31, 2007 (Euro thousands) |
|---|---|
| **Profit (loss) for the year attributable to the owners of the parent, Italian GAAP** | **350** |
| *Variations:* | |
| Stock options | (1,032) |
| Severance payments | 24 |
| Costs relating to equipment and real estate improvements | 3 |
| Derivatives contracts | 22 |
| **Profit (loss) for the year attributable to the owners of the parent, IFRS** | **(633)** |

## Cash Flow Statement Analysis

The following is a discussion and analysis of the Group's cash flow for the years ended December 31, 2008, 2007 and 2006 and for the six-month periods ended June 30, 2009 and 2008, which has been derived from the Group's consolidated statements of cash flows contained in the financial statements for such years and six-month periods included in this Offering Circular.

***First Half of 2009 Compared with First Half of 2008***

The following table contains consolidated cash-flow statement data for the Group for the six months ended June 30, 2009 and 2008, as derived from the Group's IFRS interim financial statements.

| | Six Months Ended June 30, | |
|---|---|---|
| | 2009 | 2008 |
| | (Euro thousands) | |
| Cash flow from operating activities | 5,465 | (2,356) |
| Cash flow from investing activities | (580) | (1,675) |
| Cash flow from financing activities | (1,266) | 4,709 |
| **Total cash flow** | **3,619** | **678** |
| Cash and cash equivalents at the beginning of the period | 8,962 | 5,185 |
| Cash and cash equivalents at the end of the period | 12,581 | 5,863 |

The Group's total cash flow increased by more than five times from €678 thousand in the six months ended June 30, 2008 to €3,619 thousand during the same period of 2009, due to an increase in cash inflow from operating activities, which was partially offset by a cash outflow from financing activities (as compared to a cash inflow from financing activities in 2008). Each of the three components of cash flow is analyzed on the following pages.

*Cash Flow from Operating Activities*

| | Six Months Ended June 30, | |
|---|---|---|
| | 2009 | 2008 |
| | (Euro thousands) | |
| Profit (loss) for the period attributable to the owners of the parent | 1,562 | (439) |
| *Adjustments for:* | | |
| Taxation for the period | 1,015 | 653 |
| Financial income | (337) | (174) |
| Financial charges | 1,053 | 824 |
| Depreciation, amortization and impairments | 889 | 810 |
| Fair-value measurement of stock options | 272 | 505 |
| Unrealized exchange rate differences | (91) | (28) |
| Use of provisions for employee benefits and for risks and charges | 203 | 8 |
| Income taxes paid | (761) | (870) |
| Interest and other net financial charges paid | (947) | (651) |
| **Cash flow from operating activities before net changes in inventories of goods, trade receivables, trade payables, and other current assets and liabilities** | **2,859** | **637** |
| Net changes in inventories of goods, trade receivables, trade payables, and other current assets and liabilities | 2,606 | (2,993) |
| **Cash flow from operating activities** | **5,465** | **(2,356)** |

Cash flow from operating activities increased by €7,821 thousand, from a cash outflow of €2,356 thousand in the six months ended June 30, 2008 to a cash inflow of €5,465 thousand during the same period of 2009, due primarily to the following factors:

- An improvement in the profit (loss) for the period, which increased from a loss of €439 thousand in the six months ended June 30, 2008 to a profit of €1,562 thousand during the same period of 2009; and
- An improvement in the net variation in inventory, trade receivables, trade payables, and other current assets and liabilities recorded during the first six months of 2009, as compared to the first six months of 2008. Inventory, trade receivables, trade payables, and other current assets and liabilities registered a decrease of €2,993 thousand in the six months ended June 30, 2008, as compared to a €2,606 thousand increase during the same period of 2009. The change in the net variation in inventory, trade receivables, trade payables, and other current assets and liabilities between the two periods was due primarily to the fact that trade payables increased by only €477 thousand in the six months ended June 30, 2008 but increased by €5,518 thousand during the same period of 2009, representing a greater retention of cash in the first half of 2009. The increase in trade payables in the six months ended June 30, 2009 as compared to the

corresponding period of 2008 was substantially due to an increase in expenses connected to the expansion of the operating activities of the Group in the six months ended June 30, 2009, as well as to a revision of payment terms applicable to certain suppliers. A secondary factor explaining the change was the trend in trade receivables. These grew by €678 thousand in the six months ended June 30, 2008, but declined by €1,101 during the first six months of 2009, reflecting the implementation of improved collection practices.

*Cash Flow from Investing Activities*

| | Six Months Ended June 30, | |
|---|---|---|
| | 2009 | 2008 |
| | (Euro thousands) | |
| Investments in property, plant and equipment | (220) | (435) |
| Investments in intangible assets | (1,138) | (969) |
| Investments in other non-current financial activities | 774 | (326) |
| Proceeds from the sale of property, plant and equipment | 4 | 55 |
| **Total cash flow from investing activities** | **(580)** | **(1,675)** |

The cash outflow from investing activities fell from €1,675 thousand in the six months ended June 30, 2008 to €580 thousand in the six months ended June 30, 2009. This reduction in outflow was the net result of the following factors:

- A €774 thousand reduction in investments in non-current financial assets in the six months ended June 30, 2009, as compared to a €326 thousand increase in such investments the first six months of 2008, which was attributable principally to the reimbursement by Global Collect (as defined below) of a €800 thousand security deposit, which was substituted by a bank guarantee for the same amount released by BNL (BNP Paribas Group) in favor of the Group (see "Business — Material Contracts — Payment Transaction Processing Services Agreement" for further information regarding Global Collect);
- A decrease in cash outflow for investments in tangible assets, from €435 thousand in the six months ended June 30, 2008 to €220 thousand in the same period of 2009, due primarily to new financial leases, which avoided cash outflows in the prior period (€226 thousand); and
- An increase in investments in intangible assets (which partially offset the above two items). Such investments increased from €969 thousand in the six months ended June 30, 2008 to €1,138 thousand in the six months ended June 30, 2009 and primarily relate to multi-year development projects directed at improving the performance of the online store yoox.com, broadening its functionality and developing integrated solutions for the management of online stores.

*Cash Flow from Financing Activities*

| | Six Months Ended June 30, | |
|---|---|---|
| | 2009 | 2008 |
| | (Euro thousands) | |
| Short-term financial payables | — | 1,562 |
| Repayment of short-term financial payables | (3,932) | (12,847) |
| Non-current financial payables | — | 15,994 |
| Repayment of non-current financial payables | (2,762) | — |
| Capital injection for share capital increase | 5,428 | — |
| **Cash flow from financing activities** | **(1,266)** | **4,709** |

Cash flow from financing activities decreased from a cash inflow of €4,709 thousand in the six months ended June 30, 2008 to a cash outflow of €1,266 thousand in the same period of 2009, due to the fact that the Group received €15,994 thousand in cash through the incurrence of new non-current financial payables (bank financing) in the six months ended June 30, 2008 and a further €1,562 from the incurrence of net short-term financial payables, while no financial payables (current or non-current) were incurred in the six months ended June 30, 2009.

The foregoing factors were partially offset by lower repayments of financial payables in the six months ended June 30, 2009 and the receipt in the six months ended June 30, 2009 of the proceeds from an increase in the Issuer's share capital amounting to €5,500 thousand (subscription price of €131.78 per share), subscribed by Red Circle S.r.l. — Unipersonale, net of the €72 thousand of miscellaneous expenses incurred in the context of the capital increase. The cash flow generated from this capital increase was used to repay financial payables in the six months ended June 30, 2009.

***2008 Compared with 2007***

The following table contains consolidated cash-flow statement data for the Group for 2008 and 2007, as derived from the Group's IFRS financial statements.

| | Year Ended December 31, | |
|---|---|---|
| | 2008 | 2007 |
| | (Euro thousands) | |
| Cash flow from operating activities | (1,824) | (3,945) |
| Cash flow from investing activities | (4,230) | (2,605) |
| Cash flow from financing activities | 9,831 | 9,914 |
| **Total cash flow** | **3,777** | **3,364** |
| Cash and cash equivalents at the beginning of the period | 5,185 | 1,821 |
| Cash and cash equivalents at the end of the period | 8,962 | 5,185 |

The total cash flow increased from €3,364 thousand in 2007 to €3,777 thousand in 2008, due to a reduction in the cash outflow from operating activities, which was more than halved from 2007 to 2008. Each of the three components of cash flow is analyzed in turn below.

*Cash Flow from Operating Activities*

| | Year Ended December 31, | |
|---|---|---|
| | 2008 | 2007 |
| | (Euro thousands) | |
| Profit (loss) for the period attributable to the owners of the parent | 2,402 | (633) |
| *Adjustments for:* | | |
| Taxation for the period | 1,167 | 239 |
| Financial income | (754) | (258) |
| Financial charges | 1,974 | 1,163 |
| Depreciation, amortization and impairments | 1,803 | 1,231 |
| Fair-value measurement of stock options | 1,302 | 1,032 |
| Unrealized exchange differences | 70 | (21) |
| Losses/(gains) on disposal of fixed assets | 169 | 207 |
| Use of provisions for employee benefits and for risks and charges | 79 | (115) |
| Income taxes paid | (904) | (308) |
| Interest and other net financial charges paid | (1,212) | (909) |
| **Cash flow from operating activities before net changes in inventories of goods, trade receivables, trade payables, and other current assets and liabilities** | **6,097** | **1,628** |
| Net changes in inventories of goods, trade receivables, trade payables, and other current assets and liabilities | (7,920) | (5,573) |
| **Cash flow from operating activities** | **(1,824)** | **(3,945)** |

Cash outflow from operating activities decreased by €2,121 thousand – from a cash outflow of €3,945 thousand in 2007 to a cash outflow of €1,824 thousand in 2008—due primarily to the combined effect of the following factors.

- An improvement in the profit (loss) of the Group, which increased from a loss of €633 thousand in 2007 to a profit of €2,402 thousand in 2008; and
- An offsetting increase in the negative variation in inventory, trade receivables, trade payables, and other current assets and liabilities recorded in 2008, as compared to 2007. Inventory, trade receivables, trade payables, and other current assets and liabilities registered a net decrease of €7,920 thousand in the year ended December 31, 2008, as compared to €5,573 thousand in 2007. In particular, the change in the net variation in inventory, trade receivables, trade payables, and other current assets and liabilities between the two years was due primarily to the fact that trade

receivables increased by only €811 thousand in 2007 but increased by €2,033 thousand in the same period of 2008, due to increases in net revenues from merchandise sales and services to Strategic Partners, and the fact that inventories increased by only €9,153 thousand in 2007 but by €10,543 thousand in the same period of 2008, reflecting the growth of the business and certain changes in stock policies. 82% of the value of the inventories as of December 31, 2008, inclusive of depreciation allowances, consisted of goods already for sale or to be sold in the following months.

- The net negative variation was also affected by a change in trade payables; these increased by €4,621 thousand in 2007, but only €3,738 thousand in the same period of 2008.

*Cash Flow from Investing Activities*

| | Year Ended December 31, | |
|---|---|---|
| | 2008 | 2007 |
| | (Euro thousands) | |
| Investments in property, plant and equipment | (1,586) | (1,425) |
| Investments in intangible assets | (2,027) | (1,233) |
| Investments in other non-current financial activities | (659) | — |
| Proceeds from the sale of property, plant and equipment | 42 | 53 |
| **Total cash flow from investing activities** | **(4,230)** | **(2,605)** |

Investing activities resulted in cash outflows of €2,605 thousand in 2007 and €4,230 thousand in 2008. The increased outflow in 2008 was driven by:

- An increase in investments in intangible assets. Such investments increased from €1,233 thousand in 2007 to €2,027 thousand in 2008. These investments relate primarily to multi-year development projects aimed at improving the performance of the online store yoox.com, broadening its functionality and developing integrated solutions for the management of online stores.
- A €659 thousand increase in investments in non-current financial assets in the year ended December 31, 2008, mainly security deposits provided in connection with building leases and contracts for the supply of electric power and natural gas, as well as deposits provided under contractual relationships with Paymentech and Global Collect (i.e., reserves securing the Group's repayment obligations to customers making product returns).

*Cash Flow from Financing Activities*

| | Year Ended December 31, | |
|---|---|---|
| | 2008 | 2007 |
| | (Euro thousands) | |
| Short-term financial payables | 4,086 | 12,848 |
| Repayment of short-term financial payables | (12,847) | (3,040) |
| Non-current financial payables incurred | 18,592 | — |
| Repayment of non-current financial payables | — | — |
| Capital injection from share capital increase | — | 106 |
| **Cash flow from financing activities** | **9,831** | **9,914** |

Cash flow from financing activities was substantially stable, decreasing from a cash inflow of €9,914 thousand in 2007 to a cash inflow of €9,831 thousand in 2008. Short term borrowing in 2007 was largely repaid in the year ended December 31, 2008 through recourse to new non-current borrowings. Such borrowing was necessary to finance the merchandise purchases of the Group. In the year ended December 31, 2008, the Group was able to obtain new credit lines with longer repayment terms, as compared to the short-term credit on which it had relied during prior periods.

***2007 Compared with 2006***

The following table contains consolidated cash-flow statement data for the Group for the 2007 and 2006, as derived from the Group's Italian GAAP financial statements.

| | Year Ended December 31, | |
|---|---|---|
| | 2007 | 2006 |
| | (Euro thousands) | |
| Cash flow from operating activities | (4,026) | (2,588) |
| Cash flow from investing activities | (2,398) | (1,493) |
| Cash flow from financing activities | 9,808 | 3,179 |
| **Total cash flow** | **3,384** | **(902)** |
| Cash and cash equivalents at the beginning of the period | 1,821 | 2,717 |
| Translation difference — subsidiaries | 20 | (6) |
| Cash and cash equivalents at the end of the period | 5,185 | 1,821 |

The Group's total cash flow increased from a cash outflow of €902 thousand in 2006 to a cash inflow of €3,384 thousand in 2007, due principally to a higher cash inflow from financing activities, as a result of new short-term financings, partially offset by increases in the cash outflows from operating activities and investing activities. The following tables set forth breakdowns of the three different sources of cash flow.

*Cash Flow from Operating Activities*

| | Year Ended December 31, | |
|---|---|---|
| | 2007 | 2006 |
| | (Euro thousands) | |
| Profit (loss) for the period | 350 | (43) |
| Depreciation, amortization and impairment | 1,235 | 1,127 |
| Net change in employees' leaving entitlement | (99) | 139 |
| Change in deferred tax assets | (432) | (527) |
| Change in other provisions for risks and charges | 2 | 61 |
| **Cash flow from operating activities before net changes in inventories, trade receivables, trade payables, and other current assets and liabilities** | **1,056** | **757** |
| Net changes in inventories of goods, trade receivables, trade payables, and other current assets and liabilities | (5,082) | (3,345) |
| **Cash flow from operating activities** | **(4,026)** | **(2,588)** |

The cash outflow from operating activities increased from €2,588 thousand in 2006 to €4,026 thousand in 2007, due principally to negative variations in the changes in inventories and trade receivables, which were only partially offset by an increase in trade payables.

*Cash Flow from Investing Activities*

| | Year Ended December 31, | |
|---|---|---|
| | 2007 | 2006 |
| | (Euro thousands) | |
| Investments in tangible fixed assets | (1,425) | (454) |
| Investments in intangible fixed assets | (1,079) | (971) |
| Investments in financial fixed assets | — | (167) |
| Divestment of tangible fixed assets | 106 | 99 |
| **Total cash flow from investing activities** | **(2,398)** | **(1,493)** |

The cash outflow from investing activities increased from €1,493 thousand in 2006 to €2,398 thousand in 2007, primarily due to the acquisition of equipment (tangible fixed assets) in connection with of the transfer of the Group's Italian logistics center from Zola Pedrosa to the Bologna Interport.

*Cash Flow from Financing Activities*

| | Year Ended December 31, | |
|---|---|---|
| | 2007 | 2006 |
| | (Euro thousands) | |
| Increase (decrease) in short-term financial payables | 9,808 | 3,039 |
| Increase (decrease) in non-current financial payables | — | 140 |
| **Cash flow from financing activities** | **9,808** | **3,179** |

The Group's cash inflow from financial activities increased from €3,179 thousand in 2006 to €9,808 thousand in 2007, due primarily to an increase in the use of short-term bank facilities to fund purchases of goods.

## Liquidity

***Cash and Cash Equivalents***

The cash and cash equivalents of the Group amounted to €12,581 thousand as of June 30, 2009, €5,863 thousand as of June 30, 2008, €8,962 thousand as of December 31, 2008 and €5,185 thousand as of December 31, 2007. Cash equivalents consist of liquid securities, demand deposits and other short-term deposits with banks.

***Bank Loans and Other Borrowings***

The Group's total debt to banks and other financial institutions amounted to €16,354 thousand as of June 30, 2009, €22,821 thousand as of December 31, 2008 , €17,697 thousand as of June 30, 2008 and €12,988 thousand as of December 31, 2007.

Debt to banks as of June 30, 2009 consisted of €15,510 thousand outstanding under our syndicated credit facility agreement (consisting of drawings under credit lines provided by Unicredit, BNL and Banca Popolare di Novara under such facility agreement), €618 thousand outstanding under a special-purpose subsidized loan agreement entered into under Law No. 394 of 1981 with the state-controlled entity Simest S.p.A. and €226 thousand outstanding under financial leases entered into with Leasing Finanziari BNP Paribas.

The following table sets forth a breakdown of the Group's debt to banks and other financial institutions as of June 30, 2009, as well as the available amounts under the Group's various financing agreements as of such date.

| Facilities and Credit Lines | Total Availability | Amount Outstanding | Residual Available Amount |
|---|---|---|---|
| | (Euro thousands) | | |
| ***Credit lines attached to bank accounts:*** | | | |
| Unicredit | 300 | — | 300 |
| Banca Sella | 1,000 | — | 1,000 |
| Banca Nazionale del Lavoro | 200 | — | 200 |
| Banca Popolare di Lodi | 500 | — | 500 |
| Fortis Bank | 500 | — | 500 |
| Banca Popolare dell'Emilia Romagna | 500 | — | 500 |
| Banca Popolare di Bergamo | 100 | — | 100 |
| Banca Popolare di Novara | 500 | — | 500 |
| **Total credit attached to bank accounts** | **3,600** | | **3,600** |
| ***Other bank credit lines:*** | | | |
| Intesa San Paolo | 2,000 | — | 2,000 |
| Banca Popolare dell'Emilia Romagna | 1,000 | — | 1,000 |
| Banca Popolare di Bergamo | 500 | — | 500 |
| Banca Nazionale del lavoro | 1,000 | — | 1,000 |
| **Total other bank credit lines** | **4,500** | **—** | **4,500** |
| Credit facility provided by Unicredit, BNL (BNP Paribas Group) and Banca Popolare di Novara (syndicate) | 20,760 | 15,510 | 5,250 |
| Subsidized loan provided by Simest S.p.A. | 618 | 618 | — |
| **Total bank and financial institution financings** | **25,878** | **16,128** | **9,750** |
| Financial leases entered into with Finanziari BNP Paribas | 226 | 226 | — |
| **Total financial payables** | **29,704** | **16,354** | **13,350** |

*Recent Development*

The aggregate of the Group's medium and long-term debt to banks and other financial institutions increased from €16,354 thousand as of June 30, 2009 to €16,545 thousand as of September 30, 2009, due to the combined effect of maturities and new draw-downs.

*The Syndicated Credit Facility Agreement*

The syndicated credit facility consists of standby revolving credit lines for a maximum available amount of €20,760 thousand (under IFRS, after taking into account related expenses), with a termination date of June 15, 2013. The interest rate is currently equal to three-month Euribor, plus 2%. As of September 30, 2009, €15,750 thousand, calculated pursuant to Italian GAAP and €15,684 thousand, calculated pursuant to IFRS, was outstanding under the facility agreement.

As of December 31, 2008, credit lines under the syndicated credit facility had been used mainly to repay short-term debts to Unicredit, Banca Nazionale del Lavoro, Fortis Bank, Intesa San Paolo and Simest S.p.A., in an aggregate amount of €12,847 thousand.

The facility agreement contains certain financial covenants, which vary from year to year. At the end of 2009, the YOOX Group must have:

- A leverage ratio (net financial position/shareholders' equity) lower than 1.50;
- A debt coverage ratio (net financial position/EBITDA) lower than 2.50; and
- An inventory ratio (net inventories/net financial position) higher than 1.50.

The ratios are computed on the basis of annual consolidated financial statements prepared in accordance with Italian GAAP and have not been recalculated to take into consideration the adoption by the Group of IFRS for its financial reporting.

Certain terms are defined in the covenants as follows:

- "Net financial position," as used in the facility agreement, refers to borrowings net of liquid assets;
- "EBITDA," as used in the facility agreement, refers to total revenues net of purchases, external service costs, certain personnel costs and certain other costs (in accordance with a reclassified income statement agreed with the syndicate of banks);
- "Shareholders' equity," as used in the facility agreement, refers to the following line items: share capital, share premium reserve, revaluation reserve, legal reserve, statutory reserve, reserve for treasury shares, other reserves, losses carried forward and net profit for the year; and
- "Net inventories," as used in the facility agreement, refers to raw materials, consumables and supplies, and finished goods and merchandise.

As of December 31, 2008, the Group was in compliance with all of the financial covenants under the facility agreement, as then applicable. As of the same date, aggregate accrued interest and amortized costs under or relating to the syndicated credit facility amounted to €678 thousand.

On the basis of the situation of the Company as of the date hereof, we believe that we are currently in compliance with all the financial covenants under the facility agreement applicable for 2009.

The following table sets forth the relevant ratios for 2008 under Italian GAAP and IFRS, as well as the maximum or minimum ratios specified in the covenants for that year.

| | Year Ended December 31, 2008 | | |
|---|---|---|---|
| | **Italian GAAP** | **IFRS** | **Covenant** |
| Leverage Ratio | 0.85 | 0.85 | <1.70 |
| Debt Cover Ratio | 1.54 | 2.06 | <2.60 |
| Inventory Ratio | 2.73 | 2.78 | >1.50 |

The following table sets forth the maximum and minimum ratios pursuant to the syndicated credit facility agreement for each period indicated (the following covenants have not been recalculated to take into consideration the adoption by the Group of IFRS).

| | As of December 31, | | | |
|---|---|---|---|---|
| **Ratio** | **2009** | **2010** | **2011** | **2012** |
| Leverage Ratio | <1.50 | <1.50 | <1.20 | <1.20 |
| Debt Cover Ratio | <2.50 | <2.25 | <2.00 | <2.00 |
| Inventory Ratio | >1.50 | >1.50 | >2.00 | >2.00 |

*The Subsidized Credit Facility Agreement*

The subsidized facility agreement was entered into with Simest S.p.A. under Law No. 394 of 1981 for an aggregated amount of €618 thousand, of which €155 thousand consisted of short-term debt and €463 thousand consisted of medium/long-term debt as June 30, 2009. The interest rate is fixed and is equal to 1.38%.

*Financial Leases*

Financial leases have been entered into with Leasing Finanziari BNP Paribas, for an aggregate amount of €226 thousand, of which €71 thousand consisted of short-term debt and €155 thousand consisted of medium/long-term debt as of June 30, 2009. The interest rate is equal to three-month Euribor, plus 2%.

***Non-Current Financial Assets***

Non-current financial assets amounted to €461 thousand as of June 30, 2009, €1,235 thousand as of December 31, 2008, €902 thousand as of June 30, 2008 and €576 thousand as of December 31, 2007, and consisted primarily of non-interest bearing security deposits. Non-current financial assets are not included in the calculation of Net Financial Debt (see "Selected Historical Financial Information — Net Financial Debt").

## Market Risk

***Exchange Rate Risk***

The Group uses the Euro both as its functional currency and as its financial reporting currency. Since the Group operates internationally and markets its goods in countries that use currencies other than the Euro, it is exposed to both transactional exchange rate risk and financial statement consolidation-related exchange rate risk. The Group's policy has been to concentrate its entire currency risk exposure at the Company level. Because YOOX is an exporter, the main risk to which we are exposed is the risk of foreign currencies losing value against the Euro. The Group's currency risk exposure primarily relates to positions in dollars, yen and pounds sterling.

The Group has hedged a portion of its transactional currency risk by executing forward contracts and purchasing standard currency options from major Italian and international credit institutions with which the Group enters into transactions on a daily basis.

Our current policy is to hedge 50% of intra-Group transactional exposures to the dollar and the yen through derivative contracts and options on currencies. We may stop or change our hedging practices at any time.

***Interest Rate Risk***

The Group is exposed to the risk of increases in interest rates because its net financial position is negative and a significant portion of its debt is indexed to the Euribor. While constantly monitoring interest rate trends, the Group has recently determined not to use derivatives to hedge its interest rate risk because economic conditions have kept interest rates low in recent periods. We may reevaluate this policy in the future.

***Liquidity Risk***

The Group's objective is to maintain an adequate level of access to the financial resources it needs to support the growth of its business. Because of the dynamic nature of the market in which it operates, the Group focuses on ensuring flexibility in the availability of funds through credit facilities that are both committed through specified maturities (i.e., the lenders cannot demand repayment before a stipulated deadline) and revolving (i.e., the Group can repay individual draw-downs and thus rebuild the availability of funds for subsequent re-borrowing).

The Group has been able to obtain new credit facilities from large Italian and international financial institutions after the outbreak of the 2008-2009 credit crisis.

## Trends in the Group's Net Working Capital and Net Financial Debt

The Net Working Capital of the Group increased during the three years 2006-2008, due primarily to increases in inventory necessary to support the growth of the Group's business. These increases in inventory were partially funded by new bank borrowings, which increased the Group's Net Financial Debt. However, the Group's Net Financial Debt declined in the first half of 2009, as discussed below. The following is an analysis of the Group's Net Working Capital and Net Financial Debt as of December 31, 2008, 2007 and 2006 and as of June 30, 2009. See "Presentation of Financial and Other Information — Non-IFRS/non-Italian GAAP Financial Measures."

The Group expects that it will continue to borrow from banks to meet its working capital needs, including to address seasonal working capital deficits, even following the Global Offering.

***As of June 30, 2009 and December 31, 2008***

The Group's Net Financial Debt declined in the six months ended June 30, 2009, due primarily to the capital increase subscribed in cash by the new shareholder, Red Circle S.r.l. — Unipersonale, as well as the improvement in the Group's cash flow from operations discussed above. The Group has also been attentive to terms of payment in its supply contracts, and has benefited from the increasing use of consignment-style supply contracts (due to the growth of the Mono-Brand Business Line, in respect of which such contracts are used exclusively, as of the date hereof).

The following table, which is not in accordance with IFRS, aggregates the Group's Net Working Capital with non-current assets and liabilities (excluding financial liabilities) as of June 30, 2009 and December 31, 2008, and balances them against the sources of the Group's funding as of the same dates.

| | As of June 30, 2009 | As of December 31, 2008 | Change |
|---|---|---|---|
| | (Euro thousands) | | |
| Net Working Capital[1] | 18,504 | 22,606 | (18.1)% |
| Non-current assets | 9,391 | 8,402 | 11.8% |
| Non-current liabilities (financial liabilities excluded) | (741) | (668) | 11.0% |
| **Subtotal** | **27,154** | **30,340** | **(10.5)%** |
| Shareholders' equity | 23,610 | 16,435 | 43.7% |
| Net Financial Debt[2] | 3,544[3] | 13,905[3] | (74.5)% |
| **Subtotal** | **27,154** | **30,340** | **(10.5)%** |

*(1) Net Working Capital is defined as current assets net of current liabilities (excluding cash and cash equivalents, bank and other current financial payables and the financial assets and liabilities included in current assets and liabilities). Net Working Capital is not a recognized accounting measure in the context of Italian GAAP or the IFRS endorsed by the European Union.*

*(2) As shown in the below table, Net Financial Debt is defined as the net amount of: (i) cash and cash equivalents; (ii) other current financial assets; (iii) bank and other current financial payables and other current financial liabilities; and (iv) medium- and long-term financial payables. Net Financial Debt is not a recognized accounting measure in the context of Italian GAAP or the IFRS endorsed by the European Union.*

*(3) The Group's Net Financial Debt is negative (i.e., an amount owing from the Group to creditors) in all periods. It is shown as an absolute value here in order to illustrate how the Group's Net Working Capital, together with other items representing the Group's invested capital, are balanced by the sources of that capital, namely the Group's shareholder's equity and its Net Financial Debt.*

*Net Working Capital*

The following table sets forth the Net Working Capital for the Group, as of the dates indicated, calculated on the basis of financial information from the Group's IFRS financial statements.

| | Six Months Ended June 30, 2009 | Year ended December 31, 2008 | Change |
|---|---|---|---|
| | (Euro thousands) | | |
| Inventories | 43,458 | 38,652 | 12.4% |
| Trade receivables | 2,810 | 3,911 | (28.2)% |
| Other current assets (financial assets and cash and cash equivalents excluded) | 4,401 | 4,812 | (8.6)% |
| Trade payables | (22,800) | (17,282) | 31.9% |
| Other current payables (financial liabilities excluded) | (6,979) | (6,554) | 6.5% |
| Other current liabilities[1] | (2,386) | (933) | >100.0% |
| **Net Working Capital** | **18,504** | **22,606** | **(18.1)%** |

*(1) Consists of tax payables and the current portion of provisions for risks and charges.*

Net Working Capital decreased by 18.1% from €22,606 thousand as of December 31, 2008 to €18,504 thousand as of June 30, 2009, due principally to the following factors:

- Trade receivables decreased by 28.2% from €3,911 thousand as of December 31, 2008 to €2,810 thousand as of June 30, 2009, due primarily to improvements in the Group's collection efforts in the six months ended June 30, 2009;
- Trade payables increased by 31.9% from €17,282 thousand as of December 31, 2008 to €22,800 thousand as of June 30, 2009, due to the increase in business volumes and the revision of payment terms applicable to certain suppliers; and
- Other current liabilities more than doubled from €933 thousand as of December 31, 2008 to €2,386 thousand as of June 30, 2009, due primarily to an increase in tax payables.

The foregoing factors were partially offset by a 12.4% increase in inventories from €38,652 thousand as of December 31, 2008 to €43,458 thousand as of June 30, 2009. Inventories consist of goods purchased for resale, generally through yoox.com and thecorner.com. Goods delivered to the Group's

logistics centers under consignment-type contracts are not included in inventory. As of the date hereof, all of the supplies of the Mono-Brand Business Line are obtained through consignment-type contractual arrangements.

82% of the inventories as of June 30, 2009, inclusive of depreciation allowances, consisted of goods already for sale or to be sold in the following months.

*Net Financial Debt*

The following table sets forth a breakdown of the components of the Group's Net Financial Debt as of the dates indicated, calculated on the basis of information from the Group's IFRS financial statements.

| | As of June 30, 2009 | As of December 31, 2008 | Change |
|---|---|---|---|
| | (Euro thousands) | | |
| Cash and cash equivalents | (12,581) | (8,962) | 40.4% |
| Other current financial assets | (231) | (70) | >100.0% |
| Bank and other current financial payables | 226 | 4,086 | 94.5% |
| Other current financial liabilities | 1 | 116 | 98.8% |
| **Subtotal (short-term items)** | **(12,584)** | **(4,830)** | **>100.0%** |
| Medium/long-term financial payables | 16,128 | 18,735 | 13.9% |
| **Net Financial Debt** | **3,544** | **13,905** | **74.5%** |

The Group's Net Financial Debt declined by 74.5%, or €10,361, from €13.905 thousand as of December 31, 2008 to €3,544 thousand as of June 30, 2009, due principally to the combined effect of (i) the Group's operating cash flow in the six months ended June 30, 2009, equal to €3,619 thousand, (ii) the sale of newly issued shares to Red Circle S.r.l. — Unipersonale for €5,428 in cash and (iii) the repayment of financial payables in the amount of €6,694 thousand.

***As of December 31, 2008 and December 31, 2007***

The following table, which is not in accordance with IFRS, aggregates the Group's Net Working Capital with non-current assets and liabilities (excluding financial liabilities) as of December 31, 2008 and 2007, and balances them against the sources of the Group's funding as of the same dates.

| | As of December 31, 2008 | As of December 31, 2007 | Change |
|---|---|---|---|
| | (Euro thousands) | | |
| Net Working Capital[1] | 22,606 | 14,921 | 51.5% |
| Non-current assets | 8,402 | 6,049 | 38.9% |
| Non-current liabilities (financial liabilities excluded) | (668) | (679) | (1.6)% |
| **Subtotal** | **30,340** | **20,291** | **49.5%** |
| Shareholders' equity | 16,435 | 12,516 | 31.3% |
| Net Financial Debt[2] | 13,905[3] | 7,775[3] | 78.8% |
| **Subtotal** | **30,340** | **20,291** | **49.5%** |

*(1) Net Working Capital is defined as current assets net of current liabilities (excluding cash and cash equivalents, bank and other current financial payables and the financial assets and liabilities included in current assets and liabilities). Net Working Capital is not a recognized accounting measure in the context of Italian GAAP or the IFRS endorsed by the European Union.*

*(2) As shown in the below table, Net Financial Debt is defined as the net amount of: (i) cash and cash equivalents; (ii) other current financial assets; (iii) bank and other current financial payables and other current financial liabilities; and (iv) medium- and long-term financial payables. Net Financial Debt is not a recognized accounting measure in the context of Italian GAAP or the IFRS endorsed by the European Union.*

*(3) The Group's Net Financial Debt is negative (i.e., an amount owing from the Group to creditors) in all periods. It is shown as an absolute value here in order to illustrate how the Group's Net Working Capital, together with other items representing the Group's invested capital, are balanced by the sources of that capital, namely the Group's shareholder's equity and its Net Financial Debt.*

*Net Working Capital*

The following table sets forth the Net Working Capital for the Group, as of the dates indicated, calculated on the basis of financial information from the Group's IFRS financial statements.

| | Year ended December 31, 2008 | Year ended December 31, 2007 | Change |
|---|---|---|---|
| | (Euro thousands) | | |
| Inventories | 38,652 | 28,109 | 37.5% |
| Trade receivables | 3,911 | 1,878 | >100% |
| Other current assets (financial assets and cash and cash equivalents excluded) | 4,812 | 3,706 | 29.8% |
| Trade payables | (17,282) | (13,544) | 27.6% |
| Other current payables (financial liabilities excluded) | (6,554) | (4,739) | 38.3% |
| Other current liabilities[1] | (933) | (489) | 90.8% |
| **Net Working Capital** | **22,606** | **14,921** | **51.5%** |

*(1) Consists of tax payables and the current portion of provisions for risks and charges.*

Net Working Capital increased by 51.5% from €14,921 thousand as of December 31, 2007 to €22,606 thousand as of December 31, 2008, due principally to the following factors:

- Inventories increased by 37.5% from €28,109 thousand as of December 31, 2007 to €38,652 thousand as of December 31, 2008. Inventories consist of goods purchased for resale online. As of both December 31, 2008 and December 31, 2007, inventories were mainly related to the Multi-Brand Business Line. 82% of the inventories as of December 31, 2008, inclusive of depreciation allowances, consisted of goods already for sale or to be sold in the following months;
- Trade receivables more than doubled from €1,878 thousand as of December 31, 2007 to €3,911 thousand as of December 31, 2008, due primarily to the increase in sales volumes; and
- Other current assets increased by 29.8% from €3,706 thousand as of December 31, 2007 to €4,812 thousand as of as of December 31, 2008, due primarily to VAT credits relating to purchases in Italy.

The foregoing factors were partially offset by: (i) a 27.6% increase in trade payables from €13,544 thousand as of December 31, 2007 to €17,282 thousand as of December 31, 2008, due to the increase in sales volumes; (ii) a 38.3% increase in other current payables from €4,739 thousand as of December 31, 2007 to €6,554 thousand of December 31, 2008, due an increase in VAT liabilities in foreign countries and amounts owed to employees; and (iii) a 90.8% increase in other current liabilities from €489 thousand as of December 31, 2007 to €933 thousand of December 31, 2008, due primarily to higher tax payables.

The increase in net working capital in 2008 was partially funded by an increase in the profits of the Group in 2008 (up from a loss of €633 thousand in 2007 to a profit of €2,402 thousand in 2008), and the decrease in cash outflow from operating activities, (down from €3,945 thousand in 2007 to €1,824 thousand in 2008).

*Net Financial Debt*

The following table sets forth a breakdown of the components of the Group's Net Financial Debt as of the dates indicated, calculated on the basis of information from the Group's IFRS financial statements.

| | As of December 31, 2008 | As of December 31, 2007 | Change |
|---|---|---|---|
| | (Euro thousands) | | |
| Cash and cash equivalents | (8,962) | (5,185) | 72.8% |
| Other current financial assets | (70) | (28) | >100.0% |
| Bank and other current financial payables | 4,086 | 12,847 | 68.2% |
| Other current financial liabilities | 116 | — | >100.0% |
| **Subtotal (short-term items)** | **(4,830)** | **7,634** | **>100.0%** |
| Medium/long-term financial payables | 18,735 | 141 | >100.0% |
| **Net Financial Debt** | **13,905** | **7,775** | **78.8%** |

The Group's Net Financial Debt increased by 78.8%, or €6,130 thousand, from €7,775 thousand as of December 31, 2007 to €13,905 thousand as of December 31, 2008, due primarily to the incurrence of new debt under our syndicated credit facility, which explains the increase in medium- and long-term financial payables shown in the table above.

Note with respect to both dates appearing in the table above that the Group's Net Financial Debt is typically reduced at year-end by the fact that higher net revenues during the second half of each year (due to the seasonality of the business), lead to higher collections in the period before Christmas, while payments to suppliers and service providers are often higher in the beginning of each year.

***As of December 31, 2007 and December 31, 2006***

The following table, which is not in accordance with Italian GAAP, aggregates the Group's Net Working Capital with non-current assets and liabilities (excluding financial liabilities) as of December 31, 2008 and 2007, and balances them against the sources of the Group's funding as of the same dates.

| | As of December 31, 2007 | As of December 31, 2006 | Change |
|---|---|---|---|
| | (Euro thousands) | | |
| Net Working Capital[1] | 14,905 | 9,792 | 52.2% |
| Non-current assets | 6,048 | 4,451 | 35.9% |
| Non-current liabilities (financial liabilities excluded) | (403) | (465) | (13.3)% |
| **Subtotal** | **20,550** | **13,778** | **49.1%** |
| Shareholders' equity | 12,747 | 12,418 | 2.6% |
| Net Financial Debt[2] | 7,803[3] | 1,359[3] | >100.0% |
| **Subtotal** | **20,550** | **13,778** | **49.2%** |

*(1) Net Working Capital is defined as current assets net of current liabilities (excluding cash and cash equivalents, bank and other current financial payables and the financial assets and liabilities included in current assets and liabilities). Net Working Capital is not a recognized accounting measure in the context of Italian GAAP or the IFRS endorsed by the European Union.*

*(2) As shown in the below table, Net Financial Debt is defined as the net amount of: (i) cash and cash equivalents; (ii) other current financial assets; (iii) bank and other current financial payables and other current financial liabilities; and (iv) medium- and long-term financial payables. Net Financial Debt is not a recognized accounting measure in the context of Italian GAAP or the IFRS endorsed by the European Union.*

*(3) The Group's Net Financial Debt is negative (i.e., an amount owing from the Group to creditors) in all periods. It is shown as an absolute value here in order to illustrate how the Group's Net Working Capital, together with other items representing the Group's invested capital, are balanced by the sources of that capital, namely the Group's shareholder's equity and its Net Financial Debt.*

*Net Working Capital*

The following table sets forth the Net Working Capital for the Group, as of the dates indicated, calculated on the basis of financial information from the Group's Italian GAAP financial statements.

| | Year ended December 31, 2007 | Year ended December 31, 2006 | Change |
|---|---|---|---|
| | (Euro thousands) | | |
| Inventories | 28,109 | 18,956 | 48.3% |
| Trade receivables | 1,878 | 1,067 | 76.0% |
| Other current assets (financial assets and cash and cash equivalents excluded) | 1,595 | 772 | >100.0% |
| Trade payables | 2,111 | 1,154 | 82.9% |
| Other current payables (financial liabilities excluded) | (13,544) | (8,923) | 51.8% |
| Other current liabilities[1] | (5,244) | (3,235) | 62.1% |
| **Net Working Capital** | **14,905** | **9,792** | **52.2%** |

*(1) Consists of tax payables and the current portion of provisions for risks and charges.*

Net Working Capital increased by 52.2% from €9,792 thousand as of December 31, 2006 to €14,905 thousand as of December 31, 2007, due primarily to the following factors (the second of which partially offset the first):

- Inventories increased by 48.3% from €18,956 thousand as of December 31, 2006 to €28,109 thousand as of December 31, 2007. Such increase was due to the increase in sales volumes in 2007 and the high expectations for 2008 sales that the Group had at the end of 2007. Goods in stock as of December 31, 2007 consisted of goods already for sale or to be sold in the following months.

Trade payables increased by 51.8% from €8,923 thousand as of December 31, 2006 to €13,544 thousand as of December 31, 2007, due to the increase in business volumes.

*Net Financial Debt*

The following table sets forth a breakdown of the components of the Group's Net Financial Debt as of the dates indicated, calculated on the basis of information from the Group's Italian GAAP financial statements.

| | As of December 31, 2007 | As of December 31, 2006 | Change |
|---|---|---|---|
| | (Euro thousands) | | |
| Cash and cash equivalents | (5,185) | (1,821) | >100.0% |
| Other current financial assets | — | — | — |
| Bank and other current financial payables | 12,847 | 3,039 | >100.0% |
| Other current financial liabilities | — | — | — |
| **Subtotal (short-term items)** | **7,662** | **1,218** | **>100.0%** |
| Medium/long-term financial payables | 141 | 141 | 0.00% |
| **Net Financial Debt** | **7,803** | **1,359** | **>100.0%** |

The Group's Net Financial Debt increased by more than five times, from €1,359 thousand as of December 31, 2006 to €7,803 thousand as of December 31, 2007, due principally to new short-term bank financing necessary to support the expansion of the business, which explains the increase in bank and other current financial payables shown in the table above.

## Capital Expenditures

The following table sets forth the capital expenditures of the Group broken down by asset-type, for the periods indicated.

| | Six Months Ended June 30, | | Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | IFRS 2009 | IFRS 2008 | IFRS 2008 | IFRS 2007 | Italian GAAP 2007 | Italian GAAP 2006 |
| | (Euro thousands) | | | | | |
| *Investments in:* | | | | | | |
| Research and development | — | 792 | 965 | 263 | 263 | — |
| Software and licenses | 227 | 127 | 200 | 149 | 149 | 220 |
| Trademarks and similar rights | — | 10 | 10 | 2 | 2 | 64 |
| Intangible assets under development | 864 | 29 | 679 | 712 | 712 | — |
| Other intangible assets | 47 | 11 | 22 | — | 107 | 687 |
| **Total investments in intangible assets** | **1,138** | **969** | **1,876** | **1,126** | **1,233** | **971** |
| Plant and machinery | 29 | 12 | 205 | 671 | 671 | 9 |
| Industrial and commercial equipment | 34 | 40 | 70 | 235 | 235 | 171 |
| Other tangible assets | 384 | 383 | 1,465 | 623 | 516 | 275 |
| **Total investments in tangible assets** | **447** | **435** | **1,740** | **1,529** | **1,422** | **455** |
| **Total capital expenditures**(1) | **1,585** | **1,404** | **3,616** | **2,655** | **2,655** | **1,426** |

(1) *The amounts indicated in the table above differ from the respective amounts included in the tables concerning the cash flow from investing activities with respect to each period, because cash flows from investing activities include cash inflows and outflows from non-current financial assets, investments in leased goods in the first half of 2009, and capital gains and losses recorded in 2008 and 2007.*

Every financial year the Group makes investments pursuant to multi-year investment projects targeted at improving the performance of online stores and their integrated management and at broadening their functionality, as well as purchases of new servers, personal computers, monitors and other hardware items.

***Capital Expenditures in the First Half of 2009***

In the first half of 2009 the Group's total capital expenditures amounted to €1,585 thousand, of which €1,138 thousand represented investments in intangible assets and €447 thousand represented investments in tangible assets.

Investments in intangible assets primarily consisted of investments in development projects with expected long-term utility that were not yet completed as of June 30, 2009, as a result of which such investments were classified in the "intangible assets under development" line item (€864 thousand). These projects relate to the development of innovative solutions for the establishment and management of online stores. Such investments include both the capitalized personnel expenses and the capitalized costs of services provided by external parties.

Other investments in intangible assets during the first six months of 2009 consisted mainly of the €174 thousand spent to acquire and install administrative and managerial software.

Investments in tangible assets in the six months ended June 30, 2009 mainly consisted of investments for the acquisition of new servers, personal computers and monitors through financial leases (aggregate value of €254 thousand), classified in the "other tangible assets" line item. The remaining €130 thousand of investments represented in that line item consisted of purchases of new servers, personal computers, monitors, printers, and data storage devices (€40 thousand), and costs incurred in the furnishing the Group's offices in Zola Predosa (Bologna).

***Capital Expenditures in 2008***

In 2008, the Group's total capital expenditures amounted to €3,616 thousand, of which €1,876 thousand related to intangible assets and €1,740 thousand related to tangible assets.

Investments in intangible assets primarily consisted of primarily consisted of investments in development projects with expected long-term utility (€1,644 thousand), some of which were completed during the year (€965 thousand), and classified in the "research and development" line item, and some of which had yet to be completed as of December 31, 2008 and were therefore classified in the "intangible assets under development" line item (€679 thousand). These projects relate to the development of innovative solutions for the establishment and management of online stores. Such investments include both the capitalized personnel expenses and the capitalized costs of services provided by external parties.

Other investments in intangible assets in 2008 (€232 thousand in total) consisted principally of costs for the acquisition of software licenses for the update of the infrastructure of online stores and IT-systems (€200 thousand).

Investments in tangible assets in 2008 related primarily to the costs of improvements to real estate properties leased by the Group, almost exclusively consisting of costs for refurbishing, in compliance with regulatory safety requirements, the Group's new offices located in Milan (€696 thousand), the purchase of new servers, personal computers, monitors and printers and data storage devices (€624 thousand), and costs for the furnishing of the Group's offices in Zola Predosa and Milan (€117 thousand). All of the foregoing costs are classified in the "other tangible assets" line item in the above table.

Investments in plants and machinery in 2008 (€205 thousand), primarily related to the costs of a new electrical plant.

***Capital Expenditures in 2007***

Under both IFRS and Italian GAAP, the Group's total capital expenditures amounted to €2,655 thousand in 2007.

Investments in intangible assets primarily consisted of primarily consisted of investments in development projects with expected long-term utility (€975 thousand under both IFRS and Italian

GAAP), some of which were completed during the year (€263 thousand under both IFRS and Italian GAAP), and classified in the "research and development" line item, and some of which had yet to be completed as of December 31, 2007 and were therefore classified in the "intangible assets under development" line item (€712 thousand under both IFRS and Italian GAAP). These projects relate to the development of innovative solutions for the establishment of online stores, the management of yoox.com and the broadening of the functionality of other online stores. Such investments include both the capitalized personnel expenses and the capitalized costs of services provided by external parties.

Other investments in intangible assets in 2007 consisted principally of costs for the acquisition of software for the management of logistics and for the administrative offices in our Bologna offices (€149 thousand under both IFRS and Italian GAAP).

The investments in tangible assets concerned:

- The "plant and machinery" line item (€671 thousand), mainly relating to the costs of installation of a heating system at the Bologna Interport logistics center (€273 thousand), the installation of new lighting at our Zola Pedrosa offices and at the Bologna Interport logistics center (€176 thousand in total) and the upgrade of the network cables and switching equipment and the Group's video-conference system (€146 thousand);
- The "industrial and commercial equipment" line item, mainly consisting of costs of setting-up new photography studios (€207 thousand); and
- The "other tangible assets" line item, mainly consisting of purchases of new servers, personal computers, monitors and printers for the Italian and U.S. offices (€433 thousand).

***Capital Expenditures for the year ended December 31, 2006***

For the year ended December 31, 2006 the Group's total capital expenditures amounted to €1,426 thousand, of which €971 thousand related to intangible assets and €455 thousand related to tangible assets.

Investments in intangible assets consisted primarily of investments classified under "*other intangible assets*," concerning the costs for a traveling exhibition called "Dressing Ourselves," for the establishment of an online store for a prominent Italian fashion company, and for the development of a new logistics system (€612 thousand in total), as well as investments to develop imaging platforms and upgrade the general technology platform of yoox.com (€220 thousand)

The investments in tangible assets concerned primarily the purchase of specific storage machinery (€171 thousand), classified in the "industrial and commercial equipment" line item, and of electronic devices, such as servers (€209 thousand), classified in the "other tangible assets" line item.

**Off-Balance Sheet Arrangements**

The Group has not engaged in the use of special purpose entities for off-balance sheet financing or any other purpose which may result in material assets or liabilities not being reflected in the Group's consolidated financial statements. The Group does use certain off-balance sheet arrangements with unconsolidated third parties in the ordinary course of business, including indemnification agreements, financial guarantees, the sale of receivables and other arrangements under which the Group have or may have continuing obligations.

**Outlook**

Except as otherwise disclosed in this Offering Circular, especially under "Risk factors," we are not aware of any trends, uncertainties, developments or facts that may be reasonably expected to have a material impact on the current outlook of the Group for the current financial year or for other financial years.

# INDUSTRY AND MARKET

**Industry**

Our Group is active in the highly dynamic and competitive field of online retailing, which is characterized by the presence of a small number of large operators and many small and medium-sized operators. Irrespective of size, operators tend to specialize, focusing on a particular product-category, price range or geographic area.

Online operators active in the apparel and accessories market segment may be classified on the basis of their distribution strategies, as follows:

(i) Online retailers or online retail services providers, which, like the Issuer, focus exclusively on the online sales channel;

(ii) Traditional retailers or distributors, for which the online channel represents an extension of their traditional distribution channels; and

(iii) Fashion houses, which have decided to be present in the online market by directly managing their own online stores.

Even though we face a relatively large number of competitors, we believe that the Group has achieved a distinctive position in our market.

Despite the difficulty in identifying competitors that are directly comparable to us on the basis of the breadth of their product categories, their price bands and reference customer bases and their target markets, we have identified certain companies that, based on the criteria mentioned above, compete with the Group in specific segments of our market, including:

(i) Online retailers or online retail services providers: Net-à-porter (mainly in the U.K. and USA), Amazon.com (mainly in the USA), ASOS (mainly in the U.K.), eBags (mainly in the USA), Start Today (mainly in Japan), GSI Commerce (mainly in the USA), vente-privee.com (mainly in France and other European countries), Bluefly (mainly in the USA), overstock.com (mainly in the USA), and dress-for-less (mainly in Germany);

(ii) Traditional fashion retailers that have extended their activity to the online channel: Neiman Marcus Direct (mainly in the USA), Saks Fifth Avenue (mainly in the USA), and Nordstrom (mainly in the USA); and

(iii) Fashion houses that directly manage their online stores: Hermès International, Gucci, Louis Vuitton Malletier and Polo Ralph Lauren.

**Market**

*The following section contains information obtained from outside researchers. While we believe such information to be reliable and believe any estimates contained in such information to be reasonable, we cannot assure investors that such information or any of the assumptions underlying such estimates are accurate or correct, and none of the surveys, reports or other information on which we have relied have been independently verified. Accordingly, undue reliance should not be placed on such information. See "Presentation of Financial and Other Information — Market Information."*

Our market is the online retail market. Within this market, the Group operates in the clothing, footwear and fashion accessories segments. In terms of geographic distribution, Europe and North America accounted for 77% and 15%, respectively, of the Group's net revenues in the first half of 2009 compared to 77% and 17%, respectively, in 2008.

For purposes of the following subsection, "*Overview of the Online Retail Market*," (i) unless otherwise indicated, all data exclude purchases of leisure travel services; (ii) "Western Europe" means Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal Spain, Sweden, Switzerland and the United Kingdom and (iii) "regular" online shoppers are those who order goods online at least once in a period of three months.

*Overview of the Online Retail Market*

Having developed since the creation of the Internet approximately 20 years ago, the online retail market continues to show rapid growth in all geographic markets; the Internet is capturing a greater share of overall retail spending. According to data provided by Forrester Research[1], a U.S.-based independent research company focused on the IT, marketing, and technology sectors that has published a series of analyses of the online retail market (excluding leisure travel services) in the United States and in Western Europe ("Forrester"), online retailing in the United States, one of the most developed markets in the world, represented only 5.3% of total retail sales in that country in 2008.

Saving time, avoiding queues, the ease of finding and comparing products and prices and the possibility to arrange differentiated delivery times are among the factors identified as encouraging customers to shop online. According to Forrester[2], a growing number of online shoppers, and growing online spending per customer, have encouraged retailers to improve their online offerings, which, in turn, has drawn more shoppers and higher spending.

According to data provided by Forrester, the online retail market (excluding leisure travel services) in 2008 amounted to an estimated €71 billion[3] of sales in Western Europe and $141 billion (approximately €96 billion[4]) in the United States, increases of 21%[5] and 13%, respectively, as compared to 2007.

According to Forrester[6], 37% of Western European adults regularly shopped online in 2008, spending an average of €572 per person during the course of the year, excluding leisure travel services. Within Western European markets, significant differences remain, as shown by the figures in the table below, based on data from Forrester.

| Online Retail Market | Market Size (Total Online Sales) 2008 (Excluding Leisure Travel Services) (€ billions) | Percentage of Adults Regularly Making Purchases Online (Including Leisure Travel Services) | Yearly Expenditure per Regular Online Shopper (Excluding Leisure Travel Services)(1) |
|---|---|---|---|
| Western Europe[7] | 71.0 | 37% | € 572 |
| United Kingdom[8] | 30.0 | 46% | € 1,077 |
| Germany[9] | 18.7 | 41% | € 559 |
| France[10] | 9.8 | 32% | € 501 |
| Italy[11] | 3.0 | 13% | € 378 |
| Spain[12] | 1.9 | 14% | € 299 |

(1) *Figures computed as the total amount of purchases exclusive of leisure travel purchases divided by the total number of regular online shoppers (including regular online buyers of leisure travel services).*

1 *Source: Forrester Research — "US eCommerce Forecast, 2008 To 2013"— Sucharita Mulpuru, February 2, 2009.*

2 *Source: Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009.*

3 *Company elaborations on the basis of data from Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009. Western Europe includes Austria, Belgium, Switzerland, Germany, Denmark, Spain, Finland, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden and UK.*

4 *Company elaborations on the basis of data from Forrester Research — "US eCommerce Forecast, 2008 To 2013" — Sucharita Mulpuru, February 2, 2009. Converted into Euro using an average FX rate for 2008 of 1.47 EUR/USD.*

5 *Company elaborations on the basis of data from Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009.*

6 *Source: Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009.*

7 *Company elaborations on the basis of data from Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009.*

8 *Company elaborations on the basis of data from Forrester Research — "UK Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, Lauriane Camus, March 2, 2009. Converted into Euro using an average FX rate for 2008 of 0.79 EUR/GBP.*

9 *Company elaborations on the basis of data from Forrester Research — "German Online Retail And Travel Forecast, 2008 To 2014" — Alexander Hesse, Victoria Bracewell Lewis, March 2, 2009.*

10 *Company elaborations on the basis of data from Forrester Research — "French Online Retail And Travel Forecast, 2008 To 2014" — Lauriane Camus, Victoria Bracewell Lewis, March 2, 2009.*

11 *Company elaborations on the basis of data from Forrester Research — "Italian Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 24, 2009.*

12 *Company elaborations on the basis of data from Forrester Research — "Spanish Online Retail And Travel Forecast, 2008 To 2014"—Lauriane Camus, Victoria Bracewell Lewis, March 6, 2009.*

While online sales have expanded significantly over the years, Forrester's data suggest that the online retail markets (excluding leisure travel services) in some countries such as Italy, France and Spain have yet to reach their full potential, in terms of both the number of online shoppers and their spending. This presents an opportunity for companies with an existing presence in those markets. For instance, according to data from Forrester[13], in 2008, 32% of Italian Internet users, representing 13% of the adult population as a whole, regularly bought goods and services online, spending an average of €378 per buyer, considerably below the Western European average of €572[14]. In comparison, the U.K. market registered sales of approximately €30 billion, with 46% of its adult population buying online regularly, resulting in average spending per buyer of €1,077[15].

We believe differences in patterns can be linked to a series of reasons, but in particular to:

- *Internet and broadband penetration*: According to data from Forrester, in the second quarter of 2008, in Italy[16] and Spain[17], only 45% and 52% of adults, respectively, used the Internet regularly and only 31% and 38%, respectively, had broadband access at home; in countries such as Germany[18] and the U.K.[19], in contrast, 72% and 73%, respectively, of adults used the Internet regularly and 54% and 58%, respectively, had broadband access at home; and
- *Diffusion of web-friendly online payment methods and online security concerns*: An additional reason for the early success of online retail in the United Kingdom is that most customers have both a credit and a debit card. In Italy and in Spain, cash-on-delivery remains a common payment method for shoppers, and security concerns are marked, though these concerns are believed to be gradually decreasing.

According to data from Forrester, the apparel sector (defined by Forrester as clothing, footwear, jewelry and watches) accounted for approximately 17%[20] of online retail sales, excluding leisure travel services, in Western Europe in 2008. With reference to the United States, in the same year, apparel contributed 19%[21] of total online retail sales, excluding leisure travel services, as shown by the figures in the table on the following page, based on data from Forrester.

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13 *Company elaborations on the basis of data from Forrester Research — "Italian Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 24, 2009.*

14 *Company elaborations on the basis of data from Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009.*

15 *Company elaborations on the basis of data from Forrester Research — "UK Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, Lauriane Camus, March 2, 2009.*

16 *Source: Forrester Research — "Italian Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 24, 2009.*

17 *Source: Forrester Research — "Spanish Online Retail And Travel Forecast, 2008 To 2014" — Lauriane Camus, Victoria Bracewell Lewis, March 6, 2009.*

18 *Source: Forrester Research — "German Online Retail And Travel Forecast, 2008 To 2014" — Alexander Hesse, Victoria Bracewell Lewis, March 2, 2009.*

19 *Source: Forrester Research — "UK Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, Lauriane Camus, March 2, 2009.*

20 *Company elaborations on the basis of data from Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009*

21 *Company elaborations on the basis of data from Forrester Research — "US eCommerce Forecast, 2008 To 2013" — Sucharita Mulpuru, February 2, 2009. Apparel is defined as the group of the following categories: clothing, accessories, footwear and jewellery.*

| Apparel Market | Market Size 2008 (Online Apparel Sales) (€ billions) | Percentage of Total Online Retail Sales (Excluding Leisure Travel Services) |
|---|---|---|
| United States[22] | 18.2 | 19% |
| Western Europe[23] | 11.9 | 17% |
| United Kingdom[24] | 5.7 | 19% |
| Germany[25] | 3.9 | 21% |
| France[26] | 1.8 | 18% |
| Italy[27] | 0.2 | 8% |
| Spain[28] | 0.1 | 5% |

According to data from Forrester[29], apparel was the third top-selling segment of the online retail market (excluding leisure travel services) in Western Europe in 2008, by total sales value, with €11.9 billion of online sales, surpassed only by the travel and the electrical and electronics segments.

With reference to the fashion and luxury market, according to a survey of 178 executives at premium and luxury manufacturers, retailers and services organizations published by Forrester in June 2008 revealed that, despite such executives' awareness of the Internet as a potentially powerful sales channel, only approximately 30%[30] of their companies sold products online.

In our view, some fashion, design and luxury firms have been reluctant to adopt an online retail strategy due to difficulties faced in offering their products online in a manner consistent with their positioning and strategy offline, and in particular:

- defining how to host an online store within the context of their already existing institutional website;
- managing the distribution of products worldwide in a manner consistent with the companies' existing distribution strategies;
- using technologies to extend a brand into a digital arena (a website) without dilution of the brand itself;
- managing final-customer relationships and leveraging the information coming from customers to promote products that are in line with their preferences; and
- offering customer top-notch service and guaranteed on-time deliveries.

We believe that an increasing number of companies in the fashion, design and luxury sector are overcoming these initial difficulties and are considering online retailing as a new way of competing, gaining market share and expanding their global reach.

We believe that thanks to improved technology and graphic design, online customers can now carefully observe the distinguishing characteristics of a particular product and even experience the unique features of a particular brand (such as the brand's runway shots) online. Online retailing also allows individuals to access products and become better acquainted with a brand and its positioning when they would not otherwise be able to, overcoming hurdles created by a company's limited distribution presence and distances. As a result, online retailing is considered an opportunity to help customers save time in searching for and purchasing goods.

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*22 Source: Forrester Research — "US eCommerce Forecast, 2008 To 2013" — Sucharita Mulpuru, February 2, 2009.*

*23 Source: Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009*

*24 Source: Forrester Research — "UK Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, Lauriane Camus, March 2, 2009. Converted into Euro using an average FX rate for 2008 of 0.79 EUR/GBP*

*25 Source: Forrester Research — "German Online Retail And Travel Forecast, 2008 To 2014" — Alexander Hesse, Victoria Bracewell Lewis, March 2, 2009.*

*26 Source: Forrester Research — "French Online Retail And Travel Forecast, 2008 To 2014" — Lauriane Camus, Victoria Bracewell Lewis, March 2, 2009.*

*27 Source: Forrester Research — "Italian Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 24, 2009.*

*28 Source: Forrester Research — "Spanish Online Retail And Travel Forecast, 2008 To 2014" — Lauriane Camus, Victoria Bracewell Lewis, March 6, 2009.*

*29 Source: Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009.*

*30 Source: Forrester Research — "Benchmark: Luxury Sector eBusiness Adoption" — Victoria Bracewell Lewis, June 2, 2008.*

***Key Growth Drivers of the Online Retail Market***

We believe that growth in the overall online retail market will continue to be driven by a mix of factors, both on the demand side (Internet and broadband penetration, ongoing sociological changes and consumers moving forward on the Internet learning curve) and on the supply side (increasing investments from consumer brands, and consequent improvements in the quality and the range of online product offerings).

*Growing Internet and Broadband Penetration*

We believe that Internet usage and broadband adoption are building blocks that support the growth of the online retail market. In particular, the increasing adoption of broadband Internet connections represents a key factor for the growth of the online retail channel, as home broadband users spend more time online than others. Furthermore, broadband enhances the online user experience, helping users to communicate with the wider world through more advanced online activities, including online shopping and social networking.

Internet penetration is still far from its full potential; according to data from Forrester[31], in the second quarter of 2008, in Western Europe only 60% of the population used the Internet. The U.K. and Germany enjoyed the highest penetration rates in Europe with around 70% penetration (but their rates were still lower than that in the United States); lower levels of penetration were registered in other Western European countries, such as France, Italy and Spain (in a range of 45% to 65%).

*Ongoing Sociological Changes*

We believe that, currently, there are significant sociological trends impacting the way in which people behave and, in particular, the way in which people shop including:

- *A growing preference for easy and efficient transactions*: Shopping online is highly efficient, can be done from home and requires just a few clicks, potentially saving time and money; users expect the Internet to offer the best buying opportunities, as prices are transparent and easy to compare; furthermore, online customers are likely to be offered a product selection in line with their own preferences as Internet retailers may be able to understand those preferences through the different marketing tools offered by the channel (one of the simplest being the possibility to record articles selected in the past by the same user).
- *Society having become extremely fast and dynamic and consumers expecting maximum flexibility:* On the Internet, offerings can be nearly unlimited because of the absence of the physical constraints typical of the offline world; the Internet is open 24 hours a day, 7 days a week.
- *Media consumption shifting away from traditional sources to web-based sources*: Currently, there is a gradual shift in demand from traditional media to the Internet, increasing the average time spent in front of the computer.

*Users Moving Forward on the Internet Learning Curve*

We believe that the Internet represents the most complete source of information in the world and that, therefore, it is also a key research source that adults consider before making a purchase, whether online or offline. According to Forrester, product researching is the top online activity after email. According to the same source, in the past few years, all product categories have gained new online product researchers; in particular, clothing and footwear have been two of the most dynamic categories, registering respectively, increases of 70% and 97% in the number of people in Europe using the Internet to research those products between 2005 and 2008.

In the view of Forrester[32], there are numerous possible reasons for customers' initial reluctance to purchase online. Key issues typically are worries about disclosing financial information, counterparty risk, product returns, and the need to have products immediately. According to the same source[33], a

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*31 Source: Forrester Research — "Technographics® Insight: 2008 Global Internet And Broadband Landscape"— Valérie Batut, August 22, 2008.*

*32 Source: Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009.*

*33 Source: Forrester Research — "How Shoppers Evolve Online" — Sucharita Mulpuru, Carrie Johnson, Peter Hult, Brendan McGowan, October 24, 2008.*

satisfactory first online shopping experience typically represents a key moment in the migration from offline buying to the online channel, increasing the probability of a person using the Internet as a buying channel more frequently in the future.

Typically, consumers initially start purchasing media and travel products online, and then migrate to more tactile products over time, such as apparel.[34]

*Increased Investments by Consumer Brands to Promote their Product Positioning and to Exploit the Online Distribution Channel*

According to Forrester[35], across all product and service sectors, consumer brands in Europe are realizing that the online sales channel is their most significant growth opportunity; they are recognizing that the Internet is their shop window to the world, helping to drive sales online as well as offline. Online shopping has been driven by a virtuous circle: growing numbers of online customers and growing online spending per shopper encourage retailers to improve their online offerings.

As a consequence of the above, there is a significant ongoing change in the way marketing budgets are being allocated, increasingly shifting from traditional media to the Internet.

We believe that consumer brands have also become aware of the importance of improving the online shopping experience to meet growing consumer expectations and to increase conversion rates and retention levels. In particular, we believe that significant emphasis needs to be placed on the development of a company's interface with users, an activity that needs to be consistent with the image of its brand and that should make the purchase feel like a unique and friendly experience.

***Forecasted Evolution of the Online Retail Market***

***The section beginning on the following page is based on projections prepared by an external party, Forrester. Projections are subject to significant uncertainties that could cause actual events to differ materially from those anticipated by Forrester. These uncertainties include, among other things, certain risks described under "Risk Factors" herein, as well as the assumptions about trends in economic and other factors made by Forrester. Should any of such risks be realized or should any of Forrester's assumptions prove to be inaccurate, actual results or events would likely differ materially from those expressed or implied in the projections and other forward-looking statements included in the section beginning on the following page. See "Notice Regarding Forward-Looking Statements" herein.***

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*34 Source: Forrester Research — "How Shoppers Evolve Online" — Sucharita Mulpuru, Carrie Johnson, Peter Hult, Brendan McGowan, October 24, 2008.*

*35 Source: Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009.*

The below chart shows Forrester estimates on the evolution of the online retail markets in the United States, Western Europe and the main markets within Western Europe for the period 2008-2012, and data derived therefrom.

**Market Size (Total Online Sales Excluding Leisure Travel Services)**

| Online Retail Market | 2008 | 2009 | 2010 | 2011 | 2012 | CAGR (2008-2012)[(1)] |
|---|---|---|---|---|---|---|
| | (€ billions) | | | | | |
| United States[36] | 96.2 | 106.1 | 120.3 | 132.2 | 143.9 | 10.6% |
| Western Europe[37] | 71.0 | 79.0 | 89.6 | 99.9 | 108.1 | 11.1% |
| United Kingdom[38] | 30.0 | 31.5 | 35.4 | 39.3 | 42.1 | 8.8% |
| Germany[39] | 18.7 | 21.2 | 23.0 | 25.1 | 26.7 | 9.4% |
| France[40] | 9.8 | 11.3 | 13.1 | 14.9 | 16.2 | 13.3% |
| Italy[41] | 3.0 | 3.6 | 4.3 | 5.0 | 5.8 | 18.2% |
| Spain[42] | 1.9 | 2.3 | 3.0 | 3.8 | 4.5 | 23.7% |

*(1) Figures calculated by us on the basis of yearly growth estimates from Forrester.*

As shown in the table above, in the coming years, according to data provided by Forrester, the online retail markets (excluding leisure travel services) of the United States and Western Europe are expected to grow strongly, at compound annual growth rates ("CAGRs") of 10.6% and 11.1% respectively, as consumers continue to shift spending toward the online channel. Within Western Europe, Italy, France and Spain are expected by Forrester to register the fastest growth rates, due in part to the fact that the current online retail markets (excluding leisure travel services) in those countries are not fully evolved. To put this in perspective, the United Kingdom, Europe's most mature market, is expected to see an 8.8% CAGR in sales in the 2008-2012 period, whereas Spain is expected to experience a 23.7% CAGR over the same period.

In line with Forrester's expectations mentioned above[43], we believe that an increase in market demand – as well as an improvement in the supply of products and services — will translate into continuous growth of the online retail market (other than leisure travel services) in Western Europe, and especially in countries like Italy, France and Spain over the next few years. In particular:

- On the demand side, continued growth in broadband penetration, consumers' continuing experience with the online channel, and increased confidence in online security, combined with an increase in the number of European Internet users, is expected to result in more people buying online over the next few years; generational change is also expected to grow the market, as young adults are much more likely to shop online than their grandparents; and
- On the supply side, consumer brands are expected to invest to improve both the online customer experience and cross-channel and cross-border customer experiences by providing a wider array of shopping and delivery options and web-enabled point-of-sale systems, improving inventory information and adding product selection to their websites.

*36 Source: Forrester Research — "US eCommerce Forecast, 2008 To 2013" — Sucharita Mulpuru, February 2, 2009.*
*37 Source: Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009.*
*38 Source: Forrester Research — "UK Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, Lauriane Camus, March 2, 2009. Converted into Euro using an average FX rate for 2008 of 0.79 EUR/GBP.*
*39 Source: Forrester Research — "German Online Retail And Travel Forecast, 2008 To 2014" — Alexander Hesse, Victoria Bracewell Lewis, March 2, 2009.*
*40 Source: Forrester Research — "French Online Retail And Travel Forecast, 2008 To 2014" — Lauriane Camus, Victoria Bracewell Lewis, March 2, 2009.*
*41 Source: Forrester Research — "Italian Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 24, 2009.*
*42 Source: Forrester Research — "Spanish Online Retail And Travel Forecast, 2008 To 2014" — Lauriane Camus, Victoria Bracewell Lewis, March 6, 2009.*
*43 Source: Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009.*

In the United States, where the online retail market is more advanced in its development path, online sales in areas other than leisure travel services in 2009, according to data from Forrester[44], are expected to grow by 10%, while overall retail sales are expected to decline as consumers cut back their overall spending. According to the same source, by the end of 2012, online sales in areas other than leisure travel services are expected to account for 8% of total retail sales (up from 5% in 2008).

As far as the apparel segment is concerned, Forrester forecasts that the segment will perform in line with the rest of the online retail market: the 2008-2012 compound annual growth rates for this segment in the United States and Western Europe are forecasted at 12.1% and 10.4%, respectively. Italy, Spain and France are expected to outpace other European markets with, respectively, 20.2%, 24.2% and 14.1% CAGRs in the same period, as shown by the figures in the table below, based on data from Forrester.

**Market Size (Online Apparel Sales)**

| Apparel Online Sales | 2008 | 2009 | 2010 | 2011 | 2012 | CAGR (2008-2012)(1) |
|---|---|---|---|---|---|---|
| | (€ billions) | | | | | |
| United States[45] | 18.2 | 20.7 | 23.7 | 26.2 | 28.7 | 12.1% |
| Western Europe[46] | 11.9 | 13.1 | 14.8 | 16.4 | 17.7 | 10.4% |
| United Kingdom[47] | 5.7 | 6.0 | 6.7 | 7.5 | 8.0 | 8.8% |
| Germany[48] | 3.9 | 4.4 | 4.7 | 5.1 | 5.5 | 8.9% |
| France[49] | 1.8 | 2.1 | 2.4 | 2.7 | 3.0 | 14.1% |
| Italy[50] | 0.2 | 0.3 | 0.4 | 0.4 | 0.5 | 20.2% |
| Spain[51] | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 24.2% |

*(1) Figures calculated by the Company on the basis of yearly growth estimates from Forrester.*

According to Forrester[52], online sales of luxury goods and services are expected to continue growing, gaining in importance versus traditional channels. This expected trend is supported by an ongoing shift in mentality, by which fashion and luxury firms are increasingly embracing e-commerce as a way to enhance brand awareness and boost sales.

We believe that such view is especially relevant for countries such as France and Italy, where, on the supply side, many of the luxury goods are produced and marketed and, on the demand side, there has traditionally been high demand for quality and cutting-edge home & design products. We estimate, based on 2008 data from Altagamma[53], a third-party research firm, that Europe represents approximately 38% of the world's demand for luxury goods and that Italy and France represent approximately 27% and 19% of the European market, respectively. In addition, as previously noted, Internet and broadband penetration in these countries is still far from its full potential and increasing penetration represents a key factor for the growth of the online channel.

*44 Source: Forrester Research — "US eCommerce Forecast, 2008 To 2013" — Sucharita Mulpuru, February 2, 2009.*
*45 Company elaborations on the basis of data from Forrester Research — "US eCommerce Forecast, 2008 To 2013" — Sucharita Mulpuru, February 2, 2009.*
*46 Source: Forrester Research — "Western European Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 16, 2009.*
*47 Company elaborations on the basis of data from Forrester Research — "UK Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, Lauriane Camus, March 2, 2009. Converted into Euro using an average FX rate for 2008 of 0.79 EUR/GBP*
*48 Source: Forrester Research — "German Online Retail And Travel Forecast, 2008 To 2014" — Alexander Hesse, Victoria Bracewell Lewis, March 2, 2009.*
*49 Source: Forrester Research — "French Online Retail And Travel Forecast, 2008 To 2014" — Lauriane Camus, Victoria Bracewell Lewis, March 2, 2009.*
*50 Source: Forrester Research — "Italian Online Retail And Travel Forecast, 2008 To 2014" — Victoria Bracewell Lewis, March 24, 2009.*
*51 Source: Forrester Research — "Spanish Online Retail And Travel Forecast, 2008 To 2014" — Lauriane Camus, Victoria Bracewell Lewis, March 6, 2009.*
*52 Source: Forrester Research — "Benchmark: Luxury Sector eBusiness Adoption" — Victoria Bracewell Lewis, June 2, 2008.*
*53 Company elaborations on the basis of data from Altagamma, a source that monitors 170 worldwide fashion/luxury companies of which about 50 are Italian.*

# BUSINESS

**Overview**

Our mission is to be the global Internet retailing partner for the leading fashion and design brands. Through proprietary multi-brand online stores and mono-brand online stores that we operate on behalf of fashion houses, we offer a rich assortment of high-quality fashion and home & design products, mostly from globally recognized designers, to retail customers in 57 countries. Over the years, we have developed enduring relationships with brand-owners and licensees. In certain cases, these relationships pertain to the supply of merchandise for sale through our proprietary online stores, yoox.com and thecorner.com. We refer to companies that regularly supply products to us for sale through our proprietary online stores as our "Commercial Partners." In certain other cases, we have developed collaborative relationships with fashion houses, for which we manage and operate brand-specific online stores. We refer to these brand-specific online stores as the "Online Flagship Stores" and to these fashion houses as our "Strategic Partners."

The experience and knowledge we have developed in online retailing, in terms of understanding the preferences of our customers and managing our own internal processes and value chain, have, in our management's opinion, placed us in a strong position to present ourselves as a global partner to the most important fashion and design brands in the world. Our global capabilities are based on both the Group's distribution capacity in the main fashion and design markets (Europe, North America and Japan), and the wide range of the business formats and solutions that we offer, which enable us to satisfy various fashion houses' distinct needs in relation to the Internet (through multi- and mono-brand stores, web design and web agency services, among other services).

We began operations in 2000 with the launch of our online multi-brand store, yoox.com. In 2006, based on the skills we had acquired and the success we had achieved through yoox.com, we initiated our "Mono-Brand Business Line," dedicated to the establishment and management of Online Flagship Stores for some of the main fashion companies in the world. In 2008, the Group launched a further proprietary multi-brand online store: thecorner.com which, together with yoox.com, now forms our "Multi-Brand Business Line." Meanwhile, the assortment of products available on yoox.com has been expanded since 2005 to include not only clothes, shoes and accessories, but also home & design products. Management believes that there are numerous similarities between the home & design sector and the fashion sector, and that both are sectors in which Italian designers excel.

Our expansion into the mono-brand business, as well as the broadening of our product offerings and the geographic coverage of our business, are the reasons behind the growth of our net revenues over time. The net revenues of the Group for the year ended December 31, 2008 were €101.5 million, while the Group's profit was €2.4 million. Net revenues for the first six months of 2009 were €68.3 million, an increase of 46.6% compared to the €46.6 million of net revenues recorded in the six months ended June 30, 2008. The following table illustrates certain key indicators from our operations for the six-month periods ended June 30, 2009 and 2008 and for the years ended December 31, 2008, 2007 and 2006.

| | Six months ended June 30, | | Year ended December 31, | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2008 | 2007 | 2006 |
| Number of orders (thousands) | 536 | 362 | 780 | 508 | 371 |
| Average order value (AOV) (Euro) | 164 | 167 | 167 | 175 | 172 |
| Number of unique visitors per month (millions) | 6.0 | 3.3 | 3.7 | 2.2 | 1.8 |
| Number of active customers (thousands)(1) | 399 | 245 | 319 | 189 | 136 |

*(1) "Active customers," as of any date, are those that made an order during the previous 12 months.*

At June 30, 2009, the Group had 234 employees in Italy (in its offices in Bologna and Milan) and a further 18 in its foreign offices located in Paris, Madrid, Hoboken (United States) and Tokyo.

As of the date hereof, we market merchandise in 57 countries, relying on three logistics centers located on three separate continents. We operate websites in seven different languages and accept payment in four different currencies.

**Our Strengths**

We believe that our competitive position is based on the following key strengths:

- The rich assortment of quality products we are able to offer as a result of consolidated relationships with a number of prestigious international fashion and design companies — particularly the "Made in Italy" ones — to which we represent an important Commercial Partner and/or Strategic Partner for the development of the online sales channel, capable of understanding and maintaining the market positioning of each individual brand;
- Our global geographical presence, arising from the flexibility provided by the Internet to simultaneously offer products in various markets, which makes us a key point of reference for fashion houses with a global presence that want their brands to also be available online worldwide, reducing their dependence on specific geographical markets;
- Our two different but synergic business lines: the Multi-Brand Business Line and the Mono-Brand Business Line;
- Our understanding of the needs of our customers, to which we offer an engaging purchasing experience, combining a welcoming environment with innovative content and high customer service standards;
- Our organizational and strategic structure, supported by a scalable technological and logistics platform, which is capable of sustaining a consistent increase in volumes across both business lines in our existing and other potential geographic markets;
- Our ability to innovate and our concern for quality and creativity, which are typical of the "Made in Italy" tradition of fashion and design, to which we trace our origins and culture;
- Our young management team, which, notwithstanding its average age, has many years of experience in the industry or in specific areas of responsibility; and
- The market's awareness of YOOX as a "brand of brands," as confirmed by the international fashion, business and other press.

**Our Business Strategy**

In order to strengthen our competitive position in the online fashion market, continue to increase our profitability and improve our cash flows, we intend to implement the following strategy:

***Broadening and enhancing the collections available through our Multi-Brand Business Line by strengthening our relationships with our current Commercial Partners and selecting new Commercial Partners.***

We believe that one of the fundamental strengths of our Multi-Brand Business Line is the breadth and quality of the collections available to our online customers. We intend to continue to broaden and enhance the multi-brand collections by strengthening our relationships with our current Commercial Partners, selecting new Commercial Partners (e.g., fashion houses and designers from different geographies), encouraging our Commercial Partners to develop collections or product lines that are created specially for the Multi-Brand Business Line, and continuing to expand our offerings of non-apparel products, such as home & design products.

***Taking advantage of the current window of opportunity in our Mono-Brand Business Line to select new Strategic Partners and to develop solid relationships with them over the coming years.***

We believe that an increasing number of fashion, design and luxury houses have overcome initial skepticism about e-commerce and are now beginning to seriously consider the benefits of online retailing as a new way to compete, to acquire market share and to expand globally. We believe that mono-brand online stores are suitable for many of these fashion, design and luxury houses and intend to take advantage of this window of opportunity to select new Strategic Partners and to use our accumulated experience in order to open and support, over the coming years, new Online Flagship Stores (in addition to the 16 that we have already opened). We also intend to support the development of new Online Flagship Stores by offering our Strategic Partners added-value services such as web marketing and web design.

***Continuing to expand internationally by using a differentiated and balanced approach in each geographical area.***
We intend to continue our current strategy of balanced international growth, taking into account the competitive landscape in each geographic area, as well as any new opportunities that may develop. We intend to implement this strategy by strengthening our existing foreign offices and, where necessary, hiring or moving dedicated personnel. Furthermore, we intend to expand into countries where we currently do not do business.

***Increasing the size of our online customer base by strengthening our brand and continuing our investment in web marketing.***
We believe that the future development of our Multi-Brand Business Line depends largely on our ability to generate online traffic from users who tend to become online customers. We intend to accomplish this by: (i) developing special communication projects and providing exclusive content that will strengthen our brand recognition and, as a result, generate greater traffic on our multi-brand sites; and (ii) continuing investments in web marketing, particularly through the use of payment-links present on websites belonging to third parties.

***Continuing to improve the quality of our service and of our customers' online "shopping experience" in order to increase our conversion and retention rates.***
We intend to continue to improve the quality of our service and of our customers' online "shopping experience" so that we increase the number of visitors who are converted into customers and engender customer loyalty. We intend to accomplish this by taking actions aimed at, *inter alia*: improving the audio/visual appeal of our multi-brand and mono-brand sites; introducing new services and functions to personalize the user experience; further developing our customer relationship management (CRM) activities; introducing new ways of presenting the clothes, accessories and other non-apparel products we sell online; introducing new customer return options; introducing new payment methods; and launching new added-value services.

***Exploiting the scalability of our business model and synergies between our business lines in order to improve our cost structure and to increase the internal transfer and use of our accumulated know-how.***
We believe that by continuing to improve the way we conduct our operations internally we can increase our profitability and competitiveness. We believe that the scalability of our business model and the synergies between our business lines will enable us to continue to lower our cost base by achieving further economies of scale in our operations and to increase the internal transfer and use of our accumulated know-how between business lines and functions.

***Continuing to strengthen and to update our IT platform.***
We intend to strengthen and update our IT platform and retail technology solutions through various initiatives, including by continuing to improve the way we develop applications and by reviewing our IT infrastructure and organization.

***Attracting and retaining the best people.***
We believe that people are a fundamental resource for future growth. For this reason, we intend to reinforce our investment in human resources through a series of actions aimed at strengthening the capabilities of our workforce, as well as improving our ability to attract the best people.

## Corporate Structure

As of the date hereof, the Issuer heads a Group constituted by the Issuer and the following wholly owned subsidiaries:

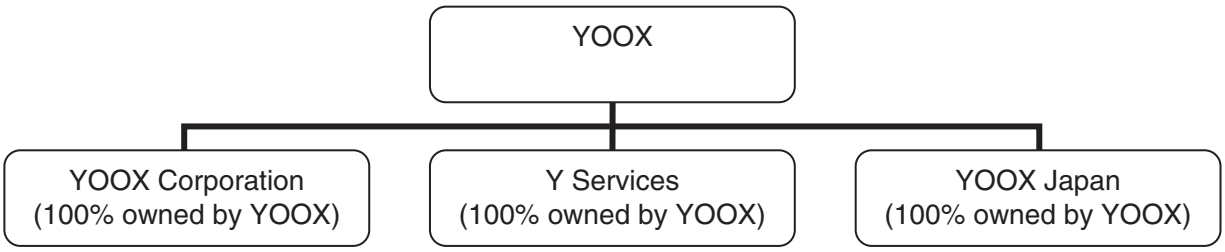
(1) YOOX Corporation, which was incorporated in 2002 to manage the Group's sales activities in the United States;

(2) YOOX Japan, which was incorporated in 2004 to manage the Group's sales activities in Japan; and

(3) Y Services, a company established in 2007 to manage the U.S. sales activities; currently such company manages the U.S. sales activities of the online stores of the Diesel, D&G, Emporio Armani, Energie, Marni and Miss Sixty brands.

The Issuer exercises "management and coordination activities," in respect of the above companies in accordance with articles 2497 *et seq.* of the Italian Civil Code, determining their medium- to long-term strategies and policies. Among other things, articles 2497 *et seq.* of the Italian Civil Code provide for direct liability on the part of control companies such as YOOX to the creditors of their subsidiaries under certain specified circumstances.

Below is a graphic illustrating the companies that form the YOOX Group.




We are registered with the Italian Companies' Register at Bologna under registration number 02050461207 and with the Economic Administrative Register (Repertorio Economico Amministrativo) under registration number 408666. We are a joint stock company constituted on the February 4, 2000, under the company name of "YOOX S.p.A." by notarial deed executed by Alvisi Bruno, Notarial Register No. 363946, File No. 6894. Pursuant to Article 4 of the bylaws, the Company shall remain in existence until December 31, 2050 and its existence may be further extended by a resolution adopted at an extraordinary shareholders' meeting. Our registered office is at Via Nannetti, 1 in Zola Predosa (Province of Bologna) and our main telephone number is +39 051 618 4211.

**Business Lines**

We have organized our business into two separate business lines, as follows:

(i) The Multi-Brand Business Line includes the activities related to the online stores, yoox.com and thecorner.com:

   a. *yoox.com* offers a vast array of quality clothing, footwear and accessories from well-known designers' collections from the corresponding season of the prior year, at reduced prices. To complete its offerings, it sells a selection of collections made exclusively for sale through yoox.com, vintage garments and special editions from trendy stylists and designers, as well as books, art and design objects.

   b. *thecorner.com* houses under the same domain a selection of mini-shops (so called "shops-in-shop") dedicated to current collections of established brands and exclusive or handcrafted clothing, all characterized by relatively limited distribution.

(ii) The Mono-Brand Business Line includes the activities related to establishing and managing Online Flagship Stores for some of the main fashion brands in the world, for which the Group serves as a Strategic Partner for the Internet distribution channel. The products available at the Online Flagship Stores are sold and invoiced directly by us to the final customers.

In a number of cases, relationships with Commercial Partners have strengthened and developed over time into strategic partnerships involving our operation of the Online Flagship Stores. An example of this evolution is the relationship with the Only The Brave Group, which has been present on yoox.com since 2001 with the Diesel brand and since 2002 with the Maison Martin Margiela brand. In 2007, we launched the Online Flagship Store for the Diesel brand, and the Maison Martin Margiela brand has been included on thecorner.com since 2008. Another example is the Giorgio Armani Group, which has been present on yoox.com since 2001 and for which we launched an Online Flagship Store dedicated to the Emporio Armani brand in the American market in 2007. This store was expanded to the European market in 2008 and the Japanese market in July 2009. A third example is the Dolce & Gabbana Group, whose products have been present on yoox.com since 2002. We established this company's Online Flagship Store dedicated to the D&G brand in June 2009. Finally, our relationship with the Marni brand has followed a similar pattern. Marni products have been present on yoox.com since 2002, while in 2006 we established an Online Flagship Store for Marni, and, in 2009, began including Marni products on thecorner.com. All of the aforementioned online stores continue to be managed exclusively by us.

Through its different offerings, the Group seeks to satisfy the preferences of different kinds of customers characterized by different purchasing behaviors and classifiable as follows:

(1) customers that are loyal to a particular brand and sensitive to new trends (so called "brand lovers"), who are mainly served by the Online Flagship Stores and the thecorner.com;

(2) customers that are attentive and sensitive to quality and the assortment of products offered, as well as to price (so called "fashion savvy" customers), who are mainly served by yoox.com; and

(3) customers that are mainly attentive and sensitive to price (so called "bargain hunters"), at whom specific promotions on yoox.com are aimed.

The online stores, yoox.com and thecorner.com, as well as the Online Flagship Stores, have in common the particular care that the Group dedicates to the service offered during the different phases of a customer's purchasing process: from the presentation of products, to packaging and the means of delivery to after-sales service. The online stores managed by the Group are also characterized by their broad geographical coverage — except for some Online Flagship Stores, for which specific limitations have been agreed with the relevant Strategic Partners. All of the online stores operated by the Group are based on a common technological and logistics platform that can satisfy the different needs of each of them.

In order to satisfy the needs of customers from different countries, and bearing in mind different purchasing habits of consumers in different markets, the offerings of the online stores (multi- and mono-brand) are locally structured in terms of, among other things:

(1) the assortment of products;

(2) prices (considering the pricing policies set by Commercial Partners and Strategic Partners for the different countries);

(3) the languages used in the online stores and in the customer-care activities; and

(4) options provided to clients, such as with respect to payment-currencies, methods of payment and shipping.

The following table illustrates, for the six-month periods ended June 30, 2009 and 2008 and for the years ended December 31, 2008, 2007 and 2006, the net revenues of each of the Group's two business lines.

| | Six months ended June 30, 2009 (IFRS) | | | Six months ended June 30, 2008 (IFRS) | | | Year ended December 31, 2008 (IFRS) | | | Year ended December 31, 2007 (IFRS / Italian GAAP) | | | Year ended December 31, 2006 (Italian GAAP) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amount (€ '000s) | % of Total | % Variation | Amount (€ '000s) | % of Total | % Variation | Amount (€ '000s) | % of Total | % Variation | Amount (€ '000s) | % of Total | % Variation | Amount (€ '000s) | % of Total | % Variation |
| Multi-Brand | 56,982 | 83.4% | 41.4% | 40,294 | 86.5% | — | 86,007 | 84.8% | 32.9% | 64,738 | 94.1% | 32.8% | 48,749 | 98.8% | 29.1% |
| Mono- Brand | 11,323 | 16.6% | 80.0% | 6,291 | 13.5% | — | 15,443 | 15.2% | >100.0% | 4,035 | 5.9% | >100.0% | 590 | 1.2% | >100.0% |
| Total | 68,305 | 100% | 46.6% | 46,585 | 100% | — | 101,450 | 100% | 47.5% | 68,773 | 100% | 39.4% | 49,339 | 100% | 30.7% |

***Multi-Brand Business Line***

The multi-brand activities of the Group are structured into two proprietary online stores: (i) yoox.com, that, as of today, generates the predominant part of the net revenues of the Multi-Brand Business Line; and (ii) thecorner.com, which was launched in 2008.

During the first six months of 2009, the Multi-Brand Business Line registered approximately 4.0 million unique visitors per month. The following table illustrates the increase in the volume of visitors to the multi-brand online stores since 2006:

| | Six months ended June 30, | | Year ended December 31, | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2008 | 2007 | 2006 |
| Number of unique visitors per month (millions) | 4.0 | 2.4 | 2.5 | 2.0 | 1.8 |

The Group has based its growth on yoox.com and the technological, operational and commercial skills acquired over the years through the operation of this online store. On the basis of these skills, it has subsequently developed the Mono-Brand Business Line and thecorner.com.

*yoox.com*

yoox.com is an online store active since June 2000, which, as to the date hereof, sells and distributes merchandise in 57 countries. Its merchandise consists of a vast array of fashion and home & design products from established, exclusive and emerging brands.

The rich assortment of products offered by yoox.com, which represents a strength of the Group, is made up of:

(1) products of established Italian fashion houses, including the brands of the Alberta Ferretti Group, the Dolce & Gabbana Group, Giorgio Armani, Missoni and Valentino;

(2) products of Italian brands that have managed to establish themselves in the international market, such as Costume National, DSquared2, Marni and Roberto Cavalli;

(3) products of brands owned by large luxury groups, such as Alexander McQueen, Balenciaga, Emilio Pucci, Marc Jacobs and Stella McCartney;

(4) a vast selection of jeans and youth clothing, European (such as Acne Jeans, Diesel, Miss Sixty and Pepe Jeans), American (such as 7 for all Mankind, Levi's and Rogan) and Japanese (such as Evisu);

(5) Italian-made footwear, such as the brands of the Bikkembergs group and the Casadei, Cesare Paciotti, Giuseppe Zanotti, Pollini, Tod's and Vicini brands, in addition to luxury footwear brands, such as Chloè, Givenchy, Kenzo, René Caovilla, and other brands produced and distributed by historic craftsmen, such as Luciano Padovan and Fratelli Rossetti;

(6) products carefully sourced on foreign markets, which, for the richness of their local creative content, represent a further area for future expansion of the array offered by the Group, including:

   a. from France and Belgium, the products of innovative designers, such as Ann Demeulemeester, Anne Valerie Hash, Kris Van Asshe, Maison Martin Margiela, and contemporary brands dedicated to the youth market such as Iro, Manoush, Paul & Joe and Vanessa Bruno;

   b. from the United Kingdom, the products of historic brands such as Aquascutum and the products of innovative designers such as Hussein Chalayan and Neil Barrett;

   c. from Spain, the products of internationally appreciated brands, especially shoe brands like Camper, Pedro Garcia and Pura Lopez; and

   d. from the United States, products from designers more or less present in Europe such as Halston, John Varvatos, Michael Kors and Rick Owens; and

(7) home & design products; initially introduced only in order to give visibility inside yoox.com to another sector that characterizes Italian creativity in addition to fashion. Management believes there is significant potential for growth in home & design products and currently collaborates closely with some of the most important manufacturing companies of the Italian design sector, such as Alessi, Driade-Kosmo, Flos, Kartell and Venini, as well as international brands such as Iittala and Moooi and design workshops, such as DeVecchi, Memphis Milano, Post Design and Superego.

The majority of the products offered on yoox.com are clothing, footwear and fashion accessories from major designers' collections from the corresponding season of the prior year, and are offered at reduced prices. To complete its offerings, it sells a selection of collections made exclusively for sale through yoox.com, vintage garments, special editions from fashionable stylists and designers, as well as books, art and design objects.

During the first six months of 2009, the Group's net revenues from the yoox.com website was derived from the following product categories in the following percentages:

- Clothing: 58%;
- Bags and shoes: 38%; and
- Other: 4%.

We believe that our endeavors to be creative and innovative in our selection and presentation of merchandise, combined with the scale of the range of products on offer, allow our customers to benefit from a rich and engaging purchasing experience.

In addition, we believe that the high volume of visitors to yoox.com makes the website an attractive communication platform for advertising by important companies, as well as celebrities that may use yoox.com to promote their latest movie, recording or publishing endeavor.

*thecorner.com*

thecorner.com is an online store that was launched in February 2008 to market the current collections of established brands, exclusive and/or handcrafted brands, all of which are characterized by relatively limited distribution and most of which are being made available online for the first time. Initially launched in Europe and in the United States, its distribution area has been subsequently extended, in September 2008, to Japan. The products sold on thecorner.com have prices in line with those found in traditional shops for the same products.

thecorner.com presents itself as a virtual space that encompasses mini-shops dedicated to each brand (so called "shops-in-shop"), conceived with the objective of recreating the style, the atmosphere and the world of ideas evoked by the brand itself. In particular, customers can browse for clothes, shoes and the accessories while immersed in exclusive multimedia content and images from advertising campaigns and fashion shows.

The offerings of thecorner.com were initially limited to men's collections but were expanded in September 2009 to also include women's collections.

The merchandise on offer includes:

(1) products from established brands, such as Ann Demeulemeester, DSquared2, Maison Martin Margiela, Marni, Neil Barrett, Raf Simons and Viktor & Rolf, which are the core offerings of the site and cover all product categories of the relevant collections;

(2) products from a selection of brands distributed in traditional shops in a limited manner, such as Adam Kimmel, Bernard Wilhelm, Rochas and Undercover;

(3) a selection of more casual collections from brands such as Acne Jeans, Aspesi and Golden Goose; and

(4) products from various brands that are specialists in their respective product categories, some of them with strong reputations for handcraftsmanship, such as Diego Dolcini, Isaia, Mackintosh and Premiata.

***Mono-Brand Business Line***

Since 2006 the Group has operated in the mono-brand business, offering itself as an exclusive partner for the establishment and management of Online Flagship Stores for some of the principal fashion brands at a global level, in virtue of its strong preexisting relationships with many brands. The products available at the Online Flagship Stores are sold and invoiced directly by YOOX to the final customers.

During the first six months of 2009, the Mono-Brand Business Line registered approximately 2.0 million unique visitors per month. The following table illustrates the increase in the volume of visitors to the Online Flagship Stores since 2006:

| | Six months ended June 30, | | Year ended December 31, | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2008 | 2007 | 2006 |
| Number of unique visitors per month (millions) ..... | 2.0 | 0.9 | 1.2 | 0.2 | 0.0 |

The Group offers itself as a Strategic Partner for important companies in the fashion sector led by brands recognized at an international level. Based on experience acquired in managing yoox.com, the Group is able to manage on behalf of such companies the entire process related to their online commerce. In all the Online Flagship Stores the "powered by YOOX Group" notice is displayed prominently, which is considered by us testimony to the quality of the services offered by YOOX.

As of the date hereof, the YOOX Group operates a total of 16 online stores on behalf of fashion companies, of which three were established in 2006 or 2007, seven were established in 2008 and six were established in 2009. In particular, we manage:

(1) marni.com, the online store of the Marni brand, operational since September 2006 and currently mostly active in Europe, the United States and Japan;

(2) emporioarmani.com, the online store of the Emporio Armani brand, operational in the United States since August 2007, in major European markets since June 2008 and in Japan since July 2009;

(3) diesel.com, the online store of the Diesel brand, operational mainly in Europe and United States since November 2007;

(4) cpcompany.com, the online store of the CP Company brand, operational since February 2008 mostly in the main European markets, the United States and Japan;

(5) stoneisland.com, the online store of the Stone Island brand, operational since 2008 mostly in the main European markets, the United States and Japan;

(6) valentino.com, the online store of the Valentino brand, operational since 2008 in the United States and, since March 2009, in the main European markets and in Japan;

(7) misssixty.com, the online store of the Miss Sixty brand, operational since September 2008, mainly in Europe and in the United States;

(8) costumenational.com, the online store of the Costume National brand, operational since September 2008, mainly in Europe, the United States and Japan;

(9) energie.it, the online store of the Energie brand, operational since October 2008, mainly in Europe and the United States;

(10) emiliopucci.com, the online store of the Emilio Pucci brand, operational since November 2008, mainly in Europe, the United States and Japan;

(11) moschino.com, the online store of the Moschino brand, operational since February 2009, mainly in Europe and the United States;

(12) bally.com, the online store of the Bally brand, operational since February 2009, mainly in Europe and the United States; and

(13) dolcegabbana.com, the online store of the D&G brand, operational since June 2009, mainly in Europe, the United States and Japan.

(14) dsquared2.com, the online store of the Dsquared2 brand, operational since September 2009, mainly in Europe, the United States and Japan.

(15) jilsander.com, the online store of the Jil Sander brand, operational since September 2009, mainly in Europe, the United States and Japan.

(16) robertocavalli.com, the online store of the Roberto Cavalli brand, operational since November 2009 in Europe, the United States and Japan.

The Group's relationships with its Strategic Partners are set out in contracts. All such contracts provide that products to be sold remain the property of the relevant Strategic Partner even if located at the Group's logistics centers. Only at the moment of acceptance of an order from a final customer does the Group acquire title to a product in order to immediately proceed to complete the relevant sale. See "— Material Contracts — Online Flagship Store Contracts" below.

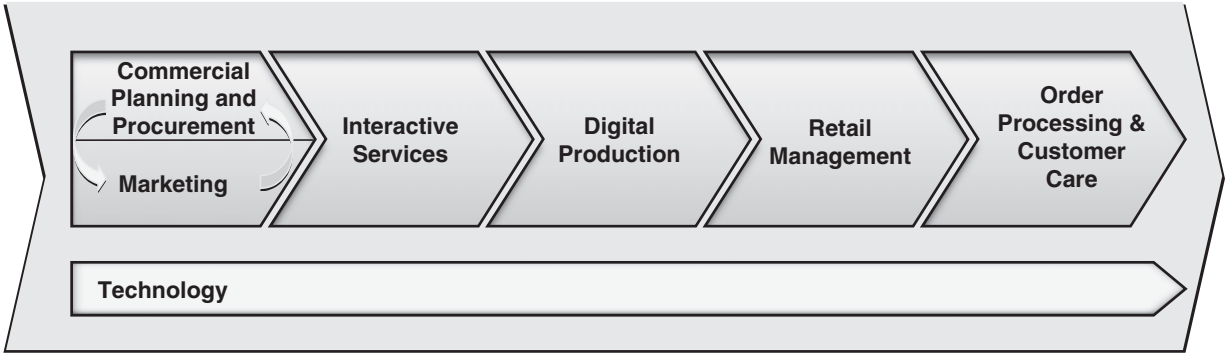
Strategic Partners maintain responsibility for the definition of the assortment of the products offered at the Online Flagship Stores, for pricing policies and for marketing and communication policies. The Group, however, often supports its Strategic Partners during product buying campaigns. Moreover, through our YOOX Agency division, we offer to our Strategic Partners consultancy and web marketing management services (as provided for in most of the master contracts with Strategic Partners), as well as supplying consultancy services in regard to further web marketing activities.

Prices at the Online Flagship Stores are substantially in line with prices for the same garments or accessories at physical stores.

In addition to the Online Flagship Stores mentioned above, negotiations are in progress with other well-known fashion brands that wish to make available their collections through the online channel, although no assurance can be given that any contracts will in fact be signed.

**Business Processes**
The Group operates according to a business model structured into the following business processes: (i) commercial planning and procurement; (ii) marketing; (iii) interactive services; (iv) digital production; (v) retail management; and (vi) order processing and customer care. Within this framework, the Group's technology function is active in a transversal manner in support of all our processes.

The below flow chart illustrates the different processes within the Group's business model, which are described separately in the following paragraphs.




***Commercial Planning and Procurement***
The Group's commercial planning and procurement activities differ in function to the differing characteristics of the two business lines. Thus, the activities undertaken in respect of each of the two business lines are described separately below.

To carry out the Group's commercial planning and procurement activities, the Group had 18 dedicated staff members as of June 30, 2009.

*Multi-Brand Business Line*
In the case of the Multi-Brand Business Line, commercial planning and procurement involves the following: (i) the definition of merchandise needs and procurement planning, based on product category, brand and price range; (ii) the execution and monitoring of product buying activities; (iii) commercial development; and (iv) the definition of pricing models.

The purpose of the definition of merchandise needs and procurement planning, based on product category, brand and price range — the so called "buying campaign" — is to satisfy customers' demand while optimizing the profitability of the Group and ensuring the consistency of our offerings with the market positioning of yoox.com and thecorner.com. In particular, for yoox.com, the merchandise selection is characterized by the presence of a large number of brands and a high number of models, typically with limited volumes per model (following an approach referred to in retailing as "long tail"). We believe that the success of our merchandise selection is based on our balanced mix of brands, consisting of brands that are globally recognized, as well as emerging brands, in addition to our broad coverage of different product categories and price ranges and our guarantee of the quality of the products we offer.

yoox.com buying campaigns take into account: (i) the revenue and margin objectives for the relevant season; (ii) the Group's analysis of consumer demand, developed on the basis of past commercial information gathered by the Group and analyses of the latest trends derived from continuous monitoring of the fashion market; and (iii) the Group's analysis of supply — that is, the identification of the availability of products adequate to the market positioning of yoox.com from current Commercial Partners and potential new Commercial Partners.

As is typical in the fashion market, our commercial offerings are divided into two separate sales seasons: autumn/winter and spring/summer; as a consequence, buying campaigns follow the same cycle. For yoox.com, the definition of merchandise needs is usually carried out in February for the autumn/winter season and in July for the following spring/summer season. For thecorner.com, the process is similar but it is usually carried out a month earlier, compared to the yoox.com schedule, considering that thecorner.com carries products from current collections.

Commercial Partners can be classified into four main categories:

(1) fashion companies and their licensees, which are our main sources of products and from which we buy, each season, a selection of products from the corresponding season of the prior year and/or products that they produce exclusively for yoox.com;

(2) shops that are part of the official distribution networks of high-end fashion companies, from which, each season, we buy a selection of unsold previous-season products;

(3) qualified high-quality producers, from which, each season we order exclusive products to be sold on yoox.com, in order to complete our selection in certain product categories; and

(4) design companies, from which we buy a selection of products.

The Group carries out its purchases according to the contractual terms negotiated each season, in general without resorting to binding minimum purchase volumes or similar commitments. With particular reference to the products obtained from fashion companies, besides traditional purchase contracts, the Group obtains supplies for yoox.com on the basis of consignment-like contracts (contratti di conto-vendita), mostly entered into pursuant to Article 1556 of the Italian Civil Code, each of which establishes a price strategy agreed by the parties for each season.

As for its procurement, thecorner.com relies completely on fashion companies. It also uses both traditional purchase contracts and consignment-style contracts, most of which are regulated by Article 1556 of the Italian Civil Code.

In the case of the Multi-Brand Business Line, our key commercial development tasks are to identify new relationships and negotiate new contracts for yoox.com and for thecorner.com. This activity is carried out by negotiating enlargements or extensions of contracts with Commercial Partners with which the Group has already signed collaboration agreements, and by defining agreements with respect to new brands. We develop this activity by continuously monitoring the evolution of the needs of the main operators in the fashion market, to which we are capable of offering, through the Multi-Brand Business Line or through the Mono-Brand Business Line, flexible and customized solutions.

In the year ended December 31, 2008, the Group relied on approximately one thousand Commercial Partners to supply yoox.com, all selected and monitored for the quality of their products, their price policies and the quality of the service provided. Historically, we have leveraged our Italian origins to develop tight collaborative relations with important “Made in Italy” brands, many of which, like us, rely on the “Made in Italy” mark to further their businesses overseas. In 2008, the top five and top ten suppliers for yoox.com represented 17.6% and 24.0%, respectively, of our purchase costs for the website. The top five and the top ten suppliers for yoox.com in the first six months of 2009 represented, respectively, 16.1% and the 22.7% of our cost of goods sold for the website.

During the commercial planning and procurement phase for yoox.com, the definition of a pricing model to set our initial selling prices is of primary importance to us. Initial prices must be set in order to optimize sales and margins within the relevant supply-and-demand context. The initial price for products sold on yoox.com is defined as follows:

(1) As to the products from prior-year collections, we apply a given reduction to the original retail price; for all the other products (for example, exclusive products, special series, vintage garments and home & design products), we define the selling price applying a mark-up to the cost of purchase;

(2) With reference to each country in which a product is offered, the price is further adjusted taking into consideration the commercial policy of the relevant brand in that country and the different variable costs that we experience for the execution of orders; and

(3) Further price adjustments are made in light of differences between expected demand and actual supply for specific groups of products or brands.

For thecorner.com, prices are substantially the same prices defined by each brand for sales carried out in traditional shops, considering that the offer online is contemporaneous with the offer through physical channels.

*Mono-Brand Business Line*

With regard to the Mono-Brand Business Line, the Strategic Partners maintain responsibility for the definition of the assortment of the products offered in the Online Flagship Stores, for the definition of

the pricing policies of the stores and for the marketing and communication activities. The contracts with the Strategic Partners are consignment-style contracts in accordance with Article 1556 of the Italian Civil Code. Consequently, until the moment of sale of a product to the final customer through an Online Flagship Store, the product remains the property of the brand-owner even if located at one of our logistics centers. We take title only briefly before delivering the product to the final customer.

The relations with the Strategic Partners are regulated by contracts — generally, with five-year terms — that provide for us to handle the establishment and management of the relevant Online Flagship Stores and contain related terms and conditions. Each contract generally specifies: (i) initial consideration (a so called "set-up fee") to be paid to us in return for the creation of the Online Flagship Store; and (ii) economic terms relating to the products available to the Online Flagship Store, which may vary by product and by geographic market.

During the commercial planning and procurement phase for each Online Flagship Store, the Group makes available to the Strategic Partner its business skills developed in the Multi-Brand Business Line, providing support to Strategic Partners' commercial personnel. The Group's assistance is particularly relevant to the identification of the assortment of merchandise, by product category and price range, to be sold, considering the unique characteristics of the online channel.

The commercial development activity in the Group's Mono-Brand Business Line consists of the identification and negotiation of new opportunities to develop new Online Flagship Stores. This activity is carried out either with Commercial Partners with which the Group has already signed collaboration agreements for the Multi-Brand Business Line or with other potential new Strategic Partners.

***Marketing***

Based on the Group's strategy and its geographical expansion priorities, the Group's marketing activity has as a primary goal to generate website traffic in the online stores in order to attract new customers. Activities aimed at fostering existing customers' loyalty are developed separately as part of the retail management business process described under "— Retail management" below.

To carry out its marketing activities regarding both the Multi- and Mono-Brand Business Lines, the Group, as of June 30, 2009, had 23 dedicated staff members located in Italy and abroad. Of these, the team dedicated to web marketing was composed of 15 specialists located in five different countries (Italy, France, Spain, the United States and Japan).

Most of the marketing activities of the Group — essentially advertising — are carried out online and, for this reason, investments can be carefully monitored in terms of their return. This specific characteristic of online marketing ensures that each website on which we decide to advertise is measured and evaluated for effectiveness in accordance with specific indicators.

*Multi-Brand Business Line*

The marketing process for the Multi-Brand Business Line is comprised of the following activities: (i) definition of the marketing budget; (ii) implementation of the budget; and (iii) development and implementation of special communication projects.

The majority of the marketing budget is allocated to the web-marketing channel.

Since our creation in 2000, we have significantly honed our web marketing skills. We create and promote web campaigns, which, as of the date hereof, reach more than 35,000 websites. Such sites and related activities can be categorized as follows:

(1) Sponsored links on search engines (e.g. Google Adwords, Yahoo Search Marketing, MSN Search);

(2) Affiliation networks (e.g. Trade Doubler, Zanox, Link Share, Affiliate Window, Affili.net);

(3) Web sites that compare prices of the same products at different online stores (e.g. Kelkoo, Shopping.com, Pricegrabber.com);

(4) Generic portals (e.g. MSN, Virgilio, Tiscali, Yahoo);

(5) Web sites dedicated to fashion (e.g. Vogue, Elle, Style.com, MenStyle.com, Madame Figaro, Luxury24);

(6) Advertising banners on various websites; and

(7) Co-marketing through the subscription of web visibility exchange agreements.

With respect to the search engine channel, search engine optimization ("SEO") and search engine marketing ("SEM") activities have particular importance. Currently, search engines are one of the main means to gather information about products, especially if one wishes to buy a product online. SEO enables a site to place itself within the top positions of the page of results proffered by a search engine in the context of a search for a given keyword without having to pay any extra cost. The investment in SEM instead enables a specific site to appear in sponsored links. In that case, a payment is due from the moment the user clicks on the sponsored link, at a cost that varies depending on the link. Both these instruments are particularly ideal for the yoox.com business, which, appealing to the ability of the internet channel to reach millions of people at a global level, has developed an offer model based on the "long tail," with the aim of reducing costs for the yoox.com brands that have the least presence online. As of June 30, 2009, our web marketing team was managing 19 different monthly campaigns for a total of about 26,000 keywords, in 11 different languages. The SEO activities are managed by specific staff members within the marketing area that collaborate with the interactive services area and with the technology area in order to optimize such activities.

Furthermore, by virtue of our expertise in creating projects and special content for online sales, we serve as a content-supplier for prestigious fashion internet sites at global level, including Condé Nast (Vogue.de, Vogue.fr, etc.) and Hachette (Elle.it, Elle.fr, etc.), for prestigious online newspapers, such as Il Sole 24 Ore, Les Echos, The New York Times and for important magazines, such as Black Book and Paper Magazine.

The following table reports, in millions of Euro, the costs of web marketing for the Multi-Brand Business Line for the six-month periods ended June 30, 2009 and 2008 and the years ended December 31, 2008, 2007 and 2006. Web marketing costs are charged as incurred to income statements.

| | Six-month period ended June 30, | | Year ended December 31, | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2008 | 2007 | 2006 |
| | (Euro millions) | | | | |
| Multi-brand web marketing costs | 2.0 | 1.2 | 2.9 | 2.1 | 1.5 |

The Group also develops collaborations and special communication projects aimed at supporting the market positioning of yoox.com and strengthening the visibility and credibility of the YOOX brand and its identification with innovation and entertainment.

Some examples of these creative collaborations and special communication projects include:

- "The Wild Bunch": a presentation to the broad audience of the Internet of the creations, specifically made for yoox.com, by a selection of young designers for yoox.com;
- "YOOXforLOVE": an initiative of original humanitarian projects, the revenues of which are assigned to international non-profit organizations;
- "The New Yooxer": a space on yoox.com launched in 2008 that offers exclusive multimedia content, updates on the world of fashion and design, and exclusive interviews and videos; and
- "Star Dreambox": a selection of products specifically created by film and music celebrities who choose to associate their names and images with the YOOX brand at no cost.

*Mono-Brand Business Line*

The well-established skills of the Group and its existing structures for managing the marketing activities for the Multi-Brand Business Line are available to the Strategic Partners through, YOOX Agency, a division of the Company created in the second half of 2008 with the main purpose of developing web-marketing activities for the Online Flagship Stores.

YOOX Agency manages the web marketing activities for most of the Online Flagship Stores, according to master agreements that establish that part of the revenues generated by each Online Flagship Store are to be invested in specific activities in the channels considered most ideal to generate traffic and sales for the relevant store. In other cases, web marketing is not contemplated under the master

contract, and it is left to the Strategic Partner to decide whether or not to entrust its web marketing to YOOX Agency. If a contract is entered into for this purpose, YOOX Agency ordinarily receives a commission based on the marketing investment.

***Interactive Services***

"Interactive services" activities include the establishment and management of all the elements of the Group's online stores that affect customer experiences. The nature of the activities is substantially the same for the Multi-Brand and Mono-Brand Business Lines, which allows for an integrated approach for both business lines.

The following activities are included in this business process:

(1) Planning and optimization of the interfaces and logic structures of the online stores or, in other words, the definition of the architecture of the information and the presentation of the content of each online store, at both the website level (e.g. the sections into which the online store is divided and which contents are shown in each section) and the webpage level (e.g. which graphics, text and functional elements are inserted in each single page and how they interact);

(2) Design and development of the customization of the services that make up the user experience (e.g. the user's "wish list," the storing of information regarding shipping preferences, the navigation settings of the online store, etc.) and the navigation functions of the online stores, based on the purpose of each section (e.g. product catalogue navigation, user registration, product purchasing procedure, etc.);

(3) Design of the architecture of the textual management systems of the online stores (content management system, or "CMS"), as well as the arrangement, location and publishing of contents; and

(4) Planning and implementation of graphic content, (e.g. pagination, graphic structure, animation, videos, etc.) and development of its operational declination, as well as the technical integration of such elements into the technological platform.

To optimize the user interface, we continuously monitor the navigation behavior of users, with particular attention for the effectiveness of the "buying routes" of the online stores, especially following each modification or implementation. Furthermore, in specific cases — that is, before the implementation of possible modifications particularly relevant for the interfaces or for the buying routes — we carry out testing activities on a restricted number of users in order to analyze in a controlled environment the impact of such modifications.

Business activities related to interactive services require a balanced mix of technical, functional and creative skills, specific to the fashion and design context, which are necessary to ensure, on the one hand, the user-friendliness of the online stores, and, on the other hand, an engaging purchasing experience tailor-made for fashion.

At the same time, these activities require specific skills for the management and co-ordination of projects as well as of the activities related to the management of the interface and the user experience, which also impact the other business processes within the value chain.

The experience developed over nine years of management of yoox.com and the other online stores enables us to present ourselves to the main fashion and design companies as a Strategic Partner for the development and management of their Online Flagship Stores. In particular, we offer them, in addition to a technical/logistics platform expressly designed to satisfy the peculiar requirements of the fashion sector, a unique mix of skills (technical, creative, commercial, operational and planning) specific to online commerce in the fashion field. This enables us to effectively understand our Strategic Partners' brands and satisfy any commercial requirements.

As of the date hereof, except for activities related to the design of graphical contents and their production — which are mainly handled by external contractors — the activities described above are carried out in-house. As of June 30, 2009, the Group had 21 dedicated employees to carry out the aforementioned activities.

***Digital Production***

Digital production activities are structured into two macro-processes: (i) inbound logistics and registration; and (ii) cataloguing. The nature of the activities is substantially the same for the Multi-Brand and Mono-Brand Business Lines. As a consequence, we use an integrated approach for both business lines.

The inbound logistics and registration macro-process is divided into three consecutive activities: (a) reception of the products at the warehouse; (b) quality control of the products; and (c) "pre-registration and labeling." This process begins with the reception of products at a YOOX logistics center. Usually, the inbound transport of the products is a responsibility of the supplier. Once received at a logistics center, for the Multi-Brand Business Line, quality control for each item is carried out in order to detect any defects and to confirm the presence of the required labeling. For the Mono-Brand Business Line, controls are carried out through sampling procedures. Subsequently, the pre-registration and labeling activities are carried out. These involve assigning an identifying code to each product and the creation of a specific description file.

The cataloguing process is divided into four consecutive activities: (1) post-registration and description of the product; (2) photography; (3) photo retouching; and (4) catalogue quality control. The cataloguing process starts with the post-registration activity, which involves our personnel inserting in each description file a complete description of the relevant product. Subsequently, a digital photograph is taken. According to the product's characteristics and the online store of destination, YOOX applies different photographic guidelines. As of June 30, 2009, we employed 30 photographers that worked in 17 integrated photographic studios inside the Group's logistics center in Bologna and one in the United States. Subsequently, all the images are subjected to graphic retouching. The catalogue quality control is the last activity of the cataloguing process; it is carried out by our personnel and it consists of verifying the completeness and consistency of all the information contained in the product file. During this phase, the personnel also review the quality, as displayed on the computer screen, of the image.

After completing all of the abovementioned activities, during both the inbound logistics and registration, and the cataloguing processes, the photographs are included in the related description files and the products, to the extent delivered to a particular logistics center, are ready to be made available for sale on the relevant online store.

The activities described above are in part developed internally and in part are outsourced, according to efficiency and work strategy evaluations. As of June 30, 2009, the Group had 59 employees dedicated to carrying out these activities.

***Retail management***

The Internet offers retailers a number of precise instruments to identify the objective and behavioral characteristics of its current and potential customer base. While complying with relevant privacy laws, we gather information on users (both customers and non customers) that access our online stores. We then perform different analyses, including:

- Analyses related to the individual characteristics of the users;
- Analyses related to the navigation behavior of the users within the online stores; and
- Analyses of the results of surveys (carried out from time to time in a manner so as to not influence the answers).

These analyses are processed in relation to the main characteristics of our activities (business lines, type of online shops, geographical markets, etc.) in order to improve our understanding of consumer preferences and thereupon take actions intended to increase their tendency to buy.

The Group's activities related to retail management differ between the Multi-Brand Business Line and the Mono-Brand Business Line, in light of their different characteristics.

As of June 30, 2009, the Group had 26 dedicated employees to carry out retail management activities related to both the Multi- and Mono-Brand Business Lines.

*Multi-Brand Business Line*
Retail management as it relates to the Multi-Brand Business Line involves the following activities: (i) definition and management of the retail plan for yoox.com and thecorner.com; (ii) definition and management of price mark-downs; (iii) visual merchandising – that is, the whole of the activities related to the presentation of the product inside an online store; and (iv) customer relationship management, or "CRM."

The definition and management of the retail plan for yoox.com and thecorner.com consists of planning and managing the phase-in and/or the phase-out of the products on sale at the online stores. The key factor for this activity is the continuous monitoring, during the season, of the sales evolution of the different brands and of the different product categories and price ranges, as well as demand in the different geographical areas.

On the basis of the analysis of sales during a season, the initial selling price is modified through progressive and dynamic promotional and discount policies that enable the Group to optimize sales and margins.

As mentioned above, visual merchandising includes all the activities during the sales season that relate to the presentation of a product inside an online store, including setting guidelines for digital photographs.

The Group pays great attention to the CRM process, which, on the basis of the segmentation and analysis of customers, defines a series of steps aimed at increasing their loyalty (customer retention) and their buying frequency. The main CRM instruments are newsletters sent to registered users, personalized e-mail marketing and specific promotional activities. In 2008, more than 45 million newsletters in seven different languages were sent to approximately 600,000 registered users.

*Mono-Brand Business Line*
The retail management of the Online Flagship Stores is under the direct responsibility of dedicated personnel within our commercial area. Such personnel serve as reference points for our Strategic Partners, liaising with them in respect of all the activities related to each Online Flagship Store.

The retail management activities for each Online Flagship Store involves close cooperation with the Strategic Partner to develop the retail plan, which is agreed at the beginning of each season and sets forth timetables for the phasing in and out of products, schedules for the application of promotions and discounts — by product and by market — and an outline of the contents of the direct marketing and newsletter campaigns to be conducted, all in accordance with the general guidelines set forth in the master contract signed with the Strategic Partner and consistent with the Strategic Partner's commercial strategy in traditional sales channels.

At June 30 2009, the Group had 14 employees dedicated to retail management for the Mono-Brand Business.

***Order Processing and Customer Care***
Order processing and customer care involves all the activities from the reception of an order to the delivery of the product to the final customer, as well as the activities related to customer service. We estimate that, in the first nine months of 2009, we processed one order every 28 seconds.

In particular, the order processing and customer care activities include the following: (i) checking for possible fraud at the time of receipt of each order; (ii) the management of warehouse logistics; (iii) shipment of the product to the final customer; (iv) payment processing; (v) returned goods management; and (vi) customer care. Due to the nature of such activities, they are common to both the Multi- and Mono-Brand Business Lines.

Upon receiving an order, we carry out a review in order to detect any possible fraud in case of payment by credit card. Over the years, we have developed a fraud-checking system based on two different levels. The first control level consists of filtering automatically all orders and blocking those orders that are potentially suspicious. The second level is carried out directly by dedicated personnel, checking further elements manually and determining the risk grade. We follow a prudent approach, generally choosing to decline suspicious orders rather than accept the risk of fraud.

Once the fraud-check is completed successfully, orders are automatically transferred to the logistics center of reference, where the preparatory activities for the shipment are carried out, including boxing and packaging according to origin and customers' requests. The boxing is done with particular care, as our management believes that boxes represent a key element for the communication and perception of the quality of our service; for this reason, different and recognizable materials and details are used for yoox.com, thecorner.com and some Online Flagship Stores. Specific packaging is developed for special occasions. Since March 2009, a RESY label has been affixed to all packaging materials used to pack the orders of yoox.com customers, denoting that the packaging is made of recycled raw materials and is itself 100% recyclable.

In order to better serve our sales at a global level, our Group has three separate logistics centers: one located in Italy (at present, the most important in terms of merchandise handled) and another two located in the United States and Japan, respectively. Logistics operations have been structured so that products located within the logistics centre in Italy can be sold simultaneously on all markets, while products located within the logistics centers in the United States and Japan are available for delivery only in their respective home markets.

Having logistics centers in the United States and Japan enables the Group to take advantage of:

(1) savings on the shipment costs of items destined for the U.S. and Japanese markets;

(2) the possibility to have parcels arrive in better condition to final customers in the United States and Japan, considering that the final packaging activities are carried out locally;

(3) subject to product availability, reductions in the delivery times for deliveries to U.S and Japanese customers; and

(4) local management of returned products.

On the other hand, the centralization of most of the inventory in the logistics center in Italy enables the Group to maximize its ability to sell products.

As of the date hereof, the management of each of the logistics centers is carried out by separate external specialists. The planning and scheduling of distribution activities is periodically discussed and agreed upon between us and these logistics operators on the basis of estimates of expected sales volumes.

As of the date of this Offering Circular, the shipment of products to final customers is mainly entrusted to a specialized operator (UPS), capable of offering a high-quality service. For further information please see "— Material Contracts — Shipment Contracts" below. In a limited number of countries, in order to maximize the quality of the service, we avail ourselves of the services of separate local operators.

The shipment of products is carried out by land or air transport, depending on the length of the route to be covered and the delivery times required by customers. The level of service offered by YOOX is differentiated and follows the requirements of the different geographical markets; in most countries, at least two kinds of shipment are provided for (standard and express), whilst in some markets additional delivery services are offered, such as shipment by the morning of the following day and Saturday delivery.

In 2008, based on reports from couriers, about 98% of all orders were delivered within the agreed times.

For the processing of payments, we use a single platform common to all of the online stores we manage, which provides a wide variety of payment options to customers, including payment-on-delivery, payment via PayPal, and credit card payment.

Order processing extends to the management of product returns, from both a logistical point of view (i.e., the return of products to the Group's logistics centers) and an administrative point of view (i.e., the reimbursement of the customer). With respect to yoox.com, as an alternative to reimbursement, customers may obtain a credit towards future purchases through the "Moneyoox" system (pay-as-you-go credit for future purchases), active from April 2009.

The possibility of returning goods is typical of the Group's business, both because of the type of products sold and the use of the online sales channel, and because the Group emphasizes the

possibility and the ease of returning goods in order to break down consumers' resistance to purchasing clothes online and to comply with EU consumer-protection regulations. The incidence of returns on the Group's gross sales of merchandise amounted to 26.6% in 2008 (for more detailed information see "Management's Discussion and Analysis of Financial Condition and Results of Operations").

Most returned goods are sent back to the Italian logistics center. Goods returned by customers in the United States and Japan are shipped to the local logistics centers for subsequent resale exclusively in the local markets.

The Group offers its customers traceability on all shipments and returns and has customer service staff members that are dedicated to the management of possible issues during delivery.

Our customer care activity is structured into two levels:

- A first level of assistance, managed by external contractors located in Great Britain, the United States and Japan; and
- A second level, managed internally, which handles issues unresolved at the first level and provides back office support, such as the management of returns and refunds.

As of June 30, 2009, the Group had 21 dedicated employees to carry out the aforementioned activities.

***Technology***

The Group's technology function supports, in a transversal manner, all our business processes. The activities of the technology function are structured in five macro-groups:

(1) Technology Platform: This group is dedicated to the development and evolution of the architecture of the system in order to introduce new functions within the existing online stores and open new ones, as well as to the maintenance of the existing online stores.

(2) Back-End: This group manages the applications related to the digital production, logistics, administration and customer care areas, the activities related to integration with the IT systems of Strategic Partners, data management and control activities and business intelligence activities.

(3) IT Infrastructure: This group takes care of the maintenance and evolution of infrastructures (networks, systems) and supplies all the related services, such as security and help desk services.

(4) Project Management and Quality Control: This group deals with the planning of technological projects, with the internal co-ordination of development teams, as well as with the procedures and test methods used in the quality control of software.

(5) Research: This group monitors the technological development of the online commerce sector and seeks to identify and develop new technologies in order to obtain a competitive advantage (e.g. the development of online shopping over the iPhone and other mobile phones).

We have an internally developed technological platform, which permits the operation of all of the online stores we operate. This platform was designed based on "service oriented architecture," which in the IT field generally indicates a software architecture adapted to support web services and ensure interoperability between different systems, so to enable the use of single applications as components of business processes and to satisfy the requests from customers in an integrated and transparent manner.

The communication structure between different software components is based on standard protocols such as XML, XSL, JSON and SOAP, allowing us to simplify the integration of the platform with other systems, both internally and externally. A particularly interesting function offered by the choice of architecture is the possibility to adapt the Group's current commercial solutions to new mobile channels, as experienced in yoox.com, for which access has been implemented for iPhones and Android devices.

The ongoing necessity to operate on the basis of product catalogues that are sometimes limited by availability, in terms of colors and sizes, has led the Group to develop functions that allow the display of real-time information about the availability of products, reducing, in this way, possible conflicts between multiple buyers of the same item. Going further and taking advantage of site architecture, a system that gives contemporaneous visibility to products on multiple sites has also been activated in order to improve possible commercial opportunities and optimize marketing investment returns.

The back-end function handles the management of internal processes (digital production, logistics, methods of payment, customer service, administration and accountancy), while also working to ensure the integration of our systems with the systems of some of our Strategic Partners and major Commercial Partners.

Over the course of time we have developed strong expertise in the field of data management, creating a set of monitoring instruments and analysis to support our business decisions.

In August 2008, we further developed our technological platform with the release of the 8.0 version of yoox.com, which, compared to the previous version, enables greater visibility of products and improves the navigation function. This release, considering the strategic value and impact of the website on our activities, was anticipated by a test phase carried out in a single market before extending it to other markets.

Within its technology function, the Group had 36 dedicated employees as of June 30, 2009.

*IT Infrastructure*

The infrastructure upon which the Group's technology platform depends is structured to support future scalability and service continuity. With respect to the latter, the Group has sought to avoid the presence of critical points (so called "single points of failure"), through solutions such as "server clusters" and data redundancy techniques.

The infrastructure is distributed in two data rooms, one in Zola Predosa and another in Settimo Milanese (on the outskirts of Milan), and exists mostly virtually, making possible automatic solutions for service continuity. Moreover, new cloud computing solutions are being tested and developed, which would enable a further geographical distribution of the platform and connected services, reducing the activation costs of future infrastructure.

The connectivity of the infrastructure is supported by international services distributing web content (content delivery networks) so as to ensure optimal access to users worldwide. In particular, these services enable the Group to reduce the response time of its servers to the requests of customers located in areas physically very distant from the data rooms. The network is partitioned logically in order to guarantee the application of different criteria for access and consequently to improve control over, and the security of, the information. Furthermore, network monitoring systems and applications are present so to alert our personnel in case of problems.

Inside the data rooms and the Group's other offices there are physical security solutions with access controls. Antivirus systems are also frequently updated and operate in all the contexts in which the Group could be subject to attack by such viruses. The servers are regularly updated regarding security flaws, with the upgrades supplied by the manufacturers of the systems, while an external service is active that regularly carries out intrusion tests on the main IP addresses exposed to the public to ensure continuous verification against possible new exposures.

**The YOOX Brand**

The YOOX brand has become well-known in Italy and on a global level in the fashion, style and design sectors, as evidenced by the Company's coverage in important magazines, such as "Vogue" (United States), "Time Style & Design" (United States), "W" (United States), "In Style" (United Kingdom), "Io Donna" (Italy), "Interni" (Italy), "Numero" (Japan) and "Jalouse" (France).

In order to promote the brand internationally with leading fashion, design and style publications, we have created an internal team made up of professionals from different nationalities and with different backgrounds. To enhance coverage of the Group in certain markets or to further promote special projects, we collaborate with external agencies with which we have longstanding relationships.

Some international fashion designers have chosen us as the launch pad for some of their special collections or for limited-edition products. In addition, and as described above, we have become a Strategic Partner for important companies in the fashion industry that choose us for the presentation of their products and brands around the world.

In all the Online Flagship Stores, the "Powered by YOOX" notice is displayed prominently, which is considered a guarantee of the quality offered by YOOX, as well as the reputation of our brand.

Moreover, several film, art and music celebrities have cooperated with us at no cost — through our "Star Dreambox" — in order to generate interest in their artistic projects.

Since the creation of the Company, the diffusion of the YOOX brand has represented, and it continues to represent, a priority for us — a priority that lies at the foundation of the Group's marketing and communication strategy. We consider the prestige of the YOOX brand on a global level as one of the main elements to support and develop our relationships with other fashion and design brands, as well as to retain current customers and attract new ones.

**Material Contracts**

*Logistics Services Agreements*
On August 4, 2006, we and ND Logistics Italia S.p.A. ("ND Logistics") entered into a logistics services agreement (effective as of March 15, 2007), relating to apparel and fashion accessories owned by us and/or managed by us in the context of our e-commerce activities. The relevant services to be provided by ND Logistics include the receipt of merchandise at the Group's Bologna logistics center (which is owned by ND Logistics), subsequent inventory control, handling and storage, and the delivery of packaged products to carriers appointed by us for delivery to final customers following the placement of orders.

ND Logistics guarantees certain service levels. The failure to observe these service levels would trigger the obligation to pay us predetermined penalties as set out in the contract.

The contract is by its terms in force until March 14, 2012, but we may withdraw earlier (following the third anniversary of the contract) by means of a notice given at least seven months before the effective withdrawal date. In order to withdraw we are required to enter into a lease agreement relating to the ND Logistics warehouse. We may then replace ND Logistics in the management of the warehouse and the other activities carried out in the warehouse. The contract provides that, in the case of early termination, we must pay ND Logistics an amount equal to the residual value of the investments made by the latter to execute the contract in accordance with a calculation methodology expressly established by the contract.

The contract provides for automatic early termination, without responsibility on our part, in certain cases, such as if penalty amounts due from ND Logistics are not paid within agreed terms or exceed certain thresholds, or if ND Logistics does not comply with certain particular obligations identified in the contract.

*Shipment Contracts*
United Parcel Service S.r.l. and UPS Worldwide Forwarding Inc. provide worldwide shipment services to us.

The contracts are based on the UPS general standard shipment terms, while prices charged to us are periodically re-negotiated between the parties. In January 2008, all the tariffs applied to shipments in 2008 and 2009 were agreed. In September 2009, new tariffs were agreed for the remaining part of 2009 and for 2010.

*IT Infrastructure Services Agreement*
On September 8, 2007, we and I.NET S.p.A. ("I.NET") entered into a contract for the provision by I.NET of IT infrastructure services, including data-center, facility management, internet connectivity, firewall and data back-up services and other ancillary services necessary for the functioning and operation of yoox.com and of our other websites. The contract also provides for the provision of a dedicated space at the premises of I.NET to house our installations and for monitoring services, as well as general technical assistance services.

Our servers and related equipment are located at the premises of I.NET, within the aforementioned space.

The contract specifies certain levels of service that I.NET must ensure, and it specifies certain expected response and repair times in case of service interruptions. In relation to its firewalling service, for example, I.NET guarantees the service's functionality 99.8% of the time on an annual basis. The breach of the agreed levels of service would trigger an obligation on their part to pay penalties to us, as well as the right on our part to terminate the contract if the monthly availability of the services, for a

period of three consecutive months, had not met minimum standards. The contract initially had a one-year duration but it automatically renews annually by tacit agreement, except in case of express cancellation. The contract remains in effect as of the date hereof.

*Payment Transaction Processing Services Agreement*
On November 26, 2007, we, Global Collect Service BV and Global Collect BV (the latter two entities together, "Global Collect") entered into a contract for the provision of services to process payments made on the websites owned or operated by us, in particular, payments made via credit cards belonging to the international circuits Visa, Mastercard, Amex, CarteBleue and Maestro.

We have obtained a letter of credit for an aggregate amount equal to €800,000, effective for one year and renewable every year, as a security interest for the debt exposure of Global Collect, in relation to the services rendered to all YOOX Group companies.

The contract is effective for three years and is renewable on an annual basis by tacit agreement, except in case of cancellation. The parties may withdraw from the contract upon 180 days' notice.

*E-commerce Services Agreement*
We and Sella Holding Banca S.p.A. ("Banca Sella") have entered into a series of contracts concerning the provision of "e-commerce services" for the execution of transactions carried out on the websites owned or operated by the Group, for payments via credit cards belonging to the international circuits, Visa and/or Mastercard, and for payments through other payment cards accepted by Banca Sella.

The contracts are regulated by Banca Sella's general standard terms and no expiration date is provided, but the parties may withdraw upon 15 days' notice.

*Online Flagship Stores Contracts*
As described elsewhere herein, we have entered into contracts under which we provide e-commerce services to a number of Strategic Partners, mainly consisting of: (a) the technical and graphic realization of websites; (b) the management of websites and related technological services; (c) the handling of products supplied under consignment agreements; and (d) the logistics and sale of such products to final customers, including delivery and invoicing.

As of the date hereof, we have entered contracts of this type in respect of the Online Flagship Stores of Bally, CP Company, Costume National, Diesel, D&G, Dsquared2, Emporio Armani, Emilio Pucci, Energie, Jil Sander, Marni, Miss Sixty, Moschino, Stone Island, Roberto Cavalli and Valentino. See "Risk Factors — Risks Related to the Company and the Group — The discontinuation of existing relationships or the failure to develop new relationships with Strategic Partners and Commercial Partners may have material adverse effects on the business, results of operations or financial condition of the Group."

*Syndicated Credit Facility Agreement*
On June 16, 2008, we (as borrower), on the one hand, and UniCredit Corporate Banking S.p.A., Banca Nazionale del Lavoro S.p.A. and Banca Popolare di Novara S.p.A. (as lenders), on the other hand, entered into an unsecured five-year revolving loan agreement for an aggregate amount equal to €21,000,000. This loan has served to refinance short-term debt and support our working capital. Each financing bank contributes *pro rata* (33.33% of the aggregate amount) to the loan, without any joint liability.

In general terms, the loan provides for:

(1) A maximum aggregate principal amount of €21,000,000 outstanding at any one time, which may be repaid and redrawn successively;

(2) The application, on outstanding amounts, of an annual nominal interest rate equal to the three- or six-month Euribor rate, plus 1.5%;

(3) A default interest rate equal to the contractual rate in force increased by two percentage points;

(4) Mandatory 10% reduction in the available amount under the facility upon notice jointly issued by the banks, in case, among other things, we increase our capital in the context of an initial public offering including the Global Offering (however, considering the limited amount of the facility currently used by the Company, we will not be required to make and repayment in the event this provision is triggered);

(5) Termination of the agreement, notice of which must be jointly issued by the banks, pursuant to article 1456 of the Italian Civil Code, in case of the breach by us of, among other things, usage or repayment conditions or certain covenants included in the agreement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity — Bank and Other Financing."

The termination date of the aforementioned loan agreement is June 15, 2013. By such date, we must repay the loan's principal amount, any due and unpaid interest and any additional amounts.

**Litigation**

As of the date hereof, the Group's companies are involved in the following material civil, criminal and administrative judicial proceedings:

(i) In October 2007, following failure by the Company's former tax agent in Greece to remit to the Greek tax authority amounts transferred by the Company to the agent to pay the Company's V.A.T., we brought an action against the agent requesting the payment of damages equal to €216,553.01 plus interest (of which €158,545.32 was the amount paid by us to the agent for V.A.T. purposes and €58,007.69 was the amount paid by us to the Greek tax authority as a penalty for the belated payment of the V.A.T.), in addition to other damages claimed by us amounting to €50,000.00. A first instance judgment was issued by the Court of Athens in our favor on February 21, 2008. It established that the former tax agent must pay YOOX an aggregate amount equal to €226,552.79 plus interest, of which €75,000.00 is payable without the need to wait for the judgment to become final. The judgment also provides that, in case the defendant does not comply with the ruling, he may be imprisoned for four months. On June 9, 2008, the former tax agent appealed the initial judgment before the Court of Appeals of Athens. No amounts due have been paid; nor has an enforcement proceeding been brought to forcedly recover them, since our former tax agent does not own any property that may be subject to such proceedings. Nonetheless, pending the appeal, a request to seize the goods and monies owned by the former tax agent was filed. The first appeal hearing was held on November 12, 2009, at the end of which the Court scheduled a new hearing on November 18, 2010.

(ii) In March 2007, we also brought a criminal action against the aforementioned former tax agent, with regard to the facts described above, for fraud, embezzlement and use of false documents. During the preliminary investigation, the public prosecutor split the proceedings on the basis of the different charges (which may not be dealt with together due to different procedural rules). The preliminary investigations remain in progress.

(iii) In July 2008, we brought an action before Lazio's Regional Administrative Court to obtain the annulment of the decree issued by the Ministry for Economic Development, which prohibited the "*Tutti contro YOOX*" sweepstakes organized by the Issuer between November 14 and 28, 2007. Such prohibition was based on the features of the event, which, in particular, did not guarantee the participation of people who do not live in Italy. A date for the first hearing has not yet been set.

(iv) On May 16, 2008 YOOX opposed an injunctive decree (*decreto ingiuntivo*) issued by the Tribunal of Bologna against it. Such injunctive decree condemned YOOX to pay one of its former employees €30,000 (plus an amount for inflation, as well as interest and legal expenses), as consideration for the non-competition obligation undertaken by such employee pursuant to his previous employment contract.

(v) On March 13, 2009 the same white-collar employee who sought the relief described under (iv) above, brought an action before the Tribunal of Bologna claiming the unlawfulness of his dismissal and, therefore, requesting that the Issuer be ordered to pay an indemnity equal to €180,000 (plus social security contributions). In the alternative, he sought his reinstatement and requested that the Issuer be ordered to pay €43,928.57 as unpaid salary (plus social security contributions). He also claimed suffering "mobbing" by employees of the Company and, therefore, requested that the Issuer be condemned to pay €100,000.00, plus interest. Finally, he requested payment of unpaid benefits amounting between €4,000 and €11,000.

(vi) In July 2009, MC Company S.A.M. brought an action for urgent relief, as well as an ordinary action, before the Court of Paris, for alleged counterfeiting activities by us, related to the use of a brand owned by the aforementioned company. In its action for urgent relief, it requested that we be required to: (i) eliminate the products on which the above-mentioned brand was printed (under penalty of a sanction equal to €5,000 for any ascertained violation); (ii) immediately provide all accounting documents, including customs documents, relating to the products, under penalty of a

sanction equal to €1,000 for each day of delay; (iii) pay €15,000 as damages; (iv) pay €100,000 as provisional damages; and (v) pay procedural expenses. Moreover, the claimant requested that the court seize an Issuer bank account as security. On October 16, 2009 the Court of Paris issued a court order, which condemned the Issuer to pay €20,000 as damages, and €3,000 as procedural expenses, rebutting the claimant's other demands. The proceeding has continued with respect to the ordinary (non-urgent) action. In this ordinary action, MC Company S.A.M. has requested that we be required to: (i) eliminate the products on which the above-mentioned brand was printed (under penalty of a sanction equal to €5,000 for any ascertained violation); (ii) pay €60,000 as damages; (iii) pay €200,000 for unfair competition; (iv) undergo a seizure of an Issuer bank account for security; and (v) publish the judgment in 10 newspapers.

(vii) In June 2009, we brought a criminal action for embezzlement, under Article 646 of the Italian Criminal Code, against a company in Bologna, with which we had entered into a consignment agreement (under which we supplied such company with products for a total value of €80,000, which, after going unsold, should have been returned to us pursuant to the agreement); the judge seized a part of such products, owned by us. To date, the criminal proceeding has reached the stage of preliminary investigations, while we have obtained from a civil judge an injunctive decree to recover the amount of €64,306.75 (plus interest and expenses) owed to us. We then executed the injunctive decree by starting an enforcement procedure against the debtor, but such procedure did not satisfy our claim because the debtor's assets were worth less than the value of our claim.

We do not expect that a negative outcome of the proceedings described above would have a material adverse effect on the financial conditions and profits of the Group.

We may also be involved in other proceedings in the ordinary course of our activities.

**Research & Development; Intellectual Property**

***Research and Development***

Research and development activities are important to the Group's business. Such activities, aimed at the development of new technological solutions and continuous innovation in the Group's existing technologies, exploit the experience gained by the Group in its field and involve the pursuit of an interdisciplinary approach, which contemplates close collaboration among research and development, production and marketing activities, in order to effectively respond to changing market preferences.

In the course of 2006, we did not invest in development, as we mainly focused on research. In the course of 2007, we developed specific projects aimed at enhancing the performance of yoox.com and further improving all of our online stores' functionality. Moreover, in the context of the movement of the logistics platform to the new location at the Bologna Interport, we realized specific modifications and optimization actions, particularly relating to the information systems used to support our production chain.

In 2008, we also made substantial investments in long-term research and development projects, aimed at the constant development of innovative solutions for the realization and management of online stores. The year 2008, in particular, was marked by the release of a new version of yoox.com.

We note that development expenditures are incurred on the basis of a plan or a project for the production of new or substantially improved products or processes. Development expenditures are only capitalized if the conditions specified in IAS 38, "Intangible assets" are met, namely:

- the demonstrable technical feasibility of the product;
- the demonstrable ability to use or sell the intangible asset;
- the intention of the Company to complete the development project;
- the ability to determine reliably the costs incurred in the project;
- the recoverability of the amounts recorded against the economic benefits expected to be derived from the development project; and
- the availability of adequate technical, financial and other resources.

The cost of research carried out with a view to obtaining new knowledge, or making scientific or technical discoveries, is charged to the income statement as incurred.

In the course of the years ended December 31, 2008 and December 31, 2007, the Group's capitalized development costs amounted to €1,644,000 (of which €965,000 related to completed investments and €679,000 to ongoing investments), and €975,000 (of which €263,000 related to completed investments and €712,000 to ongoing investments), respectively, accounting for 1.62% and 1.42%, respectively, of the Group's net revenues.

***Intellectual Property***

*Trademarks*
As of the date hereof, we hold the trademarks used in the Group's business, including the trademarks in relation to the name "YOOX," the "Y" logo and "thecorner.com." The various trademarks are registered in the main countries in which the Group does business, including Italy and the other European Union countries, the United States, Canada and Japan. For a complete list of the Group's trademarks, see "Appendix A-1."

*Internet Domain Names*
In addition to the Internet domain names the Group uses for our business, we also own relevant variations and near-hits, as well as names that may be used in the future. For more information about the Internet domain names owned by us, see "Appendix A-2."

We also hold the rights to use the Internet domain names used for the Strategic Partners' online stores managed by the Group.

*Patents*
On August 11, 2009, the Issuer filed with the Trade Marks and Designs Registration Office of the European Union the registration application No. 001600214, relating to the web projection systems used in thecorner.com (to expire on August 11, 2014).

## Employees

The following table summarizes the evolution in the aggregate number of people employed by the YOOX Group between December 31, 2006 and September 30, 2009, organized into the three categories used by us for reporting purposes.

| | September 30, 2009 | June 30, 2009 | December 31, 2008 | December 31, 2007 | December 31, 2006 |
|---|---|---|---|---|---|
| Executives | 15 | 13 | 13 | 5 | 1 |
| Supervisors | 17 | 16 | 13 | 12 | 1 |
| Workers | 246 | 223 | 193 | 153 | 123 |
| **Total** | **278** | **252** | **219** | **170** | **125** |

The following tables summarize the Group's human resources allocation between Italy and other countries as of September 30, 2009, June 30, 2009 and December 31, 2008, 2007 and 2006, structured on the basis of the employee categories used above.

| | Italy | | | | |
|---|---|---|---|---|---|
| | September 30, 2009 | June 30, 2009 | December 31, 2008 | December 31, 2007 | December 31, 2006 |
| Executives | 15 | 13 | 12 | 5 | 1 |
| Supervisors | 17 | 16 | 13 | 12 | 1 |
| Workers | 229 | 205 | 176 | 148 | 120 |
| **Total** | **261** | **234** | **201** | **165** | **122** |

| | Other Countries | | | | |
|---|---|---|---|---|---|
| | September 30, 2009 | June 30, 2009 | December 31, 2008 | December 31, 2007 | December 31, 2006 |
| Executives | — | — | 1 | — | — |
| Supervisors | — | — | — | — | — |
| Workers | 17 | 18 | 17 | 5 | 3 |
| **Total** | **17** | **18** | **18** | **5** | **3** |

As of September 30, 2009, 94% of the personnel was employed by the Issuer and was located in Italy.

***Severance Payments***
As of December 31, 2008, the amounts set aside for severance payments and the Italian fund for social security, which vary depending on the seniority and salaries of employees, totaled €441,000.

## Property and Equipment

***Real Estate***
As of the date hereof, neither the Company nor any other Group company owns any real estate.

As of the date hereof, all the offices and warehouses used by the YOOX Group are leased, including the Group's Bologna logistics center. There are no encumbrances on such premises capable of negatively affecting their use by us. Moreover, we do not occupy any premises under any financial lease agreements.

***Equipment***
As of the date hereof, we own almost all of the machinery and equipment located at our sites of operations. None of these assets are encumbered by any pledge or any other charge.

## Environmental Policies
The Group has launched an environmental responsibility campaign called "YOOXYGEN," and, since Earth Day in April 2009, has included, in a dedicated space on yoox.com, a selection of projects and products that are believed to be "eco-compatible."

YOOXYGEN is an initiative that continues to be enriched with news, products, designer collaborations, and special projects aimed at making users aware of environmental issues. As an example, the Group has asked several Commercial Partners and Strategic Partner to design for the first time a special mask (called an ECOMASK) for protection from pollution. Among others, Emporio Armani, Costume National and CP Company collaborated on the ECOMASK initiative; the masks personalized by each brand were handed out during the 2009 Milan furniture and design fair and were distributed as gifts on yoox.com.

A partner for the YOOXYGEN project is Green Cross International, a non-governmental environmental organization established by Mikhail Gorbachev, whose mission is to implement environmental and humanitarian initiatives through a network of affiliated organizations in 31 countries.

We have also adopted a plan to try to (at our customers' option) make our shipments carbon-neutral, offsetting the greenhouse gas emissions caused by shipments by buying emission reduction credits from projects created in order to reduce or absorb greenhouse gas emissions, or from initiatives that promote the use of renewable resources and reforestation in Italy and abroad. Customers can take part by selecting to make a minimal financial contribution (choosing the eco-friendly shipping option) at checkout.

Since March 2009, a RESY label has been affixed to all packaging materials used to pack the orders of yoox.com customers, denoting that the packaging includes recycled raw materials and is itself 100% recyclable.

The Group has also adopted certain "eco-sustainability" procedures, encouraging throughout the whole Group the idea of sustainable development with the "Manual for Eco-Sustainable Behaviors," which intends to encourage and spread among all employees good environmental policies that can be put into practice on a daily basis to save resources and energy.

The Group has moreover sought to reduce travel and commuting by introducing means of teleconferencing (e.g. videoconferences and web meetings). A car-sharing scheme for employees has also been activated, and a new corporate car pool — entirely formed of hybrid cars — has been launched. Finally, the use of renewable energy sources has been chosen for our Italian offices.

# REGULATION

*The Group operates in numerous countries and is subject to a wide variety of laws and regulations. Some of the most uniquely pertinent to the business sector in which the Group operates are laws and regulations, which pertain to distance selling and, specifically, online commerce. The below paragraphs briefly describe some of such laws and regulations and some other laws and regulations to which the Group is subject (with a focus on Italian and EU laws and regulations). This section does not purport to be a comprehensive description of all laws and regulations to which the Group is subject and that may be relevant to a decision to purchase Shares.*

Articles 45 *et seq.* of Legislative Decree No. 206 of 2005 provide for sales contracts negotiated outside business premises, previously regulated by Legislative Decree No. 50 of 1992, to fall within the Italian Consumer Code. In addition, articles 50 *et seq.* of the same 2005 legislative decree provide for distance-selling contracts, previously regulated by Legislative Decree No. 185 of 1999 to also fall within the ambit of the Italian Consumer Code. Though electronic commerce was already specifically regulated by Legislative Decree No. 70 of 2003, the clear application of the Italian Consumer Code to online commerce has implied the imposition of higher disclosure duties and other standards (as specifically referred to in Article 52 of Legislative Decree No. 206). Other countries apply other laws and regulations, with which the Group must comply.

The Group is also subject to privacy protection regulations, which, in Italy, are the subject of Legislative Decree No. 196 of 2003, as amended.

In Italy, industrial design rights related to products intended to be sold to consumers in electronic commerce are regulated by Legislative Decree No. 30 of 2005, which came into force on March 19, 2005, and sets forth consolidation regulation of, among other things, brands, patents and models and other confidential information. The Group is also subject to various other Italian and other intellectual property laws.

With reference to the Italian VAT, we enjoy the status of a "habitual exporter" under Article 8 of Presidential Decree No. 633 of 1972, pursuant to which we are entitled to purchase goods and services within the national territory without the application of VAT. No special or favorable schemes of any other nature can be applied. As to customs regulations, we are subject to Regulation (EC) no. 450 of April 23, 2008 (*new Community Customs Code*), Regulation (CEE) No. 2454 of July 2, 1993, Regulation (CEE) No. 2913 of October 12, 1992, and Presidential Decree No. 43 of January 23, 1973. The Company does not benefit from any special customs regime or simplified procedure.

In reference to the abovementioned VAT positions, we have become taxable for VAT purposes in all countries of the EU, except for Cyprus and Malta, pursuant to EC Directive 2000/65/CE and the local regulations implementing such directive.

With regard to the income taxes, we are subject to the ordinary Italian IRES and IRAP tax schemes and enjoy no special tax treatment of any type. Transactions in goods and services between us and the non-Italian companies belonging to the Group are subject to the transfer price rules set out in Italian Presidential Decree No. 917 of 1986 and related OECD rules. The countries where the Issuer's subsidiaries are located — the United States and Japan — have signed bilateral tax treaties with Italy in order to avoid double taxation on revenues and assets.

With regard to customs duties, the main regulations of reference for the Group are Italian Regulation No. 450 of 2008 (the new Community Customs Code), EC Regulation No. 2454 of 1993, EC Regulation No. 2913 of 1993 and Italian Presidential Decree No. 43 of 1973, as well as other countries laws and regulations. We have not entered into any specific customs arrangements and have not adopted any simplified procedures.

# MANAGEMENT

## Corporate Bodies and Principal Officers

***Board of Directors***

As of the date hereof, the incumbent board of directors of the Issuer is composed of seven members appointed at the ordinary shareholders' meeting held on October 7, 2009, with the exception of Ms. Catherine Gérardin, who was appointed to the board of directors pursuant to a resolution adopted by the board of directors itself on October 29, 2009, following the resignation of Mr. Raffaello Napoleone. The directors' term will expire on the date of approval of the financial statements for the year ending December 31, 2011. The names of the members of the board of directors are set forth in the following table:

| Name | Position | Place and Date of Birth |
|---|---|---|
| Federico Marchetti | Chairman and Chief Executive Officer | Ravenna, February 21, 1969 |
| Fausto Boni | Director | Cremona, January 12, 1965 |
| Mark Evans | Director | Toronto (Canada), August 16, 1957 |
| Massimo Giaconia(1) | Director | Caltagirone, July 22, 1959 |
| Catherine Gérardin-Vautrin(2) | Director | Versailles (France), November 18, 1959 |
| Elserino Mario Piol | Director | Limana, December 8, 1931 |
| Stefano Valerio | Director | Maglie, March 29, 1970 |

*(1) Independent Director.*

*(2) Catherine Gérardin-Vautrin was appointed to the board of directors pursuant to a resolution adopted by the board of directors itself on October 29, 2009, following the resignation of Mr. Raffaello Napoleone.*

The business address of all members of the board of directors is the address of our registered office. A short résumé for each of the directors is set forth here below.

***Federico Marchetti*:** Mr. Marchetti received a degree in economics from Bocconi University in Milan and went on to earn a Master in Business Administration (MBA) from Columbia University. Mr. Marchetti started his professional career in 1994 as an investment banking analyst, first in London and, later, in Milan. In 1999 he became a consultant at Bain & Co. In 2000 he founded YOOX and, since then, he has held the position of Chief Executive Officer of the Company.

***Fausto Boni*:** Mr. Boni studied economics at Bocconi University and graduated *cum laude* in 1989. Mr. Boni spent his early professional career in Paris and Lisbon as a logistics manager at Air Liquide S.A. His education continued in 1992, when he earned a Master in Business Administration (MBA) from INSEAD, following which he worked until 1996 in Italy, Brazil, India and the United States as a strategy consultant at McKinsey & Company. At the beginning of 1997 he founded Net Partners Ventures, an advisory firm to several venture capital funds, among which Nestor 2000 S.p.r.l., and, more recently, 360 Capital Partners, a firm advising venture capital funds operating in Europe. In addition to his position as a director of the Issuer since 2003, Mr. Boni is also a director of Mutuionline S.p.A., a company listed since 2007 on the MTA — STAR Segment.

***Mark Evans*:** Mr. Evans graduated in economics from Queen's University (Canada) and earned a Master of Literature from Oxford University. Mr. Evans started his professional career at Goldman Sachs, where he worked for 15 years in its European, Asian and U.S. offices. Later, he worked at Benchmark Capital in Menlo Park (California) as Entrepreneur in Residence (EIR) and, then, as CEO of an American corporation active in the field of software services. Since 2002 he has worked at Balderton Capital, a venture capital firm, holding the position of General Partner. He has been a director of YOOX since 2003. Mr. Evans also sits on the boards of directors of the following companies: 7 Digital Limited; 7 Digital Inc.; Audium Semiconductor Limited; Azuro, Inc.; Big Fish Games, Inc.; Displaylink Corp; Displaylink (U.K.) Limited; Figleaves Global Trading Limited; Figleaves.com, Inc.; Icera, Inc.; Liquid Air Lab GmbH; Naturalmotion Limited; Orbian Corporation Limited; Orbian Investment Holdings Limited; Payzone Plc; Rothschild Continuation Holdings AG; Splashpower, Inc.; Splco Limited (in liquidation); Trium GmbH; Videopolis.com SA; and Worldstores Limited.

***Massimo Giaconia*:** Mr. Giaconia is a partner of the international law firm Baker & McKenzie, focusing mainly on Italian and international tax matters. On the basis of the experience he has accrued, he assists Italian and foreign firms, mostly in the context of extraordinary corporate transactions, restructurings and real estate investments. He has been widely published in his field and sits on the boards of directors and/or the boards of statutory auditors of several companies. He has been a member of the board of directors of YOOX since March 2009.

***Elserino Mario Piol*:** Mr. Piol started his professional activity at Olivetti in 1952, where he remained until 1996, reaching the position of Vice President of Olivetti and President of Olivetti Telemedia. He has been involved in venture capital activities since 1980, at first for Olivetti, and now at Pino Partecipazioni S.p.A., where he holds the position of President. He is also the President of the Italian Internet Business Federation (*Federweb*) and sits on the boards of directors of Audiweb S.r.l., Beltel S.r.l., Datalogic S.p.A., Istituto Autodisciplina Pubblicitaria, Pino Venture Partners Sagl, Premium Publisher Network and Skillnet S.r.l. In October 2000 the University of Bologna conferred on him a degree *honoris causa* in economics. He has been a member of the board of directors of YOOX since 2005.

***Stefano Valerio*:** Mr. Valerio graduated *cum laude* in law from the University of Milan. In 1992 he started his legal career at, and is currently a partner of, the law firm d'Urso Gatti e Associati, where he focuses mainly on corporate and capital markets matters. He is the author of several articles and essays on corporate law. He is a member of the boards of directors of Dmail, Immobiliare Lombarda S.p.A., Sadi Servizi Industriali S.p.A. and Sai Investimenti SGR S.p.A. He has been a member of the board of directors of YOOX since 2006.

***Catherine Gérardin-Vautrin:*** After having obtained a master's degree in English and French law organized by Sorbonne University in Paris and King's College in London, Ms. Catherine Gérardin-Vautrin graduated at HEC in 1983. She started her professional career as a product manager in the marketing department of a textile company. In 1992, she entered the Louis Vuitton *maison* in Paris. At first, she was in charge of the development of the image of Louis Vuitton shops around the world and, subsequently, she became director of *pret à porter,* supporting the artistic director of the Marc Jacobs *maison*. In 2000, she started working for Emilio Pucci and led its recovery for seven years, first in the position of chief executive officer and subsequently also as chairman. In 2008-2009, she was chief executive officer of a start-up company in the fashion industry.

None of the members of the board of directors has any family relationship, within the meaning of Book I, Title V of the Italian Civil Code, with any other member of the same board, nor with any member of YOOX's board of statutory auditors or any of its principal executive officers.

To the extent we are aware, except as described in the following paragraph, none of the members of the board of directors has, in the last five years, been convicted of fraud or bankruptcy crimes or been involved with any company, which, during the performance of his professional duties therefor, was subject to any insolvency proceeding or compulsory winding-up. Moreover, none of them has been subject to criminal charges and/or sanctions by public authorities or regulators (including appointed industry associations) during the performance of his professional duties, or to any injunction by any court affecting his ability to hold any position as a member of the corporate, management or supervisory bodies of the Issuer, or to perform other companies' management or direction activities.

Mr. Piol sat in the boards of directors of Elitel Telecom S.p.A., Elitel S.r.l. and Elinet S.p.A. until March 2007. In connection with such service, Mr. Piol was connected to the insolvency proceedings or compulsory liquidation proceedings of such companies. We note that Mr. Piol did not hold the aforementioned positions when such companies were declared insolvent (between April and July 2008).

***Authority of the Board of Directors and the Company's Chief Executive Officer***

*Authority of the Board of Directors*

Pursuant to article 22 of the Company's bylaws in force as of the date hereof, the board of directors is vested with the widest possible authority for the management of the Company, holding the power, without any limitation whatsoever, to carry out all the ordinary and extraordinary administration activities considered necessary for the achievement of the corporate object, excluding those expressly reserved by the law to the shareholders.

In addition, the following particular powers are conferred on the board:

- The power to establish and wind-up secondary offices in the national territory; and
- The power to indicate which directors shall be authorized signatories of the Company.

The board of directors has the power to appoint special attorneys for particular acts or well defined categories of acts, establishing their respective powers and compensation.

The chairman of the board of directors is an authorized signatory of the Company and is vested with the legal representation of the Company vis-à-vis third parties in judicial proceedings. If executive officers are so appointed, within their power and pursuant to the law, they may also serve as authorized signatories and be so vested with the legal representation of the Company.

A vice-chairman of the board of directors, if appointed, would be an authorized signatory and represent the Company in case of the Chairman's impossibility, for the proof of which, vis-à-vis third parties, the signature of the vice-chairman would suffice.

The board of directors may delegate, within the limits set forth by Article 2381 of the Italian Civil Code, part of its authority to one or more of its members, establishing the relevant powers and compensation.

The board of directors may also establish an executive committee composed of, in addition to the directors appointed for that purpose, the Chairman, as well as all those directors provided with special authority. The board of directors, by means of a resolution establishing an executive committee, may determine the objectives and manner of exercise of the powers thereby granted. However, the board of directors shall, in all events, have the power to control and take upon itself the transactions falling within the delegated power, as well as the power to revoke the delegation. A committee must report to the board of directors and to the board of statutory auditors at least every three months with regard to the subjects specified by Article 2381, paragraph five, of the Italian Civil Code.

*Authority of the Chief Executive Officer*

On October 7, 2009, our board of directors reappointed Federico Marchetti as our Chief Executive Officer, granting to him broad powers for the management of the Company, including, for instance, the authorized signature and legal representation of the Company vis-à-vis third parties and in judicial proceedings, conditional upon listing of the Shares. However, the board of directors has not delegated its powers relating to the subjects indicated here below, for which the board of directors retains exclusive authority:

- Approval of our business plan and any amendments or supplements thereto (and/or the replacement of it with any other business plan subsequently approved by the board of directors);
- Approval of our annual investment budget and any amendments or supplements thereto that would permit investment in an amount more than 30% greater than that called for in the most recent approved business plan and/or in the most recently approved budget;
- The incurrence of any financial indebtedness in an aggregate amount greater than €1,000,000 per year, not provided for in the business plan and/or in the most recently approved budget;
- Approval of the quarterly cash budget and of any amendments or supplements thereto calling for spending more than 30% higher than that called for by the most recently approved budget;
- Approval of all compensation in favor of the directors, pursuant to Article 2389, second paragraph, of the Italian Civil Code;
- Granting of security interests of any kind or nature in respect of amounts, greater, in any given year, than €100,000;
- Acquisition or sale of interests in other companies or similar legal bodies, or the purchase, disposal or lease of any real estate;
- Hiring, dismissal or amendment to the employment conditions of key managers of the Company;
- Appointment of directors and managers of companies in which YOOX holds an interest, and determination of their powers and compensation and benefits;
- Approval of the terms and conditions of stock option plans, and grants of options to beneficiaries;

- Adoption by the Company of (or any amendment to) any stock option plan or any incentive plan or scheme in favor of employees, or granting of options or shares on the basis of the plans themselves;
- Granting of any mortgage, pledge, charge or any other real encumbrance on all or a substantive part of the real estate properties of the Company;
- Sale of all or a substantive part of the shares representing the issued share capital of any subsidiary of the Company; and
- Subscription by the Company of any binding agreement that provides (or may provide) for any transaction in respect of any of the above-mentioned subjects.

The powers indicated above will be effective conditional to the admission to listing of the Shares.

***Board of Statutory Auditors***

Pursuant to article 24 of the Company's bylaws as of the date hereof, the board of statutory auditors is composed of three standing members and two alternate members, whose term in office is three years, expiring on the date of the general shareholders' meeting called to approve the financial statements as of and for the last day of the third year within their appointment. They may be re-appointed.

The incumbent board of statutory auditors was appointed at the general shareholders' meeting of October 7, 2009 and will remain in office until the approval of the financial statements as of and for the year ending on December 31, 2011.

As of the date hereof the Board of Statutory Auditors is composed as set forth in the following table:

| Name | Position | Place and Date of Birth |
|---|---|---|
| Filippo Tonolo | Chairman | Gallarate, October 8, 1965 |
| Luca Sifo | Standing Member | Bologna, November 26, 1963 |
| David Reali | Standing Member | Forlì, January 21, 1966 |
| Nicola Bottecchia | Alternate Member | Venice, October 28, 1965 |
| Edmondo Maria Granata | Alternate Member | Caltanissetta, August 16, 1970 |

The business address of the members of the board of statutory auditors is that of our registered office. All members of the board of statutory auditors meet the integrity and experience requirements of Article 148 of the Italian Unified Financial Act and the regulation adopted thereunder pursuant to Ministerial Decree No. 162 of 2000. The competence and experience of each auditor are briefly summarized below:

***Filippo Tonolo*:** Mr. Tonolo graduated in economics from Bocconi University. He started his professional career in 1989 as an auditor at Reconta Touche Ross. Between 1990 and 1994 he worked at the firm of Mr. Alfredo Dovera in Milan and, later, he became a partner of the firm Studio Dovera & Associati. Between 1999 and 2001 he was a partner at the firm Tonolo & Partners in Milan and between 2001 and 2004 he was an equity partner of the firm Professionisti Associati. Meanwhile, between 1996 and 1999, he was member of the EC and International Law Commission at the Order of Accountants of Milan and between 1995 and 2000 he was the Italian reference of Picatrex International Association. He has collaborated as a partner at the firm TCFCT — Studio Associato Consulenza Societaria e Tributaria of Milan since 2004, focusing on consultancy on corporate and tax matters. He is a member of the Order of the Accountants and of the Order of the Auditors. He has been the chairman of the board of statutory auditors of YOOX since October 7, 2009.

***David Reali*:** Mr. Reali graduated *cum laude* in economics from Bocconi University in Milan. He worked as associate at the firm Chiaravalli, Reali e Associati — Commercialisti, of Milan, where he focused mainly on accounting, tax and budget matters. He is a member of the Order of Accountants and the Order of Auditors, and he is registered as a Technical Consultant with the Court of Milan. He sits on the boards of directors of Angelica Holding S.r.l., Campisi & C. S.p.A. Sim, De Julio & Partners S.r.l., Ginger Real Estate S.r.l., Gruppo Meg S.r.l. and Vittoria Holding S.r.l. He has been a statutory auditor of YOOX since October 25, 2000.

***Luca Sifo*:** Mr. Sifo graduated in economics from the University of Bologna. He has been a member of the Order of Accountants of Bologna, and of the Register of Auditors kept by the Ministry of Justice, since 1989. He is a self-employed professional with his own accounting firm with offices in Bologna at

Via Guerrazzi No. 28/5. In 1987, he joined the firm of Mr. Lucio Zanetti, former Vice-Chairman and then Chairman of the Order of Accountants of Bologna. He was appointed as a member of certain study commissions of the Order of Accountants and took part, including as a speaker, in conferences on tax matters. In 1992, he began working independent of the Zanetti firm. In 1997, he was appointed as a full member or the Order of the Accountants of Bologna. In 2000, he joined, as a partner the firm Studio Ponzellini, Rubbi, Sifo, with offices in Bologna, Milan and Varese. He sits on the boards of statutory auditors of several companies. He sits in the boards of directors of Allibito S.r.l., where he also serves as chief executive officer. His private practice focuses on corporate and tax consultancy. He has been a statutory auditor of YOOX since February 26, 2002.

***Nicola Bottecchia*:** Mr. Bottecchia graduated in economics from the University of Venice "Ca' Foscari." He has been a member of the Order of Accountants of Bologna since 2000 and a member of the Register of Auditors kept by the Ministry of Justice since 2001. Mr. Bottecchia has developed his professional experience at firms in Venice and Bologna. In May 1996 he joined, as collaborator, the firm of Mr. Marino Jovon, an accountant in Venice. In 1999 he started his collaboration with the firm Studio Ponzellini, Rubbi, Sifo, Dottori Commericialisti, with offices in Bologna, Milan and Varese. He has been collaborating with the firm Studio Sifo — Dottori Commercialisti in Bologna since March 2002. He sits on the boards of statutory auditors of other companies. His practice focuses on corporate and tax consultancy. He has been an alternate auditor of YOOX since 2006.

***Edmondo Maria Granata*:** Mr. Granata graduated in economics from the Catholic University "Sacro Cuore" of Milan. Mr. Granata worked between February 1997 and September 2000 at the firm of Mr. Riccardo Federico Rocca. During the course of 2000 he also worked at the firm "Tonolo & Partners" in Milan. Later, between 2001 and 2004, he worked as manager of the firm "Professionisti Associati," associated with Deloitte Touche Tomatsu. Between 2002 and 2004 he was a member of the Company Law Commission at the Order of Accountants of Milan. He has been a partner of the firm "TCFCT — Studio Associato Consulenza Societaria e Tributaria" of Milan since 2004 and the Italian reference for Nexia International. He has been an alternate auditor of YOOX since 2006.

None of the members of the board of statutory auditors has any family relationship with any other member of the same board, nor with any member of YOOX's board of directors or any of its principal executive officers, including any family relationships within the meaning of Book I, Title V of the Italian Civil Code.

Except for as indicated in the next paragraph, to the extent we are aware, none of the members of the board of statutory auditors has, in the last five years, been convicted of fraud or bankruptcy crimes or been involved with any company, which, during the performance of his professional duties therefor, was subject to any insolvency proceeding or compulsory winding-up. Moreover, except for as indicated in the following paragraphs, none of them has been subject to criminal charges and/or sanctions by public authorities or regulators (including appointed industry associations) during the performance of his professional duties, or to any injunction by any court affecting his ability to hold any position as a member of the corporate, management or supervisory bodies of the Issuer, or to perform other companies' management or direction activities.

From November 2005 to August 2007, Mr. Tonolo was chairman of the board of statutory auditors of Elitel Telecom S.p.A., company that was subject to insolvency proceedings during 2008.

On January 19, 2009, the Bank of Italy imposed, by means of a decree: (i) on Mr. Tonolo, in his capacity as chairman of the board of directors of Campisi & C SIM S.p.A., a pecuniary sanction equal to €21,000 for breaching the financial intermediation provisions of the Italian Unified Financial Act; and (ii) on Mr. Granata, in his capacity as auditor of Campisi 6 C SIM S.p.A., a pecuniary sanction equal to €15,000 for breaching the financial intermediation provisions of the Italian Unified Financial Act.

***Board Committees and Other Corporate Governance Matters***

In order for the corporate governance of the Company to comply with the recommendations provided in articles 6.P.2, 7.P.3 and 8.P.4 of the Code of Self-Regulation elaborated by the Corporate Governance Committee (*Comitato per la Corporate Governance*) of the Italian Stock Exchange (the "Code of Self-Regulation"), the board of directors of the Issuer, at the meeting held on September 3, 2009, resolved in favor of, among the other things, the establishment of committees for the appointment of directors (the "Nominating Committee"), for the determination of officers' remuneration (the "Remuneration

Committee") and for the oversight of internal control (the "Internal Control Committee"). The resolutions, which will enter into force on the Trading Date, provide for the committees to each be composed of three non-executive directors, of which two are independent.

The competence of each committee is briefly summarized here below:

*Nominating Committee*
The Nominating Committee recommends procedures to assure the transparency of the nomination process and to achieve a balanced composition of the board of directors, guaranteeing in particular the presence of an adequate number of independent directors.

The Nominating Committee has the powers specified in Article 6.C.2 of the Code of Self-Regulation and, particularly:

(a) To propose director-candidates to the board of directors in accordance with Article 2386, paragraph one, of the Italian Civil Code, should the replacement of an independent director be necessary;

(b) To recommend to the Issuer's shareholders candidates for independent directorships, considering any possible information received from the shareholders; and

(c) To formulate opinions for the board of directors on the size and composition of the board itself as well as regarding professionals whose presence on the board is deemed desirable.

On October 7, 2009 the board of directors of YOOX appointed Mr. Massimo Giaconia, Mr. Raffaello Napoleone (Chairman) and Mr. Stefano Valerio as members of the Nominating Committee. Following the resignation of Mr. Raffaello Napoleone, on October 29, 2009, the board of directors appointed Ms. Catherine Gérardin as a member of the board of directors and of the Nominating Committee. As of the date hereof, the Nominating Committee members are Mr. Massimo Giaconia (Chairman), Mr. Stefano Valerio and Ms. Catherine Gérardin.

*Remuneration Committee*
The Remuneration Committee is a consulting and proposing body, the main task of which is the formulation of proposals to the board of directors on the remuneration of the principal executive officers, as well as, upon the request of the principal executive officers, the determination of the criteria for the remuneration of other persons having strategic responsibilities within the Company.

The establishment of such committee is expected to help ensure transparency regarding the compensation of the executive officers and its manner of determination. For the avoidance of doubt, pursuant to Article 2389, third paragraph, of the Italian Civil Code, the Remuneration Committee has only proposing powers. In particular, the power to determine the compensation of executive directors is, in any case, a competence of the board of directors, acting as a whole, with the advice of the board of statutory auditors.

The Remuneration Committee is charged with duties specified in Article 7.C.3 of the Code of Self-Regulation, and, particularly, to:

(a) Present to the board of directors proposals for the remuneration of executive directors and other principal executive officers, monitoring the execution of the resolutions adopted by the board itself; and

(b) Periodically evaluate the criteria adopted for the remuneration of the executive officers, monitoring their application on the basis of the information received from executive directors and issuing general recommendations to the board of directors on the matter.

No director takes part to the meetings of the Remuneration Committee in which the proposals relating to his own remuneration are elaborated or considered.

On October 7, 2009 the board of directors of YOOX appointed Mr. Massimo Giaconia, Mr. Raffaello Napoleone and Mr. Elserino Mario Piol (Chairman) as members of the Remuneration Committee. Following the resignation of Mr. Raffaello Napoleone, on October 29, 2009, the board of directors appointed Ms. Catherine Gérardin as a member of the board of directors and of the Remuneration Committee. As of the date hereof, the Remuneration Committee members are Mr. Massimo Giaconia, Mr. Elserino Mario Piol (Chairman) and Ms. Catherine Gérardin.

*Internal Control Committee*

The Internal Control Committee has the duties specified in Article 8.C.3 of the Code of Self-Regulation and, particularly, to:

(a) Assist the board of directors in defining the internal control guidelines, in order to make sure that the main risks relating to the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, and determine the correspondence between such risks and a sound and prudent internal control system to manage them;

(b) Assist the board of directors in the selection of an executive director charged with the duty to supervise the functioning of the internal control system;

(c) Assist the board of directors in the evaluation, at least once a year, of the adequacy, efficacy and effective functioning of the internal control system;

(d) Assist the board of directors in the description, within the corporate governance report, of the essential elements of the internal control system, expressing its assessment on the global adequacy on the system itself;

(e) Evaluate, together with the officer in charge with drawing-up the corporate accounting documents and the auditors, the correct use of the accounting principles applied and their homogeneity for the purposes of the drawing-up of the consolidated financial statements;

(f) Upon request from the competent executive director, express opinions on specific matters relating to the identification of the main corporate risks, as well as on the projecting, realization and management of the internal control system;

(g) Evaluate the working plan drafted by the internal control officers as well as the periodical reports they prepare;

(h) Evaluate the proposals formulated by the auditors in order to be hired, as well as the working plan drafted for the audit and the results presented in the report and in the related recommendations letter;

(i) Monitor the efficacy of the accounting audit process;

(j) Perform the other tasks assigned by the board of directors;

(k) Report to the board of directors, at least every six months, upon the approval of the financial statements and the half-yearly report, on the activities carried out and the adequacy of the internal control system; and

(l) If requested, express its prior opinion to the board of directors upon the approval of certain transactions carried out by the Company with related parties.

On September 3, 2009 the board of directors of YOOX resolved in favor of assigning to a member of the board of directors (following the Trading Date) the responsibility to oversee the functionality of the internal control system. Following the Trading Date, the board of directors will appoint such member with the assistance of the Internal Control Committee.

On October 7, 2009 the board of directors of YOOX appointed Mr. Fausto Boni, Mr. Massimo Giaconia and Mr. Raffaello Napoleone (Chairman) as members of the Internal Control Committee. Following the resignation of Mr. Raffaello Napoleone, on October 29, 2009, the board of directors appointed Ms. Catherine Gérardin as a member of the board of directors and of the Internal Control Committee. As of the date hereof, the Internal Control Committee members are Mr. Fausto Boni, Mr. Massimo Giaconia (Chairman) and Ms. Catherine Gérardin.

*Implementation of Corporate Governance Rules*

Our corporate governance system substantially complies with the provisions in the Italian Unified Financial Act and the Code of Self-Regulation. The shareholders, acting at the extraordinary shareholders' meeting held on September 8, 2009, resolved upon, among the other things, the adoption of a new set of bylaws, which will enter into force on the Trading Date, in order for YOOX's corporate governance to comply with all applicable law as well as the non-mandatory principles set forth in the Code of Self-Regulation and the Italian Securities Markets Regulations.

Particularly, the Issuer has introduced into its bylaws the following provisions, which will come into effect on the Trading Date:

- Pursuant to Article 147-ter of the Italian Unified Financial Act, a "voting list" system for the appointment of the members of the board of directors;
- Pursuant to Article 148 of the Italian Unified Financial Act, a "voting list" system for the appointment of the members of the board of statutory auditors; and
- Pursuant to Article 154-bis of the Italian Unified Financial Act, the appointment of an officer in charge of the drawing-up of corporate accounting documents and compliance with the duties provided by Article 154-bis (initially Mr. Paolo Fietta).

Moreover, pursuant to Article 155 *et seq.* of the Italian Unified Financial Act, the shareholders, acting at the shareholders' meeting held on September 8, 2009, conferred the task of auditing the financial statements and consolidated financial statements for the term provided by the law, subject to the admission of the Shares to trading on the MTA's STAR Segment, to KPMG S.p.A.

In addition, pursuant to Article 11 of the Code of Self-Regulation and Article 2.2.3 of the Italian Securities Markets Regulations, the board of directors, at its meeting held on October 29, 2009, appointed Ms. Silvia Scagnelli as the Company's "investor relator" with effect from the start of trading in the shares of the Company on the MTA — STAR Segment.

Moreover, at its September 3, 2009 meeting, the Issuer's board of directors appointed the officer responsible for managing the Company's relationship with the Italian Stock Exchange, pursuant to Article 2.6.1 of the Italian Securities Markets Regulations, with effect from the start of trading in the Shares on the MTA — STAR Segment.

The Board of directors of the Issuer is composed of seven members, of whom two are independent pursuant to the provisions of the Code of Self-Regulation and the instructions to the Italian Securities Markets Regulations, in order to maintain the Company's qualification for listing on the MTA's STAR Segment. The two independent directors of the board of directors also comply with the independence requirements provided by Article 148, paragraph three, of the Italian Unified Financial Act.

By means of the resolution adopted on September 3, 2009, the board of directors resolved upon:

- the adoption of a procedure for the management of the Group register of persons who have access to inside information — addressing the legal obligation under Article 115-*bis* of the Italian Unified Financial Act, binding from the date of filing with the Italian Stock Exchange of the application to have the Shares admitted to trading on the MTA, to establish such a register;
- the adoption of a procedure for the management of the informational obligations relating to self-dealing, as required by Article 114, paragraph seven, of the Italian Unified Financial Act and articles 152-sexies, 152-septies and 152-octies of the Regulation on Issuers;
- the adoption of a procedure for material transactions with related parties; and
- the adoption of a procedure for the communication to the public of sensitive information, in order to regulate the internal management and disclosure of such information.

On October 7, 2009 the board of directors of YOOX approved its procedures for the management of "price-sensitive information" (information to which the Share price is sensitive, as defined in Italian law), which will enter into force on the Trading Date.

On October 29, 2009 the board of directors of YOOX appointed Mr. Massimo Giaconia as lead independent director.

The board of directors, at its meeting held on September 3, 2009, resolved in favor of adopting a compliance program aimed at ensuring the fair and transparent conduct of its corporate activities, to protect the position and the image of the Company and the Group companies, its shareholders' expectations and its employees' jobs, pursuant to Legislative Decree No. 231 of 2001. Such compliance program is structured as follows:

- A code of ethics, stating the general principles (such as transparency, fairness, loyalty) of the business and specifying the goals and values on which business activities are to be based with regard to the principal stakeholders with which we interact;

- An internal control system, composed of procedures designed to reasonably ensure the operational efficiency, effectiveness and reliability of the Group's financial and managerial information, compliance with laws and regulations, and protection of corporate assets;
- Behavioral guidelines, introducing specific rules on relationships with public administration officers and stated in terms of required and prohibited actions and omissions, thus translating what the code of ethics provides for into practical terms;
- Internal control schemes, describing the main stages of each control procedure, the crimes that may be committed in each process, the specific control activities aimed at the prevention of the relevant criminal risks, as well as reporting channels in order to bring to the attention of a supervisory body (described below) any failure to comply with the procedures established by the compliance program; and
- The appointment of a supervisory body, whose tasks regard, among the other things: (i) verification of the efficiency and effectiveness of the compliance program; (ii) verification of the procedures set forth in the compliance program; (iii) formulation of proposals to the board of directors for any update and amendment to the adopted compliance program; (iv) proposals to the board of directors of disciplinary measures to be adopted after the ascertainment of any breach of the compliance program; and (v) elaboration of an informational report (at least yearly) to the board of directors, relating to the assessment and control activities carried out and the related results. On September 8, 2009 the Issuer appointed the supervisory body.

***Principal Executive Officers and Other Persons Holding Strategic Positions in the Company***

The table set forth below contains information regarding the principal executive officers of the Company and other persons who hold strategic positions within the Company as of the date hereof.

| Name | Position | Joined Group (Date) | Place and Date of Birth |
|---|---|---|---|
| Massimiliano Benedetti.... | Marketing Director | October 30, 2000 | Rimini, April 23, 1970 |
| Davide Di Dario(1) ..... | Head of Customer Care | May 17, 2005 | Salerno, February 3, 1971 |
| Marco Di Pietro..... | Director of Operations | June 11, 2007 | Milan, October 6, 1964 |
| Paolo Fietta ..... | Chief Financial and Control Officer | May 28, 2007 | Milan, April 15, 1968 |
| Francesca Gandolfi(1) ..... | Director of Personnel *(Permanent; On Maternity Leave)* | May 5, 2008 | Bologna, August 6, 1971 |
| Alberto Grignolo ..... | Commercial Director | December 4, 2000 | Cuneo, May 8, 1973 |
| Giuseppe Guillot(1)..... | Director of Personnel *(Interim)* | December 12, 2007 | Rome, December 17, 1970 |
| Andrea Moretti..... | Director of Interactive Services | October 21, 2002 | Sarzana, December 28, 1973 |
| Alessandra Rossi(1)..... | Commercial Head of Multi-Brand | January 7, 2003 | Venice, April 2, 1973 |
| Gabriele Tazzari ..... | Head of Technology | June 7, 2000 | Ravenna, May 18, 1971 |

*(1) Person other than a principal executive officer holding a strategic position within the Company.*

The management competence and experience of each principal executive officer and of each other person holding a strategic position within the Company is briefly summarized below:

***Massimiliano Benedetti*:** Mr. Benedetti graduated in chemical engineering from the University of Bologna. Mr. Benedetti started his professional activity in 1998 at Andersen Consulting as a change-management consultant. In 2000, he started working at YOOX as its Head of CRM & Logistics. In 2002, he reached the position of Head of Business Development, and the following year he became the Vice President of Sales and Marketing. He has held the position of Marketing Director since 2007.

***Davide Di Dario*:** Mr. Di Dario graduated in modern foreign languages and literature from the University of Pisa. Mr. Di Dario started his professional activity in 1999 at OPS S.r.l. as Program Manager. In 2003 he worked at the British Tourist Authority as Contact Center Manager and, later that year, at Sitel Corp as Key Account Manager. He has worked at YOOX since 2005, first as Head of the Call Center and since 2009 as Head of Customer Care.

***Marco Di Pietro*:** Mr. Di Pietro started his professional activity in 1988 as a controller at Pirelli Group, where he worked until 1994. In 1994 he moved to VF Italia as Finance and Operations Manager. Between 1999 and 2006 he worked at VF Europe, holding several positions, including Finance Director, Logistics and IT Director and Vice President for Operations. In 2006 he worked at Prada as Director of the "Linea Rossa." In 2007 he started working for YOOX, in the position of Director of Operations.

***Paolo Fietta*:** Mr. Fietta graduated in economics from Bocconi University in Milan. Mr. Fietta started his professional activity in 1993 at J.P. Morgan. Between 1994 and 2000 he worked at Unysis Group, reaching the position of Worldwide Publishing Division Controller. In 2000 he moved to RCS Libri as Finance Controller and Head of the Foreign Finance Teams. In 2001 he started working at Tecnosistemi Group, holding the position of Group Controller and, later, working on the transitional extraordinary administration of the group. In the beginning of 2004, he worked with the Parmalat Group as Group Controller. In 2007, he started working at YOOX as its Chief Financial and Control Officer.

***Francesca Gandolfi*:** Ms Gandolfi graduated in political sciences from the University of Bologna. Ms Gandolfi started her professional activity in 1996 at Ducati, as head of Recruiting, Training and Organizational Development. Between 2003 and 2008 she held the position of Director of Personnel at Tetrapack. She has been the Director of Personnel at YOOX since 2009. She is currently on maternity leave.

***Alberto Grignolo***: Mr. Grignolo graduated in economics from Bocconi University in Milan. Mr. Grignolo started his professional activity in 1999 at I.E.P. Bocconi as an economic data analyst in the Clas Research Center. In 2000 he began work as the Budgetary Research Project Leader at Istituto Tagliacarne. Later that same year he started working for YOOX, first holding the position of Head of Data & Control. During 2002 and 2003, he held the position of Head of Procurement. In 2003, he was appointed Vice President of the Strategic Partner & Buying Office. Mr. Grignolo has been the Commercial Director of the Issuer since 2007.

***Giuseppe Guillot*:** Mr. Guillot graduated in business engineering from the University of Rome, "Tor Vergata" and, later, he earned a Master in Business Administration from the Columbia Business School in New York. Mr. Guillot started his professional activity in 1995, as a financial analyst at Fincorp (New York). Later, in between MBA academic semesters, he worked as a summer associate at Bain & Co. in Rome. In 1999, he began work at Zeborg in New York (formerly the Mitchell Madison Group), serving as an associate and director before being elevated to the position of Senior Director of Business-to-Business Services and E-Sourcing. He remained in that role following the acquisition of Zeborg by Emptoris (New York). Between 2005 and 2007 he worked as a business-to-business e-sourcing consultant in partnership with IBX of Stockholm, providing such services to Swedish multinationals. In 2007 he started working for YOOX, first as Business Process Engineering Manager and subsequently as the Company's Quality Assurance Manager and in the Office of the CEO. Currently he holds the position of interim Director of Personnel.

***Andrea Moretti***: Mr. Moretti graduated in political science from the University of Pisa and earned an MBA in Web Marketing and Communications from the Ateneo Impresa of Rome. Mr. Moretti started his professional activity in 2000 as a consultant on graphic development projects. In 2001, he started working at eBay, holding the position of Web Marketing Specialist. In 2002, he started his collaboration with YOOX as Site & Marketing Specialist. He has held the position of Director of Interactive Services since 2006.

***Alessandra Rossi***: Ms Rossi graduated in industrial engineering from the University of Padua. Ms Rossi started her professional activity in 1988 at Diesel as Supply Chain Project Manager. In 2001 she started working at Bulgari, holding the position of HR and Organization Specialist. In 2003 she started working at YOOX, holding the positions of Director of Operations and, later in 2004, of Head of Customer Operations. In 2005 she managed YOOX'S commercial planning. She became the Head of Procurement of the multi-brand online stores in 2006 and the Commercial Head of Multi-Brand in 2009.

***Gabriele Tazzari***: Mr. Tazzari graduated in electronics engineering from the University of Bologna. Mr. Tazzari started his professional activity in 1996 at Nexus as Area Manager. He remained until 2000. In 1998, he co-founded HG LAB/Linkproject. He has worked at YOOX as Head of Technology since 2000.

None of the principal executive officers or other persons listed above has any family relationship with any other such person, nor with any member of YOOX's board of directors or board of statutory auditors, including any family relationships within the meaning of Book I, Title V of the Italian Civil Code.

To the extent we are aware, none of the Company's principal executive officers or other persons holding strategic positions within the Company has, in the last five years, been convicted of fraud or bankruptcy crimes or been involved with any company, which, during the performance of his or her professional duties therefor, was subject to any insolvency proceeding or compulsory winding-up. Moreover, none of them has been subject to criminal charges and/or sanctions by public authorities or regulators (including appointed industry associations) during the performance of his or her professional duties, or to any injunction by any court affecting his or her ability to hold any position as a member of the corporate, management or supervisory bodies of the Issuer, or to perform other companies' management or direction activities.

**Founder**

Mr. Federico Marchetti, current Chairman and Chief Executive Officer of the Company, incorporated the Issuer on February 4, 2000, under the name of YOOX S.p.A., by means of a deed notarized by notary public Mr. Alvisi Bruno, Repertory No. 362946, Folder No. 6894.

**Remuneration and Benefits**

The remuneration paid by the Group, for any purpose and in any form, to the members of the board of directors of YOOX, the members of the board of statutory auditors of YOOX and the principal executive officers of, and other persons who hold strategic positions within YOOX for the year ended on December 31, 2008, is set forth in the table below.

| Name | Position | Total Remuneration and Benefits from the Group Other than Stock Options (Euro) | Stock Options Granted (No.) |
|---|---|---|---|
| **Board of Directors (YOOX)** | | | |
| Federico Marchetti | Chairman of the Board of Directors and Chief Executive Officer | 457,800.00 | — |
| Fausto Boni | Director | 12,500.00 | — |
| Mark Evans | Director | — | — |
| Massimo Giaconia | Director | — | — |
| Raffaello Napoleone[1] | Director | 12,500.00 | — |
| Elserino Mario Piol | Director | — | — |
| Stefano Valerio | Director | 12,500.00 | — |
| Catherine Gérardin-Vautrin[2] | Director | — | — |
| **Board of Statutory Auditors** | | | |
| Filippo Tonolo | Chairman | 10,957.14 | — |
| David Reali | Standing Member | 11,171.98 | — |
| Luca Sifo | Standing Member | 15,946.59 | — |
| Nicola Bottecchia[3] | Alternate Auditor | 18,412.87 | — |
| Edmondo Maria Granata | Alternate Auditor | — | — |
| **Principal Executive Officers and Other Persons Holding Strategic Positions** | | | |
| Massimiliano Benedetti | Director of Marketing | See note (5) below. | — |
| Davide Di Dario[4] | Head of Customer Care | See note (5) below. | — |
| Marco Di Pietro | General Director | See note (5) below. | — |
| Paolo Fietta | Chief Financial Officer | See note (5) below. | — |
| Francesca Gandolfi[4] | Director of Personnel *(Permanent; On Leave)* | See note (5) below. | 1,000 |
| Alberto Grignolo | Commercial Director | See note (5) below. | — |
| Giuseppe Guillot[4] | Director of Personnel (*Interim*) | See note (5) below. | 2,000 |
| Andrea Moretti | Director of Interactive Services | See note (5) below. | — |
| Alessandra Rossi[4] | Commercial Head of Multi-Brand | See note (5) below. | — |
| Gabriele Tazzari | Head of Technology | See note (5) below. | — |

*(1) Mr. Raffaello Napoleone resigned from the board of directors on October 29, 2009.*

*(2) Catherine Gérardin was appointed as member of the board of directors on October 29, 2009, following Mr. Raffaello Napoleone's resignation.*

*(3) Remuneration paid by the Issuer as consideration for an official valuation of the Company on June 20, 2008.*
*(4) Person other than a principal executive officer holding a strategic position within the Company.*
*(5) In the year ended December 31, 2008, the aggregate compensation (other than stock options) paid by the Issuer to the principal executive officers and the other indicated persons holding a strategic position amounted to €1,719,000.*

Further information regarding stock options is reported under "— *Stock Option Plans*" below.

As of December 31, 2008, we have saved an aggregate amount of €84 thousand for the payment of pensions, termination-of-employment indemnities and similar benefits for the individuals listed above.

As of the date hereof, no employment contracts have been entered into with the members of the management or of the supervisory bodies of the Issuer or of its subsidiaries other than that with Mr. Marchetti, described below.

***Agreement with Mr. Marchetti***

On October 8, 2009 we entered into an employment agreement with Federico Marchetti with respect to his position as chief executive officer and director of the Company. The agreement will be effective from the Trading Date until the approval by the shareholders of the financial statements of the Company for the year ending December 31, 2011.

Pursuant to this agreement:

- We undertook to pay Mr. Marchetti, as annual fixed gross compensation: (i) €375 thousand, with regard to the year ended December 31, 2009; (ii) €450 thousand, with regard to the year ended December 31, 2010; (iii) €500 thousand, with regard to the year ended December 31, 2011; and (iv) one twelfth of €500 thousand for each month (or fraction of a month) of service for the period between January 1, 2012 and the approval by the shareholders of the financial statements of the Company for the year ending December 31, 2011.
- We undertook to pay Mr. Marchetti, as annual variable gross compensation, a yearly amount, to be determined on the basis of the market practice of companies comparable to YOOX as to size, profit volumes and growth rates, and taking into account any improvement in the financial performance and financial position of the Company or increase of its market capitalization. Such amount shall not be inferior to €200 thousand; provided, however, that variable compensation can be made conditional upon the achievement of specific goals, to be determined reasonably by the board of directors.
- We undertook to grant certain stock options to Mr. Marchetti pursuant to the 2009-2014 Stock Option Plan, for the subscription of a number of the Issuer's ordinary shares yet to be determined.
- In case, before the approval by the shareholders of the financial statements for the fiscal year ending December 31, 2011, (i) Mr. Marchetti is removed from the board of directors or he resigns with cause; (ii) Mr. Marchetti's powers are revoked or diminished; (iii) the Company appoints another individual with powers similar to those granted to Mr. Marchetti without Mr. Marchetti's prior written consent, or (iv) the entire board of directors of the Company steps down pursuant to Article 2386 of the Italian Civil Code, we are required to pay Mr. Marchetti:
    - both the fixed and variable compensation described above for the periods until the approval by the shareholders of the financial statements for the fiscal year ending December 31, 2011; and
    - a lump-sum payment equal to 1.5 times the entire annual compensation paid to Mr. Marchetti during the year before the termination of his employment agreement (including the variable compensation).
- In case of a change of control of the Company (to be understood as a change of control pursuant to Article 93 of the Italian Unified Financial Act, following the Global Offering and the admission to listing of YOOX's Shares), Mr. Marchetti will be granted the option, to be exercised within 60 days of such event, to resign. In such case, Mr. Marchetti would be entitled to the following amounts:
    - the fixed and variable compensation described above for the period until the approval by the shareholders of the financial statements for the fiscal year ending December 31, 2011, and
    - a lump-sum payment equal to 1.5 times the entire annual compensation paid to Mr. Marchetti during the year before the termination of his employment agreement (including the variable compensation).

***Stock Option Plans***

Since 2000, the Issuer has implemented certain stock option plans (the "Stock Option Plans"), meant to provide incentives to management and employees to develop a sense of team spirit in key personnel and promote their efforts to create value for shareholders and management. The information below briefly describes the Stock Option Plans, as amended by the board of directors of the Company on October 7, 2009 with effect from the Trading Date.

*2001-2003 Stock Option Plan*

On April 26, 2000, the board of directors of the Issuer approved a stock option plan for 2001-2003, the main terms of which are as follows:

***Beneficiaries***: the persons, selected from time to time by the board of directors of the Issuer, who, vis-à-vis the Company or one of its subsidiaries, are: (i) in a relationship of employment; (ii) in a coordinated and continuous contractual relationship; (iii) in a consultancy relationship; or (iv) in an administrative relationship.

***Exercise Restrictions***: the options, exercisable only by their beneficiaries, cannot be transferred or traded, pledged or otherwise encumbered, either by means of a deed among living persons or by application of law. The options cannot be exercised after the insolvency of the beneficiary or his admission to any other liquidation, enforcement or seizure proceeding, or after an attempt to transfer, trade or pledge the options. In case of the death of the beneficiary, the options can, however, be exercised by a person or persons who have acquired *mortis causa* the right to exercise the options.

***Duration***: except for as otherwise provided in an option contract, vested options cannot be exercised before December 31, 2003.

***Grant and Strike Price***: the grant of the options is free; the strike price of the options, determined in each option contract, cannot be lower than €15.91 per option (for options granted pursuant to the resolution adopted on March 22, 2000) or €46.48 (for options granted pursuant to the resolution adopted on July 31, 2000).

***Number of Shares Underlying the Plan***: at the shareholders' meetings of March 22, 2000 and July 31, 2000, the shareholders authorized the Issuer's board of directors, pursuant to Article 2443 of the Italian Civil Code, to increase the issued share capital of the Company by a total of 50,000 Shares (consisting of 21,463 new Shares with a minimum subscription price of €15.91 per Share and 28,537 new Shares with a minimum subscription price of €46.48 per Share), for purposes of the plan. (These Share and per-Share figures are before the 1-to-52 stock split approved in September 2009 and described elsewhere in this Offering Circular).

***Expiry***: vested options may be exercised until January 31, 2015.

*2003-2005 Stock Option Plan*

On October 10, 2002, the Issuer's board of directors approved the 2003-2005 stock option plan, the main terms of which are as follows:

***Beneficiaries***: the persons, selected from time to time by the board of directors of the Issuer, who, vis-à-vis the Company or one of its subsidiaries, are: (i) in a relationship of employment; (ii) in a coordinated and continuous contractual relationship; (iii) in a consultancy relationship; or (iv) in an administrative relationship.

***Exercise Restrictions***: the options, exercisable only by their beneficiaries, cannot be transferred or traded, pledged or otherwise encumbered, either by means of a deed among living persons or by application of law. The options cannot be exercised after the insolvency of the beneficiary or his admission to any other liquidation, enforcement or seizure proceeding, or after an attempt to transfer, trade or pledge the options. In case of the death of the beneficiary, the options can, however, be exercised by a person or persons who have acquired *mortis causa* the right to exercise the options.

***Duration***: except for as otherwise provided in an option contract, vested options cannot be exercised before December 31, 2005.

***Grant and Strike Price***: the grant of the options is free; the strike price of the options, determined in each option contract, cannot be lower than €46.48 per option.

***Number of Shares Underlying the Plan*:** at the shareholders' meetings of July 18, 2002 and December 2, 2005, the shareholders authorized the Issuer's board of directors, pursuant to Article 2443 of the Italian Civil Code, to increase the issued share capital of the Company by a total of 33,760 Shares, for purposes of the plan. (These Share and per-Share figures are before the 1-to-52 stock split approved in September 2009 and described elsewhere in this Offering Circular).

***Expiry*:** vested options may be exercised until July 31, 2017.

*2004-2006 Stock Option Plan*

On March 30, 2004, the Issuer's board of directors approved the 2004-2006 stock option plan, the main terms of which are as follows:

***Beneficiaries*:** the persons, selected from time to time by the board of directors of the Issuer, who, vis-à-vis the Company or one of its subsidiaries, are: (i) in a relationship of employment; (ii) in a consultancy relationship; or (iii) in an administrative relationship.

***Exercise Restrictions*:** the options, exercisable only by their beneficiaries, cannot be transferred or traded, pledged or otherwise encumbered, either by means of a deed among living persons or by application of law. The options cannot be exercised after the insolvency of the beneficiary or his admission to any other liquidation, enforcement or seizure proceeding, or after an attempt to transfer, trade or pledge the options. In case of the death of the beneficiary, the options can, however, be exercised by a person or persons who have acquired *mortis causa* the right to exercise the options.

***Duration*:** except for as otherwise provided in an option contract, vested options cannot be exercised before December 31, 2005.

***Grant and Strike Price*:** the grant of the options is free; the strike price of the options, determined in each option contract, cannot be lower than €46.48 per option.

***Number of Shares Underlying the Plan*:** at the shareholders' meetings of December 10, 2003 and December 2, 2005, the shareholders authorized the Issuer's board of directors, pursuant to Article 2443 of the Italian Civil Code, to increase the issued share capital of the Company by a total of 19,669 Shares, for purposes of the plan. (These Share and per-Share figures are before the 1-to-52 stock split approved in September 2009 and described elsewhere in this Offering Circular).

***Expiry*:** vested options may be exercised until December 1, 2018.

*2006-2008 Stock Option Plan*

On February 28, 2006, the Issuer's board of directors approved the 2006-2008 stock option plan, the main terms of which are as follows:

***Beneficiaries*:** the persons, selected from time to time by the board of directors of the Issuer, who, vis-à-vis the Company or one of its subsidiaries, are: (i) in a relationship of employment; (ii) in a contract and/or project relationship; or (iii) in an administrative relationship.

***Exercise Restrictions*:** the options, exercisable only by their beneficiaries, cannot be transferred or traded, pledged or otherwise encumbered, either by means of a deed among living persons or by application of law. The options cannot be exercised after the insolvency of the beneficiary or his admission to any other liquidation, enforcement or seizure proceeding, or after an attempt to transfer, trade and pledge the options. In case of the death of the beneficiary, the options can, however, be exercised by a person or persons who have acquired *mortis causa* the right to exercise the options.

***Duration*:** except for as otherwise provided in an option contract, vested options cannot be exercised before December 31, 2008.

***Grant and Strike Price*:** the strike price of the options, determined in each option contract, cannot be lower than €59.17 per option.

***Number of Shares Underlying the Plan*:** at the extraordinary shareholders' meeting of December 2, 2005, the shareholders authorized the Issuer's board of directors, pursuant to Article 2443 of the Italian Civil Code, to increase the issued share capital of the Company by 31,303 Shares, for purposes of the plan. (These Share and per-Share figures are before the 1-to-52 stock split approved in September 2009 and described elsewhere in this Offering Circular).

***Expiry***: vested options may be exercised until September 3, 2019.

*2007-2012 Stock Option Plan*

On May 16, 2007, the Issuer's board of directors approved the 2007-2012 stock option plan, the main terms of which are as follows:

***Beneficiaries***: the persons, selected from time to time by the board of directors of the Issuer, who, vis-à-vis the Company or one of its subsidiaries, are: (i) in a relationship of employment; or (ii) in an administrative relationship.

***Exercise Restrictions***: the options, exercisable only by their beneficiaries, cannot be transferred or traded, pledged or otherwise encumbered, either by means of a deed among living persons or by application of law. The options cannot be exercised after the insolvency of the beneficiary or his admission to any other liquidation, enforcement or seizure proceeding, or after an attempt to transfer, trade or pledge the options. In case of the death of the beneficiary, the options can, however, be exercised by a person or persons who have acquired *mortis causa* the right to exercise the options.

***Duration***: vested options cannot be exercised before May 16, 2010.

***Grant and Strike Price:*** the grant of the options is free; the strike price of the options, determined from time to time by the Issuer's board of directors, cannot be lower than €59.17 per option.

***Number of Shares Underlying the Plan***: at the extraordinary shareholders' meeting of May 16, 2007, the shareholders authorized the Issuer's board of directors, pursuant to Article 2443 of the Italian Civil Code, to increase the issued share capital of the Company, in one or more tranches, by €54,245.88 in the aggregate, issuing 104,319 Shares for purposes of the plan. (These Share and per-Share figures are before the 1-to-52 stock split approved in September 2009 and described elsewhere in this Offering Circular).

***Expiry***: vested options may be exercised until September 3, 2019.

*2009-2014 Stock Option Plan*

On September 3, 2009, the Issuer's board of directors approved the guidelines for a 2009-2014 stock option plan, the effectiveness of which is conditional upon the start of trading in the Company's Shares on the MTA — STAR Segment. The main terms of this plan are as follows:

***Beneficiaries***: the persons, selected from time to time by the board of directors of the Issuer, who, vis-à-vis the Company, are: (i) in a relationship of employment; (ii) in a consultancy relationship; or (iii) in an administrative relationship.

***Exercise Restrictions***: the exercise of the options will be subject to certain limits and conditions, taking into account best practices relating to incentive schemes.

***Duration***: the stock option plan will have a three-year duration.

***Grant and Strike Price***: the grant of the options is free; in case the Company decides to use the Stock Option Share Capital Increase (as defined below) for the reservation of Shares pursuant to the plan, the strike price of the options will be calculated on the basis of the average trading price of the Shares in the 30 days preceding the grant of the options.

***Number of Shares Underlying the Plan***: at the extraordinary shareholders' meeting of September 8, 2009, the shareholders resolved to increase the issued share capital of the Company, pursuant to Article 2441, paragraphs 5 and 8, of the Italian Civil Code, conditioned upon the start of the trading in the Company's Shares on the MTA — STAR Segment, by €47,320 in the aggregate, issuing 4,732,000 Shares, for purposes of the plan ("Stock Option Share Capital Increase").

***Expiry***: vested options may be exercised until December 31, 2014.

Some stock options vest only upon the satisfaction of specified financial targets, while other plans prescribe vesting schedules. The stock option plans also provide for the right of beneficiaries to immediately exercise their options in case of:

(a) a tender offer pursuant to Article 102 et seq. of the Italian Unified Financial Act launched in respect of the Shares;

(b) a resolution by the board of directors or the shareholders of the Company in favor of any corporate transaction that may cause the de-listing of the Company;

(c) a change of control of the Company as defined pursuant to Article 93 of the Italian Unified Financial Act, regardless of whether such change of control triggers an obligation to launch a mandatory tender offer pursuant to applicable laws;

(d) a resolution by the board of directors or the shareholders of the Company in favor of a merger of the Company into another company or the de-merger of the Company; or

(e) filing by the Company of an application for de-listing, or the listing of the Shares is revoked by the Italian Stock Exchange.

Such right of early exercise of the options may be exercised only within 15 days from the occurrence of the relevant event listed above.

On September 8, 2009, the shareholders of the Company, acting at an extraordinary shareholders' meeting, resolved, among other things, to split each of the 813,897 issued and outstanding Shares of the Company into 52 Shares, or 42,322,644 shares in total. As a consequence of such resolution, all of the Stock Option Plans' beneficiaries (not considering the 2009-2014 Stock Option Plan under which the options have not yet been granted), in case of exercise of their options, will have the right to receive, for each option exercised, 52 Shares.

We note that, as of the date hereof, Massimiliano Benedetti, Alberto Gaspare Biagetti, Fabio Cesari, Alberto Grignolo, Giuseppe Guillot, Federico Marchetti, Andrea Moretti, Alessandra Rossi and Gabriele Tazzari (who are all Selling Shareholders and beneficiaries of the Stock Option Plans), have undertaken to: (a) exercise, on the Trading Date, the amounts of options indicated in the table below; and (b) not exercise any residual options earlier than 24 months after the Trading Date:

| Name of the Beneficiary | Total Number of Granted Options | Number of Options Exercisable on the Trading Date[1] | Strike Price of Options Exercisable on the Trading Date (in Euro) | Residual Options[1] | Strike Prices of Residual Options (in Euro) |
|---|---|---|---|---|---|
| Mr. Massimiliano Benedetti | 18,450 | 4,988 | 46.48 | 13,462 | 46.48/59.17 |
| Mr. Alberto Gaspare Biagetti | 6,935 | 1,000 | 15.91 | 4,646 | 46.48 |
| | — | 1,289 | 46.48 | — | — |
| Mr. Fabio Cesari | 3,300 | 1,089 | 46.48 | 2,211 | 46.48/59.17 |
| Mr. Alberto Grignolo | 20,000 | 2,208 | 46.48 | 17,792 | 46.48/59.17 |
| Mr. Giuseppe Guillot | 4,000 | 772 | 59.17 | 3,228 | 59.17/106.5 |
| Mr. Federico Marchetti | 75,534 | 12,000 | 15.91 | 61,126 | 46.48/59.17 |
| | — | 2,408 | 46.48 | — | — |
| Mr. Andrea Moretti | 8,500 | 2,805 | 46.48 | 5,695 | 46.48/59.17 |
| Ms Alessandra Rossi | 6,500 | 2,145 | 46.48 | 4,355 | 46.48/59.17/106.5 |
| Mr. Gabriele Tazzari | 15,913 | 4,000 | 15.91 | 11,211 | 46.48/59.17 |
| | — | 702 | 46.48 | — | |

(1) *As a consequence of the resolution splitting the Shares adopted at the shareholders' meeting of September 8, 2009, each option entitles its holder to subscribe for 52 Shares. Thus, the total number of Shares to be issued to the above named individuals on the Trading Date pursuant to their exercise of the options exercised on such date is expected to be 1,841,112.*

Mr. Marchetti has undertaken to transfer 1,091,896 Shares to Mr. Grignolo, Mr. Benedetti, Mr. Tazzari, Mr. Moretti, Mr. Biagetti, Mrs. Rossi, Mr. Cesari and Mr. Guillot (together the "Borrowers") prior to the first settlement of the Global Offering pursuant to a securities lending agreement entered into on September 9, 2009. These Shares will be sold by the Borrowers in the context of the Global Offering. In order to return to Mr. Marchetti the Shares transferred pursuant to such share lending agreement, the Borrowers are expected to exercise their options after the Trading Date, as indicated in letter (a) above, for the amount and at the strike prices indicated in the table above.

Essegi S.r.l. has undertaken to transfer 749,216 Shares to Mr. Marchetti prior to the first settlement of the Global Offering pursuant to a securities lending agreement entered into on October 22, 2009. These Shares will be sold by Mr. Marchetti in the context of the Global Offering. In order to return to Essegi S.r.l. the Shares transferred pursuant to such share lending agreement, Mr. Marchetti is expected to exercise his options after the Trading Date, as indicated in letter (a) above, for the amount and at the strike prices indicated in the table above.

The Shares subject to the two share lending agreements that are sold in the Global Offering will be sold in the Institutional Offering.

The Offer Price may differ from the exercise price of the options.

Alberto Gaspare Biagetti may exercise his options, in compliance with point (b) above, only if at the date of exercise he (directly or indirectly through a fully controlled company) is in a coordinated and continuous contractual relationship with, in a consultancy relationship with, or in an employment relationship with, the Company or one of the other companies of the YOOX Group. His options become automatically exercisable in case the relevant coordinated and continuous, consultancy or employment relationship is terminated by the Company or not renewed by Company upon its expiration or in case of withdrawal by the Company. The other beneficiaries mentioned in the table above (except for Mr. Marchetti) may exercise their options, in compliance with point (b) above, only if at the date of exercise of their options they are in an employment relationship with, or a member of the board of directors (or management counsel) of, the Company or one of the companies of the YOOX Group. Their options become automatically exercisable in case they resign with cause or are laid off without just cause.

Federico Marchetti may exercise his options, in compliance with point (b) above, only if at the date of exercise of his options he is in an employment relationship with, or a member of the board of directors (or management counsel) of, the Company or one of the other companies of the YOOX Group. His options become automatically exercisable in case: (i) he resigns with cause or is unable to continue serving as a director of the Company, (ii) he is laid off from the position of director of the Company; (iii) his powers are revoked or reduced, (iv) the Company appoints another individual with powers similar to those granted to Mr. Marchetti without Mr. Marchetti's prior written consent, or (v) the entire board of directors steps down pursuant to Article 2386 of the Italian Civil Code.

34 beneficiaries of the Stock Option Plans, holding 47,640 options in the aggregate, have undertaken to not exercise their options earlier than 12 months after the Trading Date, provided that their options shall be permitted to be exercised before they expire.

As of September 30, 2009, with regard to the Stock Option Plans adopted in the previous years and reserved to employees, contractors, consultants and directors of the Company and its subsidiaries, the board of directors of the Issuer has granted 283,557 options (of which 49,275 have lapsed and 3,225 have been exercised).

The status of the aforementioned options as of September 30, 2009 is summarized in the following table:

| Stock Option Plan[1] | Options Granted (a) | Options Lapsed (b) | Options Exercised (c) | Options Not Lapsed or Exercised (d=a-b-c) | Of which, not yet vested (e): | Of which vested but not yet exercisable (f): | Options Exercisable (g=d-e-f): |
|---|---|---|---|---|---|---|---|
| 2001 – 2003 | 80,575 | 30,575 | 925 | 49,075 | 10,485 | — | 38,590 |
| 2003 – 2005 | 36,760 | 3,000 | 2,300 | 31,460 | 2,340 | — | 29,120 |
| 2004 – 2006 | 32,319 | 12,650 | — | 19,669 | 4,200 | — | 15,469 |
| 2006 – 2008 | 31,303 | — | — | 31,303 | — | — | 31,303 |
| 2007 – 2012 | 102,600 | 3,050 | — | 99,550 | 28,312 | 71,238 | — |
| **Total**[2] | **283,557** | **49,275** | **3,225** | **231,057** | **45,337** | **71,238** | **114,482** |

(1) *This table does not include the options under the 2009-2014 Stock Option Plan, since options thereunder have not been granted yet.*

(2) *As a consequence of the resolution splitting the Shares adopted at the extraordinary shareholders' meeting of the Company on September 8, 2009, the Stock Option Plans' beneficiaries, in case of exercise of their options, will have the right to receive 52 Shares for each option they exercise.*

The following table indicates the specific strike prices of the options that have been granted and have not lapsed or been exercised yet:

| Stock Option Plan | Options with Strike Prices of €15.91 | Options with Strike Prices of €46.48 | Options with Strike Prices of €59.17 | Options with Strike Prices of €106.50 | Options with Strike Prices of €131,78 | Total Options |
|---|---|---|---|---|---|---|
| 2001 – 2003 | 18,500 | 20,090 | — | 9,500 | 985 | 49,075 |
| 2003 – 2005 | — | 29,120 | — | 2,340 | — | 31,460 |
| 2004 – 2006 | — | 15,469 | — | 2,500 | 1,700 | 19,669 |
| 2006 – 2008 | — | — | 31,303 | — | — | 31,303 |
| 2007 – 2012 | — | — | 92,000 | 7,550 | — | 99,550 |
| **Total**[1] | **18,500** | **64,679** | **123,303** | **21,890** | **2,685** | **231,057** |

*(1) As a consequence of the resolution splitting the Shares adopted at the extraordinary shareholders' meeting of the Company on September 8, 2009, the Stock Option Plans' beneficiaries, in case of exercise of their options, will have the right to receive 52 Shares for each option they exercise. (Prices in the table are per-option, not per-Share.)*

**Current Shareholdings of Directors, Statutory Auditors, Officers and Strategic Employees**

The following table summarizes the current options as well as interests in the issued share capital of the Issuer held, directly or indirectly, as of the date hereof, by the members of the board of directors and the board of statutory auditors and by the Company's principal executive officers and other persons who hold strategic positions within the Company.

| Name | Position | Number of Shares Held | Number of Options Held |
|---|---|---|---|
| Federico Marchetti | Chairman of the Board of Directors and Chief Executive Officer | 4,160,000 | 75,534 |
| Fausto Boni | Director | 57,616 | — |
| Stefano Valerio | Director | — | 2,000 |
| Massimiliano Benedetti | Director of Marketing | — | 18,450 |
| Davide Di Dario[1] | Head of Customer Care | — | 2,000 |
| Marco Di Pietro | Director of Operations | — | 10,000 |
| Paolo Fietta | Chief Financial Officer | — | 13,000 |
| Francesca Gandolfi[1] | Director of Personnel (*Permanent; On Leave*) | — | 1,000 |
| Alberto Grignolo | Commercial Director | 293,332 | 20,000 |
| Giuseppe Guillot[1] | Director of Personnel (*Interim*) | — | 4,000 |
| Andrea Moretti | Director of Interactive Services | — | 8,500 |
| Alessandra Rossi[1] | Commercial Head Multi-Brand | — | 6,500 |
| Gabriele Tazzari | Head of Technology | — | 15,913 |

*(1) Person other than a principal executive officer holding a strategic position within the Company.*

The other members of the board of directors and the board of statutory auditors do not hold option rights in respect of, or interests in, the issued share capital of the Issuer.

**Non-Competition Agreements**

As of the date hereof, certain of our Group's employees have subscribed non-competition agreements pursuant to article 2515 of the Italian Civil Code. The main terms of such agreements provide for *inter alia*: (i) the obligation, for nine months, starting from the termination of employment, not to perform any professional activity competing with our Group; (ii) the determination of a specific geographic area within which the non-competition obligation applies; (iii) the payment of compensation as consideration for the non-competition obligation; (iv) the prohibition, during the employment relationship and within one year of its termination, from proposing to any employee of our Group to terminate his employment with our Group and establish new employment with any other entity, or entering into any employment agreement with any employee of our Group acting on his own behalf or on behalf of a third party performing any activity, including any activity not in competition with that performed by our Group; and (iv) the obligation not to contact and not to divert any customer or employee of our Group or interfere in any manner with our Group's relationships with its customers and employees.

# PRINCIPAL AND SELLING SHAREHOLDERS

## Principal Shareholders

The following table indicates those shareholders who, according to the shareholders' ledger, as of the date hereof own, directly or indirectly, 2% or more of the Issuer's issued share capital. The table also illustrates such shareholders' expected shareholdings following the sale of all of the Shares being offered for sale by such shareholders in the Global Offering other than the Shares offered pursuant to the Over-Allotment Option and following the exercise in full of the Over-allotment Option.

| Shareholder | Shares as of the date hereof | | Shares offered in the Global Offering other than the Shares offered pursuant to the Over-Allotment Option | Shares after the sale of all of the Shares other than the Shares offered pursuant to the Over-Allotment Option | | Number of Shares offered pursuant to the Over-Allotment Option | Shares after full exercise of the Over-allotment Option | |
|---|---|---|---|---|---|---|---|---|
| | No. of Shares | % of share capital | | No. of Shares | % of Total | | No. of Shares | % of Total |
| Balderton Capital I, L.P.[1] | 9,783,800 | 23.1% | 3,085,862 | 6,697,938 | 13.8% | 827,658 | 5,870,280 | 11.6% |
| Nestor 2000 S.p.r.l.[2] | 9,576,580 | 22.6% | 5,034,173 | 4,542,407 | 9.4% | 1,350,214 | 3,192,193 | 6.3% |
| Kiwi II Ventura Serviços de Consultadoria S.A.[3] | 6,801,444 | 16.1% | 3,575,352 | 3,226,092 | 6.6% | 958,944 | 2,267,148 | 4.5% |
| Mr. Federico Marchetti | 4,160,000 | 9.8% | 2,497,363 | 1,319,957[4] | 2.7% | — | 2,411,853[4] | 4,8% |
| Kiwi I Ventura — Serviços S.A. Em Liquidação[5] | 3,637,036 | 8.6% | 1,911,901 | 1,725,135 | 3.6% | 512,790 | 1,212,345 | 2.4% |
| Essegi S.r.l.[6] | 2,476,656 | 5.9% | — | 1,727,440[4] | 3.6% | — | 2,476,656[4] | 4.9% |
| Red Circle S.r.l. — Unipersonale[7] | 2,170,376 | 5.1% | — | 2,170,376 | 4.5% | — | 2,170,376 | 4.3% |
| **Total** | **38,605,892** | **91.2%** | **16,104,651** | **21,409,345** | **44.1%** | **3,649,606** | **19,600,851** | **38.9%** |

*(1) Balderton Capital I, L.P., is a limited partnership incorporated under the laws of Delaware (USA). Balderton Capital Management (UK) LLP is a limited liability partnership organized under the laws of England and Wales, authorized and regulated by the UK Financial Services Authority, which carries out investment advisory services for Balderton Capital I, L.P. Its partners are Roberto Bonanzinga, Tim Bunting, Mark Evans, Bernard Liautaud, Barry Maloney, Jerome Misso and Dharmash Mistry. Balderton Capital I, L.P.'s limited partners are universities, charitable institutions, trusts, institutional investors, pension funds and funds of funds.*

*(2) Nestor 2000 S.p.r.l. is a company incorporated under the laws of Belgium, which invests in start-up companies. Its board of directors, composed of three members, is responsible for ordinary and extraordinary management of the company and is invested with full decision-making powers in relation to investments and disinvestments in venture capital and in relation to voting instructions to its representatives in the general meetings of companies in which Nestor 2000 S.p.r.l. holds an interest, including the Issuer. The board of directors resolves upon these matters with a majority vote. No person holds control of Nestor 2000 S.p.r.l., according to Italian or Belgian law.*

*(3) Kiwi II Ventura Serviços de Consultadoria S.A., a company incorporated under the laws of Portugal, is controlled by Kiwi II Management Company S.A., which holds 55.04% of its nominal share capital, as well as all the voting rights in its general meetings and significant managing powers. The remaining part of Kiwi II Ventura Serviços de Consultadoria S.A.'s share capital is divided among 94 financial institutions and companies of different nationalities, including Italian. Kiwi II Management Company S.A. is, in turn, controlled by NET Economy Malts Ltd., which is, in turn, controlled by 4C Associates L.P. The share capital of 4C Associates L.P. is held by certain natural persons, none of whom exercises control over the company.*

*(4) The discrepancies in the numbers of Shares held by Federico Marchetti and by Essegi S.r.l. after the sale of Shares and after the exercise of the Over-Allotment Option reflect the combined effect of two securities lending agreements pursuant to which Shares will be transferred prior to the settlement with respect to the Shares offered in the Global Offering other than the Shares offered pursuant to the Over-Allotment Option and returned following the Global Offering. Pursuant to the first securities lending agreement Federico Marchetti is expected to transfer 1,091,896 Shares to other shareholders prior to the settlement with respect to the Shares offered in the Global Offering, other than the Shares offered pursuant to the Over-Allotment Option. In particular he is expected to transfer: (i) 114,816 Shares to Mr. Alberto Grignolo; (ii) 259,376 Shares to Mr. Massimiliano Benedetti; (iii) 244,504 Shares to Mr. Gabriele Tazzari; (iv) 145,860 Shares to Mr. Andrea Moretti; (v) 119,028 Shares to Mr. Alberto Gaspare Biagetti; (vi) 111,540 Shares to Ms Alessandra Rossi; (vii) 56,628 Shares Mr. Fabio Cesari; and (viii) 40,144 Shares to Mr. Giuseppe Guillot. Pursuant to the second securities lending agreement, Essegi S.r.l. is expected to transfer 749,216 Shares to Federico Marchetti prior to the settlement with respect to the Shares offered in the Global Offering, other than the Shares offered pursuant to the Over-Allotment Option. All such Shares will be returned subsequent to the completion of the Global Offering.*

*(5) Kiwi I Ventura — Serviços S.A. Em Liquidação, a company incorporated under the laws of Portugal, is controlled by Kiwi Management Company Limited, which holds 63.4% of its nominal share capital as well as all the voting rights in its general meetings and significant managing powers. The remaining part of Kiwi I Ventura – Serviços S.A. Em Liquidação's share capital is divided among 43 financial institutions and companies of different nationalities, including Italian. The share capital of Kiwi Management Company Limited is held by certain juridical persons, none of which exercises control over the company.*

*(6) Essegi S.r.l. is a company incorporated under Italian law, associated with the Paternò Castello di San Giuliano family group, the share capital of which is held by: (i) Mr. Diego Paternò Castello di San Giuliano for an amount equal to approximately 23.3%;*

*(ii) Ms. Giulia Paternò Castello di San Giuliano for an amount equal to approximately 23.3%; (iii) Ms. Maria Paternò Castello di San Giuliano for an amount equal to approximately 23.3%; and (iv) Mr. Giuseppe Paternò Castello di San Giuliano, for an amount equal to approximately to 30%. With regards to Mr. Giuseppe Paternò Castello di San Giuliano, referred to under letter (iv) above, his stake is held in usufruct and the property belongs to the persons referred to under letters (i); (ii) and (iii) above, in proportions equal to one third each. In addition, for further information on Sigma Gi S.p.A., which is a related party to the group and associated with the Paternò Castello di San Giuliano family group, see "Related-Party Transactions" herein.*

*(7) Red Circle S.r.l. — Unipersonale, is a company incorporated under Italian law, the share capital of which is entirely held by Mr. Renzo Rosso, a major shareholder in the Diesel Group.*

For the complete list of the Selling Shareholders, see "— Selling Shareholders" below.

As of the date hereof, no person exercises control over the Issuer within the definition of Article 93 of the Italian Unified Financial Act.

**Shareholders' Agreements**

To the best of the Issuer's knowledge, except for what is described below, as of the date hereof, there do not exist any agreements affecting the control of the Issuer.

On March 16, 2009, Red Circle S.r.l. — Unipersonale entered into an agreement with us (the "Red Circle Agreement"). Pursuant to such agreement, Red Circle S.r.l. — Unipersonale undertook not to engage, directly or indirectly, in any agreement, action and/or transaction, for or without consideration (including as a consequence of any pledge or the enforcement thereof, or any donation, swap, or capital contribution to a company), which may have as its object or effect, directly or indirectly, the granting and/or transfer to a third party, under any title or form, of property rights of any kind over all or part of the Shares it owns (or any transaction, including any derivatives transaction, that has the same economic effect), including any fiduciary transfer.

Such obligation has been undertaken for the period between the entry into the Red Circle Agreement and December 31, 2010.

Pursuant to the Red Circle Agreement, the obligation binding on Red Circle S.r.l. — Unipersonale does not apply to *mortis causa* transfers and to transfers to entities wholly controlled by the same person, provided that, as a preliminary condition to the transfer, the transferee accedes to the Red Circle Agreement, unconditionally undertaking all the relevant obligations.

**Red Circle S.r.l. — Unipersonale is an affiliate of the Diesel group, a major supplier and Strategic Partner of the Company.**

**Selling Shareholders**

The Selling Shareholders offering Shares for sale in the Global Offering are:

(1) Balderton Capital I, L.P., a limited partnership incorporated under the laws of Delaware, with its registered office at Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, c/o 20 Balderton Street, London W1K 6TL, United Kingdom;

(2) Mr. Massimiliano Benedetti, domiciled in Mondaino, at Via Roma No. 48, who is the Marketing Director of the Issuer (for further information see "Management — Corporate Bodies and Principal Officers");

(3) Mr. Alberto Gaspare Biagetti, domiciled in Milan, at Via Paoli Pasquale No. 5;

(4) Mr. Federico Bonadeo, domiciled in Milan, at Via Vincenzo Monti No. 33;

(5) Mr. Fabio Cesari, domiciled in Bologna, at Via dell'Arcoveggio No. 116;

(6) Mr. Alberto Giuliani, domiciled in Bologna, at Via S. Luca No. 45;

(7) Mr. Alberto Grignolo, domiciled in Borgo San Dalmazzo, at Via Vecchia di Cuneo No. 66, who is the Commercial Director of the Issuer (for further information, see "Management — Corporate Bodies and Principal Officers");

(8) Mr. Giuseppe Guillot, domiciled in Bologna, at Via Castiglione No. 20, who is the Director of Personnel (*ad interim*) of the Issuer (for further information, see "Management — Corporate Bodies and Principal Officers");

(9) Mr. Gennaro Grosso, domiciled in Florence, at Via dell'Anguillara No. 20;

(10) Kiwi I Ventura Serviços S.A. Em Liquidação, a company incorporated under the laws of Portugal, with its registered office at Rua da Cooperativa Agricola do Funchal, Bloco D, 3 B, P- 9050 – 555, Funchal, Madeira, Portugal;

(11) Kiwi II Ventura Serviços de Consultadoria S.A., a company incorporated under the laws of Portugal, with its registered office at Rua da Cooperativa Agricola do Funchal, Bloco D, 3 B, P-9050 – 555, Funchal, Madeira, Portugal;

(12) Mr. Federico Marchetti, domiciled in Milan, at Via San Giovanni sul Muro No. 21, who is the Chairman of the Board of Directors and the Chief Executive Officer of the Issuer (for further information, see "Management — Corporate Bodies and Principal Officers");

(13) Mr. Andrea Moretti, domiciled in Casalecchio di Reno, at Via Marzabotto No. 9/2, who is the Issuer's Director of Interactive Services (for further information, see "Management — Corporate Bodies and Principal Officers");

(14) Nestor 2000 S.p.r.l., a company incorporated under the laws of Belgium, with its registered office at Square Wiser 10/B20, b-1040 Brussels, Belgium;

(15) Ms. Alessandra Rossi, domiciled in Marcon, at Via Generale dalla Chiesa No. 8/13, who is the Commercial Head of Multi-Brand of the Issuer (for further information, see "Management — Corporate Bodies and Principal Officers");

(16) Ms. Nadia Sarti, domiciled in San Lazzaro di Savena, at Via Emilia No. 199; and

(17) Mr. Gabriele Tazzari, domiciled in Bologna, at Via S. Isaia No. 29, who is the Head of Technology of the Issuer (for further information, see "Management — Corporate Bodies and Principal Officers").

Not all of the Selling Shareholders will be offering Shares for sale in the Italian Public Offering. In particular, only Balderton Capital I, L.P.; Federico Bonadeo; Alberto Giuliani; Alberto Grignolo; Gennaro Grosso; Kiwi I Ventura Serviços S.A. Em Liquidacão; Kiwi II Ventura Serviços de Consultadoria S.A.; Federico Marchetti; Nestor 2000 S.p.r.l.; and Nadia Sarti will offer Shares for sale in the Italian Public Offering. By contrast, all of the Selling Shareholders are offering Shares for sale in the Institutional Offering.

Out of maximum of 24,330,703 Shares offered in the Global Offering, a maximum of 18,090,703 Shares in the aggregate shall be offered for sale by the Selling Shareholders.

The table below indicates the Company's shareholders as of the date hereof, their current shareholdings, their expected shareholdings following the sale of all of the Shares being offered for sale in the Global Offering other than the Shares offered pursuant to the Over-Allotment Option, and their expected shareholdings following the exercise in full of the Over-allotment Option, as well as the shareholdings that they might thereafter have in case of their exercise of all of the stock options granted to them. For further information regarding the Stock Option Plans, see "Management — Remuneration and Benefits — Stock Option Plans."

| Shareholder | Shares as of the Date Hereof | | Shares offered in the Global Offering other than the Shares offered pursuant to the Over-Allotment Option | Shares Issued by the Company in its Capital Increase for the Global Offering | Number of Shares After the Sale of the Shares other than the Shares offered pursuant to the Over-Allotment Option | Number of Shares offered pursuant to the Over-Allotment Option | Shares after full exercise of the Over-allotment Option | | Shares after full exercise of stock options granted | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No. of Shares | % of Total | | | | | No. of Shares | % of Total | No. of Shares | % of Total |
| Balderton Capital I, L. P. | 9,783,800 | 23.1% | 3,085,862 | — | 6,697,938 | 827,658 | 5,870,280 | 11.6 | 5,870,280 | 9.7 |
| Nestor 2000 S.p.r.l. | 9,576,580 | 22.6% | 5,034,173 | — | 4,542,407 | 1,350,214 | 3,192,193 | 6.3 | 3,192,193 | 5.3 |
| Kiwi II | 6,801,444 | 16.1% | 3,575,352 | — | 3,226,092 | 958,944 | 2,267,148 | 4.5 | 2,267,148 | 3.7 |
| Federico Marchetti | 4,160,000 | 9.8% | 2,497,363 | — | 1,319,957(1) | — | 2,411,853(1) | 4.8 | 5,590,405 | 9.2 |
| Kiwi I Ventura Serviços S.A. Em Liquidação | 3,637,036 | 8.6% | 1,911,901 | — | 1,725,135 | 512,790 | 1,212,345 | 2.4 | 1,212,345 | 2.0 |
| Essegi S.r.l. | 2,476,656 | 5.9% | — | — | 1,727,440(1) | — | 2,476,656(1) | 4.9 | 2,476,656 | 4.1 |
| Red Circle S.r.l. — Unipersonale | 2,170,376 | 5.1% | — | — | 2,170,376 | — | 2,170,376 | 4.3 | 2,170,376 | 3.6 |
| Gennaro Grosso | 749,632 | 1.8% | 374,816 | — | 374,816 | — | 374,816 | 0.7 | 374,816 | 0.6 |
| Alberto Giuliani | 364,000 | 0.9% | 182,000 | — | 182,000 | — | 182,000 | 0.4 | 182,000 | 0.3 |
| Alberto Grignolo | 293,332 | 0.7% | 382,788 | — | 25,360 | — | 25,360 | 0.1 | 950,544 | 1.6 |
| Benedetti Massimiliano | — | 0.0% | 259,376 | — | — | — | — | 0.0 | 700,024 | 1.2 |
| Tazzari Gabriele | — | 0.0% | 244,504 | — | — | — | — | 0.0 | 582,972 | 1.0 |
| Moretti Andrea | — | 0.0% | 145,860 | — | — | — | — | 0.0 | 296,140 | 0.5 |
| Biagetti Alberto Gaspare | — | 0.0% | 119,028 | — | — | — | — | 0.0 | 241,592 | 0.4 |
| Rossi Alessandra | — | 0.0% | 111,540 | — | — | — | — | 0.0 | 226,460 | 0.4 |
| Federico Bonadeo | 86,736 | 0.2% | 43,368 | — | 43,368 | — | 43,368 | 0.1 | 43,368 | 0.1 |
| Cesari Fabio | — | 0.0% | 56,628 | — | — | — | — | 0.0 | 114,972 | 0.2 |
| Nadia Sarti | 52,000 | 0.1% | 26,000 | — | 26,000 | — | 26,000 | 0.1 | 26,000 | 0.0 |
| Guillot Giuseppe | — | 0.0% | 40,144 | — | — | — | — | 0.0 | 167,856 | 0.3 |
| Other persons (non-selling shareholders holding less than 2% of the capital) | 2,171,052 | 5.1% | — | — | 2,171,052 | — | 2,171,052 | 4.3 | 5,911,152 | 9.8 |
| Market | — | 0.0% | — | 6,240,000 | 24,330,703 | | 27,980,309 | 55.5 | 27,980,309 | 46.2 |
| **Total** | **42,322,644** | **100.0%** | **18,090,703** | **6,240,000** | **48,562,644** | **3,649,606** | **50,403,756** | **100.0%** | **60,577,608** | **100.0%** |

*(1) The discrepancies in the numbers of Shares held by Federico Marchetti and by Essegi S.r.l. after the sale of Shares in the Global Offering other than the Shares offered pursuant to the Over-Allotment Option and after the exercise of the Over-Allotment Option reflect the combined effect of two securities lending agreements pursuant to which Shares will be transferred prior to the settlement with respect to the Shares offered in the Global Offering other than the Shares offered pursuant to the Over-Allotment Option and returned following the Global Offering. Pursuant to the first securities lending agreement Federico Marchetti is expected to transfer 1,091,896 Shares to other shareholders prior to the settlement with respect to the Shares offered in the Global Offering. In particular he is expected to transfer: (i) 114,816 Shares to Mr. Alberto Grignolo; (ii) 259,376 Shares to Mr. Massimiliano Benedetti; (iii) 244,504 Shares to Mr. Gabriele Tazzari; (iv) 145,860 Shares to Mr. Andrea Moretti; (v) 119,028 Shares to Mr. Alberto Gaspare Biagetti; (vi) 111,540 Shares to Ms Alessandra Rossi; (vii) 56,628 Shares Mr. Fabio Cesari; and (viii) 40,144 Shares to Mr. Giuseppe Guillot. Pursuant to the second securities lending agreement, Essegi S.r.l. is expected to transfer 749,216 Shares to Federico Marchetti prior to the settlement with respect to the Shares offered in the Global Offering. All such Shares will be returned subsequent to the completion of the Global Offering.*

# RELATED-PARTY TRANSACTIONS

**Related-Party Transactions**

The Group's transactions with related parties, as identified according to the principles of IAS 24 ("Related Parties"), as of and for the six months ended June 30, 2009 and as of and for the years ended December 31, 2008, 2007 and 2006 have consisted of commercial, administrative and financial services transactions undertaken in the regular course of the Group's business on the basis of market terms and conditions.

The following tables summarize the economic relationships existing between the Group companies and Related Parties, as of and for six months ended June 30, 2009 and as of and for the year ended December 31, 2008, 2007 and 2006. We note that the commercial transactions with such entities were entered into under normal market conditions and in the interest of the Group.

| | As of June 30, 2009 | | For the six months ended June 30, 2009 | |
|---|---|---|---|---|
| | Amounts owed to the Group | Amounts due from the Group | Revenues to the Group | Costs to the Group |
| | (Euro thousands) | | | |
| Sigma Gi S.p.A. | — | 580 | — | 1,709 |
| Diesel S.p.A. | 441 | 995 | 224 | 1,293 |
| Diesel Rags S.r.l. | — | 260 | — | 446 |
| 55DSL S.r.l. — Unipersonale | — | 3 | 10 | 2 |
| Staff International S.p.A. | — | 552 | — | 814 |
| Diesel USA Inc. | 220 | 497 | 20 | 726 |
| Staff USA Inc. | — | 5 | — | 80 |
| D'Urso Gatti e Associati Studio Legale | — | 99 | — | 239 |
| Ferrante, PLLC LAW FIRM | — | 9 | — | 30 |
| KK TPI | — | 6 | — | 17 |
| Nagamine Accounting Office | — | 1 | — | 7 |
| **Total** | **661** | **3,007** | **254** | **5,363** |

| | As of December 31, 2008 | | For the year ended December 31, 2008 | |
|---|---|---|---|---|
| | Amounts owed to the Group | Amounts due from the Group | Amounts owed to the Group | Amounts due from the Group |
| | (Euro thousands) | | | |
| Sigma Gi S.p.A. | — | 615 | — | 2,888 |
| D'Urso Gatti e Associati Studio Legale | — | 75 | — | 215 |
| Hari K. Samaroo, P.C. | — | — | — | 2 |
| KK TPI | | 10 | | 31 |
| Nagamine Accounting Office | — | — | — | 4 |
| **Total** | **—** | **700** | **—** | **3,140** |

| | As of December 31, 2007 | | For the year ended December 31, 2007 | |
|---|---|---|---|---|
| | Amounts owed to the Group | Amounts due from the Group | Amounts owed to the Group | Amounts due from the Group |
| | (Euro thousands) | | | |
| Sigma Gi S.p.A. | — | 622 | 347 | 3,050 |
| D'Urso Gatti e Associati Studio Legale | — | 199 | — | 380 |
| Hari K. Samaroo, P.C. | — | 1 | — | 1 |
| Nagamine Accounting Office | — | 7 | — | 20 |
| **Total** | **—** | **829** | **347** | **3,451** |

| | As of December 31, 2006 | | For the year ended December 31, 2006 | |
|---|---|---|---|---|
| | Amounts owed to the Group | Amounts due from the Group | Amounts owed to the Group | Amounts due from the Group |
| | (Euro thousands) | | | |
| Sigma Gi Export Import S.p.A. | — | 176 | 143 | 921 |
| D'Urso Gatti e Associati Studio Legale | — | 25 | — | 163 |
| Nagamine Accounting Office | — | 4 | — | 10 |
| **Total** | **—** | **205** | **143** | **1,094** |

The following entities (named in the foregoing tables) qualify as Related Parties for the following reasons:

(i) Sigma Gi S.p.A. (formerly known as Sigma Gi Export Import S.r.l.), because its main shareholders indirectly hold shares in YOOX, a former director of which, Mr. Napoleone, they appointed; Sigma Gi S.p.A. has also entered into certain product supply contracts with the Issuer;

(ii) D'Urso Gatti e Associati Studio Legale, because Mr. Stefano Valerio, a partner of such law firm, which routinely assists the Issuer on legal and corporate matters (including in relation to the Global Offering), is a member of YOOX's board of directors and a beneficiary of certain Stock Option Plans;

(iii) Nagamine Accounting Office and KK TPI, because Mr. Yun Nagamine, the manager of both such consultancy firms, both of which routinely assist the Issuer on tax and administrative matters, is a director of a Group company (YOOX Japan);

(iv) Diesel S.p.A., Diesel Rags S.r.l., Diesel USA Inc., 55DSL S.r.l. — Unipersonale, Staff International S.p.A. and Staff US Inc., because such companies are part of the Diesel group and thus suppliers of YOOX, while their controlling shareholder, through Red Circle S.r.l. — Unipersonale, is a shareholder of YOOX and appointed Mr. Giaconia as a director of the Issuer. We note that the data contained in the table relating to the period ended June 30, 2009 is calculated starting from the date on which Red Circle S.r.l. — Unipersonale became a shareholder of the Issuer;

(v) Ferrante PLLC Law Firm, because a partner of such law firm, Mr. Giuliano Iannacone, who assists certain Group companies (Y Services and YOOX Corporation) on legal and corporate matters, sits on the board of directors of a Group company (YOOX Corporation).

(vi) Hari K. Samaroo P.C., because Mr. Samaroo, the owner of such firm, which assists the Issuer with certain administrative matters, is a legal representative of a Group company (Y Services).

For the avoidance of doubt, the Group's economic relationships with the members of the board of directors and the board of statutory auditors of the Company and the persons holding strategic positions within the Company (i.e., principal executive officers and other persons holding strategic positions as identified in the table on page 122) were limited to the payment of compensation in the six months ended June 30, 2009 and the years ended December 31, 2008, 2007 and 2006, as the following tables describe:

| | For the Six Months Ended June 30, 2009 | | | |
|---|---|---|---|---|
| | Short Term Benefits | Long-Term Benefits | Stock Options | Other |
| | (Euro thousands) | | | |
| Directors | 366 | — | 60 | — |
| Statutory Auditors | 20 | — | — | — |
| Persons holding strategic positions | 837 | 100 | 98 | — |
| **Total** | **1,223** | **100** | **158** | **—** |

| | For the year ended December 31, 2008 | | | |
|---|---|---|---|---|
| | Short Term Benefits | Long-Term Benefits | Stock options | Other Sources of Remuneration |
| | (Euro thousands) | | | |
| Directors | 530 | — | 358 | — |
| Statutory Auditors | 38 | — | — | 18 |
| Persons holding strategic positions | 1,621 | 98 | 643 | — |
| **Total** | **2,189** | **98** | **1,001** | **18** |

| | For the year ended December 31, 2007 | | | |
|---|---|---|---|---|
| | Short Term Benefits | Long-Term Benefits | Stock options | Other Sources of Remuneration |
| | (Euro thousands) | | | |
| Directors | 424 | — | 461 | — |
| Statutory Auditors | 35 | — | — | 5 |
| Persons holding strategic positions | 1,014 | 67 | 508 | — |
| **Total** | **1,473** | **67** | **969** | **5** |

| | For the Year Ended December 31, 2006 | | | |
|---|---|---|---|---|
| | Short Term Benefits | Long-Term Benefits | Stock options | Other Sources of Remuneration |
| | (Euro thousands) | | | |
| Directors | 344 | — | — | — |
| Statutory Auditors | 31 | — | — | 10 |
| Officers holding strategic positions | 642 | 49 | — | — |
| **Total** | **1,017** | **49** | **—** | **10** |

**Intra-Group Relationships**

Under IAS 24, transactions among and between consolidated group companies are formally considered to be related-party transactions. However, to avoid confusion, such transactions are not presented in the discussion of Related Parties above, and are instead described in this section. Financial information presented below has been extracted from the consolidated financial statements of the Group included elsewhere herein.

The main transactions between the Issuer and the other Group companies are of commercial nature and may be summarized as follows:

- The supply, from the Issuer to the other Group companies, of products for sale in the U.S. and Japanese markets;
- The Issuer's maintenance of, assistance with, and updating of the websites of the subsidiaries;
- Administrative, financial and legal services provided by the Issuer to the subsidiaries;
- Customer care services provided by the Issuer to the other Group companies (the Issuer processes orders from U.S. and Japanese customers by means of personnel entirely devoted to the subsidiaries); and
- Assistance and advice — by the Issuer to the subsidiaries — on fashion, marketing, advertising and professional training matters.

We believe that all the transactions that have taken place between or among Group companies have been neither unusual nor atypical, and that they have been entered into only in the ordinary course of the Group's business. Such transactions are in all cases based on market terms and conditions — i.e., conditions that might apply to similar transactions between unrelated parties acting at arm's length.

The following table summarizes the credit relationships existing between, and the transactions entered into between, the Issuer and each of its subsidiaries as of and for the six months ended June 30, 2009 and as of and for the years ended December 31, 2008, 2007 and 2006. The amounts due from and owed to the subsidiaries are denominated in dollars and yen and have been converted into Euro on the basis of the exchange rates prevailing as of each date indicated below. Net revenues and costs are denominated in dollars and yen and have been converted into Euro on the basis of the average exchange rates prevailing in each period or year.

| | As of June 30, 2009 | | For the six months ended June 30, 2009 | |
|---|---|---|---|---|
| | Amounts owed to the Company | Amounts due from the Company | Revenues to the Company | Costs to the Company |
| | (Euro thousands) | | | |
| YOOX Corporation | 5,007 | — | 4,042 | — |
| Y Services | 400 | — | 398 | — |
| YOOX Japan | 961 | — | 2,447 | — |
| **Total** | **6,367** | **—** | **6,887** | **—** |

| | As of December 31, 2008 | | For the year ended December 31, 2008 | |
|---|---|---|---|---|
| | Amounts owed to the Company | Amounts due from the Company | Revenues to the Company | Costs to the Company |
| | (Euro thousands) | | | |
| YOOX Corporation | 3,634 | — | 7,310 | 10 |
| Y Services | 445 | — | 545 | — |
| YOOX Japan | 695 | — | 2,995 | — |
| **Total** | **4,774** | **—** | **10,850** | **10** |

| | As of December 31, 2007 | | For the year ended December 31, 2007 | |
|---|---|---|---|---|
| | Amounts owed to the Company | Amounts due from the Company | Revenues to the Company | Costs to the Company |
| | (Euro thousands) | | | |
| YOOX Corporation | 2,726 | — | 6,755 | 24 |
| Y Services | 102 | — | 102 | — |
| YOOX Japan | 956 | — | 2,181 | — |
| **Total** | **3,784** | **—** | **9,039** | **24** |

| | As of December 31, 2006 | | For the year ended December 31, 2006 | |
|---|---|---|---|---|
| | Amounts owed to the Company | Amounts due from the Company | Revenues to the Company | Costs to the Company |
| | (Euro thousands) | | | |
| YOOX Corporation | 2,225 | — | 5,215 | — |
| Y Services | 576 | — | 1,761 | — |
| YOOX Japan | 418 | — | 548 | — |
| **Total** | **3,219** | **—** | **7,524** | **—** |

# DESCRIPTION OF SHARE CAPITAL

*The following is a summary of certain information concerning the Shares and certain provisions of YOOX's bylaws and of Italian law applicable to listed companies, as in effect at the date of this Offering Circular. This summary does not purport to be complete and is qualified in its entirety by reference to YOOX's bylaws or Italian law and regulations, as the case may be.*

**Issued Share Capital**

As of December 31, 2008, the issued and paid-in share capital of the Company was equal to €401,522.68, composed of 772,159 ordinary shares.

Between December 31, 2008 and the date hereof, the Company's share capital was increased on different occasions. The most significant increase occurred in March 2009, when the share capital was increased by €21,703.76, with the issuance of 41,738 shares subscribed by the new shareholder, Red Circle S.r.l. – Unipersonale (at a subscription price of €131.78 per Share).

On September 8, 2009 at the extraordinary shareholders' meeting of the Issuer, the shareholders resolved upon a share split: Shares where split with a ratio of 52 new shares for each outstanding share, whereas the Euro amount of the share capital remained unchanged.

As of the date hereof, the issued and paid-in share capital of the Issuer is equal to €423,226.44, composed of 42,322,644 Shares.

On September 8, 2009, the shareholders also resolved in favor of, among other things:

- A capital increase of up to €62,400, by means of the issue of up to 6,240,000 Shares, to which the pre-emptive rights provided for under Article 2441, paragraph 5, of the Italian Civil Code shall not apply. The subscription price shall not be lower than the minimum value determined pursuant to Article 2441, paragraph 6, of the Italian Civil Code, which is equal to the value of the net assets attributable to each share, as resulting from the financial statements as of and for the year ended December 31, 2008, taking into account the 1-to-52 share split resolved upon at the shareholders' meeting of the same day. This capital increase is intended to provide Shares for the Global Offering.
- The Stock Option Share Capital Increase for the 2009-2014 Stock Option Plan described at "Management — Remuneration and Benefits — Stock Option Plans," subject to the start of trading in the Shares on the MTA, with the exclusion of the pre-emptive rights provided for under Article 2441, paragraphs 5 and 8 of the Italian Civil Code. The plan will be implemented by means of a capital increase of up to €47,320, with the issue of up to 4,732,000 new Shares (after taking into account the aforementioned share split). The issue price of the shares will be calculated on the basis of the average price of the Shares over the 30 trading days preceding the Shares' subscription, without prejudice to any minimum price established by the law.

The Shares are registered, freely transferable and indivisible; each Share entitles the holder to one vote in every ordinary and extraordinary shareholders' meeting of the Company (as except for those situations in which voting rights are suspended pursuant to applicable law), as well as the other financial and administrative rights appurtenant to all the Shares under applicable law and the bylaws.

**Form and Transfer of Ordinary Shares**

Pursuant to Legislative Decree No. 213 of 1998, shareholders have been unable to receive physical delivery of share certificates for Italian listed companies since January 1, 1999. Ordinary shares of companies listed or to be listed in Italy are no longer represented by paper certificates, and the transfer and exchange of ordinary shares takes place exclusively through an electronic book-entry system managed by the centralized securities clearing system, Monte Titoli, having its registered office at Via Andrea Mantegna, 6, Milan, Italy.

Accordingly, all ordinary shares are deposited by their owners with an authorized financial intermediary entitled to hold accounts on behalf of clients with Monte Titoli.

The following is a list of authorized financial intermediaries pursuant to Article 12 of the Regulation of the Bank of Italy and CONSOB of February 22, 2008 (rules governing central depositories, settlement services, guarantee systems and related management companies):

- Italian or EU-based banks, as well as non-EU banks authorized by the Bank of Italy to operate in the Italian market;
- *Società di Intermediazione Mobiliare*, registered securities dealers;
- EU-based investment companies, as well as non-EU based investment companies authorized by CONSOB to provide investment services in Italy;
- The Italian asset management companies referred to in Article 1, letter (i), sub-paragraph (o) of the Italian Unified Financial Act, which manage investment portfolios solely on an individual-client basis; stockbrokers (*agenti di cambio*) listed in the registries provided for under applicable law; companies or entities not included in such registries, but exclusively with respect to the financial instruments issued by such companies or by entities in which they own a controlling interest; central banks; foreign persons that supply services analogous to central depositary and settlement services, and that manage systems for financial instruments, provided they are subject to supervisory measures equivalent to those provided for in the Italian legal system; central depositaries' settlement guarantee fund management companies and central counterparties, exclusively for the activities specified in Article 69, paragraphs 2 and 70 of the Italian Unified Financial Act; and financial intermediaries on the authorization list kept by the Bank of Italy under Article 107 of the Italian Banking Act, as amended with respect to the activities set forth under Article 1, paragraph 5, subparagraphs (c) and (c) *bis* of the Italian Unified Financial Act;
- Poste Italiane S.p.A. (the Italian Postal Service); and
- Cassa Depositi e Prestiti S.p.A. (a state-owned entity mainly responsible for the extension of loans to public administration bodies); and the Italian Ministry of Economy and Finance.

Each intermediary maintains a custody account for each of its clients. This account sets out the financial instruments of each client and the records of all transfers, dividend payments, exercises of rights attributable to the financial instruments and charges or other encumbrances on such instruments. The account holder or any other eligible party may submit a request to the intermediary for the issue of a certified account statement. The request must indicate, among other things, the quantity of financial instruments in respect of which the statement is requested, the rights which the applicant intends to exercise and the duration for which the certificate's validity is requested. Within two business days of the receipt of such request, the intermediary must issue a certified statement of account, which constitutes evidence of the account holder's ownership of the financial instruments indicated. Once a certified statement of account is issued, the intermediary may not affect any transfer of the corresponding instruments until the statement is no longer valid or it is returned. In the case of rights exercisable at shareholders' meetings, the above certification is replaced by a notice issued by the intermediary to the relevant company. The request has the same content as the request for certification and must also indicate the date and type of meeting. The intermediary must issue the above notice not later than: (i) the second business day following the request of the shareholder; or (ii) the date for deposit of the notice in accordance with the bylaws of the company concerned. YOOX's bylaws provide that the foregoing notice must be received by the Company at least two days prior to the date of the meeting.

To transfer an interest in Shares, the transferor and the transferee are required to give instructions to their respective intermediaries. If the transferee is a client of the transferor's intermediary, the intermediary will instruct the centralized clearing system to transfer the Shares from the transferor's account to the account of the transferee.

If the transferee is a client of another intermediary, the transferor's intermediary will instruct the centralized clearing system to transfer the Shares to the account of the transferee's intermediary which will then register the Shares in the transferee's account.

All of YOOX's Shares have been deposited with Monte Titoli. Accordingly, it will not be possible for a shareholder to obtain physical delivery of share certificates representing Shares. Instead, transfers of Shares are possible using the procedures described above. In order to exercise their Rights as shareholders, shareholders must rely on the procedures of Monte Titoli, and of the intermediaries or participants that have accounts with Monte Titoli.

**Shares Without Stated Nominal Value**
In order to allow more flexibility in the context of issues of shares, Italian law allows joint stock corporations to omit any indication of the nominal value of shares in the bylaws or on the shares. The nominal value of shares may be determined by simply dividing the aggregate Euro amount of the issued share capital by the number of shares at the time outstanding (as may be necessary whenever applicable provisions under Italian law refer to the nominal value of shares). The Issuer's shares have no stated nominal value.

**Shareholders' Meetings**
Under Italian law, shareholders' meetings may be either ordinary or extraordinary. Meetings are called by giving a notice that states the date, place, time and agenda for the meeting (the "Notice"). The Company's bylaws provide that the meetings shall be held at the Company's registered office or at any other place indicated in the Notice, provided that it is in Italy. (Shareholders' meetings may also be held via audio or videoconference, with the attendants in different locations, provided that collegiality, good faith and equality among shareholders are respected.) The board of directors may call a meeting when it deems appropriate; it is required by Italian law to promptly call a shareholders' meeting upon the request of shareholders representing at least 10% of the issued and outstanding share capital (except in relation to matters about which the bylaws require a report, proposal or plan by the board of directors). Under applicable law, in certain situations, YOOX's shareholders' meetings can also be called upon request of or by the board of statutory auditors. Additionally, failing the call by the board of directors or the board of statutory auditors, the president of the court with jurisdiction over the company has the duty to call a shareholders' meeting in certain circumstances, by giving Notice.

Shareholders are informed of all shareholders' meetings by publication of the Notice in the Gazzetta Ufficiale, the official gazette of Italy, or in the Italian daily newspapers "Il Sole 24 Ore" or "M.F. Mercati Finanziari/Milano Finanza" at least 30 days before the date fixed for the meeting. The Notice may specify a date for a second meeting in the event that a quorum is not formed for the first meeting. A shareholders' meeting convened pursuant to a second or third call cannot be held on the same date as the first meeting. In case the aforementioned requirements are not met, a shareholders' meeting is however validly held if the whole issued share capital of the Company is represented at the meeting and the majority of the members of the board of directors and of the board of statutory auditors are present.

Shareholders representing at least one-fortieth of the share capital may request additional items for the agenda within five days of publication of the Notice. Additional items cannot, however, be added to the agenda if such items may only be proposed by the board of directors, or if a plan or report must first be prepared by the board of directors.

In order to be admitted to the meeting, shareholders must request the intermediary to issue, at least two business days prior to the date of the meeting on first call, an attendance notice in conformity with its records. The intermediary will send the notice directly to YOOX's registered office.

Such notices may be obtained by beneficial owners of Shares through the intermediaries associated with Monte Titoli. Alternatively, beneficial owners may instruct the relevant intermediary to serve as its proxy at a meeting. See "— Form and Transfer of Ordinary Shares."

Shareholders must attend shareholders' meetings in person, unless they appoint proxies. However, none of the directors, members of the board of statutory auditors, independent auditors or employees of YOOX or its subsidiaries may act as proxies for shareholders. Italian law provides for certain limitations on the number of shareholders that each proxy may represent. Such limitations vary depending on the amount of the company's share capital.

CONSOB has established regulations governing the proper solicitation and collection of proxies and related transparency issues.

Resolutions adopted at a shareholders' meeting are binding on all shareholders. Pursuant to Italian law, any shareholder or group of shareholders of a company listed in Italy who did not vote in favor of a resolution passed at a shareholders' meeting or who did not attend the meeting or abstained from voting, is, if his or their shareholding is equal to or higher than one-thousandth of the share capital, entitled to challenge a resolution on the basis that it was passed in violation of the applicable laws or bylaws. However, such challenge must be made within 90 days of the date of the resolution or, if the

resolution is subject to filing or registration in the Italian companies' register, within 90 days of filing or registration, respectively. In addition, if shareholders' resolutions are passed without any call of a meeting, without minutes of the meeting or in respect of any matter which is illegal or impossible to be resolved upon, such resolutions may be challenged by any interested party within three years of the date of the filing or registering the resolutions in the companies' register or, if the resolution is not subject to filing or registration, within three years of the registration of the minutes in the relevant corporate book. In addition, shareholders' resolutions that modify the corporate purpose to include impossible or illegal activities may be challenged by any interested party without any time limit. Furthermore, applicable laws grant dissenting, absent or abstaining shareholders, among other things, the right to withdraw and have their shares repurchased at the average market price of the Shares over the previous six-month period following certain resolutions (including resolutions which cause the de-listing of the shares).

Shareholders of YOOX are entitled to attend and vote at ordinary and extraordinary shareholders' meetings. Each holder will be entitled to cast one vote for each Share held. Votes may be cast personally or by proxy (as described above). However, the voting rights of Shares held in breach of applicable law may not be exercised in some cases (as described below).

***Ordinary Shareholders' Meetings***

Ordinary shareholders' meetings must be convened at least once a year for the approval of the financial statements. YOOX's annual financial statements are submitted for shareholder approval at each annual ordinary shareholders' meeting, which must be convened within 120 days of the end of the financial year. At ordinary shareholders' meetings, shareholders may approve the distribution of dividends, if any; appoint directors, statutory auditors and external auditors and decide their remuneration; vote on directors' and statutory auditors' liability; and decide on any other business matter submitted to the vote of the shareholders under applicable law and pursuant to the bylaws.

The quorum required on first call for a validly constituted general shareholders' meeting is at least 50% of the issued and outstanding share capital, while on the second call there is no quorum requirement. At duly called general shareholders' meetings, on first or second call, resolutions may be approved by an affirmative vote of holders of the majority of the Shares represented at the meeting.

***Extraordinary Shareholders' Meetings***

Extraordinary shareholders' meetings may be called in order to pass resolutions regarding, among other things: proposed amendments to the bylaws; capital increases; the appointment, replacement and powers of liquidators; and on any other subject attributed to the meetings' competence by law.

Pursuant to Italian law and YOOX's bylaws, an extraordinary shareholders' meeting is validly constituted upon the first call if more than 50% of the voting share capital is represented, and, when the quorum is not obtained upon the first call, if more than one-third of the voting share capital is represented on the second call. If a quorum is not obtained on the second call, an extraordinary shareholders' meeting is validly constituted if more than one-fifth of the voting share capital is represented on the third call. Resolutions at the extraordinary meeting on first, second, or third call may be adopted by the affirmative vote of holders of at least two-thirds of the Shares represented at the meeting.

**Pre-emptive Rights**

Issues of new Shares or other classes of shares may be authorized by a shareholders' resolution passed at an extraordinary shareholders' meeting. The extraordinary meeting may also authorize the board of directors to increase the share capital within a five-year period. Pursuant to Italian law, shareholders (and holders of convertible bonds, if any) are entitled to subscribe for new issues of: (i) Shares; (ii) debt instruments convertible into Shares; and (iii) any other instruments, such as warrants, rights or options, entitling the holder to acquire Shares, in each case in proportion to their respective shareholdings or bondholdings, as the case may be. Subject to certain conditions and special voting majorities principally designed to prevent dilution of the rights of shareholders, these pre-emptive rights may be waived or limited in whole or in part for all shareholders of a particular issue of securities, but only through a resolution adopted at an extraordinary meeting with the affirmative vote of shareholders representing more than 50% of the outstanding Shares. In any event, such pre-emptive rights will not apply whenever the increase in share capital is to be subscribed by way of a contribution in kind.

Under Italian law, pre-emptive rights can also be limited when newly issued Shares are offered for subscription to the employees of the Company or of its subsidiaries under certain circumstances. However, if such new shares offered for subscription to the employees of the Company or of its subsidiaries exceed 1% of the share capital, then a resolution in favor of suspending preemptive rights must be adopted with the affirmative vote of shareholders representing more than 50% of the outstanding Shares.

**Election of the Board of Directors and the Board of Statutory Auditors**

The Issuer's corporate governance and control system is the so-called "traditional model" provided for by articles 2380-*bis et seq.* of the Italian Civil Code, composed of a board of directors and a board of statutory auditors. The following is a discussion of the main provisions in the bylaws of the Issuer regarding the composition of such boards.

***Board of Directors***

Pursuant to Article 14 of the bylaws, the Company is managed by a board of directors composed of a minimum of five members and a maximum of 15 members. Each director's term cannot be longer than three years, expiring on the date of the shareholders' meeting called to resolve upon the financial statements for the last of the three years. Directors may be re-appointed and serve multiple terms. At each ordinary shareholders' meeting, before the appointment of directors, the shareholders resolve upon the number and the term of the directors.

Each director must comply with the eligibility, professionalism and integrity requirements provided by law. Pursuant to Article 147-*ter*, paragraph 4, of the Italian Unified Financial Act, at least one director, or two directors in case the board is composed of more than seven members, must comply with special independence requirements.

The shareholders elect the board of directors on the basis of lists presented by shareholders who hold, at the time of the presentation, an interest at least equal to that determined on the basis of the criteria set forth in Article 144-*quater* of the Regulation on Issuers. Such criteria vary depending on different factors, including, *inter alia*, the company's market capitalization.

The lists must be deposited at the registered office of the company at least 15 days before the date on which the shareholders' meeting to appoint the directors (first call) is held. Moreover, the lists must be made available to the public by the Company at least 10 days before the date of the shareholders' meeting. The lists must nominate at most 15 candidates, progressively ordered. Each list must contain and expressly indicate at least one proposed director who would be independent pursuant to Article 147-*ter* of the Italian Unified Financial Act and whose priority number on the list shall not be lower than seven. If a list is composed of more than seven candidates, it must contain and expressly indicate a second independent director, pursuant to Article 147-*ter* of the Italian Unified Financial Act.

Each shareholder, or each group of shareholders who are parties to a shareholders' agreement as defined by Article 122 of the Italian Unified Financial Act, may neither present nor vote for more than one list, whether or not they act or vote directly or through a proxy or a fiduciary company. A candidate may be present on only one list, under penalty of ineligibility.

At the end of voting, candidates from the two lists that have received the most votes are appointed, pursuant to the following criteria: (i) a number equal to the number of members of the board of directors, less one, is taken, in progressive order, from the candidates present on the list that has obtained the most votes, who are thereby appointed as directors; and (ii) the candidate at the top of the list that has obtained the second highest number of votes is appointed as a director. However, if no independent directors (as defined in Article 147-*ter* of the Italian Unified Financial Act) are elected from the list that has obtained the most votes (or in case only one independent director is elected from that list, if the board of directors is to be composed of more than seven members), the candidate to be appointed from the list that has obtained the second highest number of votes must be one that satisfies the independence requirements (and not the candidate at the top of the list). Lists that do not obtain a vote percentage at least equal to half of that required to present a list are not taken into account.

In case two lists obtain the same number of votes, the list presented by the shareholders holding a larger interest as of the presentation date or, subordinately, the list presented by the larger number of shareholders, prevails.

If only one list is presented, the shareholders express their vote on it, and, if such list obtains a favorable vote from the majority of the voting shareholders, excluding the abstaining ones, all the candidates present on the list, up to the number of members of the board of directors determined by the shareholders, are appointed as directors; however, if the board is to be composed of more than seven members, both of the independent directors on the list must be appointed. In case no list is presented, or if the number of candidates is lower than the number of seats on the board of directors, the members of the board of directors are appointed at the shareholders' meeting with the required majorities, including the number of independent directors required by law.

The chairman of the board of directors is the candidate indicated as such on the list obtaining the highest number of votes, or on the only list presented and approved. Otherwise, the chairman is appointed at the shareholders' meeting, observing the required majorities, or is appointed by the board of directors. The board of directors may also appoint one or more vice-chairmen. The board of directors also appoints a secretary, who need not be a member of the board.

The meetings of the board of directors are chaired by the chairman or, in case of his absence or impediment, by the vice-chairman or, in case of the existence of more than one vice-chairman, by the most senior among them or, in case of equal seniority, by the oldest one. If none of them are available, the meeting is chaired by the chief executive officer or, in case of his absence or impediment, by the most senior director. In case of the absence or impediment of the secretary, the board appoints a substitute.

The quorum for board meetings is a majority of the directors. Resolutions may be adopted by the majority of the directors present, not taking into account abstentions. For information regarding board powers and board committees, see "Management — Corporate Bodies and Principal Officers."

The directors have the right to be reimbursed for the expenses they incur in the performance of their duties. The shareholders determine the annual remuneration of the directors. The directors holding specific positions are also remunerated as determined by the board of directors after consulting with the board of statutory auditors.

***Board of Statutory Auditors***

Pursuant to Article 26 of the bylaws of the Company, the board of statutory auditors is composed of three standing members and two substitute members, whose term is three years and who may be re-appointed. Their remuneration is determined by the shareholders upon their appointment.

The appointment of the statutory auditors is based on a voting-list system. This system is aimed at ensuring the representation of minority shareholders by at least one standing and one substitute member of the board of statutory auditors.

A list may be presented by those shareholders who, as of the presentation date, hold, by themselves or together with other presenting shareholders, an interest at least equal to that determined by CONSOB under Article 147-*ter*, paragraph 1, of the Italian Unified Financial Act, and in accordance with the provisions of the Regulation on Issuers. Lists must be deposited at the registered office of the Company at least 15 days before the date of the shareholders' meeting (first call) convened to appoint the auditors. Lists must moreover be made available to the public by the Company at least 10 days before the date of the shareholders' meeting.

Lists must indicate the names of one or more candidates for the office of standing auditor and one or more candidates for the office of substitute auditor. The candidates' names must be progressively ordered and the number of candidates cannot be higher than the number of auditors to be appointed.

If, upon reaching the deadline for the presentation of lists, only one list has been deposited or there are only lists presented by shareholders acting in concert, further lists may be presented until the fifth day after such deadline. In this case the ownership thresholds required to present a list are also halved.

Each shareholder, or the shareholders who are parties to a shareholders' agreement as defined in Article 122 of the Italian Unified Financial Act, may neither present nor vote for more than one list, whether or not they act or vote directly or through a proxy or a fiduciary company. A candidate may be present on only one list, under penalty of ineligibility.

The appointment of the auditors takes place as follows: (i) two standing members and one substitute are taken, in progressive order, from the list that has obtained the most votes; and (ii) one standing member (who also becomes the chairman of the board of statutory auditors) and a substitute are taken, in progressive order, from the second-ranking list, which must not be connected in any way with the shareholders who presented the first-ranking list. In case two lists obtain the same number of votes, the list presented by the shareholders holding a larger interest as of the presentation date or, subordinately, the list presented by the larger number of shareholders prevails.

If only one list has been presented, the shareholders express their vote on it, and, if it is approved by a majority of the shareholders, not taking into account abstentions, all the candidates on the list are appointed. The chairman of the board, in such case, is the first candidate. If no lists are presented, the board of statutory auditors and its chairman are appointed by the shareholders observing the ordinary majorities required by law.

The board of statutory auditors performs the functions that the law and regulations confer on it. For as long as the Shares of the Company are traded on an Italian regulated market, the board of statutory auditors must also fulfill any obligation, and exercise any other power, provided for under rules applicable to listed companies, with particular regard to the information it must receive.

**Dividend Rights**

Any annual dividend must first be proposed by the board of directors and is then subject to shareholder approval at the relevant annual shareholders' meeting. Before dividends may be paid out of the Company's unconsolidated net income in any year, an amount equal to 5% of net income must be allocated to the Company's legal reserve until the reserve is at least equal to one-fifth of the nominal value of the Company's issued share capital. If the Company's capital is reduced as a result of accumulated losses, dividends cannot be paid until the capital is reconstituted or reduced by the amount of such losses. The board of directors may authorize the distribution of interim dividends, subject to certain limitations.

Dividends are payable to those persons who hold the shares through an intermediary on the dividend payment date declared at the shareholders' meeting. Dividends not claimed within five years of the dividend payment date are forfeited to the benefit of the Company. Dividend payments are distributed through Monte Titoli on behalf of each shareholder by the intermediary through which the shareholder holds its Shares.

The shareholders' may resolve in favor of distributing profits, or reserves funded with profits, to the Company's or the Group companies' employees. Such distribution can take place by means of an issue of unrestricted Shares or special categories of shares, up to an amount equal to the revenues, pursuant to Article 2349 of the Italian Civil Code.

For further information, see "Dividends and Dividend Policy."

**Liquidation Rights**

Under Italian law, and subject to satisfaction of the claims of all other creditors, shareholders are entitled to a distribution of the remaining assets in proportion to the nominal value of the shares they hold in the share capital of a company upon its winding-up. Thereafter, if there are surplus assets, holders of shares rank equally in their claims to the distribution of such surplus assets.

**Purchase by YOOX of its Own Ordinary Shares**

YOOX may purchase its own Shares, subject to certain conditions and limitations imposed by Italian law, and provided that the Shares are fully paid. These purchases must be authorized by YOOX's shareholders at an ordinary meeting and may only be paid for out of retained earnings or distributable reserves remaining from the last approved unconsolidated financial statements. The nominal value of Shares to be repurchased, together with any Shares previously owned by YOOX or any of YOOX's subsidiaries, may not (except in limited circumstances) exceed in the aggregate 20% of the Company's share capital then issued and outstanding. Repurchased Shares in excess of this 20% limit must be resold within one year of the date of purchase or must otherwise be cancelled (and the share capital reduced accordingly). Similar requirements and limitations apply with respect to purchases of Shares by YOOX's subsidiaries.

If YOOX purchases its own Shares, it must create a corresponding reserve in its balance sheet equal to the purchase price of the Shares. This reserve will not be available for distribution, unless the Shares are resold to third parties or cancelled. Shares purchased and held by YOOX may only be resold pursuant to a shareholders' resolution.

YOOX is not entitled to vote or to receive dividends on the Shares it owns. Neither YOOX nor any of its subsidiaries (except in limited circumstances) may subscribe for new Shares in the case of capital increases. Shares owned by YOOX and YOOX's subsidiaries count at shareholders' meetings for quorum purposes.

The Italian Unified Financial Act provides that the purchase by a company listed in Italy of its own Shares must take place in a way that ensures equal treatment of its shareholders. Subject to certain limitations, the foregoing does not apply to Shares purchased by YOOX from its employees or the employees of its subsidiaries. As of the date hereof, YOOX does not own any Shares.

**Notification of Acquisition of Ordinary Shares**

Pursuant to Italian securities laws, including the Italian Unified Financial Act and regulations promulgated thereunder by CONSOB (i.e., the Regulation on Issuers), any acquisition of an interest in excess of 2% of the voting ordinary shares of listed issuers that have Italy as their EU home member state must be reported to CONSOB and to the company whose ordinary shares are acquired. In addition, the Italian Unified Financial Act provides that CONSOB is allowed — by means of a provision designed to protect investors and make the corporate control market and the capital markets more efficient and transparent — to establish, for a restricted period of time, lower thresholds, compared to the one indicated above, for companies that have a current high market value and a broad base of shareholders. Shareholders failing to give notice cannot exercise the voting rights attributable to the ordinary shares. Moreover, a listed company that directly or indirectly owns more than 10% of the voting ordinary shares of an unlisted company must notify: (i) CONSOB, within 30 days of its board of directors' approval of the annual financial statements; and (ii) the company whose ordinary shares it has acquired and holds within seven days of the acquisition. If the shareholding decreases to less than 10% of the company's share capital, the company must be notified within seven days of the action that resulted in the decrease in the shareholding. Any shareholders' resolution approved in violation of the foregoing may be annulled if it would not have been adopted in the absence of the relevant shareholder's votes (or on the basis of an action brought by CONSOB).

In addition, any person whose aggregate shareholding in a listed company rises above or falls below 2%, or reaches, rises above or falls below 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40% 45%, 50%, 66.6%, 75%, 90% or 95% of the voting share capital of a company listed in Italy, is obligated to notify CONSOB and the listed company within five trading days of the acquisition. Notification requirements also arise if the foregoing thresholds are breached as a result of a reduction, or increase in, the company's share capital. For the purpose of calculating these ownership thresholds, ordinary shares owned by any person — irrespective of whether the voting rights are suspended, or exercisable by that person or by a third party — are taken into consideration. Ordinary shares that the relevant person is entitled to exercise voting rights in respect of are also included. Except in certain circumstances, ordinary shares held through, or ordinary shares for which voting rights are exercisable by, subsidiaries, fiduciaries or intermediaries are included. Notification obligations are also triggered with respect to the holding of financial instruments, which — pursuant to a binding agreement — confer the right to acquire or sell, on the holder's own initiative, ordinary shares of a listed company. In particular, any person directly or indirectly holding financial instruments that confer the right to purchase the shares of a listed company ("Potential Holdings"), must disclose his Potential Holdings to the company and CONSOB when the Potential Holdings:

- exceed or fall below 2%; or
- reach, exceed or fall below 5%, 10%, 15%, 20%, 25%, 30%, 50%, or 75%.

Shares that may be purchased by exercising warrants or other conversion rights are taken into account for determining Potential Holdings only if the purchase can take place within 60 days.

Persons that have a holding or a Potential Holding of more than 2% in an Italian listed company must disclose, to the listed company in question and CONSOB, any financial instruments they may hold, directly or indirectly, that grant the right to sell shares of the issuer, when the shares that may be potentially sold ("Potential Sales"):

- exceed or fall below 2%; or
- reach, exceed or fall below 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75%.

Netting between Potential Holdings and Potential Sales is not allowed.

When a notification obligation concerning the same material holding applies to both a controlling company and its subsidiary, the latter is exempted from the obligation. Nonetheless, the disclosure obligation can be satisfied by the subsidiary if it provides complete information on the chain of control, including with reference to other shareholdings directly or indirectly held by the controlling entity.

Notification obligations are not triggered when:

- shares are purchased exclusively for clearing and settlement purposes, within a settlement cycle not exceeding three trading days;
- shares are held by depositaries, if voting rights can be exercised only on the basis of written or electronic instructions;
- shares, Potential Holdings and Potential Sales, below the 10% threshold, are purchased or sold by a market maker and certain further conditions are met;
- voting rights pertain to shares held by credit institutions and investment companies in their trading portfolios, as defined in Article 11 of Directive 2006/49/EC, as long as: (i) such voting rights do not exceed 5%; and (ii) the credit institution or the investment company ensures that voting rights are not exercised or otherwise used to influence the management of the listed company;
- shares are purchased or sold by the European Central Bank or by central banks of member states, in the exercise of their functions and on a short-term basis; or
- under certain circumstances, holdings not exceeding 5% are acquired by Italian and harmonized management companies (including, in certain circumstances, non-EU management companies) within the course of managing harmonized collective investment undertakings.

Finally, in light of their business activities, specific rules apply to the notification of holdings of management companies and financial intermediaries authorized for asset management. In particular, an entity controlling a management company is not required to add its direct or indirect holdings — effective or potential — to the holdings of the management company, provided that the management company votes the shares held in its portfolio independently from the controlling entity and other controlled entities. The same rules apply to any entity controlling one or more financial intermediaries authorized for asset management, with regard to the holdings of the financial intermediary, if the latter votes the shares independently and on the basis of clients' written or electronic instructions.

The entity controlling one or more management companies or one or more financial intermediaries must, without delay, provide CONSOB with a list of controlled management companies or financial intermediaries, and a declaration certifying that the holdings of such controlled management companies or financial intermediaries are voted independently. CONSOB can request the controlling entity to provide further information and specific documents.

**Limitations on Shareholding and Control**

There are no limitations imposed by Italian law or YOOX's bylaws on the rights to hold or vote YOOX's Shares. YOOX maintains a register of the holders of Shares at its head office at Via Nannetti, 1, Zola Pedrosa, Italy, as required by Italian law.

The bylaws do not include any provisions specifically aimed at discouraging, postponing or preventing any change in the control of the Issuer. The purchase and the transfer of Shares are not subject to any particular restrictions under the bylaws of the Company.

**Cross-Ownership Restrictions**

Cross-ownership restrictions limit the ownership by two companies of each other's ordinary shares. Any cross-ownership between companies listed in Italy must not exceed 2% of their respective voting ordinary shares, and any cross-ownership between a listed company and an unlisted company must not exceed 2% of the voting ordinary shares of the listed company and 10% of the voting ordinary shares of the unlisted company. If the relevant threshold is exceeded, the second company to exceed the threshold must not exercise the voting rights attributable to the ordinary shares in excess of the threshold, and it must sell the excess ordinary shares within one year. If the company does not sell the excess ordinary shares within one year, it will not be permitted to exercise voting rights in respect of its entire shareholding. If it is not possible to ascertain which company exceeded the threshold last, the suspension on voting rights and obligation to sell excess ordinary shares will apply to both companies, unless otherwise agreed by both companies. The 2% limit for cross-ownership may be increased to 5% on the condition that such limit is only exceeded by the companies following an agreement authorized in advance by the shareholders of both companies. Furthermore, if a party holds an interest in excess of 2% of a listed company's share capital, such listed company, or the party that controls the listed company, must not purchase an interest above 2% in a listed company controlled by such party. In case of non-compliance with any of the above, voting rights attributable to the ordinary shares held in excess of the applicable limit cannot be exercised. If it is not possible to ascertain which company exceeded the limit later, the suspension on voting rights will, subject to contrary agreement between the two parties, apply to both companies. Any shareholders' resolution approved in violation of the limitation on voting rights may be annulled on the basis of an action brought by CONSOB or by the relevant court if the resolution would not have been adopted in the absence of such votes. The restrictions on cross-ownership are not applicable where the thresholds are exceeded following a public tender offer to acquire at least 60% of a company's ordinary shares.

**Shareholders' Agreements**

In accordance with Italian law, an agreement among shareholders of a company listed in Italy or its parent company must be: notified to CONSOB within five days of the date of execution of the agreement; published in summary form in a daily newspaper within 10 days of the date of execution of the agreement; and filed with the Italian companies' register within 15 days of the date of execution of the agreement.

Failure to comply with the above rules will render a shareholders' agreement null and void, and make the voting rights of the relevant ordinary shares un-exercisable. Any shareholders' resolution made in violation of this limitation on voting rights may be annulled by a court, or on the basis of an action brought by CONSOB, if the resolution would not have been adopted in the absence of such votes.

Shareholders' agreements covered by the law include all those that: regulate the exercise of voting rights in listed companies or their controlling entities; require prior consultation for the exercise of voting rights in a listed company or its controlling companies; contain limitations on the transfer of ordinary shares or securities which grant the right to purchase or subscribe for ordinary shares; provide for the purchase of ordinary shares or securities which grant the right to purchase or subscribe for ordinary shares; are aimed at favoring or frustrating a tender offer; or have as their object or effect the exercise, including joint exercise, of a dominant influence over the company.

Moreover, the Italian Unified Financial Act provides that the maximum duration of any such shareholders' agreement is three years (although it is nevertheless possible to renew an agreement upon its expiry) or, if no duration is specified in the agreement, that any party may terminate the agreement upon six months' notice. In the case of a public tender offer, any party to the shareholders' agreement that intends to participate in the tender offer may withdraw from the agreement without notice, but the withdrawal notice is ineffective if that shareholder's interest is not subsequently transferred. The Regulation on Issuers contains provisions that govern the methods and content of the notification and publication of the agreements, as well as any subsequent amendments. The Regulation on Issuers also provides that any person holding less than 2% of the voting share capital of a listed company is subject to a notification obligation when such person is party to a shareholders agreement and, taking into account the holdings of the other parties to the agreement, he reaches, exceeds or falls below the 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% thresholds. Such person must disclose, to CONSOB and the listed company in question: (i) the overall number of shares subject to the agreement; (ii) the number of shares directly or indirectly held that are subject to the agreement; and (iii) the number of shares directly or indirectly held that are not subject to the agreement. However, no notice is required if this information has already been given in compliance with other provisions of the Italian Unified Financial Act.

Based on the information available to the Group, no shareholders agreement is currently in place among YOOX's shareholders.

**Reports to Shareholders**
The Company is required to make public, in Italian, its audited annual unconsolidated financial statements and audited annual consolidated financial statements, in conformity with IFRS and accompanied by a directors' report on operations.

The Company is also required to make public unaudited directors' interim financial statements for the first and third quarters of each year, as well as half-year financial statements (subjected to external auditors' limited review), which contain a directors' report on operations.

**Savings Shares**
Italian companies which have their ordinary shares listed on the Italian Stock Exchange may issue savings shares (*azioni di risparmio*), which carry preferential rights in the payment of dividends. Savings shares have no voting rights except for at separate meetings of holders of such savings shares held when, among other things, the rights of such savings shareholders are affected by a decision taken at an ordinary shareholders' meeting. As of the date of this Offering Circular, YOOX has not issued any savings shares.

**Minority Shareholders' Rights**
Under Italian law, any YOOX shareholder may challenge any resolution of the board of directors, if the resolution is prejudicial to the shareholder's rights.

Any absent, abstaining or dissenting shareholder holding, individually or jointly with another shareholder, Shares representing at least one-thousandth of the share capital may challenge any shareholder resolution that contravenes provisions of the bylaws or applicable law within 90 days of the resolution's adoption or, if the resolution is subject to required filing or registration in the companies' register, within 90 days of the filing or registration. See "— Shareholders' Meetings above."

Directors and statutory auditors may also challenge shareholders' resolutions on the basis that they violate the bylaws or applicable law.

Pursuant to Italian law, in case of a resolution causing the de-listing of a listed company, absent, abstaining or dissenting shareholders are given the right to withdraw and have the ordinary shares of the dissenting, absent or abstaining shareholder repurchased at the average market price of the ordinary shares over the previous six-month period.

Each shareholder may bring to the attention of the board of statutory auditors facts or acts which are deemed wrongful, and the board of statutory auditors must take any such complaint into account in its annual report to the shareholders. If shareholders jointly representing at least one-fiftieth of YOOX's share capital submit a complaint, the board of statutory auditors must investigate without delay and report its findings and recommendations at a shareholders' meeting, to be immediately convened by the board of statutory auditors if the complaint appears material and urgent action needs to be taken.

If there is a basis for suspicion of serious irregularities in the discharge of directors' or statutory auditors' duties, which may damage the Company or any of its subsidiaries, shareholders representing at least one-twentieth of YOOX's share capital have the right to report such major irregularities to a court of law, which may investigate such irregularities and initiate an administrative proceeding, which in turn may lead to the removal of the relevant directors or statutory auditors.

Derivative actions against directors, statutory auditors and general managers (*direttori generali*) may be brought by shareholders representing at least one-fortieth of the Company's share capital for breach of their duties. They would generally be jointly and severally liable to the Company in such respect.

If a court action is brought against the directors, statutory auditors or general managers, YOOX must reimburse the legal costs borne by the plaintiffs in the event that the claim is successful and: (i) the court does not order costs payable by the relevant directors, statutory auditors or executive officers; or (ii) the costs cannot be recovered from the relevant directors, statutory auditors or executive officers.

In addition, pursuant to Italian law, any shareholder or third party may bring a legal action for damages against YOOX's directors, statutory auditors or executive officers in respect of harms arising out of the negligence or willful misconduct thereof.

Under certain circumstances, the directors may also be liable to YOOX's creditors.

***Withdrawal Rights***

Under Italian law shareholders have the right to withdraw from the Company, redeeming all or part of their Shares, if resolutions in favor of the following are passed by the shareholders and they have not voted in favor of them:

- any amendment to the corporate object clause of the bylaws, when it allows a material change in the company's business;
- any transformation of the company;
- any transfer of the registered office of the company abroad;
- any cancellation of a state of liquidation;
- any amendment to the bylaws relating to voting or participation rights;
- the deletion of one or more withdrawal rights from the bylaws; or
- any amendment to the criteria to determine the value of the Shares in case of withdrawal by a shareholder.

Moreover, as discussed above, in case of a resolution causing the de-listing of a listed company, absent, abstaining or dissenting shareholders are given the right to withdraw and have the ordinary shares of the dissenting, absent or abstaining shareholders repurchased at the average market price of the ordinary shares over the previous six-month period.

An agreement aimed at excluding or making it more difficult for a shareholder to exercise withdrawal rights is void.

**Italian Tender Offer Rules**

Under the Italian Unified Financial Act, a person that directly, indirectly or acting in concert with other persons, acquires more than 30% of the voting securities — defined as securities entitling the holder to vote in the general or extraordinary shareholders' meeting — of an Italian company whose voting securities are traded on an Italian regulated market, must launch a tender offer for all the traded voting securities of the company within 20 days of the date on which the 30% threshold was exceeded, at a price not lower than the highest price paid by the offeror for any purchase of the company's voting shares of the same class during the previous 12 months. If during the same period no purchase of voting shares of such class has taken place, the offer must be launched at the weighted average market price of the company's voting shares of the same class in the previous 12 months or, if the company's voting shares have been trading for less than 12 months, at the weighted average market price for such shorter period of time.

However, pursuant to the Italian Unified Financial Act and implementing regulations (yet to be adopted by CONSOB), CONSOB may authorize the launch of a mandatory tender offer at a different price in certain circumstances.

Under current CONSOB rules, a tender offer must also be launched by any person who owns more than 30% of the voting shares without at the same time exercising majority voting rights at a general shareholders' meeting and, during a 12-month period, purchases or acquires by way of acquisition or exercise of subscription or conversion rights more than 5% of the voting shares of such company.

However, in certain circumstances, notwithstanding the purchase of a company's ordinary shares in excess of the threshold amount, the Italian Unified Financial Act and the Regulation on Issuers establish exemptions from the duty to launch a tender offer. These include if: another shareholder, or other shareholders collectively, can exercise the majority of the voting rights at an ordinary shareholders' meeting; the threshold is exceeded in respect of the transfer of ordinary shares between companies in which a person individually or jointly with others holds directly or indirectly through a

subsidiary (as defined in Article 2359, paragraph 1, no. 1 of the Italian Civil Code), the majority of voting rights, or it is acquired as a result of a transfer between a company and such persons; the threshold is exceeded as a result of subscription of capital increases aimed at rescuing a company in financial crisis, after notifying both CONSOB and the market; the threshold is exceeded as a result of merger or de-merger transactions, approved by the shareholders of the target company on the basis of effective and justified industrial needs; the threshold is exceeded as a result of the exercise of the pre-emption, subscription or conversion rights originally attributed; or the threshold is exceeded by no more than 3% and the purchaser undertakes to sell such excessive shareholding within 12 months without exercising the relevant voting rights.

Italian law further provides that the acquisition of an interest in excess of 30% of the voting securities of a company does not trigger the obligation to launch a 100% tender offer if the person concerned has exceeded the threshold as a result of either: a public tender offer launched for 100% of the voting securities of the company; or a public tender offer launched for at least 60% of the voting securities of the company.

The latter provision is available only if: the tender offer has been approved by shareholders of the company holding a majority of the voting securities (excluding: (i) the offeror; (ii) the current majority shareholder (if its participation exceeds 10%); and (iii) persons who act in concert with the offeror); the offeror (its subsidiaries, controlling persons, related companies and other persons connected to it by virtue of, *inter alia*, shareholders' agreements) has not acquired more than 1% of the ordinary shares of the company in the 12 months before notifying CONSOB or during the offer; and CONSOB has received satisfactory evidence that the terms of the previous conditions have been complied with and has ruled that a mandatory bid need not be made.

After such offer has been completed, the offeror nevertheless becomes obligated to launch an offer for 100% of the share capital if, during the subsequent 12 months, either: it (or its affiliates, subsidiaries, directors, officers or any of the shareholders with which it has entered into a shareholders' agreement) purchases more than 1% of the share capital of the company; or the shareholders of the company approve a merger or de-merger. Moreover, the Italian Unified Financial Act provides that: any person holding more than 90% of a class of voting securities of an Italian listed company must purchase all of the remaining securities of that class upon the holders' request, unless it restores an adequate float within 90 days so as to ensure proper trading; and any person holding at least 95% of a class of voting securities of an Italian listed company as a result of a tender offer over 100% of the voting securities must purchase all of the remaining securities of that class upon the holders' request.

In the case of the latter scenario — and also in the case of the first scenario if the interest is purchased exclusively through a tender offer relating to 100% of the voting securities — the purchase price shall be the same as in the prior offer provided in each case that, in a voluntary offer, at least 90% of the voting securities targeted have been tendered in the offer.

Otherwise, the price is determined by CONSOB, taking into account the price offered in a prior tender offer, if any, or the market price of the shares during the previous six months.

Finally, any shareholder holding at least 95% of a class of voting securities of an Italian listed company following a tender offer for 100% of such securities may force the acquisition of the remaining securities of such class within three months of the end of the tender offer if it has disclosed its intention to do so in the offer document. The price is set in accordance with the rules described in the previous paragraph.

**Liability for Mismanagement of Subsidiaries**

Under Article 2497 of the Italian Civil Code, companies and other entities that, acting in their own interest or the interest of third parties, mismanage a company subject to their direction and co-ordination powers are liable to such company's shareholders and creditors for ensuing damages. Their liability is excluded if: (i) the ensuing damage is fully eliminated, including through subsequent transactions; or (ii) the damage is effectively offset by the global benefits derived by the company from the continuing exercise of their direction and co-ordination powers. Direction and co-ordination powers are presumed to exist with respect to, *inter alia,* consolidated subsidiaries.

# SECURITIES TRADING IN ITALY

All transactions in securities on the MTA are quoted in Euro. Securities trading in Italy is subject to the control of: (i) CONSOB, the public authority charged with, among other things, regulating securities, markets and public offerings of securities in Italy; and (ii) the Italian Stock Exchange, a joint stock limited liability company incorporated to manage and supervise the Italian regulated financial markets (including the MTA). The Italian Stock Exchange became operative in January 1998, and has issued the Italian Securities Markets Regulations which govern, among other things, the organization and administration of the Italian Stock Exchange, the futures and options markets and the admission to listing on and trading in these markets. The shareholders of the Italian Stock Exchange are primarily financial intermediaries.

The Italian Unified Financial Act consolidates the regulation of the Italian financial markets, primarily by restating the provisions of the EC Investment Service Directive. The Italian Unified Financial Act provides, with minor exceptions, that only registered securities dealers and banks may trade equity securities, as well as engage in any other investment services, and that non-Italian banks and investment services firms regulated in other EU member states may do so provided CONSOB and the Bank of Italy are notified of the intent of the relevant bank or investment services firm to operate in Italy by the relevant authority in that EU member state. Non-EU banks and non-EU investment firms may operate in Italy either on a branch or on a cross-border basis subject to the specific authorization of CONSOB and the Bank of Italy.

The legal framework of securities trading in Italy was reformed in 2007 by Legislative Decree No. 164 of 2007 (the "MiFID Decree"), which implemented Directive 2004/39/EC, Directive 2006/73/EC and Regulation (EC) No. 1287/2006 (together called the "MiFID Directive"). This major reform of Italian securities trading especially focused on the pre-trade and post-trade transparency requirements for equity securities, which now apply both to trading on the mainstream regulated exchanges and trading in alternative venues or through other systems that are functionally similar to exchanges.

**Market Regulation**

The Italian financial markets are primarily regulated by legislation that implements EU directives relating to financial markets, banking and investment businesses most of which has been consolidated in the Italian Unified Financial Act.

A three-day rolling cash settlement period applies to all trades of equity securities on the MTA. Any person, through an authorized intermediary, may purchase or sell listed securities following: (i) in the case of sales, deposit of the securities; and (ii) in the case of purchases, deposit of 100% of the purchase price in cash or deposit of listed securities. No "closing price" is reported on the electronic trading system, but: (i) an "official price" is calculated for each security as a weighted average of all trades effected during the trading day; and (ii) a "reference price" is also calculated for each security equal to the closing-auction price.

If an opening price of a security (established each trading day prior to the commencement of trading based on bids received) differs by more than an amount established by the Italian Stock Exchange from the previous day's reference price, trading in that security is suspended by the Italian Stock Exchange. The Italian Stock Exchange has the authority to suspend trading of any security in response to extreme price fluctuations or for other reasons.

The Italian Unified Financial Act provides that CONSOB may prohibit the implementation of admission and exclusion decisions or order the revocation of a decision to suspend financial instruments or intermediaries from trading within five days of the Italian Stock Exchange receiving the relevant notification if, on the basis of the information in its possession, it considers the decision to be contrary to the aim of ensuring the transparency of the market, the orderly conduct of trading and the protection of investors.

CONSOB may request that the Italian Stock Exchange: (i) provide all the information it considers necessary for such purposes; and (ii) suspend financial instruments or intermediaries from trading.

**Clearance and Settlement**

The settlement of stock exchange transactions is facilitated by Monte Titoli. Most Italian banks and certain Italian securities dealers have securities accounts with Monte Titoli and act as depositories for investors. Beneficial owners of shares may hold their interests through custody accounts with any such institutions. Beneficial owners of shares held via Monte Titoli may transfer their shares, collect dividends, and exercise other rights with respect to the shares through such institutions.

Holders of Shares may request Euroclear or Clearstream, Luxembourg to transfer their shares to an account set up for such holders with an Italian bank or any authorized broker having an account with Monte Titoli.

Pursuant to Legislative Decree No. 213 of 1998, which came into force on January 1, 1999, in most cases holders of shares deposited with Monte Titoli no longer have the right to obtain the physical delivery of certificates representing their shares.

# FOREIGN INVESTMENT AND EXCHANGE CONTROL REGULATIONS IN ITALY

*The following is a summary of relevant Italian laws in force as of the date of this Offering Circular. This summary does not purport to be a comprehensive description of all foreign investment and exchange control considerations that may be relevant to a prospective investor's decision to subscribe for or purchase the New Shares.*

There are currently no exchange controls as such in Italy restricting rights deriving from the ownership of shares. Residents and non-residents of Italy may hold foreign currency and foreign securities of any kind, within and outside Italy. Non-residents may invest in Italian securities without restriction, subject to applicable procedural requirements. Non-residents may transfer to and from Italy cash, instruments of credit and securities (in both foreign currencies and euros) representing interest, dividends, other asset distributions and the proceeds of any dispositions. Certain procedural requirements are imposed by law, however, with respect to transfers of cash and securities to and from Italy.

Reporting, disclosure and record-keeping requirements are contained in Italian legislation implementing Directive 88/361/EC on the free movement of capital, Directive 2005/60/CE on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing and Regulation (EC) No. 1889/2005 on controls on cash entering or leaving the EU.

Such legislation requires, among other things, that any person entering or leaving Italy and carrying cash or negotiable instruments in bearer form (or any other form that enables their transfer by way of delivery) in an amount equal to or in excess of €10,000 make a declaration to this effect to the Italian customs. Similar provisions apply in connection with transfers of cash or negotiable bearer instruments made via mail or courier.

Moreover, credit institutions and other intermediaries in Italy effecting transfers to or from foreign countries of cash, securities or instruments in an amount in excess of €10,000 on behalf of or in favor of individuals, non-profit entities and partnerships that are Italian residents are required to record and preserve records of such transactions for five years. Individuals, non-profit entities and partnerships that are Italian residents must disclose in their annual tax returns any such transaction that is effected through a non-Italian resident. Individuals, non-profit entities and non-commercial partnerships that are residents of Italy must disclose on their annual tax declarations all investments and financial assets held outside Italy, as well as the total amount of transfers to, from, within and between countries other than Italy relating to such foreign investments or financial assets, even if at the end of the taxable period the foreign investments or financial assets are no longer owned. No such disclosure is required with respect to foreign investments or financial assets that are exempt from income tax, or if the tax has already been withheld in Italy. This disclosure requirement does not apply if the total value of the investments and assets at the end of the taxable period, or the total amount of the transfers effected during the year, is €10,000 or less. Corporations and partnerships resident in Italy are exempt from this disclosure requirement with respect to their annual tax declarations because this information is required to be disclosed in their financial statements.

Furthermore, transfers into or out of Italy of cash or bearer securities in excess of €12,500 must be effected by residents or non-residents via credit institutions and other authorized intermediaries. Transactions that raise suspicions of being in violation of anti-money laundering or terrorist financing legislation must be reported in writing to the Financial Intelligence Unit of the Bank of Italy by the credit institutions and other authorized intermediaries that are requested to effect such transactions in Italy. In addition, credit institutions and other intermediaries effecting such transactions in Italy on behalf of residents of Italy or non-residents are required to maintain records of such transactions for ten years, which may be inspected at any time by Italian tax and judicial authorities. Non-compliance with these reporting and record-keeping requirements may result in administrative fines or, in the case of false reporting and in certain cases of incomplete reporting, criminal penalties. Upon the verification of certain conditions, the Financial Intelligence Unit of the Bank of Italy may make use of the data received and transfer the data to other government offices, to police money laundering departments or "operational tax evasion departments" (*nuclei operativi della guardia di finanza*).

Finally, Italy complies with and has implemented rules restricting the activities of governments, individuals or entities that have been the target of financial sanctions and activities connected to the sale and transfer of gold.

There can be no assurance that the current regulatory environment inside or outside of Italy will continue or that particular policies presently in effect will be maintained, although Italy is required to maintain certain regulations and policies by virtue of its membership of the EU and other international organizations and adhere to various bilateral and multilateral international agreements.

# ITALIAN TAX CONSIDERATIONS

*The following is a general summary of certain Italian tax consequences of acquiring, subscribing for, holding and disposing of the Shares. It does not purport to be a complete analysis of all tax considerations that may be relevant to the decision to acquire, subscribe for, hold or dispose of the Shares and does not purport to deal with the tax consequences applicable to all categories of prospective investors in the Shares, some of which may be subject to special rules.*

*This summary is based upon Italian tax laws and/or practice at the date of this Offering Circular, subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis. This summary will not be updated to reflect changes in law or practice and, if any such change occurs, the information in this summary could be superseded.*

***Prospective investors in the Shares should consult their tax advisers as to the overall tax consequences of acquiring, subscribing for, holding and disposing of the Shares and receiving payments of dividends or any other payments, including distribution of certain capital reserves, in connection with the Shares.***

**Definitions**

For purposes of the present section, the defined terms will have the following meanings:

- "Qualified Shareholding": a shareholding held in a company listed on a regulated market, inclusive of any shares (except for savings shares), such as the Shares, rights or securities through which the shares may be acquired, representing, in the aggregate, more than 2% of voting rights in an ordinary shareholders' meeting, or 5% of the company's share capital;
- "Non-Qualified Shareholding": a shareholding in a company listed on a regulated market other than a Qualified Shareholding;
- "Sale of a Qualified Shareholding": any sale of shares (except for savings shares), such as the Shares, rights or securities through which the shares may be acquired, exceeding the limits of a Qualified Shareholding in any 12-month period. The 12-month period begins at the time when a shareholding exceeds the applicable limit. With respect to the rights and securities through which the shares may be acquired, the percentages of voting rights and share capital potentially deriving from such shares are taken into account;
- "Sale of a Non-Qualified Shareholding": any sale of shares (except for savings shares), such as the Shares, rights or securities through which the shares may be acquired, other than a Sale of a Qualified Shareholding.

**Dividends**

Dividends paid on the Shares are subject to the ordinary tax regime applicable to dividends paid by joint-stock limited liability companies residing in Italy for tax purposes in relation to shares held in the centralized deposit system managed by Monte Titoli S.p.A. ("Monte Titoli"), such as the Shares. In particular, such dividends are subject to the following different tax regimes, depending on the nature of the beneficiary and the type of equity interest with respect to which dividends are paid out.

***Shareholders Resident in Italy for Income Tax Purposes***

*Individual shareholders*

Dividends received by individual shareholders who are resident in Italy for income tax purposes in connection with a Non-Qualified Shareholding held otherwise than in connection with a business activity, are subject to a final substitute tax at the rate of 12.5% and must not be reported in the individual shareholders' tax return.

This substitute tax may be withheld by any authorized resident or non-resident share depository that is a member of the centralized deposit system managed by Monte Titoli, as well as by members of foreign centralized deposit systems that participate in the Monte Titoli. For these purposes, non-resident intermediaries appoint a fiscal representative in Italy, such as banks, Italian resident broker-dealers, permanent establishments in Italy of non-resident banks and broker-dealers, or an investment management company authorized pursuant to the Italian Unified Financial Act.

Dividends paid to individuals, who have entrusted the management of their financial assets, including the Shares, to an authorized intermediary and have expressly elected for the *Regime del Risparmio Gestito* (as illustrated below) are not subject to the tax regime described above, and are included in the computation of the annual increase in value of the managed assets accrued, subject to a 12.5% substitute tax (see the paragraph relating to taxation of capital gains realized by resident individual shareholders from the Sale of a Non-Qualified Shareholding, below).

Dividends received by individual shareholders on the Shares that are held in connection with a business activity, or represent a Qualified Shareholding, are not subject to any withholding tax, provided that the individual shareholders make a declaration to the payor to that effect upon payment of the dividends. Such dividends are partially included in the individual shareholders' taxable income, subject to personal income tax ("IRPEF"), generally levied at progressive rates ranging from 23% to 43%, plus local tax surcharges generally levied up to a 2.2% rate. Following the enactment of Article 1, par. 38, of Law No. 244 of December 24, 2007 (the "2008 Budget Law"), the Ministry of Finance, with the Ministerial Decree of April 2, 2008, has increased from 40% to 49.72% the amount of such dividends to be included in the individual shareholders' tax base. The new taxation percentage applies to dividends paid out of profits realized in the tax periods subsequent to that in progress on December 31, 2007, while dividends paid out of profits realized in the tax periods up to that in progress on December 31, 2007, would still be subject to tax in the amount of 40%. For these purposes, profits realized in the tax periods up to that in progress on December 31, 2007, are deemed to have been distributed first.

*Partnerships and Similar Entities, Companies, Commercial Entities and Non-Commercial Entities*

Dividends received by partnerships and similar entities or companies subject to the corporate income tax ("IRES," currently levied at a rate of 27.5%), such as joint stock companies, partnerships limited by shares, limited liability companies, public and private entities whose sole or principal purpose is to carry on a business activity, and non-commercial entities, which are resident in Italy for income tax purposes, are not subject to any withholding tax and are included in the recipients' overall taxable income.

In particular, dividends received by:

- Partnerships and similar entities (*e.g.*, "*società in nome collettivo"* or "*società in accomandita semplice" and assimilated entities*) are partially included — according to the taxable percentage as determined by law — in the ultimate recipients' overall taxable income and subject to ordinary taxation in their hands. Following the enactment of Article 1, par. 38, of the 2008 Budget Law, the Ministry of Finance, with the Ministerial Decree of April 2, 2008, has increased from 40% to 49.72% the amount of such dividends to be included in the shareholders' tax base. The new taxation percentage applies to dividends paid out of profits realized in the tax years subsequent to that in progress on December 31, 2007, while dividends paid out of profits realized in the tax periods up to that in progress on December 31, 2007, would still be subject to tax in the amount of 40%. For these purposes, profits realized in the tax periods up to that in progress on December 31, 2007, are deemed to have been distributed first.
- Entities subject to IRES (*e.g.*, commercial and non commercial entities such as "*società per azioni"* or "*S.p.A.*" or "*società in accomandita per azioni" or "S.a.p.a." or "società a responsabilità limitata" or "S.r.l."*) are included in the entities' total taxable income, generally, for an amount equal to 5% of the received dividend amount. However, if the recipient is a company applying the International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), dividends arising from securities held for trading purposes only, would be fully included in the recipient's total taxable income.

*Tax-Exempt Entities*

Dividends received by entities exempted from IRES are subject to a 27% final substitute tax, levied by any authorized resident or non-resident depository that is a member of the centralized deposit system managed by Monte Titoli, or of foreign centralized deposit systems that participate in Monte Titoli.

*Pension Funds and Investment Funds*

Dividends received by Italian pension funds established pursuant to Legislative Decree No. 252 of December 5, 2005, and Italian investment funds established pursuant to Article 8, par. 1-4, of Legislative Decree No. 461 of November 21, 1997, are not subject to any withholding tax or substitute tax and are included in the annual net accrued results of such pension or investment funds, which are subject to a substitute tax of 11% for pension funds, and 12.5% for investment funds, respectively.

For investment funds with fewer than 100 participants, except where certain qualified investors other than individuals (such as banks and *SICAVs*, *i.e.* investing companies with a variable share capital) hold more than 50% of the quotas or shares of such entities, the 12.5% substitute tax is levied on the portion of the net accrued income relating to any non-qualified shareholding. On the portion of the net accrued income relating to any qualified shareholding, the substitute tax is levied at a 27% rate. For such purposes, an interest (inclusive of any rights or securities through which voting shares may be acquired) exceeding 10% of the voting rights in a listed company is considered to be a qualified shareholding. A non-qualified shareholding is an interest equal to, or lower than, such threshold.

*Real Estate Investment Funds*
Dividends received by Italian-resident real estate investment funds established pursuant to Article 37 of the Italian Unified Financial Act, and Article 14-*bis* of Law No. 86 of January 25, 1994, are not subject to any withholding or substitute tax. However, following the enactment of Article 82, par. 17-20, of Legislative Decree No. 112 of June 25, 2008, as converted into law by Law No. 133 of August 6, 2008, a 1% net-worth tax is levied on certain real estate funds.

***Shareholders Resident Outside of Italy for Income Tax Purposes***
Dividends received by non-resident shareholders that have a permanent establishment in Italy through which the shareholding is held, are not subject to any withholding tax and are included in the permanent establishment's taxable income, generally, for an amount equal to 5% of the dividend amount.

Dividends received by shareholders that are not resident in Italy for tax purposes and do not have a permanent establishment in Italy through which the shareholding is held, are subject to a final substitute tax at 27% rate, which is reduced to 12.5% on savings shares. The percentage of the final substitute tax is reduced to 11% on dividends paid out as of July 29, 2009, to pension funds residing in a EU Member State, or a State that is part of the European Economic Area and is included in the list of States and territories allowing an adequate exchange of information with the Italian tax authorities, to be approved with a separate ministerial decree pursuant to Article 168-bis of Presidential Decree No. 917 of December 22, 1986 (pending the approval of such ministerial decree, the relevant countries for these purposes are those included in the list approved with Ministerial Decree of September 4, 1996, as amended).

Under domestic Italian law, a non-Italian resident shareholder, other than investors in savings shares and pension funds indicated above, may recover up to four-ninths of the withholding tax levied in Italy on dividends by presenting evidence to the Italian tax authorities that an income tax has been fully paid on the dividends in the shareholder's country of residence, in an amount at least equal to the total refund claimed. Non-resident shareholders seeking such payments from the Italian tax authorities have experienced extensive delays and incurred expenses.

Alternatively, in the case of non-Italian resident shareholders residing in a country that is party to a convention against double taxation with Italy, the substitute tax can be applied by the depository, or by its fiscal representative in Italy, if the depository is not a resident entity, at the lower treaty rate. For this purpose, the relevant participant in Monte Titoli must timely receive:

- A declaration from the beneficial owner identifying himself as being the beneficial owner of the Shares and confirming that the treaty conditions (such as the applicable treaty tax rate) are satisfied, and containing all further elements necessary to determine the rate to be applied in accordance with the treaty; and
- A certification from the tax authorities of the beneficial owner's country of residence stating that the beneficial owner is a resident of that country for purposes of the income tax convention.

Such certificate will be effective until March 31 of the year following submission. If the relevant documentation has not been forwarded to the company paying the dividends or to the depositary bank in advance of the dividend payment, dividends are subject to withholding or substitute tax at the rate of 27%. In such a case, the beneficiary is entitled to claim a refund of the difference between the applied Italian rate and the applicable tax treaty rate. Refunds may only be claimed by filing the documentation mentioned above with the Italian tax authorities no later than 48 months from the date the tax is withheld. For the purposes of this refund, separate documentation must be filed with the Italian tax authorities for each dividend payment. Non-resident shareholders seeking such refunds from the Italian tax authorities have experienced extensive delays and incurred expenses.

The Italian tax authorities have agreed specific forms with the tax authorities of certain foreign States to ensure an easier and more efficient refund of, or full/partial exemption from, the Italian withholding tax.

Dividends received by companies and entities residing in an EU Member State, or a State that is part of the European Economic Area and is included in the list of States and territories allowing an adequate exchange of information with the Italian tax authorities, to be approved with a separate ministerial decree pursuant to Article 168-bis of Presidential Decree No. 917 of December 22, 1986 (pending the approval of such ministerial decree, the relevant countries for these purposes are those included in the list approved with Ministerial Decree of September 4, 1996, as amended) and subject to corporate income tax in their country of residence, are subject to a final substitute tax at a 1.375% rate.

For these purposes, the relevant depository must timely receive a request for the application of the reduced substitute tax, which should include a certification from the tax authorities of the beneficial owner's country of residence stating that the beneficial owner is a resident of that country for tax purposes and, as such, is subject to tax in that country. If the relevant documentation has not been forwarded, dividends are subject to substitute tax at the 27% rate or at the lower treaty rate.

This substitute tax may be withheld by any authorized resident or non-resident share depository that is a member of the centralized deposit system managed by Monte Titoli, or of foreign centralized deposit systems that participate in Monte Titoli.

According to the EU Council Directive 90/435/EEC of July 23, 1990 (the "Parent-Subsidiary Directive"), as amended by the EU Council Directive 123/EC of December 22, 2003, companies resident in countries belonging to the European Union that satisfy certain conditions regarding their legal form, and hold for a period of at least one year a participation of at least 10% in the share capital of an Italian company and are subject to one of the taxes listed in the Attachment to Directive 90/435/EEC, without benefiting from any option or exemption regimes, are entitled to receive, upon request, a reimbursement of the 27% withholding tax. As an alternative to the reimbursement, such non-resident shareholders can request an exemption from the 27% withholding tax. Either way, the reimbursement or the exemption may be applied to EU companies which are directly or indirectly controlled by shareholders who are not resident in the EU to the extent such companies provide evidence that they have not been established with the single or main purpose of benefiting from this regime.

***Distributions from Certain Capital Reserves***

Special rules apply to the distribution of certain capital reserves, including reserves or funds created with share offerings' premiums, adjusted interest paid by subscribers, capital contributions, capital account payments made by shareholders and with tax-exempt monetary revaluation funds. Under certain circumstances, such distribution may trigger taxable income in the hands of the recipients depending on the existence of current profits or outstanding reserves of the distributing company at the time of the distribution, and on the actual nature of the reserves so distributed. The application of such rules may also have an impact on the tax basis in the Shares and the characterization of the taxable income received by the recipients and the tax regime applicable to it. Non-resident shareholders may be subject to tax in Italy on capital gains as a result of the distribution of such reserves. Prospective investors should consult their advisers in case any distributions of such capital reserves occur.

## Capital Gains

***Shareholders Resident in Italy for Income Tax Purposes***

*Individual Shareholders*

Capital gains realized by Italian-resident individuals on the sale or disposal of the Shares, held otherwise than in connection with a business activity, are subject to different tax regimes depending on whether such sale or disposal is characterized as a Sale of a Qualified Shareholding or a Sale of a Non-Qualified Shareholding.

*Sale of a Qualified Shareholding*

Capital gains realized through the Sale of a Qualified Shareholding, net of any similar capital losses, are partially included in the shareholder's taxable income. Following the enactment of the 2008 Budget Law, the Ministry of Finance, with the ministerial decree of April 2, 2008, has increased from 40% to

49.72% the amount of such capital gains subject to tax. Capital gains realized through the Sale of a Qualified Shareholding must be included in the recipients' tax returns. Capital losses in excess can be carried forward and offset for a correspondent amount against capital gains realized in the following years up to the fourth.

*Sale of a Non-Qualified Shareholding*

Capital gains realized on the Sale of a Non-Qualified Shareholdings, net of any related capital losses, are subject to a 12.5% substitute tax, pursuant to one of the following optional regimes:

- Tax return regime ("*regime della dichiarazione*"): the shareholder must report on his annual income tax return the overall capital gains realized each tax year, net of any incurred capital losses, and pay the substitute tax together with the income tax due for the same tax year. Capital losses exceeding such capital gains may be carried forward against similar capital gains realized in the next tax years up to the fourth. This regime automatically applies if the shareholders do not expressly opt for one of the two following regimes;
- Non-discretionary investment portfolio regime ("*regime del risparmio amministrato*"): this regime applies only if the shareholder's Shares are deposited with Italian banks, broker-dealers or other authorized intermediaries, and the shareholder makes an election in writing for this regime. The intermediary with whom the Shares are deposited applies and pays the substitute tax with respect to each sale resulting in a capital gain. Where a sale results in a net capital loss, the intermediary is entitled to deduct such capital loss from similar capital gains subsequently realized on assets held by the shareholder on the same deposit account in the years following the tax year in which the loss is realized up to the fourth; and
- Discretionary investment portfolio regime ("*regime del risparmio gestito*"): this regime applies if the Shares are included in a portfolio managed by a duly authorized financial intermediary. Under this regime, any income realized in connection with the Shares, including accrued dividends and capital gains accrued but not yet cashed, is included in the net annual results accrued under the portfolio management. The annual net accrued portfolio result is subject to the 12.5% substitute tax, which is levied by the portfolio management company. Any investment portfolio losses accrued at year-end may be carried forward and netted against net profits accrued in the tax years following the one in which the loss is accrued up to the fourth.

Under the second and third regimes, above, the shareholder is not required to report the gains on his or her annual income tax return.

The gains are computed on a *last in first out* (LIFO) basis and are equal to the difference between the consideration received and the tax basis held in the Shares, increased by the expenses incurred to make the investment (other than interest expense).

*Individuals Shareholders Holding the Shares in Connection with a Business Activity, Partnerships and Similar Entities*

Capital gains realized by partnerships and similar entities or Italian-resident individuals on the sale or disposal of the Shares, held in connection with a business activity, are included in the recipients' overall taxable income for the entire amount in the tax year in which they are realized and they are subject to income tax at ordinary rates. Alternatively, if the Shares were held and accounted for as fixed financial assets in the three-year period preceding the sale or the disposal, the individual shareholder, partnership or similar entity may elect to spread the gains realized on a straight-line basis across the five-year period commencing in the tax year in which the gain is realized and the following four. Capital losses realized on the sale or disposal of such Shares are deductible for their entire amount.

However, if the conditions indicated in the following paragraph were satisfied, such capital gains would be subject to tax only partially, in an amount equal to 49.72% of the capital gains, in the tax year in which they are realized. In this event, the related capital losses can be offset for a corresponding amount.

*Companies and Commercial Entities*

Capital gains realized by Italian-resident companies, i.e. *S.p.A.*'s (joint stock companies), Società in accomandita per azioni, *S.r.l.*'s (limited liability companies), or public and private entities which have as their exclusive or principal purposes the conduct of commercial activities, are included in their taxable

income and are subject to tax according to the ordinary rules. If the Shares were held and accounted for as fixed financial assets in the three-year period preceding the disposal, the shareholder may elect to spread any realized gain on a straight-line basis across the five-year period commencing in the tax year in which the gain is realized and the following four.

However, capital gains arising from the disposal of the Shares are tax-exempt for 95% of such capital gains, whereas the remaining 5% is included in the shareholders' taxable income and is subject to IRES, provided that the following conditions are met:

- The shareholding must be held, without interruption, from the first day of the twelfth month preceding the month in which the sale occurs (the most recently purchased shares being deemed to have been sold first); and
- The shareholding must be recorded in the balance sheet of the shareholder as a financial fixed asset in the first year of the holding period.

Capital losses realized on the disposal of Shares recorded as financial fixed assets in the first year of the holding period are disallowed for tax purposes if the shareholding has been held, without interruption, from the first day of the twelfth month preceding the month in which the sale occurs.

In any other case, capital losses arising from the sale of the Shares are generally fully deductible except for an amount equal to the non-taxable dividends (or interim dividends) received in the 36 months preceding the sale, with respect to Shares acquired in the 36 months preceding the sale.

Capital losses in excess of €50,000 must be reported to the Italian tax administration together with other additional information, as set forth in the implementing measures adopted by the tax authorities with Rulings of March 29, 2007 and of July 13, 2007. The lack of full compliance with such reporting rules entails disallowance of such losses for tax purposes.

Capital gains on the Shares realized by certain companies and commercial entities (*e.g.*, banks and insurance companies) are also subject to the regional income tax (IRAP), generally applicable at a rate of 3.9%.

*Non-Commercial Entities*
Capital gains realized by Italian-resident public or private non-commercial entities are subject to the tax regime described in connection with capital gains realized by individual shareholders otherwise than in connection with a business.

*Pension Funds and Investment Funds*
Capital gains realized by Italian-resident pension funds and certain investment funds are subject to the same tax regime described under the paragraph relating to the taxation regime of dividends received by such funds, above.

*Real Estate Funds*
Capital gains realized by real estate investment funds established pursuant to Article 37 of the Italian Unified Financial Act, and Article 14-bis of Law No. 86 of January 25, 1994 are subject to the same tax regime described under the paragraph relating to the taxation regime of dividends received by such funds, above.

***Shareholders Resident Outside of Italy for Income Tax Purposes***
Capital gains realized by non-Italian-resident shareholders without a permanent establishment in Italy, through which the relevant Shares are held, from the:

- Sales of a Non-Qualified Shareholding in Italian companies listed on a regulated market, such as the Company, are not subject to taxation in Italy. In order to benefit from this exemption, such non-Italian resident persons may need to file a certificate evidencing their residence outside of Italy for tax purposes; or
- Sale of a Qualified Shareholding, are included in the shareholder's taxable income for an amount equal to 49.72% of the capital gains.

However, the tax regime described above will not prevent the application, if more favorable to the taxpayer, of any different provisions of any applicable convention against double taxation with Italy. Most conventions against double taxation entered into by Italy provide that capital gains realized on the disposal of shares are subject to tax only in the country of residence of the seller. In such cases, the capital gains realized by non-resident shareholders on the disposal of the Shares will not be subject to tax in Italy.

Capital gains realized by non-resident shareholders holding the shareholding through a permanent establishment in Italy are included in the permanent establishment's overall tax base pursuant to the tax regime indicated for capital gains realized by resident companies or commercial entities, above.

**Inheritance and Gift Tax**

Legislative Decree No. 262 of October 3, 2006, as converted, with amendments, with Law No. 286 of November 24, 2006, has reinstated the inheritance and gift tax on the transfer of the Shares by reason of death or gift. Rules governing the inheritance and gift tax, not expressly included in paragraphs 47 through 49, and 51 through 54, of Article 2 of Law No. 286 of November 24, 2006, are set forth in Legislative Decree No. 346 of October 31, 1990, as in force on October 24, 2001.

The inheritance and gift tax is levied at the following rates on the value of the inheritance or gift:

- Transfers to a spouse or direct descendants or ancestors up to €1,000,000 to each beneficiary are exempt from inheritance and gift tax. Transfers in excess of such threshold will be taxed at a 4% rate on the value of the Shares exceeding such threshold;
- Transfers to other relatives up to the fourth degree, other than siblings, and direct or indirect relatives by affinity up to the third degree are taxed at a rate of 6% on the value of the Shares (where transfers between siblings up to a maximum value of €100,000 for each beneficiary are exempt from inheritance and gift tax); and
- Transfers by reason of gift or death of the Shares to persons other than those described above will be taxed at a rate of 8% on the value of such Shares.

If the beneficiary of any such transfer is a disable individual, whose handicap is recognized pursuant to Law No. 104 of February 5, 1992, the tax is applied only on the value of the assets received in excess of €1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

An anti-avoidance rule is provided for any gifts of assets (such as shares) if the beneficiary of a donation or other free *inter vivos* transfer transfers such assets within the following five years. In particular, the beneficiary must pay the substitute tax on the capital gain, according to the above provisions as if the donation had not been made.

# CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF UNITED STATES FEDERAL TAX ISSUES IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON INVESTORS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a general summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Shares to a "U.S. holder" (as defined below) that holds its Shares as capital assets (generally, as property held for investment). This summary is based on U.S. federal income tax laws, including the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations, rulings, judicial decisions, administrative pronouncements, Italian tax laws, and the Convention between the United States and the Republic of Italy for the Avoidance of Double Taxation with respect to Taxes on Income and the Prevention of Fraud or Fiscal Evasion, entered into force December 30, 1985, and the Protocol thereto, (the "Treaty"), all as currently in effect as of the date of this Offering Circular and all of which are subject to change or differing interpretations, possibly with retroactive effect.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to holders that are subject to special tax rules, including U.S. expatriates and former long-term residents, insurance companies, tax-exempt organizations, banks and other financial institutions, regulated investment companies, real estate investment trusts, persons subject to the alternative minimum tax, dealers in securities or currencies, persons that elect mark-to-market treatment, investors that actually or constructively own 10% or more of the voting power or value of the Company's stock, persons holding their Shares as part of a straddle, hedging transaction, conversion, or other integrated transaction, persons who acquired their Shares pursuant to the exercise of employee stock options or otherwise as compensation, persons whose functional currency is not the dollar, or grantor trusts, partnerships or other pass-through entities. Such holders may be subject to U.S. federal income tax consequences different from those set forth below. The following discussion does not address state, local or foreign tax laws other than Italian tax laws.

A holder of Shares is a "U.S. holder" if the holder is a beneficial owner of such ordinary shares and for U.S. federal income tax purposes is (x) either (i) a citizen or individual resident of the United States, (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons are authorized to control all substantial decisions of the trust; and (y) is not also a resident of Italy for Italian tax purposes.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds Shares, the tax treatment of the partner generally will depend upon the status of the partner and the activities of the partnership. A partner in a partnership that holds Shares is urged to consult its own tax advisor regarding the specific tax consequences of owning and disposing of the Shares.

U.S. holders are advised to consult their own tax advisors regarding the specific Italian and U.S. federal, state and local tax consequences of owning and disposing of Shares in light of their particular circumstances as well as any consequences arising under the laws of any other taxing jurisdiction. In particular, U.S. holders are urged to consult their own tax advisors regarding whether they are eligible for benefits under the Treaty.

The summary assumes that the Company is not a passive foreign investment company ("PFIC") for U.S. federal income tax purposes, which it believes to be the case. See "Passive Foreign Investment Company Considerations" below.

**Taxation of Dividends**

Distributions paid by the Company out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any Italian withholding tax paid by the Company with respect thereto, will generally be taxable to a U.S. holder as foreign-source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. holder's basis in the Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. holders should therefore assume that any distribution by the Company with respect to Shares will constitute ordinary dividend income. U.S. holders should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Company.

The amount of any distribution paid in euro will be includible in the gross income of a U.S. holder of Shares in an amount equal to the dollar value of the euro calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the euros are converted into dollars. If the euros are converted into dollars on the date of receipt, a U.S. holder of Shares generally will not be required to recognize foreign currency gain or loss in respect of the dividend. If the euros received in the distribution are not converted into dollars on the date of receipt, a U.S. holder of Shares will have a basis in the foreign currency equal to its dollar value on the date of receipt. Any gain or loss recognized upon a subsequent conversion or other disposition of foreign currency will be treated as U.S.-source ordinary income or loss.

Subject to certain exceptions for short-term positions, the dollar amount of dividends received with respect to the Company's shares in tax years beginning prior to January 1, 2011 by a U.S. holder that is an individual will be subject to taxation at a maximum rate of 15% if the dividends are "qualified dividends." Dividends paid on the Company's shares will be treated as qualified dividends if (i) the Company is eligible for the benefits of a comprehensive income tax treaty with the United States that the Internal Revenue Service ("IRS") has approved for the purposes of the qualified dividend rules and (ii) the Company was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a PFIC. The Treaty has been approved for the purposes of the qualified dividend rules and the Company expects to be eligible for the benefits of the Treaty. The Company believes that it was not a PFIC in 2008 and does not anticipate becoming a PFIC in 2009 or in the foreseeable future. See "Passive Foreign Investment Company Considerations" below.

Italian withholding taxes will be treated as a foreign income tax, which U.S. holders may elect to deduct in computing their taxable income or, subject to the limitations on foreign tax credits generally, credit against their U.S. federal income tax liability. If a refund of the tax withheld is available under the laws of Italy or under the Treaty, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. holder's U.S. federal income tax liability (and will not be eligible for the deduction against a U.S. holder's U.S. federal taxable income). The use of foreign tax credits is subject to complex rules and limitations. Generally, the total amount of allowable foreign tax credits in any year cannot exceed the U.S. holder's regular U.S. tax liability for the year attributable to foreign-source taxable income. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Dividend income generally will constitute "passive category" income, or in the case of certain U.S. holders, "general category" income. In addition, foreign tax credits may not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions in securities. Each U.S. holder is urged to consult its own tax advisor concerning whether the U.S. holder is eligible for benefits under the Treaty, whether, and to what extent, a foreign tax credit will be available, and, if so, whether to claim a credit or deduction.

**Taxation on Sale, Exchange or Other Disposition**

Upon a sale, exchange, or other disposition of Shares, a U.S. holder will generally recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the dollar value of the amount realized on the disposition and the U.S. holder's adjusted tax basis, determined in dollars, in the Shares. Such gain or loss generally will be U.S.-source gain or loss, and generally will be treated as a long-term capital gain or loss if the U.S. holder's holding period in the Shares exceeds one year at the time of disposition. Net long-term capital gain recognized by certain non-corporate U.S. holders before January 1, 2011 is generally subject to taxation at a maximum rate of 15%. The deductibility of capital losses is subject to significant limitations.

**Passive Foreign Investment Company Considerations**

Special U.S. tax rules apply to companies that are considered to be passive foreign investment companies ("PFICs"). Based on the Company's audited financial statements and current expectations regarding its income, assets, activities and market capitalization, the Company believes that it was not a PFIC in 2008 and will not be a PFIC in 2009. In addition, the Company does not anticipate becoming a PFIC in the foreseeable future. The determination whether the Company is a PFIC, however, will be made annually depending on the particular facts and circumstances, such as the valuation of our assets, including goodwill and other intangible assets, at the time. We will be classified as a PFIC in a particular taxable year if either:

- 75 percent or more of our gross income for the taxable year is passive income; or
- the average percentage of the value of our assets that produce or are held for the production of passive income is at least 50 percent. Cash balances, even if held as working capital, are considered to be assets that produce passive income.

If the Company is a PFIC for any year within which a U.S holder holds Shares, the U.S. holder would generally be subject to materially adverse U.S. federal income tax consequences, including the loss of preferential tax rates which may otherwise apply to dividends and capital gains recognized upon the Shares, and an interest charge for a deemed deferral of tax upon certain distributions upon, and most dispositions of, the Shares. The U.S. holder may also be subject to certain reporting requirements. The PFIC rules are extremely complex, and U.S. holders are encouraged to consult their tax advisors regarding their potential application and consequences.

**U.S. Information and Backup Withholding**

Dividend payments and proceeds paid from the sale or other disposition of Shares by a U.S. paying agent or certain other intermediaries will be subject to information reporting to the IRS and possible U.S. federal backup withholding at a current rate of 28%. Certain exempt recipients (such as corporations) are not subject to the information reporting or backup withholding requirements if they establish an exemption. Backup withholding generally will not apply to a holder who furnishes a correct taxpayer identification number and makes any other required certification, or who otherwise establishes an exemption from backup withholding. U.S. persons who are required to establish their exempt status generally must provide IRS Form W-9 (Request for Taxpayer Identification Number and Certification). Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against holders' U.S. federal income tax liability. Holders may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for a refund with the IRS and furnishing any required information.

# PLAN OF DISTRIBUTION

**Institutional Offering**

On November 30, 2009, we, the Selling Shareholders and the Institutional Managers named in the table below entered into an institutional underwriting agreement (the "Institutional Underwriting Agreement") with respect to the Shares to be offered to institutional investors in the Institutional Offering. Goldman Sachs International and Mediobanca are acting as Joint Global Coordinators in the Global Offering and as the representatives of the Institutional Managers in the Institutional Offering. Subject to certain conditions, each Institutional Manager has agreed severally, and not jointly, to procure subscribers for, or failing that, to subscribe for themselves, the number of Shares set forth opposite their names in the table below at the Offer Price.

| Institutional Manager | Number of Shares |
|---|---|
| Goldman Sachs International | 10,940,351 |
| Mediobanca — Banca di Credito Finanziario S.p.A | 10,940,352 |
| **Total** | 21,880,703 |

The obligations of the Institutional Managers under the Institutional Underwriting Agreement are subject to certain conditions precedent, and the Institutional Underwriting Agreement is subject to termination by the Institutional Managers under certain circumstances prior to payment being made to the Company. The closing of the Institutional Offering will be conditional upon the closing of the Italian Public Offering. YOOX has made certain representations and warranties to the Institutional Managers and agreed to indemnify the Institutional Managers against certain liabilities in connection with the offer and sale of the Shares, including certain liabilities under the Securities Act.

In connection with the Global Offering, each of the Institutional Managers and any affiliate, acting as an investor for its own account, may take up Shares in the Institutional Offering and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Global Offering. Accordingly, references in this Offering Circular to Shares being offered or placed should be read as including any offering or placement of Shares to the Institutional Managers and any affiliate acting in such capacity. The Institutional Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

**Price**

The Offer Price for both the Institutional Offering and the Italian Public Offering is €4.30 per Share.

**Allocation**

2,331,400 Shares, representing approximately 10% of the total number of 24,330,703 Shares being offered in the Global Offering (not including the Over-Allotment Option), have been allocated to the Italian Public Offering, while 21,999,303 Shares, representing approximately 90% of such total number of Shares, have been allocated to the Institutional Offering.

**Italian Public Offering**

The Italian Managers have agreed with the Company and certain Selling Shareholders (Balderton Capital I, L.P.; Federico Bonadeo; Alberto Giuliani; Alberto Grignolo; Gennaro Grosso; Kiwi I Ventura Serviços S.A. Em Liquidacão; Kiwi II Ventura Serviços de Consultadoria S.A.; Federico Marchetti; Nestor 2000 S.p.r.l.; and Nadia Sarti (with reference to Alberto Grignolo and Federico Marchetti, only with respect to the Shares owned by them, with the exclusion of Shares borrowed under securities lending agreements)), pursuant to an Italian underwriting agreement dated November 15, 2009 (the "Italian Underwriting Agreement"), that they will, severally and not jointly, procure subscribers and purchasers for, or failing which, subscribe or purchase for themselves, an aggregate of Shares in connection with the Italian Public Offering. The closing of the Italian Public Offering will be conditional, among other things, on the closing of the Institutional Offering.

The obligations of the Italian Managers under the Italian Underwriting Agreement are subject to certain conditions precedent, and the Italian Underwriting Agreement is subject to termination by the Italian Managers under certain circumstances prior to payment being made to the Company. YOOX has made certain representations and warranties to the Italian Managers and agreed to indemnify the Italian Managers against certain liabilities in connection with the offer and sale of the Shares. 170,000 of the Shares offered in the Italian Public Offering are initially reserved for the employees of the Group resident in Italy. Mediobanca is acting as lead underwriter (*responsabile del collocamento*) with respect to the Italian Public Offering.

**Over-Allotment Option**

Pursuant to the Institutional Underwriting Agreement, certain Selling Shareholders have granted to the Joint Global Coordinators an Over-Allotment Option, which is exercisable on one or more occasions in whole or in part until 30 days after the Trading Date, to subscribe for up to 3,649,606 additional Shares at the Offer Price, solely for the purpose of covering over-allotments, if any. Assuming that the Over-Allotment Option is exercised in full, the Global Offering will amount to 27,980,309 Shares. For the avoidance of doubt, any Shares made available pursuant to the Over-Allotment Option will rank *pari passu* in all respects with the other Shares (including for all dividends and other distributions declared, made or paid on the Shares), will be subscribed on the same terms and conditions as the other Shares being sold in the Global Offering and will form a single class for all purposes with the other Shares.

Pursuant to the Institutional Underwriting Agreement, certain Selling Shareholders also granted the Joint Global Coordinators an option, exercisable in whole or in part until 30 days after the Trading Date, to borrow up to 3,649,606 Shares, in aggregate, to cover over-allotments. The Joint Global Coordinators exercised this option in respect of the entirety of the 3,649,606 Shares by notice to such Selling Shareholders on the date hereof.

**Lock-up Agreements**

The Company, Balderton Capital I L.P., Kiwi I Ventura Serviços S.A. Em Liquidação, Kiwi II Ventura Serviços de Consultadoria S.A., Essegi S.r.l. and Nestor 2000 S.p.r.l., Federico Marchetti and Alberto Grignolo have agreed with the Joint Global Coordinators *inter alia*:

(1) to restrictions on the sale, pledge or other disposal or transfer of Shares (and other securities exchangeable for or convertible into Shares);

(2) not to enter into any transaction or agreement in respect of derivative instruments that transfers the economic consequence of ownership of any Shares; and

(3) not to submit for approval or approve any increase in the Company's share capital, or the issuance of securities convertible into or exchangeable for Shares, of rights or warrants to subscribe for units in the share capital of the Company, of other financial instruments granting rights pertaining to or similar to those of the Shares,

in each case without the prior written consent of the Joint Global Coordinators, which consent shall not be unreasonably withheld.

Such lock-up agreements shall remain in force, with respect to the Company and Balderton Capital I L.P., Kiwi I Ventura Serviços S.A. Em Liquidação, Kiwi II Ventura Serviços de Consultadoria S.A., Essegi S.r.l. and Nestor 2000 S.p.r.l., during the period commenced on the date of the signing of the agreement and ending 180 days after the Trading Date, and, with respect to Federico Marchetti and Alberto Grignolo, during the period commenced on the date of the signing of the agreement and ending 12 months after the Trading Date. Such lock-up agreements do not extend to any Shares issued by the Company under the existing Stock Option Plans. The lock-up agreements entered into by Balderton Capital I L.P., Kiwi I Ventura Serviços S.A. Em Liquidação, Kiwi II Ventura Serviços de Consultadoria S.A., Essegi S.r.l., Nestor 2000 S.p.r.l., Federico Marchetti and Alberto Grignolo extend only to the Shares owned by them as of the date hereof, with the exclusion of the Shares offered in the Global Offering, including under the Over-Allotment Option, and those borrowed to cover over-allotments, if any, and any Shares issued by the Company under the existing Stock Option Plans.

**Stabilization**

In connection with the Global Offering, Mediobanca (in such role, "the Stabilizing Manager") may, on behalf of the Institutional Managers and the Italian Managers, over-allot Shares pursuant to applicable law. However, there is no assurance that the Stabilizing manager will undertake such stabilization

action. Any stabilization action may begin on or after the Trading Date and, if begun, shall be ended within 30 days of the Trading Date. Stabilization action may cause the market price of the Shares to reach or persist at a level different from that which might otherwise prevail.

**Commissions and Costs in Respect of the Global Offering**

The Company and the Selling Shareholders shall pay to the Institutional Managers and the Italian Managers a total commission of 3.5% of the aggregate Offer Price in respect of the Shares sold in the Global Offering (other than the Shares offered pursuant to the Over-Allotment Option). Moreover, in case of exercise of the Over-Allotment Option, the Selling Shareholders shall pay to the Institutional Managers a total commission of 2.8% of the aggregate Offer Price in respect of the number of Shares sold pursuant to the Over-Allotment Option. In addition, the Company and the Selling Shareholders may pay to the Joint Global Coordinators a discretionary incentive fee of up to 1.0% of the aggregate gross proceeds from the Global Offering.

The total costs and expenses of the Global Offering and listing of the Shares that YOOX expects to pay (including advertising expenses), excluding commissions and fees payable to the Institutional Managers and the Italian Managers, are estimated to amount to an aggregate of up to €5,000,000.

**Selling and Transfer Restrictions**

***General***

No action has been or will be taken in any jurisdiction other than Italy that would permit a public offering of the Shares or the possession, circulation or distribution of this Offering Circular or any other material relating to the Company or the Shares in any jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that would result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Persons into whose possession this Offering Circular comes are required by the Company and the Institutional Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Shares or have in their possession or distribute such offering material, in all cases at their own expense.

***United States of America***

The Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (or to or for the account or benefit of U.S. persons) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Each of the Institutional Managers has agreed that it has not offered or sold, and has agreed that neither it, its affiliates nor any person acting on its or their behalf will offer or sell, any Shares inside the United States, except to persons reasonably believed to be QIBs in compliance with Rule 144A. In addition, each of the Institutional Managers has further agreed that neither it nor any of its affiliates, nor any person acting on its or their behalf has or have engaged or will engage, in connection with any offer or sale of Shares in the United States, in any form of general solicitation or general advertising (within the meaning of Regulation D) or solicitation in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act.

Finally, each of the Institutional Managers has agreed that neither it, its affiliates nor any person acting on its or their behalf has or have offered or sold, and has agreed that it and they will not offer or sell, any Shares outside the United States except in compliance with Rule 903 of Regulation S under the Securities Act, and that, accordingly, neither it, its affiliates nor any person acting on its or their behalf, has or have engaged or will engage in any directed selling efforts with respect to the Shares. Terms used in the foregoing two sentences have the meanings given to them by Regulation S under the Securities Act.

Purchasers of Shares offered in the United States will be deemed to have represented and agreed as follows:

(a) the purchaser: (i) is a QIB and is acquiring the Shares for its own account or for the account of another QIB; and (ii) is aware that the sale of the Shares to the purchaser is being made in reliance on Rule 144A; and

(b) the purchaser understands that the Shares have not been and will not be registered under the Securities Act and are being offered in the United States in a transaction not involving a public offering in the United States within the meaning of the Securities Act in reliance on Rule 144A, and may not be reoffered, resold, pledged or otherwise transferred except (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB, (ii) in an offshore transaction outside the United States in accordance with Rule 902 or Rule 904 under Regulation S or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of the Shares.

***European Economic Area***

In relation to each member state of the EEA which has implemented the Prospectus Directive other than Italy (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the "Relevant Implementation Date") no Shares may or will be offered pursuant to the Global Offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the first Relevant Member State, all in accordance with the Prospectus Directive, except that with effect from and including the Relevant Implementation Date, offers of Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons, other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive ("Qualified Investors"), subject to obtaining the prior consent of the Joint Global Coordinators; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive. Each person who initially acquires any Shares or to whom any offer is made as part of the Global Offering will be deemed to have represented, acknowledged and agreed that he or she is a Qualified Investor.

For these purposes the expression an "offer of any Shares to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer of any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the term "Prospectus Directive," as used herein, shall be deemed to include any relevant implementing measures in each Relevant Member State.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Global Offering have not been acquired on a nondiscretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to Qualified Investors. YOOX and each of the Institutional Managers and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement.

***United Kingdom***

Each Institutional Manager has agreed that it (A) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in

investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 of the United Kingdom (the "FSMA")) received by it in connection with the sale of any Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Selling Shareholders, and (B) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

***Italy***

This Offering Circular has not been submitted to the clearance of the Italian securities commission, the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") and will not be subject to formal review or clearance by CONSOB. The Shares are offered to the public in Italy pursuant to the Italian prospectus approved by CONSOB on November 10, 2009. Copies of this Offering Circular may not be circulated or distributed in Italy, except:

(a) to Italian Qualified Investors, provided that such Italian Qualified Investors will act in their capacity and not as depositaries or nominees for other shareholders; or

(b) in circumstances which are exempted from the rules on public offers pursuant to Article 100 of the Italian Unified Financial Act and its implementing CONSOB regulations, including the Regulation on Issuers.

Each Institutional Manager has agreed that it has not procured and shall not procure (directly or indirectly) subscribers or purchasers for Shares in Italy or to residents of Italy other than (i) Italian Qualified Investors; and (ii) by the Stabilising Manager in relation to stabilisation activities carried out in connection with the Global Offering, in accordance with all applicable laws and regulations; and (iii) in relation to the sale of Shares in the Italian Public Offering, sales by any Institutional Manager in its capacity as an Italian Manager;

***Japan***

The Shares have not been and will not be registered under the Financial Instruments and Exchange Law (formerly known as the "Securities and Exchange Law") of Japan. The Shares have not been and will not be offered or sold directly or indirectly in Japan or to or for the benefit of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and other relevant laws and regulations of Japan.

***Canada***

The Shares have not been and will not be qualified for sale or offered or sold, directly or indirectly, in Canada on the basis of a prospectus nor in any province or territory of Canada other than as permitted by virtue of an exemption from the applicable prospectus filing requirements and in accordance with the applicable securities legislation of Canada or the province or territory concerned.

***Australia***

This Offering Circular has not been and will not be lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange and is not a disclosure document for purposes of Australian law. This Offering Circular (whether in draft, preliminary or definitive from) may not be issued or distributed in Australia and no offer or invitation may be made in relation to the issue, sale or purchase of Shares in Australia (including an offer or invitation received by a person in Australia) and no Shares may be sold in Australia.

# LEGAL MATTERS

Cleary Gottlieb Steen & Hamilton LLP has advised the Company on certain U.S. and English legal matters relating to the Offering. D'Urso Gatti e Associati Studio Legale has advised the Company on certain Italian legal matters related to the Offering. Clifford Chance Studio Legale Associato has advised the Institutional Managers on certain Italian, U.S. and English legal matters relating to the Offering. A partner of D'Urso Gatti e Associati Studio Legale is a director of the Issuer as described under "Related-Party Transactions."

# INDEPENDENT ACCOUNTANTS

The consolidated financial statements as of and for the six months ended June 30, 2009 and as of and for the years ended December 31, 2008, 2007 and 2006 included herein have been audited by the independent accounting firm KPMG S.p.A., a company registered in the Italian registry of audit firms pursuant to Article 161 of the Italian Unified Financial Act, having its registered office in Milan, at Via Vittor Pisani, No. 25 (the "Independent Accountants"). The Independent Accountant did not raise any qualifications or other remarks in the reports issued on the aforementioned consolidated financial statements.

# GLOSSARY

**Active Customers** ..... Customers who have placed an order over the preceding 12 months.

**Apparel** ..... Clothes, shoes, jewelry and watches.

**Brand** ..... A name, a symbol, a design, or a combination of such distinctive elements, which identify products or services offered by one ore more sellers to differentiate them from other products of the same kind.

**CAGR** ..... Compound Annual Growth Rate.

**Content Delivery Network** ..... A computer system made of computers connected one to another through the Internet, which work together in a transparent way to distribute content, especially multi-media content, to the final users.

**Cloud Computing** ..... A system of information technologies that permits the use of remotely located hardware and software sources.

**Commercial Partner** ..... An entity with which the Group is in a commercial relationship for the supply of products to the Group and the subsequent online commercialization of the products through the Group's online stores, yoox.com and thecorner.com. Given the complementary nature of the relevant relationships, YOOX is herein also sometimes referred to as a "Commercial Partner" to such entities.

**Content Management System** *or* **CMS** ..... A platform allowing the creation and maintenance of website contents without the assistance of technical personnel — modifying texts, images, audio-visual files and any other content.

**Performance Based Marketing** ..... A marketing activity the results of which can be precisely measured.

**Search Engine Marketing** *or* **SEM** ..... The activity of promotion, upon the payment of a fee, of a website through a search engine.

**Search Engine Optimization** *or* **SEO** ..... The activities aimed at increasing a website's traffic obtained freely from search engines. Such activities include the optimization of the source code of the website and of its contents.

**Server Cluster** ..... A group of computers connected to each other through a network, which together form a computing source, the price-performance ratio of which is generally favorable.

**Strategic Partner** ..... An entity with which the Group is in a contractual relationship of collaboration relating to the design and management of an Online Flagship Stores for such entity. Given the complementary nature of the relevant relationships, YOOX is herein also sometimes referred to as a "Strategic Partner" of such entities.

**Visual Merchandising** ..... The management activities for the presentation of the products on a website.

**Web Marketing** ..... Marketing activities performed on the Internet.

**YOOX Agency** ..... The YOOX business unit that offers consultancy and management services relating to web marketing, for the Mono-Brand Business Line, as well as offering advertising on yoox.com.

# FINANCIAL STATEMENTS

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# INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2008 PREPARED IN ACCORDANCE WITH IFRS

**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

# Review report

To the board of directors of
YOOX S.p.A.

1 We have reviewed the interim consolidated financial statements comprising the income statements, statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and notes thereto of the YOOX Group as of and for the nine-month periods ended 30 September 2009 and 30 September 2008. These interim consolidated financial statements have been drawn up as part of the listing of YOOX S.p.A. ordinary shares on the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A.. The parent's directors are responsible for the preparation of these interim consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting", endorsed by the European Union. Our responsibility is to prepare this report based on our review.

2 We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. As a consequence, we do not express an audit opinion on the interim consolidated financial statements.

With regard to the corresponding figures of the consolidated financial statements at 31 December 2008 and 31 December 2007, prepared solely for inclusion in the Prospectus, reference should be made to our report dated 7 September 2009.

3 Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements of the YOOX Group as of and for the nine-month periods ended 30 September 2009 and 30 September 2008 have not been prepared, in all material respects, in conformity with IAS 34, "Interim Financial Reporting", endorsed by the European Union.

Bologna, 14 November 2009

KPMG S.p.A.

Gianluca Geminiani
Director of Audit

KPMG S.p.A., an Italian limited liability share capital company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Milano Ancona Aosta Bari
Bergamo Bologna Bolzano
Brescia
Cagliari Catania Como Firenze
Genova Lecce Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Udine Varese Verona

Società per azioni
Capitale sociale Euro 7.470.300,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Part. IVA 00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI

# INCOME STATEMENT

| | Notes | Nine months ended 30/09/2009 | Nine months ended 30/09/2008 |
|---|---|---|---|
| Amounts in thousands of Euro: | | | |
| **Net revenues from sales** | *1.1* | 106,747 | 71,716 |
| Cost of goods sold | *1.2* | (66,846) | (45,073) |
| Fulfillment's costs | *1.3* | (11,426) | (8,888) |
| Selling expenses | *1.4* | (12,115) | (7,266) |
| General expenses | *1.5* | (9,706) | (8,365) |
| Other operating income and expense | *1.6* | (789) | (702) |
| Non-recurring expense | *1.7* | — | (130) |
| **Operating profit** | *1.8* | 5,865 | 1,291 |
| Financial income | *1.9* | 442 | 405 |
| Financial expense | *1.10* | (1,455) | (1,222) |
| **Profit before taxation** | | 4,852 | 473 |
| Taxation | *1.11* | (2,010) | (913) |
| **Profit/(loss) for the period** | | 2,842 | (440) |
| of which: | | | |
| attributable to the owners of the parent | | 2,842 | (440) |
| attributable to non-controlling interests | | — | — |
| Basic earnings (loss) per share | *1.12* | 0.0684 | (0.0110) |
| Diluted earnings (loss) per share | *1.12* | 0.0599 | (0.0110) |

# STATEMENT OF COMPREHENSIVE INCOME

| | Notes | Nine months ended 30/09/2009 | Nine months ended 30/09/2008 |
|---|---|---|---|
| Amounts in thousands of Euro: | | | |
| **Profit/(loss) for the period** | *1.12* | 2,842 | (440) |
| **Other comprehensive income, net of tax** | | | |
| Net translation differences | *1.21* | (107) | (15) |
| Net change in hedging reserve | *1.21* | (13) | (12) |
| **Total other comprehensive loss for the period** | | (120) | (27) |
| **Total comprehensive income/(loss) for the period** | | 2,722 | (467) |
| of which: | | | |
| attributable to the owners of the parent | | 2,722 | (467) |
| attributable to non-controlling interests | | — | — |

# STATEMENT OF FINANCIAL POSITION

| | Notes | Nine months ended 30/09/2009 | 31/12/2008 | Nine months ended 30/09/2008 | 31/12/2007 |
|---|---|---|---|---|---|
| Amounts in thousands of Euro: | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | *1.13* | 3,342 | 3,481 | 3,441 | 2,793 |
| Intangible assets with finite useful life | *1.14* | 3,317 | 2,281 | 2,064 | 1,365 |
| Deferred tax assets | *1.15* | 2,665 | 1,405 | 1,107 | 1,315 |
| Other non-current financial assets | *1.16* | 398 | 1,235 | 1,106 | 576 |
| **Total non-current assets** | | **9,722** | **8,402** | **7,718** | **6,049** |
| **Current assets** | | | | | |
| Inventories | *1.17* | 46,128 | 38,652 | 36,062 | 28,109 |
| Trade receivables | *1.18* | 3,484 | 3,911 | 3,467 | 1,878 |
| Other current assets | *1.19* | 5,997 | 4,882 | 4,731 | 3,734 |
| Cash and cash equivalents | *1.20* | 10,869 | 8,962 | 5,634 | 5,185 |
| **Total current assets** | | **66,478** | **56,407** | **49,894** | **38,906** |
| **Total assets** | | **76,200** | **64,809** | **57,612** | **44,955** |
| **Equity** | | | | | |
| Share capital | | 423 | 401 | 401 | 400 |
| Reserves | | 31,214 | 25,328 | 24,697 | 23,850 |
| Losses carried forward | | (9,462) | (11,696) | (11,686) | (11,101) |
| Profit for the period/year | | 2,842 | 2,402 | (440) | (633) |
| Equity attributable to the owners of the parent | *1.21 - 1.22* | 25,017 | 16,435 | 12,972 | 12,516 |
| Equity attributable to non-controlling interests | | — | — | — | — |
| **Total equity** | | **25,017** | **16,435** | **12,972** | **12,516** |
| **Non-current liabilities** | | | | | |
| Non-current financial liabilities | *1.23* | 16,146 | 18,735 | 19,274 | 141 |
| Employee benefits | *1.24* | 224 | 274 | 272 | 300 |
| Provisions for risks and charges — non-current portion | *1.26* | 411 | 346 | 346 | 346 |
| Deferred tax liabilities | *1.25* | 95 | 48 | 33 | 33 |
| **Total non-current liabilities** | | **16,876** | **19,403** | **19,925** | **820** |
| Banks and other current financial liabilities | *1.23* | 399 | 4,086 | 2,321 | 12,847 |
| Provisions for risks and charges — current portion | *1.26* | 554 | 168 | 184 | 63 |
| Trade payables | *1.27* | 22,011 | 17,282 | 15,593 | 13,544 |
| Tax payables | *1.28* | 2,559 | 765 | 351 | 426 |
| Other payables | *1.29* | 8,784 | 6,670 | 6,266 | 4,739 |
| **Total current liabilities** | | **34,307** | **28,971** | **24,715** | **31,619** |
| **Total liabilities and equity** | | **76,200** | **64,809** | **57,612** | **44,955** |

# STATEMENT OF CHANGES IN EQUITY

## Statement of changes in equity
## for the period ended 30 September 2009 — notes 1.21 and 1.22

| | Balance at 31/12/2008 | Hedging changes | Measure-ment of stock options | Translation of foreign operations | Other changes | Total effects recogn-ised in equity | Allocation of profit/ (loss) for the year | Profit/ (loss) for the period | Exercise of stock option rights | Share capital increase | Distribution of dividends | Total effect of transactions with shareholders | Balance at 30/09/2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amounts in thousands of Euro: | | | | | | | | | | | | | |
| Share capital | 401 | — | — | — | — | — | — | — | — | 22 | — | 22 | 423 |
| Share premium | 22,666 | — | — | — | — | — | — | — | — | 5,406 | — | 5,406 | 28,072 |
| Legal reserve | 23 | — | — | — | — | — | 170 | — | — | — | — | — | 193 |
| Translation reserve | 48 | — | — | (107) | — | (107) | — | — | — | — | — | — | (59) |
| Reserve for stock options | 2,578 | — | 430 | — | — | 430 | — | — | — | — | — | — | 3,008 |
| Hedging reserve | 13 | (13) | — | — | — | (13) | — | — | — | — | — | — | — |
| Retained earnings (losses carried forward) | (11,696) | — | — | — | 2 | 2 | 2,232 | — | — | — | — | — | (9,462) |
| Profit/(loss) attributable to the owners of the parent | 2,402 | — | — | — | — | — | (2,402) | 2,842 | — | — | — | — | 2,842 |
| **Equity attributable to the owners of the parent** | **16,435** | **(13)** | **430** | **(107)** | **2** | **312** | **—** | **2,842** | **—** | **5,428** | **—** | **5,428** | **25,017** |
| **Equity attributable to non-controlling interests** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Total equity** | **16,435** | **(13)** | **430** | **(107)** | **2** | **312** | **—** | **2,842** | **—** | **5,428** | **—** | **5,428** | **25,017** |

# STATEMENT OF CHANGES IN EQUITY

## Statement of changes in equity
## for the period ended 30 September 2008 — notes 1.21 and 1.22

| | Balance at 31/12/2007 | Hedging changes | Measure-ment of stock options | Translation of foreign operations | Other changes | Total effects recogn-ised in equity | Allocation of profit/ (loss) for the year | Profit/ (loss) for the period | Exercise of stock option rights | Share capital increase | Distribution of dividends | Total effect of transactions with owners in their capacity as owners | Balance at 30/09/2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amounts in thousands of Euro: | | | | | | | | | | | | | |
| Share capital | 400 | — | — | — | — | — | — | — | 1 | — | — | 1 | 401 |
| Share premium | 22,561 | — | — | — | — | — | — | — | 105 | — | — | 105 | 22,667 |
| Legal reserve | 23 | — | — | — | — | — | — | — | — | — | — | — | 23 |
| Translation reserve | (22) | — | — | (15) | — | (15) | — | — | — | — | — | — | (37) |
| Reserve for stock options | 1,276 | — | 769 | — | — | 769 | — | — | — | — | — | — | 2,045 |
| Hedging reserve | 12 | (12) | — | — | — | (12) | — | — | — | — | — | — | — |
| Retained earnings (losses carried forward) | (11,101) | — | — | — | 47 | 47 | (633) | — | — | — | — | — | (11,687) |
| Profit/(loss) attributable to the owners of the parent | (633) | — | — | — | — | — | 633 | (440) | — | — | — | — | (440) |
| **Equity attributable to the owners of the parent** | **12,516** | **(12)** | **769** | **(15)** | **47** | **789** | **—** | **(440)** | **106** | **—** | **—** | **106** | **12,972** |
| **Equity attributable to non-controlling interests** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Total equity** | **12,516** | **(12)** | **769** | **(15)** | **47** | **789** | **—** | **(440)** | **106** | **—** | **—** | **106** | **12,972** |

# STATEMENT OF CASH FLOWS

| | Notes | Nine months ended 30/09/09 | Nine months ended 30/09/08 |
|---|---|---|---|
| Amounts in thousands of Euro: | | | |
| Profit/(loss) for the period | *1.30* | 2,842 | (440) |
| *Adjustments for:* | | | |
| Taxation for the period | *1.30* | 2,010 | 914 |
| Financial expense | *1.31* | 1,455 | 1,222 |
| Financial income | *1.31* | (442) | (404) |
| Depreciation, amortization and impairment losses | *1.31* | 1,381 | 1,240 |
| Fair value measurement of stock option plans | *1.31* | 430 | 769 |
| Unrealized exchange rate differences | *1.31* | (107) | (15) |
| Losses/(gains) on sale of non-current assets | *1.31* | 5 | 172 |
| Provisions for employee benefits | *1.31* | 15 | 4 |
| Provisions for risks and charges | *1.31* | 619 | 443 |
| Use of provisions for employee benefits | *1.31* | (65) | (32) |
| Use of provisions for risks and charges | *1.31* | (168) | (322) |
| Change in inventories | *1.32* | (7,476) | (7,953) |
| Change in trade receivables | *1.32* | 427 | (1,589) |
| Change in trade payables | *1.32* | 4,729 | 2,049 |
| Change in other current assets and liabilities | *1.33* | 879 | 754 |
| **Cash flow generated by (used in) ordinary operations** | | **6,534** | **(3,188)** |
| Income taxes paid | *1.30* | (1,429) | (781) |
| Interest and other financial expense paid | *1.31* | (1,240) | (1,214) |
| Interest and other financial income received | *1.31* | 442 | 404 |
| **Cash flow generated by (used in) operating activities** | | **4,307** | **(4,779)** |
| *Investing activities* | | | |
| Investment in property, plant and equipment | *1.34* | (284) | (1,027) |
| Investment in intangible assets | *1.35* | (1,647) | (1,733) |
| Investment in other non-current financial assets | *1.36* | — | (530) |
| Proceeds from sale of other non-current financial assets | *1.36* | 837 | — |
| Proceeds from sale of property, plant and equipment | *1.34* | — | — |
| **Cash flow used in investing activities** | | **(1,094)** | **(3,290)** |
| *Financing activities* | | | |
| Short-term financial liabilities | *1.39* | — | 2,321 |
| Repayment of short-term financial liabilities | *1.39* | (3,932) | (12,936) |
| Non-current financial liabilities | *1.38* | — | 19,133 |
| Repayment of non-current financial liabilities | *1.38* | (2,802) | — |
| Capital injections for share capital increase | *1.37* | 5,428 | — |
| **Cash flow generated by (used in) financing activities** | | **(1,306)** | **8,518** |
| **TOTAL CASH FLOW FOR THE PERIOD** | | **1,907** | **449** |
| Cash and cash equivalents, start of period | *1.20* | 8,962 | 5,185 |
| Cash and cash equivalents, end of period | *1.20* | 10,869 | 5,634 |
| **TOTAL CASH FLOW FOR THE PERIOD** | *1.20* | **1,907** | **449** |

## EXPLANATORY NOTES

### Group structure and activities

YOOX is the Group that reports to YOOX S.p.A., the Italian parent based in Zola Predosa (Italy). YOOX is active in the sale of and provision of commercial services relating to clothing, accessories and, more generally, all types of complementary items for individuals, the home, spare-time and recreational activities and hobbies.

In addition to YOOX S.p.A. (hereinafter "the Parent"), the YOOX Group (hereinafter "the Group") comprises YOOX Corporation Ltd and Y Services Ltd, the US companies that manage sales in the US, and YOOX Japan KK, the Japanese company that manages sales in Japan.

Pursuant to the requirements of IFRS 8 with regard to its operations, the Group has identified the following lines of business:

- Multi-Brand, comprising the online, multi-brand store activities of yoox.com and thecorner.com:
  a. yoox.com, operational since June 2000, offers a wide assortment of quality clothing, footwear and accessories at reduced prices. These items are drawn from the collections of well-known brands for the corresponding season in the prior year. This high-level range is completed by a selection of exclusive items (collections produced solely for yoox.com), vintage garments and special editions created by leading stylists and designers, as well as books, works of art and design objects;
  b. thecorner.com, operational since February 2008, hosts a number of shop-in-shops dedicated to the current collections of established, niche and/or artisan brands that are not readily available elsewhere.
- Mono-Brand, comprising the design, creation and management, on an exclusive basis, of the online stores of certain leading, global fashion brands that have appointed the Group as their strategic partner for this specific sales channel. The goods available from the online stores are sold and invoiced directly to the end customer by YOOX.

In addition, the Group has a Corporate and Central Services Area that directs and coordinates its activities. This Area also plays a key role in facilitating functional integration between the various Areas, and in supporting the operational activities directly associated with each operating segment. This Area comprises Group Management, administration, finance and control, legal affairs, general services, security, personnel, the press relations office and IT, as well as internal audit and corporate communications.

The business segment information required by IFRS 8 is presented in note 7.

### Purpose of the interim consolidated financial statements as at and for the nine-month periods ended 30 September 2009 and 30 September 2008 prepared in accordance with International Financial Reporting Standards

Commencing from 2005, Regulation (EC) No. 1606/2002 (Reg. 1606/02) issued by the European Parliament and Council on 19 July 2002 (the "EC Regulation") requires all companies listed on a regulated market to prepare consolidated financial statements in accordance with the International Accounting Standards/International Financial Reporting Standards (hereinafter, respectively, "IAS", "IFRS") issued by the International Accounting Standards Board and endorsed by the European Commission.

In Italy, this topic is governed by Legislative Decree no. 38 dated 28 February 2005 (Legislative Decree no. 38/05, published in Italian Official Gazette no. 66 on 21 March 2005), which allows companies not covered by the EC Regulation to prepare separate and consolidated financial statements under IFRS from the year ended 31 December 2005.

By a Board resolution adopted on 14 December 2007, the Parent decided to start the process of listing its ordinary shares on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A.

Accordingly, as allowed by art. 94 of Legislative Decree no. 58/2008 and Regulation (EC) no. 809/2004, the YOOX Group has decided to prepare consolidated financial statements as at and for the years ended 31 December 2008 and 2007, along with interim consolidated financial statements as at and for the six-month period ended 30 June 2009 under IFRS exclusively for inclusion in the prospectus prepared for the listing of the ordinary shares of YOOX S.p.A. on the Italian Stock Exchange organized and managed by Borsa Italian S.p.A. Furthermore, for informational purposes as part of the listing process, the YOOX Group has prepared the interim consolidated financial statements as at and for the nine-month periods ended 30 September 2009 and 30 September 2008 in accordance with IFRS.

**Statement of compliance with IFRS and basis of preparation**

These interim consolidated financial statements have been prepared in accordance with IAS 34, as amended. They do not include all the information required for annual financial statements and must be read together with the consolidated financial statements as at and for the years ended 31 December 2008 and 31 December 2007. In particular, the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows have all been prepared in the full format adopted for the consolidated financial statements as at and for the years ended 31 December 2008 and 31 December 2007. On the other hand, the notes set out below are presented in summary form and, accordingly, do not contain all the information required for annual financial statements. In particular, as envisaged in IAS 34, the notes to these interim consolidated financial statements relate solely to those elements of the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows that are essential for an understanding of the financial position of the Group, considering their content, the nature and extent of related changes, and the effect of unusual events. The purpose of this approach is to avoid the duplication of information that has already been published.

The interim consolidated financial statements as at and for the nine-month periods ended 30 September 2009 and 30 September 2008 comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and these notes. These schedules are presented together with the corresponding figures required by IAS 34 (31 December 2008 and 31 December 2007 for the statement of financial position and changes in equity and 30 September 2008 for the income statement, statement of comprehensive income and statement of cash flows), except for the omission of the corresponding income statement and statement of comprehensive income figures for the nine-month period ended 30 September 2007 and related figures for the quarter ended 30 September 2007, as well as corresponding statement of cash flow figures for the nine-month period ended 30 September 2007, which were not considered necessary for the purposes for which these interim consolidated financial statements were prepared.

*Financial statements formats*

As specified above, the formats adopted for the interim consolidated financial statements as at and for the nine-month period ended 30 September 2009 comply with IAS 34, and comprise:

*Income statement*

The income statement is classified with reference to the purpose of the costs incurred, since this is considered to provide more meaningful information. It is also consistent with the system of reporting used by management when evaluating the performance of the business.

*Statement of comprehensive income*

The statement of comprehensive income consists of a single statement of the elements comprising the profit/ (loss) for the period and the charges and income that were recognized directly in equity in relation to transactions not involving owners in their capacity as owners.

*Statement of financial position*

The statement of financial position presents current assets and liabilities separately from non-current assets and liabilities, while the notes for each asset and liability caption state the amounts that are expected to be recovered or settled within or after 12 months from the end of the reporting period.

*Statement of changes in equity*

The statement of changes in equity reports the profit/(loss) for the year or the period, each caption of revenue or cost, income or expense that, as required by IFRS and their interpretations, must be recognized directly in equity, and the total of these captions; the total profit or loss for the period, reporting separately the portion attributable to the owners of the parent and, where applicable, that attributable to the non-controlling interests; the effect on each equity caption of changes in accounting policies and the correction of errors, as required by IAS 8; the retained earnings or losses carried forward at the start of the period and at the end of the reporting period, together with the changes during the period.

The notes to the financial statements also present the amounts deriving from transactions with the owners in their capacity as owners; a reconciliation of the carrying amount of each class of share, the share premium reserve and other reserves at the start and the end of the reporting period, showing each change separately.

*Statement of cash flows*

The statement of cash flows presents the cash flows from operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method, whereby the profit/(loss) for the year or period is adjusted for the effects of non-monetary transactions, for all deferrals or provisions relating to previous or future operational collections or payments, and for the cash flows from investing and financing activities.

## Accounting policies

### General criteria

The presentation currency used for the interim consolidated financial statements is the Euro. Except where otherwise stated, the balances and the notes to the financial statements are stated in thousands of Euro.

The interim consolidated financial statements are prepared on a cost basis, except for the measurement of derivative financial instruments at fair value, and on a going-concern basis.

The accounting policies adopted are applied consistently by all Group companies. There are no held-to-maturity investments. Financial transactions are recognized with reference to the trade date.

### Use of estimates

Preparation of the financial statements and the related notes requires management to make certain estimates and assumptions. These affect the amounts of the assets and liabilities reported in the financial statements, and the information provided about contingent assets and liabilities at the end of the reporting period.

Actual results may differ from these estimates. Estimates were made to determine the provisions for impairment losses on receivables, the provision for obsolete inventories, depreciation and amortization, impairment losses on assets, employee benefits, taxation and other provisions. These estimates and assumptions are reviewed periodically and the effects of any changes are recognized immediately in the income statement.

## Basis of consolidation

*Subsidiaries*

Subsidiaries are companies over which the Group exercises control, having the power — whether directly or indirectly — to determine their financial and operating policies, and to obtain the benefits deriving from their activities. In general, companies are deemed to be subsidiaries if the Group holds more than 50% of their voting rights, taking account of any potential voting rights that are exercisable at the time.

The financial statements of the Group's subsidiaries, which were all formed rather than acquired, are consolidated on a line-by-line basis from the time that control is acquired to the date that control is lost.

Any equity and profit/ (loss) for the period attributable to non-controlling interests are stated separately in the consolidated statement of financial position and income statement, respectively. There were no non-controlling interests at 30 September 2009 and 30 September 2008.

All Group companies end their reporting period on 31 December, and accounts have also prepared at the date of these interim consolidated financial statements.

The companies consolidated on a line-by-line basis are listed in note 6 to these notes to the interim consolidated financial statements.

*Associates and companies under joint control*

The Group does not hold any investments in associates or companies under joint control (joint ventures).

*Transactions eliminated on consolidation*

Transactions between Group companies are eliminated in full. Unrealized gains and losses arising on transactions with subsidiaries are also eliminated in full. Any equity and profit/(loss) attributable to non-controlling interests are determined with reference to the voting rights held, excluding potential voting rights for this purpose. Any positive differences arising on initial consolidation, from the elimination of equity against the Group's interest in their equity, are allocated as additional amounts to the assets, liabilities and contingent liabilities concerned, while any residual amounts are recognized as goodwill. Any negative differences arising on initial consolidation, from the elimination of investments against the Group's interest in their equity, are allocated as a reduction in the amount of the assets and liabilities concerned, while any residual amounts are taken to the income statement.

## Treatment of foreign currency transactions

*Foreign currency transactions*

Foreign currency transactions are translated into the functional currency of each Group company using the transaction-date exchange rate. Monetary items denominated in foreign currencies at the end of the reporting period are translated into the functional currency using the exchange rate applying on that date. Exchange rate gains or losses on monetary items are represented by the difference between the amortized cost of the functional currency at the start of the period, as adjusted to reflect the effective interest and payments during the year, and the amortized cost of the foreign currency translated using the exchange rate applying at the end of reporting period. Exchange rate differences are recognized in the income statement.

*Financial statements of foreign operations*

The assets and liabilities of foreign operations are translated to Euro using the exchange rates applying at the end of the reporting period. For practical reasons, the revenues and costs of foreign operations are translated to Euro using the average exchange rates for the period, if this does not give rise to significant differences with respect to their translation using the rates applicable to the individual transactions.

The exchange rate differences deriving from the translation of the financial statements of foreign operations are recognized directly in equity as part of the "Translation reserve". On the partial or complete sale of a foreign operation, the related amount of the differences accumulated in this reserve is released to the income statement.

To the extent that payment or collection is not planned or likely in the foreseeable future, the exchange rate gains and losses deriving from the translation of monetary amounts due to or from foreign operations are deemed to be part of the net investment in them, and are recognized directly in equity as part of the reserve mentioned above.

On the first-time adoption of IFRS, the cumulative translation difference deriving from the consolidation of foreign operations outside the Euro-zone was reclassified to the other reserves, as allowed by IFRS 1. Accordingly, the capital gains and losses deriving from the future sale of such operations will only include the translation differences arising subsequent to 1 January 2007.

The exchange rates used at 30 September 2009, 31 December 2008 and 30 September 2008 to translate the statement of financial position and income statement items denominated in foreign currencies are summarized in the following table *(source* www.uic.it*)*:

| | **Exchange rate at 30/09/2009** | **Average rate, three quarters of 2009** |
|---|---|---|
| Euro/US$ | 1.4643 | 1.3665 |
| Euro/YEN | 131.07 | 129.53 |
| Euro/GBP | 0.9093 | 0.8862 |

| | **Exchange rate at 31/12/2008** | **Average exchange rate of 2008** |
|---|---|---|
| Euro/US$ | 1.3917 | 1.4706 |
| Euro/YEN | 126.14 | 152.33 |
| Euro/GBP | 0.9525 | 0.7963 |

| | **Exchange rate at 30/09/2008** | **Average rate, three quarters of 2008** |
|---|---|---|
| Euro/US$ | 1.4303 | 1.5220 |
| Euro/YEN | 150.47 | 160.96 |
| Euro/GBP | 0.7903 | 0.7044 |

**Derivative financial instruments**

The Group does not hold any derivative financial instruments for speculative purposes. Nevertheless, if the derivative financial instruments held do not satisfy all the conditions specified in IAS 39 for their recognition in accordance with hedge accounting rules, the changes in their fair value are recognized in the income statement as financial income and/or expense.

Derivative financial instruments are recognized in accordance with hedge accounting rules when:

- at the start of the hedge, the hedging relationship is formally designated and documented;
- the hedge is deemed to be highly effective;
- effectiveness can be measured reliably and the hedge remains highly effective throughout the designation period.

The Group uses derivative financial instruments to hedge its exposure to the currency risk.

Derivatives are initially measured at their fair value; attributable transaction costs are charged to the income statement as incurred. Following initial recognition, derivatives are also measured at fair value. Any changes are recognized on the basis described below.

*Cash flow hedges*

Changes in the fair value of hedging derivatives designated as cash flow hedges are recognized directly in equity, to the extent that the hedge is effective. The changes in the fair value of the ineffective portion are recognized in the income statement.

Recognition as a hedge, as described above, ceases on a prospective basis if the instrument designated as a hedge:

- no longer meets all the criteria for the application of hedge accounting rules;
- expires;
- is sold;
- is closed-out or exercised.

Any accumulated profits or losses are retained in equity until the foreseen transaction takes place. If the hedged item is a non-financial asset, the amount recognized in equity is added to the carrying amount of such asset at the time this is determined. In other cases, the amount recognized in equity is released to the income statement for the period in which the hedged item has an effect on income statement.

**Property, plant and equipment**

*Measurement*

Property, plant and equipment are stated at acquisition cost including any directly-related charges, net of accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2007, the IFRS transition date, was determined with reference to their historical cost.

Any borrowing costs incurred for the acquisition or construction of capitalized assets are charged to the income statement as incurred.

If an element of property, plant and equipment consists of various components with different useful lives, such components are recognized separately (where significant).

The gains or losses generated on the sale of property, plant and equipment represent the difference between the net proceeds from the sale and the net carrying amount of the asset concerned. They are classified in the income statement as either “other income” or “other expense”.

*Subsequent costs*

Costs incurred subsequent to the purchase of assets, and the cost to replace parts for assets classified in this category, are added to the carrying amount of the item concerned for measurement purposes, and capitalized only if they increase the economic benefits expected to derive from such item. All other costs are charged to the income statement as incurred.

When the cost of replacement parts for an asset is capitalized, the residual carrying amount of the replaced parts is charged to the income statement. Extraordinary maintenance that increases the useful lives of property, plant and equipment is capitalized and depreciated over the residual useful life of the asset concerned. Routine maintenance costs are charged to the income statement as incurred.

Assets under construction are recorded at cost in the “assets under construction” caption until they become available for use; when they become available for use, such cost is reclassified to the appropriate caption and depreciation commences.

*Finance leases*

The property, plant and equipment held under finance leases, whereby the Group accepts substantially all the risks and rewards that would have derived from their ownership, are recognized as non-current assets at the contract start date and recorded at their fair value or, if lower, at the present value of the lease payments. They are depreciated over their estimated useful lives and their carrying amount is adjusted for any impairment losses on the basis described further below. The amount due to the lessor is classified in the statement of financial position under financial liabilities.

*Depreciation*

Depreciation is charged to the income statement on a straight-line basis over the useful life of each asset comprising property, plant and equipment.

The economic-technical useful lives deemed appropriate are summarized below:

| | |
|---|---|
| equipment | 15% |
| general plant | 15% |
| specific plant | 30% |
| electronic office equipment | 20% |
| furniture and furnishings | 15% |

The depreciation methods applied, the useful lives of assets and their residual lives are checked at the end of the reporting period.

**Intangible assets**

*Development costs*

The cost of research carried out with a view to obtaining new knowledge, or making scientific or technical discoveries, is charged to the income statement as incurred.

Development expenditure is incurred on the basis of a plan or a project for the production of new or substantially improved products or processes. Development expenditure is only capitalized if the conditions specified in IAS 38 — Intangible assets are met, namely:

- demonstrable technical feasibility of the product;
- demonstrable ability to use or sell the intangible asset;
- intention of the Group to complete the development project;
- ability to determine reliably the costs incurred on the project;
- recoverability of the amounts recorded against the economic benefits expected to derive from the development project;
- availability of adequate technical, financial and other resources.

Capitalized development expenditure comprises the cost of services provided by third parties and directly-incurred personnel expenses. Other development expenditure is also charged to the income statement as incurred.

Capitalized development expenditure is stated at cost, net of accumulated amortization and impairment losses.

Development projects in progress are recorded at cost in the “assets under development” caption until such projects have been completed; on completion, such cost is reclassified to the appropriate caption and amortization commences.

*Other intangible assets with finite useful life*

The other intangible assets with a finite useful life acquired by the Group are stated at cost, net of accumulated amortization and impairment losses.

*Subsequent costs*

Costs incurred subsequently are only capitalized if they increase the economic benefits expected to derive from the assets concerned. All other subsequent costs are charged to the income statement as incurred.

*Amortization*

Amortization is charged to the income statement on a straight-line basis over the estimated useful life of each intangible asset, commencing from the time it becomes available for use. The economic-technical lives deemed appropriate are summarized below:

| | |
|---|---|
| Development costs | 33% |
| Software and licenses | 33% |
| Brands and other rights | 10% |
| Other intangible assets | 33% |

**Other non-current financial assets**

This category comprises the guarantee deposits that are expected to be recoverable beyond 12 months.

Non-current financial assets are initially recognized at their fair value on the transaction date (being their acquisition cost), net of directly-related transaction costs.

Following initial recognition, held-to-maturity financial instruments are measured at amortized cost, using the effective interest method.

The effective interest rate is the rate that exactly discounts the cash flows expected over the life of the financial instrument back to its net carrying amount.

At the end of each reporting period, every non-current financial asset is checked for objective evidence of impairment.

If there is objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the held-to-maturity investment and the present value of the related future cash flows, calculated using the financial asset's original effective interest rate.

This loss is charged immediately to the income statement.

If in subsequent years, the amount of the impairment loss decreases and such reduction is associated with an event that took place after the original impairment loss was recognized, the loss is reversed and the related reversal is taken to the income statement.

**Inventories**

Inventories are stated at the lower of purchase and/or production cost or their net realizable value estimated with reference to market trends, having regard for any selling-related expenses. The cost of inventories, determined on an average basis by category, comprises their purchase cost and the costs incurred to bring them to the present location and condition.

Inventories are reported in the financial statements net of the provision for obsolete inventories, which takes account of the impairment losses associated with obsolete and slow-moving items.

**Trade and other receivables**

Trade and other receivables, generally due within one year, are stated at the fair value of the initial consideration plus any transaction costs. Subsequently, they are measured at amortized cost, as adjusted for any impairment losses represented by the difference between their carrying amounts and the related estimated future cash flows. If the amount of the impairment loss decreases in subsequent years, the earlier loss is partially or completely reversed, and the receivable is reinstated to an amount that does not exceed the amortized cost that would have been recognized had the loss not been identified.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank and postal deposits, and equivalent items that can be sold in the very short term (three months). They are stated at nominal value, using the spot exchange rates at the end of the reporting period for currency items, which reflects their fair value.

**Impairment losses on assets**

The Group subjects the carrying amounts of property, plant and equipment and intangible assets to an impairment test at the end of each reporting period, if there is any evidence that the carrying amount of such assets may have decreased. In the event of such evidence, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Intangible assets not yet available for use are subjected to impairment test each year, or more frequently if there is any evidence that the carrying amount of such assets may have decreased.

If it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

If the test identifies that the recorded assets or the CGU have suffered an impairment loss, their recoverable amount is estimated and the carrying amount in excess is charged to the income statement. The impairment loss on a CGU is charged first against goodwill, where applicable, and then as a reduction of the carrying amount of the other assets.

The recoverable amount of an asset or a CGU is determined by discounting the cash flows expected to derive from that asset or CGU. The discounting rate used is the cost of capital, having regard for the specific risks associated with the asset or CGU. The recoverable amount of investments in securities held to maturity and receivables stated at amortized cost corresponds to the present value of the related future cash flows, determined using the original effective interest rate. The recoverable amount of other assets is the greater of their selling price or their value in use, determined by discounting the related estimated future cash flows using a rate that reflects market conditions.

Any impairment losses on receivables carried at amortized cost are reversed if the subsequent increase in recoverable amount is objectively determinable.

If, subsequently, the reasons for the impairment loss on an asset, other than goodwill, cease to apply, in whole or in part, the carrying amount of the asset or the CGU is increased to reflect the new estimate of its recoverable amount, without exceeding the amount that would have been recorded had the impairment loss not been identified. The reversal of the impairment loss is taken immediately to the income statement.

**Share capital and other equity captions**

Share capital consists of the ordinary shares issued by the Parent.

Any costs incurred for the issue of new shares or options are recognized in equity (net of the related tax benefit) as a reduction of the proceeds deriving from the issue of such instruments.

As required by IAS 32, if equity instruments are repurchased, such instruments (treasury shares) are deducted directly from the Other reserves caption within equity. No gains or losses are recognized in the income statement on the purchase, sale or cancellation of treasury shares.

The consideration paid or received, including all costs directly attributable to the transaction, is recognized directly in equity net of any related tax benefit.

Any dividends paid to shareholders are recognized as a liability in the year in which they are approved.

**Financial liabilities**

Financial liabilities are initially recognized at their fair value, net of related charges; subsequent to initial recognition, they are measured at amortized cost using the effective interest method. The difference

between amortized cost and the amount to be repaid is recognized in the income statement over the life of the liability, with reference to the interest accrued. Where the hedge accounting rules apply, financial liabilities hedged by derivative instruments are measured on a basis consistent with that applied to the hedging instrument.

**Employee benefits**

The post-employment benefits (TFR) of the Italian company are deemed to represent a defined benefit plan under IAS 19. The benefits guaranteed to employees, in the form of post-employment benefits, are stated at the expected future value of the benefits to be received that have been accrued by employees in the current and prior years. These benefits are discounted and the liability is stated net of the fair value of any pension plan assets. The net liability is determined separately for each plan using actuarial assumptions and is recalculated every year, or more frequently, with help from an independent actuary using the projected unit credit method.

The actuarial gains and losses identified subsequent to 1 January 2007, the IFRS transition date, are recognized in the income statement on a straight-line basis over the residual working lives of employees, to the extent that their cumulative net amount exceeds by more than 10% the greater of the total liability under the defined benefit plans and the fair value of the assets servicing these plans (so-called “corridor” approach) at the end of the prior year.

The Group’s foreign companies do not have any significant pension plans.

**Share-based payments**

The YOOX Group pays additional benefits to certain directors, executives, clerical staff, consultants and employees via their participation in stock option plans. Pursuant to IFRS 2 — Share-based payment, these plans are deemed to be equity settlement plans; accordingly, the total fair value of the stock options at the grant date is charged to the income statement as a cost. Changes in their fair value subsequent to the grant date do not affect their initial measurement. The cost, corresponding to the fair value of the options at the grant date, is recognized in personnel expense on a straight-line basis over the period from the grant date to the vesting date, with a matching entry in equity. It is measured at the fair value of the options at the grant date.

**Provisions for risks and charges**

The provisions for risks and charges are recorded to cover the Group’s legal or constructive obligations (under contracts or otherwise) deriving from past events. Provisions are recorded if the use of resources to meet an obligation is likely, and the amount of such obligation can be estimated reliably. A constructive obligation arises when the Group makes known to others, via established mechanisms, public corporate behaviour or a sufficiently explicit announcement, that it accepts the obligation, such that, as a consequence, an expectation arises among third parties that the obligation will indeed be met. If such obligations are expected to crystallize beyond 12 months and the related effects are significant, they are discounted using a rate that takes account of the cost of money and the specific risk associated with the liability recognized. Any changes in the amount of estimated provision are recognized in the income statement for the period concerned. If an obligation is discounted, the increase in the provision due to the passage of time and the adverse effect of any changes in the discount rate are recognized as a financial charge.

**Trade and other payables**

Trade and other payables that fall due on normal commercial terms, usually within one year, are recorded at the fair value of the initial consideration plus any transaction costs. Following initial recognition, they are measured at amortized cost and any differences arising are reflected in the income statement over the life of the liability, using the effective interest method. Trade and other payables usually fall due within one year and are not discounted.

## Net revenues and income

*Sale of goods*

Net revenues from the sale of goods is stated at the fair value of the consideration received or due, taking account of any returns, allowances, commercial discounts and volume rebates. Revenue is recognized when the significant risks and rewards of owning the goods are transferred to the purchaser, on condition that recovery of the consideration is likely, the related costs and any returns can be estimated reliably, and management ceases to exercise the level of continuing involvement normally associated with ownership of the goods sold.

These risks and rewards are normally transferred upon shipment to the customer, which corresponds to the time when the goods are handed over to the carrier.

*Services*

Net revenues from the provision of services is recognized in the income statement based on the stage of completion of the service at the end of the reporting period. The stage of completion is determined by measurement of the work performed.

*Commission income*

When the Group acts as a commercial intermediary rather than as a principal, the revenue recognized corresponds to the net amount of the commission income earned by the Group.

*Dividends*

Dividend income is recognized in the income statement at the time the related payments are approved at the shareholders' meetings of the companies concerned. Conversely, dividends approved by the Group are recognized as changes in equity in the year in which they are approved at the shareholders' meeting.

## Cost of goods sold

The cost of goods sold comprises all costs incurred by the Group in relation to the goods sold to generate sales revenue, net of the change in finished product inventories. The cost of goods sold therefore includes the cost of purchasing goods and all the costs incurred in order to ready them for sale, together with any directly or indirectly-related costs incurred internally or charged by third parties (transport costs and customs duties). The cost of transport out is included in the cost of goods sold since it is directly correlated with the revenue from sales. The cost of purchasing goods is stated at the fair value of the consideration paid or agreed. In general, the cost of purchasing goods is represented by the cash and cash equivalents paid or to be paid on normal payment terms. Given this, the cost of purchasing goods is recognized with reference to the purchase price for the goods stated on the invoice, net of rebates, discounts and allowances.

The cost of purchasing goods is adjusted, where applicable, to take account of decisions to grant further discounts in addition to those contractually agreed, and to allow the deferral of payments beyond 12 months, since this effectively represents a loan from the supplier to the Group. In this last case, the fair value of the goods purchased is represented by the future cash outflow compounded using a market rate of interest. Similarly, when additional early payment discounts are allowed with respect to the terms agreed in the contract or the invoice, the fair value of the goods purchased is stated gross of such additional discounts, which are recognized as interest income.

The change in inventories represents the difference between opening inventories (the inventories at the end of the prior year) and the closing inventories at the end of the reporting period.

Cost of goods sold also includes the costs associated with the revenue from the set-up/maintenance fees invoiced to the strategic partners of the online stores operated by the Mono-Brand segment.

**Fulfillment's cost**

These costs are incurred for:

- digital production, cataloguing and quality control: this caption includes the cost of "making ready" the goods purchased i.e. labelling, classification and warehouse storage. It also includes personnel expenses, insurance, consultancy and the purchase of consumable materials. In addition, the depreciation charged on the non-current assets involved in the process of fulfillment is included in this caption, together with the cost of vehicle rental and the other costs directly attributable to the functions involved in the process;
- logistics: this caption includes the costs incurred on internal handling and the packaging of goods, as well as on other warehouse logistics and consultancy, together with an appropriate allocation of the depreciation and amortization charges, and the personnel expenses of the employees who work directly for this function;
- customer services: this caption includes the cost of all customer care activities, including the costs of the call center and other telephone and e-mail services made available to customers, the personnel expenses of the employees concerned, and an appropriate allocation of the depreciation and amortization charges.

**Selling, marketing, general and administrative expenses**

These costs are stated at the fair value of the consideration paid or agreed.

In general, these costs are represented by the cash and cash equivalents paid or to be paid on normal payment terms. Given this, these costs are recognized with reference to the prices for the services stated on the invoice, net of rebates and discounts.

These costs are adjusted to take account of further discounts in addition to those contractually agreed, and any deferral of payments beyond 12 months, since this effectively represents a loan from the supplier to the Group.

In this last case, the fair value of the services provided is represented by the future cash outflow compounded using a market rate of interest.

When additional early payment discounts are allowed with respect to the terms agreed in the contract or the invoice, the fair value of the services provided is stated gross of such additional discounts, which are recognized as interest income.

Cost is recognized on an accruals basis, based on the stage of completion of the service provided at the end of the reporting period.

Costs expected to involve a payment relating to the year are charged to the income statement based on reasonable estimates, if the Group is unable to quantify the amount exactly.

**Rental charges and operating lease payments**

Rental charges and operating lease payments are recognized in the income statement on an accruals basis, to match the economic benefits deriving from the rented or leased assets. If the economic benefits are less than the minimum unavoidable charges, the cost of such onerous contracts, being the difference between the discounted charges and benefits, is recognized immediately in the income statement.

**Financial income and expense**

Financial income includes the interest earned on invested liquidity and the profits on hedging instruments recognized in the income statement. Interest income is recognized in the income statement on an accruals basis, using the effective interest method. Financial expense includes the interest charged on loans and the losses on hedging instruments recognized through the income statement. The cost of loans is recognized in the income statement using the effective interest method.

**Income taxes**

The tax charge for the period comprises the current tax charge and the deferred tax charge. Income taxes are recognized in the income statement, except for those relating to any transactions recognized directly in equity, which are recorded in the same way.

Current taxes represent the estimated income taxes payable in relation to taxable income for the period, determined by applying the tax rates in force or substantially in force at the end of the reporting period, together with any adjustments to prior-period amounts.

Deferred taxes are recorded using the liability method by calculating the temporary differences between the carrying amounts of assets and liabilities and the corresponding amounts recognized for tax purposes. Deferred tax assets and liabilities are determined using the tax rates that are expected to be in force when the related assets are realized and the related liabilities are settled. For this purpose, reference is made to the tax rates laid down in current regulations or which are substantially in force at the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets against current tax liabilities, and if such deferred tax assets and liabilities relate to income taxes charged by the same tax authority to the same taxpayer, or to different taxpayers that intend to settle their current tax assets and liabilities on a net basis, or realize their tax assets and settle their tax liabilities at the same time.

Deferred tax assets are recognized to the extent it is likely that future taxable income will be sufficient for their recovery. The amount of deferred tax assets is reviewed at the end of each reporting period and is decreased to the extent that the related tax benefits are no longer likely to be realized.

The additional income taxes deriving from the distribution of dividends are recorded at the time the liability to pay dividends is recognized.

**Earnings per share**

Basic earnings per share are calculated by dividing the Parent's interest in the profit/(loss) for the period by the weighted-average number of ordinary shares outstanding during the period, excluding any treasury shares. Diluted earnings per share are calculated by adjusting the weighted-average number of ordinary shares outstanding on the assumption that all the options granted with a dilutive effect will be converted into ordinary shares. The Group has a category of potential ordinary shares with a dilutive effect as a consequence of its stock option plans.

**Segment reporting**

A business segment is a group of separately-identifiable activities or operations that supply a collection of related products and services which are subject to risks and benefits that differ from those of the Group's other business segments.

IFRS 8 requires the segment information provided to be based on the elements used by senior management (the "Chief Operating Decision Maker" — CODM) for the analysis of performance and for operational decision making.

**Additional information about financial instruments**

Pursuant to IFRS 7, additional information is provided about the Group's financial instruments in order to assess:

- their impact on the financial position, results of operations and cash flows of the business;
- the nature and extent of the risks deriving from the financial instruments to which the business is exposed, and
- the ways in which such risks are managed.

**Changes in accounting policies, new accounting standards, changes in accounting estimates and reclassifications**

The accounting policies adopted for the preparation of these interim consolidated financial statements are the same as those applied to prepare the consolidated financial statements as at and for the year ended 31 December 2008.

**Scope of consolidation**

The scope of consolidation at 30 September 2009 comprises the following subsidiaries of YOOX S.p.A.:

- YOOX Corporation formed in 2002 to manage sales in America;
- YOOX Japan formed in 2004 to manage sales in Japan;
- Y Services Ltd formed in 2007 to manage the United States sales of the online stores for the following brands: Emporio Armani, Diesel, Miss Sixty, Energie, Marni and D&G.

At 30 September 2009, the scope of consolidation includes the following companies:

| Company | Registered offices | Share capital at 30/09/2009 | Percentage held at 30/09/2009 % |
|---|---|---|---|
| YOOX S.p.A. ..... | Via Nannetti1 – 40069 Zola Predosa – Bologna, Italy | 423 | — |
| YOOX Corporation ..... | 15 East North Street, Dover, Delaware 19901, United States of America | 248 | 100% |
| Y Services Ltd ..... | 1220 Market St. Ste 806, Wilmington, Delaware 19801, United States of America | 125 | 100% |
| YOOX Japan KK..... | Grande Maison Daikanyama No. 1001 150 0022 Shibuya-ku, Tokyo, Japan | 75 | 100% |

The scope of consolidation has not changed since 30 September 2008.

**Segment reporting**

The Group's operating segments were determined with reference to the reporting information used by the Group's senior management when making strategic decisions. These reports, which reflect the way the Group is currently organized, cover the various products and services offered and are prepared using the accounting policies described earlier (IFRS).

The operating segments generate net revenues from the specific production and selling activities described below:

- Multi-Brand, comprising the online, multi-brand store activities of yoox.com and thecorner.com:
  a. yoox.com, operational since June 2000, offers a wide assortment of quality clothing, footwear and accessories at reduced prices. These items are drawn from the collections of well-known brands for the corresponding season in the prior year. This high-level range is completed by a selection of exclusive items (collections produced solely for yoox.com), vintage garments and special editions created by leading stylists and designers, as well as books, works of art and design objects;
  b. thecorner.com, operational since February 2008, hosts a number of shop-in-shops dedicated to the current collections of established, niche and/or artisan brands that are not readily available elsewhere.
- Mono-Brand, comprising the design, creation and management, on an exclusive basis, of the online stores of certain leading, global fashion brands that have appointed the Group as their strategic partner for this specific sales channel. The goods available from the online stores are sold and invoiced directly to the end customer by YOOX.

In addition, the Group has a Corporate and Central Services Area that directs and coordinates its activities. This Area also plays a key role in facilitating functional integration between the various Areas, and in supporting the operational activities directly associated with each operating segment. This Area comprises Group Management, administration, finance and control, legal affairs, general services, security, personnel, the press relations office and IT, as well as internal audit and corporate communications.

The Group evaluates the performance of its operating segments by reference to their operating results, being the results generated by ordinary operations.

The net revenue of the segments presented comprises net revenues directly generated by or attributable to them, deriving from their core activities. They include solely the net revenues earned from transactions with third parties, since no net revenues is generated from transactions with other segments. Segment costs comprise the direct costs charged by third parties in relation to the operating activities of each segment, together with other directly-attributable costs. No costs are incurred in relation to other operating segments.

The operational reporting system used by senior management for the evaluation of business performance does not envisage the allocation to segments of depreciation, amortization or other non-monetary income and expenses. Accordingly, the information presented herein is consistent with the Group's internal reporting system.

Furthermore, in the context of Group management, the Corporate function is responsible for general expenses, non-recurring income and expense, and taxation, since they are unrelated to the operating activities of each segment. These items are therefore classified accordingly below.

All the elements of income presented below are stated using the accounting policies applied for the preparation of the consolidated financial statements.

Income statement figures for each operating segment for the periods ended 30 September 2009 and 2008, as reconciled with the related captions in the Group's income statement, is presented below:

| | Multi-brand | | Mono-brand | | Corporate | | Group total | |
|---|---|---|---|---|---|---|---|---|
| | Period ended 30 September 2009 | 30 September 2008 | 30 September 2009 | 30 September 2008 | 30 September 2009 | 30 September 2008 | Period ended 30 September 2009 | 30 September 2008 |
| **Segment net revenues** | **88,779** | **61,678** | **17,968** | **10,038** | **—** | **—** | **106,747** | **71,716** |
| **Segment operating profit** | **14,304** | **9,632** | **2,328** | **1,145** | | | **16,632** | **10,776** |
| Reconciliation with Group results: | | | | | | | | |
| General expenses | | | | | (9,706) | (8,365) | **(9,706)** | **(8,365)** |
| Other depreciation and amortization not attributable to operating segments | | | | | (272) | (288) | **(272)** | **(288)** |
| Other operating income and expense | | | | | (789) | (702) | **(789)** | **(702)** |
| Non-recurring expense | | | | | — | (130) | **—** | **(130)** |
| **Group operating profit/(loss)** | **14,304** | **9,632** | **2,328** | **1,145** | **(10,767)** | **(9,484)** | **5,865** | **1,291** |
| Financial income | | | | | 442 | 405 | **442** | **405** |
| Financial expense | | | | | (1,455) | (1,222) | **(1,455)** | **(1,222)** |
| **Profit before taxation** | | | | | | | **4,852** | **473** |
| Taxation | | | | | (2,010) | (913) | **(2,010)** | **(913)** |
| **Profit/(loss) for the period** | | | | | | | **2,842** | **(440)** |

**Information by geographical segment**

The following table analyzes by geographical segment the Group's net revenues from sales for the three quarters of 2009 and 2008:

| | Three quarters | | |
|---|---|---|---|
| | 2009 | 2008 | Change |
| Italy | 28,120 | 20,248 | 7,873 |
| Europe (excluding Italy) | 53,071 | 35,055 | 18,016 |
| North America | 16,778 | 11,776 | 5,001 |
| Japan | 6,435 | 3,280 | 3,154 |
| Other countries | 618 | 397 | 221 |
| Unrelated to area geographical segments | 1,725 | 960 | 765 |
| **Total net revenues** | **106,747** | **71,716** | **35,031** |

The "Unrelated to geographical segments" caption includes the set-up fees charged to create the online stores, the charges made for maintaining them, net revenues from the sale of multi-brand advertising projects and net revenues from multi-brand activities as a web marketing agency, in addition to net revenues generated from setting up mono-brand company websites and net revenues from sales using alternative channels.

The table showing net revenues by geographical segment is consistent with the Group's control model. Under this control model, only sales to online customers are allocated by country.

## 1. Notes to the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows

***Income statement***

### 1.1 Net revenues

Net revenues from sales rose from Euro 67,872 thousand in the three quarters of 2008 to Euro 100,423 thousand in the three quarters of 2009, up approximately 48%. It comprises all net revenues from the sale of goods, net of discounts granted to customers and returns, and from the provision of services.

The Group's net revenues from sales during the nine-month periods ended 30 September 2008 and 30 September 2009 is analyzed as follows:

| | Three quarters of | | |
|---|---|---|---|
| | 2009 | 2008 | Change |
| Net revenues from the sale of goods | 100,423 | 67,872 | 32,551 |
| Net revenues from the provision of services | 6,324 | 3,844 | 2,480 |
| **Total** | **106,747** | **71,716** | **35,031** |

The significant increase in net revenues from the sale of goods in the three quarters of 2009 is substantially due to the strong trend in sales volumes. Specifically, volumes grew mainly in relation to the rise in the number of orders.

The analysis of net revenues by geographical segment and by operating segment is presented in notes 7 and 8 on the Group's operating segments.

Revenue from the sale of goods is stated net of sales returns, amounting to Euro 36,798 thousand in the first nine months of 2009, or 26.8% of gross revenue from the three quarters of 2009 (revenue from the sale of goods before returns from customers during the three quarters of 2009), and Euro 24,494 thousand in the three quarters of 2008, or 26.5% of gross revenue in the three quarters of 2008 (revenue from the sale of goods before returns from customers during the three quarters of 2008). Such returns are an inherent part of the Group's business activities, reflecting the protection provided to consumers, by the legislation in force in the countries where the Group operates, in relation to correspondence sales and, in particular, to e-commerce.

Net revenues from the provision of services, which rose from Euro 3,844 thousand in the three quarters of 2008 to Euro 6,324 thousand in the three quarters of 2009, mainly includes:

- the recharge of outbound transport services to the end customer (in certain countries the customer also pays for return shipments too), net of the reimbursements made if the customer returns the goods sold;
- net revenues from the set-up fees charged to create the online stores and from the maintenance fees charged to strategic partners of the Mono-Brand segment for the set-up/maintenance of their online stores;
- net revenues from the sale of advertising projects, web marketing agency activities and the set-up of company websites with strategic partners.

### 1.2 Cost of goods sold

The cost of goods sold amounts to Euro 66,846 thousand (62.6% of net revenues) in the three quarters of 2009, compared to Euro 45,073 thousand (62.9% of net revenues) in the three quarters of 2008. The cost of goods sold also includes the cost of outbound transport as well as the costs for services and other costs.

The cost of goods sold is analyzed by type of expenditure in the following table:

| | Three quarters of | | |
|---|---|---|---|
| | 2009 | 2008 | Change |
| Change in inventories of goods | 7,672 | 7,558 | 114 |
| Purchase of goods | (63,990) | (44,855) | (19,135) |
| Cost of services | (9,726) | (7,210) | (2,516) |
| Other costs | (802) | (566) | (236) |
| **Total** | **(66,846)** | **(45,073)** | **(21,773)** |

The cost of purchasing goods rose from Euro 44,855 thousand in the three quarters of 2008 to Euro 63,990 thousand in the three quarters of 2009. The cost of purchasing goods reflects the procurement of goods for resale, the value of which is directly related to the volume of items sold.

The cost of services increased from Euro 7,210 thousand in the three quarters of 2008 to Euro 9,726 thousand in the three quarters of 2009, up 34.9%. This caption includes outbound transport to customers and the collection of returns; part of the cost of outbound transport is invoiced directly to end customers and recognized as revenue from the provision of services, net of the reimbursements made if the customer returns the goods sold.

Other costs went from Euro 566 thousand in the three quarters of 2008 to Euro 802 thousand in the three quarters of 2009, with an increase of 41.7%. These costs principally comprise inbound transport, together with personnel expenses for internal staff and the cost of external suppliers incurred to set up and maintain websites for the strategic partners of the Mono-Brand operating segment.

### 1.3 Fulfillment's cost

Fulfillment's cost amounts to Euro 11,426 thousand (10.7% of net revenues) for the three quarters of 2009, versus Euro 8,888 thousand (12.4% of net revenues) in the three quarters of 2008, up Euro 2,538 thousand.

This cost essentially comprises the functional costs incurred for the digital reproduction of goods, cataloguing and quality control, warehouse logistics and the provision of customer services, such as the call center and customer care.

The costs incurred for fulfillment are analyzed in the following table:

| | Three quarters of | | |
|---|---|---|---|
| | 2009 | 2008 | Change |
| Cost of services | (8,265) | (6,149) | (2,116) |
| Personnel expenses | (2,690) | (2,331) | (359) |
| Depreciation and amortization | (251) | (282) | 31 |
| Other costs | (220) | (126) | (94) |
| **Total** | **(11,426)** | **(8,888)** | **(2,538)** |

The cost of services rose from Euro 6,149 thousand in the three quarters of 2008 to Euro 8,265 thousand in the three quarters of 2009, up 34.4%. These services principally comprise the handling of goods, packaging and other outsourced production processes.

Personnel expenses increased from Euro 2,331 thousand in the three quarters of 2008 to Euro 2,690 thousand in the three quarters of 2009, up 15.4%. In the three quarters of 2009, they included Euro 41 thousand (Euro 88 thousand in the three quarters of 2008) relating to the granting of stock options. In addition to the cost of employees, personnel expenses also include the cost of other resources, such as interns, collaborators and consultants, that are personnel related.

### 1.4 Selling expenses

Selling expenses rose from Euro 7,266 thousand in the three quarters of 2008 to Euro 12,115 thousand in the three quarters of 2009, up 66.7%.

These expenses comprise most of the payroll costs of employees working within the commercial and marketing functions. They also include costs incurred for web marketing (including online affiliations, i.e., sales commissions paid to commercial intermediaries), consultancy on the creation and development of advertising campaigns) and procurement. In addition, selling expenses include the collection commissions charged on credit card transactions and other forms of payment made via intermediaries, as well as the customs duties levied on purchases associated with the import and export of the goods sold.

The table below analyzes selling expenses:

| | Three quarters of 2009 | | |
|---|---|---|---|
| | **2009** | **2008** | **Change** |
| Cost of services | (7,711) | (4,596) | (3,115) |
| Personnel expenses | (3,225) | (1,890) | (1,335) |
| Depreciation and amortization | (20) | (5) | (15) |
| Other costs | (1,159) | (775) | (384) |
| **Total** | **(12,115)** | **(7,266)** | **(4,849)** |

The cost of services rose from Euro 4,596 thousand in the three quarters of 2008 to Euro 7,711 thousand in the three quarters of 2009, up 67.8%. The cost of services incurred during the three quarters of 2009 mainly comprises:

- web marketing costs of Euro 3,181 thousand (Euro 2,031 thousand in the three quarters of 2008). These costs relate to the purchase of online advertising projects, the negotiation and implementation of marketing agreements, the development of new partnerships, and the management of existing agreements from a commercial and technical standpoint, mainly in relation to the Multi-Brand operating segment;
- credit card transaction charges of Euro 1,789 thousand (Euro 1,326 thousand in the three quarters of 2008);
- customs duties of Euro 1,706 thousand (Euro 1,059 thousand in the three quarters of 2008).

Personnel expenses grew from Euro 1,890 thousand in the three quarters of 2008 to Euro 3,225 thousand in the three quarters of 2009, up 70.6%, due to the combined effect of the growth in the number of employees in this segment, from 48 at 30 September 2008 to 75 at 30 September 2009 and the increase in employees of the foreign branches, up from 6 at 30 September 2008 to 11 at 30 September 2009. Personnel expenses in the three quarters of 2009 include Euro 126 thousand (Euro 151 thousand in the three quarters of 2008) relating to the granting of stock options. In addition to the cost of employees, personnel expenses also include the cost of other resources, such as interns, collaborators and consultants, that are personnel related.

Other costs rose from Euro 775 thousand in the three quarters of 2008 to Euro 1,159 thousand in the three quarters of 2009, up 49.5%. This caption principally includes the cost of fraud in relation to online sales, going from Euro 487 thousand in the three quarters of 2008 to Euro 759 thousand in the three quarters of 2009, up 55.9%.

### 1.5 General expenses

General expenses amount to Euro 8,365 thousand for the three quarters of 2008 compared to Euro 9,706 thousand in the three quarters of 2009, up 16.0%.

General expenses comprise all the overhead costs attributable to the following functions at the Group's various locations: personnel, administration, finance and control, communications and corporate image, general management, general services, security, IT, internal audit and corporate communications.

The table below analyzes general expenses:

| | Three quarters of | | |
|---|---|---|---|
| | 2009 | 2008 | Change |
| Cost of services | (4,554) | (3,782) | (772) |
| Personnel expenses | (3,922) | (3,399) | (523) |
| Depreciation and amortization | (1,110) | (954) | (156) |
| Provisions | (120) | (230) | 110 |
| **Total** | **(9,706)** | **(8,365)** | **(1,341)** |

The cost of services rose from Euro 3,782 thousand in the three quarters of 2008 to Euro 4,554 thousand in the three quarters of 2009, up 20.4%. These include:

- legal and administrative consultancy of Euro 907 thousand (Euro 662 thousand in the three quarters of 2008);
- rental costs of Euro 563 thousand (Euro 361 thousand in the three quarters of 2008);
- IT infrastructure costs and communications and image service costs.

Personnel expense grew from Euro 3,399 thousand in the three quarters of 2008 to Euro 3,922 thousand in the three quarters of 2009, up 15.4%, due to the effect of the growth in the number of employees involved in these functions, up from 76 at 30 September 2008 to 116 at 30 September 2009, partly offset by the decrease in personnel expenses relating to the granting of stock options. These costs fell from Euro 529 thousand in the three quarters of 2008 to Euro 263 thousand in the three quarters of 2009. In addition to the cost of employees, personnel expenses also include the cost of other resources, such as interns, collaborators and consultants, that are personnel related.

Depreciation and amortization rose from Euro 954 thousand in the three quarters of 2008 to Euro 1,110 thousand in the three quarters of 2009, up 16.4%.

Provisions decreased from Euro 230 thousand in the three quarters of 2008 to Euro 120 thousand in the three quarters of 2009. Provisions relate to the estimated impairment losses on receivables recognised in the related provisions at the end of the reporting period.

### 1.6 Other operating income and charges

Other operating income and charges rose from Euro 702 thousand in the three quarters of 2008 to Euro 789 thousand in the three quarters of 2009, up 12.4%. Other operating income and charges comprise all items not attributable to the principal business functions.

Other operating income and charges are analyzed in the following table:

| | Three quarters of | | |
|---|---|---|---|
| | 2009 | 2008 | Change |
| Prior year expense | (547) | (431) | (117) |
| Theft and losses | (308) | (243) | (65) |
| Other tax charges | (75) | (94) | 20 |
| Other charges | (66) | (72) | 6 |
| Provisions for risks | (213) | (7) | (206) |
| Prior year income | 283 | 106 | 177 |
| Reimbursements | 137 | 38 | 99 |
| Other income | 1 | 1 | — |
| **Total** | **(789)** | **(702)** | **(86)** |

Prior year expense rose from Euro 431 thousand in the three quarters of 2008 to Euro 547 thousand in the three quarters of 2009, up 26.9%. This caption includes charges deriving from ordinary operations associated with the volume of sales.

Theft and losses relate to goods sent to end customers and already identified as missing at the end of the reporting period. Transport contracts include insurance for these types of events.

Other tax charges fell from Euro 94 thousand in the three quarters of 2008 to Euro 75 thousand in the three quarters of 2009, down 20.2%

Provisions for risks in the three quarters of 2009 relate to the estimated charge incurred due to stolen and missing goods that had not yet been identified as missing at the end of the reporting period.

### 1.7 Non-recurring expense

No non-recurring expense was incurred in the three quarters of 2009. Non-recurring expense incurred in the three quarters of 2008 amounts to Euro 130 thousand and relates to a loss due to the move and a fire that occurred in August 2007 at the Milan premises, entailing losses on various Group assets.

### 1.8 Operating profit

As required by IAS 1, the following table analyzes costs by nature included in operating profit.

| | Three quarters of 2009 | | |
|---|---|---|---|
| | 2009 | 2008 | Change |
| Net revenues | 106,747 | 71,716 | 35,031 |
| Change in inventories | 7,672 | 7,558 | 114 |
| Purchase of goods | (63,990) | (44,855) | (19,135) |
| Services | (30,257) | (21,737) | (8,520) |
| Personnel expenses | (9,837) | (7,620) | (2,217) |
| Depreciation, amortization and impairment losses | (1,502) | (1,471) | (31) |
| Other costs and revenue | (2,968) | (2,300) | (668) |
| **Total** | **5,865** | **1,291** | **4,575** |

Operating profit rose from Euro 1,291 thousand in the three quarters of 2008 to Euro 5,865 thousand in the three quarters of 2009, accounting for 1.8% of net revenues in the three quarters of 2008 and 5.5% in the three quarters of 2009. This significant increase is due to the Group's recovery of profitability as a result of commercial policies aimed at better absorbing fixed costs giving the substantial growth in volumes.

### 1.9 Financial income

Financial income increased from Euro 405 thousand in the three quarters of 2008 to Euro 442 thousand in the three quarters of 2009.

Financial income is analyzed in the following table:

| | Three quarters of | | |
|---|---|---|---|
| | 2009 | 2008 | Change |
| Bank interest income | 57 | 32 | 25 |
| Exchange rate gains | 234 | 276 | (42) |
| Other financial income | 151 | 97 | 54 |
| **Total** | **442** | **405** | **37** |

Exchange rate gains decreased from Euro 276 thousand in the three quarters of 2008 to Euro 234 thousand in the three quarters of 2009. They principally derive from the translation of items denominated in US dollars and Japanese yen and are strictly associated with the routine sale of goods.

Other financial income rose from Euro 97 thousand in the three quarters of 2008 to Euro 151 thousand in the three quarters of 2009, mainly reflecting the collection of premiums on the derivatives arranged to hedge currency risk, in addition to the recognition of their fair value.

### 1.10 Financial expense

Financial expense increased from Euro 1,222 thousand in the three quarters of 2008 to Euro 1,455 thousand in the three quarters of 2009.

Financial expense is analyzed in the following table:

| | Three quarters of | | |
|---|---|---|---|
| | 2009 | 2008 | Change |
| Interest expense | (634) | (758) | 124 |
| Exchange rate losses | (585) | (190) | (395) |
| Other financial expense | (236) | (273) | 37 |
| **Total** | **(1,455)** | **(1,222)** | **(234)** |

Interest expense decreased from Euro 758 thousand in the three quarters of 2008 to Euro 634 thousand in the three quarters of 2009, down 16.4%. This decrease is mainly due to interest rates that are currently lower than those in effect in the three quarters of 2008, despite the greater average value of debt in the three quarters of 2009 compared to the three quarters of 2008.

Exchange rate losses rose from Euro 190 thousand in the three quarters of 2008 to Euro 585 thousand in the three quarters of 2009. They principally derive from the translation of items denominated in US dollars and Japanese yen and are strictly associated with the routine sale of goods.

Other financial expense fell from Euro 273 thousand in the three quarters of 2008 to Euro 236 thousand in the three quarters of 2009. It relates to commissions paid to banks for loans and the banks' issue of *sureties* to third parties in the interests of the Group. This caption also includes the premiums paid for the contracts that hedge currency risk and their recognition at fair value.

### 1.11 Taxation

The table below analyzes taxation:

| | Three quarters of | | |
|---|---|---|---|
| | 2009 | 2008 | Change |
| Current taxes — Parent IRES[1] | (2,088) | — | (2,088) |
| Current taxes — Parent IRAP[2] | (501) | (344) | (157) |
| Current taxes — foreign companies | (644) | (356) | (288) |
| Deferred taxes | 1,223 | (214) | 1,437 |
| **Total taxation** | **(2,010)** | **(913)** | **(1,096)** |

*(1) IRES: Imposta sul Reddito delle Società (corporate income tax)*
*(2) IRAP: Imposta Regionale sulle Attività Produttive (regional tax on productive activities)*

In absolute terms, the Group's tax charge is higher than that at 30 September 2008. Current taxes increased from Euro 700 thousand to Euro 3,233 thousand.

The Parent's IRAP charge rose by 45.6% (IRAP at 30 September 2009 amounts to Euro 501 thousand, versus Euro 344 thousand at 30 September 2008).

With respect to IRES, as the Parent recognized losses in previous years, the residual part of tax losses amounting to Euro 223 thousand can be used. Accordingly, IRES amounts to Euro 2,088 thousand.

The Group's foreign companies show a tax charge of roughly Euro 644 thousand, entirely due to the higher tax profit resulting from the growth in operations in the three quarters of 2009.

In addition, the Group has recognised deferred tax assets of Euro 2,413 thousand and deferred tax liabilities of Euro 39 thousand. It also reversed Euro 1,151 thousand of the deferred tax assets recognised in 2008.

### 1.12 Basic and diluted earnings per share

On 8 September 2009, during the extraordinary meeting, the Parent's shareholders resolved, inter alia, to fraction the Parent's 813,897 ordinary shares, reducing their implicit nominal value and increasing their number to 42,322,644. At 30 September 2009, the Group's share capital amounts to Euro 423,226.44, made up of 42,322,644 ordinary shares, without an indication of nominal value.

It should be noted, inter alia, that following the shareholders' resolution to fraction the shares during the Parent's extraordinary shareholders' meeting of 8 September 2009, should the beneficiaries of the stock option plans exercise their options, they will be entitled to 52 ordinary shares for every option exercised.

The basic earnings/(loss) per share and the diluted earnings/(loss) per share presented in the consolidated income statement are calculated in the following table.

| Calculation of basic EPS | Balance at 30/09/2009 | Balance at 30/09/2008 |
|---|---|---|
| Basic earnings (loss) | 2,842 | (440) |
| Average number of ordinary shares (basic) | 41,579,309 | 39,986,958 |
| **Basic EPS** | **0.0684** | **(0.0110)** |

| Calculation of diluted EPS | Balance at 30/09/2009 | Balance at 30/09/2008 |
|---|---|---|
| Basic earnings (loss) | 2,842 | (440) |
| Average number of ordinary shares (basic) | 41,579,309 | 39,986,958 |
| Average number of shares granted without consideration | 5,854,836 | |
| Total | 47,434,145 | 39,986,958 |
| **Diluted EPS** | **0.0599** | **(0.0110)** |

The average number of shares granted without consideration at 30 September 2009 and 30 September 2008, included in the calculation of diluted EPS, relates to the effect of granting stock options that, as envisaged by IFRS 2, could be exercised since they vested in prior years.

In the three quarters of 2008, the diluted loss per share was the same as the basic loss per share since, as envisaged in IFRS 2, the anti-dilution effect of exercising the stock options granted was ignored.

*Statement of financial position*

### 1.13 Property, plant and equipment

Property, plant and equipment total Euro 3,342 thousand at 30 September 2009. The following table summarizes the changes in property, plant and equipment during the three quarters of 2009:

| | Historical cost at 31/12/2008 | Increases | Decreases | Reclassifications | Historical cost at 30/09/2009 | Acc. depr. at 31/12/2008 | Depr. | Utilizations | Other movements | Acc. depr. at 30/09/2009 | Net carrying amount at 31/12/2008 | Net carrying amount at 30/09/2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Plant and machinery** | **1,419** | **29** | **—** | **—** | **1,448** | **(560)** | **(144)** | **—** | **—** | **(704)** | **859** | **744** |
| **Ind. and comm. equipment** | **780** | **45** | **—** | **—** | **825** | **(357)** | **(80)** | **—** | **—** | **(437)** | **423** | **387** |
| **Other assets** | **4,374** | **530** | **(534)** | **—** | **4,369** | **(2,175)** | **(545)** | **529** | **34** | **(2,157)** | **2,199** | **2,210** |
| Furniture and furnishings | 574 | 68 | — | — | 642 | (304) | (67) | 1 | — | (370) | 270 | 272 |
| Electronic equipment | 2,484 | 408 | (532) | — | 2,359 | (1,363) | (317) | 528 | 34 | (1,118) | 1,121 | 1,241 |
| Motor vehicles | 1 | — | — | — | 1 | (1) | — | — | — | (1) | — | — |
| Mobile telephones | 21 | — | — | — | 21 | (14) | (3) | — | — | (17) | 7 | 3 |
| Other non-current assets | 72 | 12 | — | — | 84 | (55) | (8) | — | — | (63) | 17 | 21 |
| Other assets (leasehold improvements) | 1,222 | 42 | (2) | — | 1,263 | (438) | (150) | — | — | (588) | 784 | 674 |
| **Assets under construction and payments on account** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Total** | **6,573** | **604** | **(534)** | **—** | **6,642** | **(3,092)** | **(770)** | **529** | **34** | **(3,299)** | **3,481** | **3,342** |

Property, plant and equipment total Euro 3,441 thousand at 30 September 2009. The following table summarizes the changes in property, plant and equipment during the three quarters of 2008:

| | Historical cost at 31/12/2007 | Increases | Decreases | Reclassifications | Historical cost at 30/09/2008 | Acc. depr. at 31/12/2007 | Depr. | Utilizations | Other movements | Acc. depr. at 30/09/2008 | Net carrying amount at 31/12/2007 | Net carrying amount at 30/09/2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Plant and machinery** | **1,214** | **57** | **—** | **6** | **1,277** | **(383)** | **(124)** | **—** | **—** | **(507)** | **831** | **769** |
| **Ind. and comm. equipment** | **1,148** | **54** | **(396)** | **—** | **806** | **(493)** | **(70)** | **230** | **—** | **(333)** | **655** | **474** |
| **Other assets** | **2,928** | **917** | **(22)** | **387** | **4,210** | **(1,621)** | **(405)** | **15** | **—** | **(2,011)** | **1,307** | **2,199** |
| Furniture and furnishings | 457 | 76 | — | — | 533 | (231) | (52) | | — | (283) | 226 | 250 |
| Electronic equipment | 1,877 | 501 | (16) | — | 2,362 | (1,030) | (252) | 13 | — | (1,268) | 847 | 1,093 |
| Motor vehicles | 3 | — | (2) | — | 1 | (3) | — | 2 | — | (2) | — | — |
| Mobile telephones | 21 | — | — | — | 21 | (10) | (3) | — | — | (13) | 11 | 8 |
| Assets costing less than Euro 516 | 9 | — | — | — | 9 | (9) | — | — | — | (9) | — | — |
| Other non-current assets | 35 | 12 | — | — | 47 | (19) | (14) | — | — | (33) | 16 | 14 |
| Other assets (leasehold improvements) | 526 | 328 | (4) | 387 | 1,237 | (319) | (83) | — | — | (402) | 207 | 835 |
| **Assets under construction and payments on account** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Total** | **5,290** | **1,027** | **(417)** | **393** | **6,293** | **(2,497)** | **(599)** | **245** | **—** | **(2,851)** | **2,793** | **3,441** |

Additions to property, plant and equipment during the three quarters of 2009 amount to Euro 604 thousand.

They include investments in other assets amounting to Euro 530 thousand, mainly for new servers, personal computers and monitors, held under finance leases, totalling Euro 352 thousand. The residual investments of Euro 178 thousand mainly relate to the purchase of new servers, personal computers, monitors and printers, as well as new data storage equipment and costs incurred by the Group primarily to furnish the offices at the registered offices in Zola Predosa.

Additions to property, plant and equipment during the three quarters of 2008 amount to Euro 1,027 thousand. They include investments in other assets of Euro 917 thousand, mainly relating to new servers, personal computers, monitors and printers, as well as new data storage equipment and costs incurred to renovate the new office in Milan, via Villoresi 19/8 which the Group rents and bring it up to standards.

There are no liens or mortgages on the YOOX Group's property, plant and equipment.

### 1.14 Intangible assets with finite useful life

At 30 September 2009, intangible assets amount to Euro 3,317 thousand.

The following table summarizes the changes in intangible assets with a finite useful life during the three quarters of 2009:

| | Historical cost at 31/12/2008 | Increases | Decreases | Reclassifications | Historical cost at 30/09/2009 | Acc. amort. at 31/12/2008 | Amort. | Utilizations | Other movements | Acc. amort. at 30/09/2009 | Net carrying amount at 31/12/2008 | Net carrying amount at 30/09/2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Development costs** | **1,618** | **—** | **—** | **416** | **2,034** | **(627)** | **(439)** | **—** | **—** | **(1,066)** | **991** | **967** |
| **Software and licenses** | **1,484** | **255** | **—** | **—** | **1,739** | **(1,300)** | **(113)** | **—** | **—** | **(1,413)** | **184** | **326** |
| **Brands and other rights** | **518** | **—** | **—** | **—** | **518** | **(441)** | **(8)** | **—** | **—** | **(449)** | **77** | **68** |
| Trademarks and patents | 518 | — | — | — | 518 | (441) | (8) | — | — | (449) | 77 | 68 |
| **Assets under development** | **1,001** | **1,330** | **—** | **(416)** | **1,916** | **—** | | **—** | **—** | **—** | **1,001** | **1,916** |
| **Other** | **918** | **62** | **—** | **—** | **980** | **(890)** | **(50)** | **—** | **—** | **(940)** | **28** | **40** |
| Other intangible assets | 918 | 62 | — | — | 980 | (890) | (50) | — | — | (940) | 28 | 40 |
| **Total** | **5,539** | **1,647** | **—** | **—** | **7,186** | **(3,258)** | **(610)** | **—** | **—** | **(3,868)** | **2,281** | **3,317** |

| | Historical cost at 31/12/2007 | Increases | Decreases | Reclassifications | Historical cost at 30/09/2008 | Acc. amort. at 31/12/2007 | Amort. | Utilizations | Other movements | Acc. amort. at 30/09/2008 | Net carrying amount at 31/12/2007 | Net carrying amount at 30/09/2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Development costs** | **263** | **792** | **—** | **711** | **1,766** | **(87)** | **(334)** | **—** | **—** | **(421)** | **176** | **1,346** |
| **Software and licenses** | **1,284** | **165** | **—** | **—** | **1,449** | **(1,109)** | **(134)** | **—** | **—** | **(1,243)** | **175** | **206** |
| **Brands and other rights** | **508** | **6** | **—** | **—** | **514** | **(431)** | **(8)** | **—** | **—** | **(439)** | **77** | **75** |
| Trademarks and patents | 508 | 6 | — | — | 514 | (431) | (8) | — | — | (439) | 77 | 75 |
| **Assets under development** | **712** | **747** | **—** | **(1,104)** | **355** | **—** | | **—** | **—** | **—** | **712** | **355** |
| **Other** | **896** | **22** | **—** | **—** | **918** | **(671)** | **(165)** | **—** | **—** | **(836)** | **225** | **82** |
| Other intangible assets | 896 | 22 | — | — | 918 | (671) | (165) | — | — | (836) | 225 | 82 |
| **Total** | **3,663** | **1,733** | **—** | **(393)** | **5,003** | **(2,298)** | **(641)** | **—** | **—** | **(2,939)** | **1,365** | **2,064** |

The principal changes in these captions during the period are described below.

Additions to intangible assets during the three quarters of 2009 amount to Euro 1,647 thousand.

They mainly relate to investments in development projects that will result in long-term benefits. The total investment of Euro 1,330 thousand includes Euro 914 thousand for projects not yet completed at 30 September 2009, which are classified as assets under development, and Euro 416 thousand for projects completed at 30 September 2009 and classified as development costs. These are costs incurred for the development of specific projects to, as mentioned above, continuously develop innovative solutions for the creation and management of online stores. They relate to both internal personnel expenses and costs for third party services. The remaining Euro 317 thousand mainly relates to software and licenses (Euro 255 thousand) for the purchase and implementation of administrative and management software.

Additions to intangible assets during the three quarters of 2008 amount to Euro 1,733 thousand. They mainly relate to investments in development projects *that will result in long-term benefits. The total investment of Euro 1,539 thousand includes Euro 36 thousand for projects not yet completed at 30 September 2008, which are classified as assets under development, and Euro 1,503 thousand for projects completed at 30 September 2008 and classified as development costs. These are costs incurred for the development of specific projects to, as mentioned above, continuously develop innovative solutions for the creation and management of online stores*. They relate to both internal personnel expenses and costs for third party services. The remaining Euro 194 thousand mainly relates to software and licenses *(Euro 165 thousand) for the purchase and implementation of administrative and management software*.

### 1.15 Deferred tax assets

| | Balance at 30/09/2009 | Balance at 31/12/2008 | Change |
|---|---|---|---|
| Deferred tax assets | 2,665 | 1,405 | 1,260 |
| **Total** | **2,665** | **1,405** | **1,260** |

Deferred tax assets rose from Euro 1,405 thousand at 31 December 2008 to Euro 2,665 thousand at 30 September 2009, up 89.7%. Deferred tax assets at 30 September 2009 are recognised on the provisions for impairment losses on receivables, the provision for obsolete inventories and the provisions for risks and charges accrued by the Group companies.

The increase on 31 December 2008 is mainly due to the increase in the provision for obsolete inventories, the provisions for risks and charges and the recognition of deferred tax assets on the elimination of intercompany profits in the interim consolidated financial statements.

| | Balance at 30/09/2008 | Balance at 31/12/2007 | Change |
|---|---|---|---|
| Deferred tax assets | 1,107 | 1,315 | (208) |
| **Total** | **1,107** | **1,315** | **(208)** |

Deferred tax assets decreased from Euro 1,315 thousand at 31 December 2007 to Euro 1,107 thousand at 30 September 2008, down 18.8%.

Deferred tax assets at 30 September 2008 were recognized solely in relation to the tax losses that can be carried forward indefinitely, following an assessment of the likely offset against future taxable income.

### 1.16 Other non-current financial assets

Other non-current financial assets total Euro 398 thousand at 30 September 2009 (Euro 1,235 thousand at 31 December 2008) and mainly comprise guarantee deposits.

At 30 September 2009, the guarantee deposits that do not earn interest were paid on the signature of rental contracts, contracts for the supply of electricity and gas and transactions with *Paymentech* to guarantee the amount of repayments due for returns made against sales. The Euro 837 thousand decrease at 30 September 2009 compared to 31 December 2008 is mainly due to the repayment of the *Global Collect* guarantee deposit of Euro 800 thousand, as it was replaced by the bank surety issued by BNP Paribas for the same amount.

Other non-current financial assets total Euro 1,106 thousand at 30 September 2008 (Euro 576 thousand at 31 December 2007) and mainly comprise guarantee deposits.

The guarantee deposits that do not earn interest were paid on the signature of rental contracts and contracts for the supply of electricity and gas to the Parent. The increase with respect to the prior year was partly due to the opening of the Parent's offices in Paris and Madrid during the first half of 2008.

The guarantee deposits denominated in US dollars, Japanese yen and Euro reflect retentions made by Paymentech and Global Collect to guarantee the amount of repayments due for returns made against sales. YOOX Corporation has also made a deposit with JP Morgan Chase to guarantee the company's credit card transactions.

### 1.17 Inventories

Inventories at 30 September 2009 and 31 December 2008 are analyzed below:

| | Balance at 30/09/2009 | Balance at 31/12/2008 | Change |
|---|---|---|---|
| Raw materials, consumables and supplies | 195 | 177 | 18 |
| **Total** | **195** | **177** | **18** |
| Finished goods | 51,029 | 41,704 | 9,325 |
| Provision for obsolete finished goods | (5,096) | (3,229) | (1,867) |
| **Total** | **45,933** | **38,475** | **7,458** |
| **Total inventories, net** | **46,128** | **38,652** | **7,476** |

Inventories increased by 19.3% from Euro 38,652 thousand at 31 December 2008 to Euro 46,128 thousand at 30 September 2009. They comprise goods that have been purchased for subsequent resale online.

This increase was only partially due to the growth in sales during the three quarters of 2009. In particular, the Group's business model involves purchasing goods in advance of the selling season, which may fall in the following period.

87% of inventories at 30 September 2009, before the provision for obsolete inventories, relates to goods currently on sale and goods purchased and intended for sale in forthcoming months.

Goods representing earlier and/or obsolete collections have been written down via the provision for obsolete inventories, which takes account of their estimated realizable value. The increase in the provision for obsolete inventories was Euro 1,867 thousand. Accordingly, this provision has risen from Euro 3,229 thousand at 31 December 2008 to Euro 5,096 thousand at 30 September 2009.

The provision for obsolete inventories reflected in the statement of financial position is considered to be adequate, having regard for the actual quantities of obsolete and slow-moving goods on hand.

Inventories at 30 September 2008 and 31 December 2007 are analyzed below:

| | Balance at 30/09/2008 | Balance at 31/12/2007 | Change |
|---|---|---|---|
| Raw materials, consumables and supplies | 184 | 28 | 156 |
| **Total** | **184** | **28** | **156** |
| Finished goods | 39,207 | 30,262 | 8,945 |
| Provision for obsolete finished goods | (3,329) | (2,181) | (1,148) |
| **Total** | **35,878** | **28,081** | **7,797** |
| **Total inventories, net** | **36,062** | **28,109** | **7,953** |

Inventories increased by 28.3% from Euro 28,109 thousand at 31 December 2007 to Euro 36,062 thousand at 30 September 2008. They comprise goods that have been purchased for subsequent resale online.

This increase was only partially due to the growth in sales during the three quarters of 2008. In particular, the Group's business model involves purchasing goods in advance of the selling season, which may fall in the following period.

87% of inventories at 30 September 2008, before the provision for obsolete inventories, relates to goods currently on sale and goods purchased and intended for sale in forthcoming months.

Goods representing earlier and/or obsolete collections have been written down via the provision for obsolete inventories, which takes account of their estimated realizable value. The increase in the provision for obsolete inventories was Euro 1,148 thousand. Accordingly, this provision has risen from Euro 2,181 thousand at 31 December 2007 to Euro 3,329 thousand at 30 September 2008.

The provision for obsolete inventories reflected in the statement of financial position is considered to be adequate, having regard for the actual quantities of obsolete and slow-moving goods on hand.

### 1.18 Trade receivables

Trade receivables at 30 September 2009 and 31 December 2008 are analyzed below:

| | Balance at 30/09/2009 | Balance at 31/12/2008 | Change |
|---|---|---|---|
| Due from customers | 1,632 | 2,235 | (603) |
| Other trade receivables | 2,391 | 2,116 | 275 |
| Provision for impairment losses | (553) | (440) | (114) |
| Services under completion | 15 | — | 15 |
| **Total** | **3,484** | **3,911** | **(427)** |

The amounts "due from customers" are fully recoverable within 12 months and relate to the trade receivables recorded on the sale of goods to individuals.

The other trade receivables mainly relate to the amounts due from online stores, principally following the supply of services.

Trade receivables decreased by 10.9% from Euro 3,911 thousand at 31 December 2008 to Euro 3,484 thousand at 30 September 2009, mainly due to the overall improvement in the collection policy in the three quarters of 2009.

The provision for impairment losses covers specific risks following the non-collection of notes issued and other receivables that are not considered recoverable. The provisions recorded during the period adjust receivables to their estimated realizable value.

Services under completion amount to Euro 15 thousand and relate to set-up fees due to the Group from its strategic partners, for which the Group designs and creates online stores. This caption is measured in accordance with the fees that accrued during the period on a percentage of completion basis.

Trade receivables at 30 September 2008 and 31 December 2007 are analyzed below:

| | Balance at 30/09/2008 | Balance at 31/12/2007 | Change |
|---|---|---|---|
| Due from customers | 2,256 | 1,381 | 875 |
| Other trade receivables | 1,649 | 700 | 949 |
| Provision for impairment losses | (438) | (203) | (235) |
| **Total** | **3,467** | **1,878** | **1,589** |

The amounts "due from customers" are fully recoverable within 12 months and relate to the trade receivables recorded on the sale of goods to individuals (e-commerce receivables).

The other trade receivables mainly relate to the amounts due from online stores, principally following the supply of services.

Trade receivables rose by 84.6% from Euro 1,878 thousand at 31 December 2007 to Euro 3,467 thousand at 30 September 2008.

The provision for impairment losses covers specific risks following the non-collection of notes issued and other receivables that are not considered recoverable. The provisions recorded during the period adjust receivables to their estimated realizable value.

### 1.19 Other current assets

Other current assets at 30 September 2009 and 31 December 2008 are analyzed below:

| | Balance at 30/09/2009 | Balance at 31/12/2008 | Change |
|---|---|---|---|
| Other receivables | 175 | 223 | (48) |
| Advances to suppliers | 69 | 9 | 60 |
| Travel and payroll advances to employees | 3 | 2 | 1 |
| Due from acquirers | 1,869 | 1,073 | 796 |
| Prepayments and accrued income | 1,788 | 1,008 | 780 |
| Tax receivables | 2,050 | 2,497 | (448) |
| Hedging derivatives | 43 | 70 | (27) |
| **Total** | **5,997** | **4,882** | **1,115** |

"Other receivables" principally comprise insurance compensation and the amounts paid to the Parent's tax representative in Greece.

"Due from acquirers" reflects customer payments already collected by foreign acquirers but not yet paid over to the Group at 30 September 2009 and 31 December 2008.

Prepayments mainly comprise costs relating to future years that were recognized financially during the three quarters of 2009. These costs mainly consist of consultancy for the forthcoming stock exchange listing, planned for the fourth quarter of 2009, software license fees, insurance and rentals. As envisaged by IAS 32, the listing costs incurred in 2008 and 2007, as well as the three quarters of 2009 that are directly related to the expected increase in share capital and reserves, will be recognized directly in equity as equity transactions when the related cash flows are received following the successful outcome of this process. Otherwise, these costs will be charged to the income statement.

"Tax receivables", which are entirely recoverable within one year, have decreased from Euro 2,497 thousand at 31 December 2008 to Euro 2,050 thousand at 30 September 2009, down 17.9%.

Other current assets at 30 September 2008 and 31 December 2007 are analyzed below:

| | Balance at 30/09/2008 | Balance at 31/12/2007 | Change |
|---|---|---|---|
| Other receivables | 342 | 263 | 79 |
| Advances to suppliers | 196 | 26 | 170 |
| Travel and payroll advances to employees | 1 | 5 | (4) |
| Due from acquirers | 924 | 1,298 | (374) |
| Prepayments and accrued income | 883 | 519 | 364 |
| Tax receivables | 2,345 | 1,595 | 750 |
| Hedging derivatives | 40 | 28 | 12 |
| **Total** | **4,731** | **3,734** | **997** |

"Other receivables" principally comprise insurance compensation and the amounts paid to the Parent's tax representative in Greece.

"Due from acquirers" reflects customer payments already collected by foreign acquirers but not yet paid over to the Group at 30 September 2008 and 31 December 2007.

Prepayments mainly comprise costs relating to future years that were recognized financially during the three quarters of 2008.

These costs mainly consist of consultancy for the forthcoming stock exchange listing, planned for the fourth quarter of 2009, software license fees, insurance and rentals.

As envisaged by IAS 32, the listing costs incurred in 2008 and 2007 that are directly related to the expected increase in share capital and reserves will be recognized directly in equity as equity transactions when the related cash flows are received following the successful outcome of this process. Otherwise, these costs will be charged to the income statement.

"Tax receivables", which are entirely recoverable within one year, increased from Euro 1,595 thousand at 31 December 2007 to Euro 2,345 thousand at 30 September 2008, down 47%.

### 1.20 Cash and cash equivalents

Cash and cash equivalents at 30 September 2009 and 31 December 2008 are analyzed below:

| | Balance at 30/09/2009 | Balance at 31/12/2008 | Change |
|---|---|---|---|
| Bank and postal accounts | 10,863 | 8,951 | 1,912 |
| Cash and cash equivalents on hand | 6 | 11 | (5) |
| **Total** | **10,869** | **8,962** | **1,907** |

This balance represents the cash and cash equivalents on hand at the end of the reporting period.

A more detailed analysis of the changes in the net financial position is provided in note 1.23.

Cash and cash equivalents at 30 September 2008 and 31 December 2007 are analyzed below:

| | Balance at 30/09/2008 | Balance at 31/12/2007 | Change |
|---|---|---|---|
| Bank and postal accounts | 5,627 | 5,173 | 454 |
| Cash and cash equivalents on hand | 7 | 12 | (5) |
| **Total** | **5,634** | **5,185** | **449** |

This balance represents the cash and cash equivalents on hand at the end of the reporting period.

A more detailed analysis of the changes in the net financial position is provided in note 1.23.

### 1.21 Equity

On 8 September 2009, during the extraordinary meeting, the Parent's shareholders resolved, inter alia, to fraction the Parent's 813,897 ordinary shares, reducing their implicit nominal value and increasing their number to 42,322,644. At 30 September 2009, the Group's share capital amounts to Euro 423,226.44, made up of 42,322,644 ordinary shares, without an indication of nominal value.

Reference should be made to the specific schedule for an analysis of changes in equity at 30 September 2009.

Share capital amounts to Euro 423 thousand at 30 September 2009 (Euro 401 thousand at 31 December 2008). The increase in the three quarters of 2009 is due to Red Circle S.r.l. Unipersonale's subscription of 2,170,376 newly issued shares with a nominal value of Euro 0.01 each. They have the same characteristics as shares already outstanding.

The principal equity reserves are described below, together with the related changes in the period and any applicable restrictions:

a) Share premium of Euro 28,072 thousand at 30 September 2009 (Euro 22,666 thousand at 31 December 2008); this reserve increased in the three quarters of 2009 following Red Circle S.r.l. Unipersonale's subscription of 2,170,376 newly issued shares with a share premium of Euro 2.5243 each. The increase in the share premium is stated net of share capital increase costs amounting to Euro 74 thousand, as required by IAS 32.

b) Legal reserve: this reserve, amounting to Euro 193 thousand at 30 September 2009 (Euro 23 thousand at 31 December 2008), reflects the required allocation of 5% of the parent's annual profit; the increase is due to the allocation of the profit for 2008.

c) Translation reserve: this reserve, which has a negative balance of Euro 59 thousand at 30 September 2009 (positive balance of Euro 48 thousand at 31 December 2008), reflects the exchange rate differences arising on the translation of foreign currency financial statements. The decrease in the three quarters of 2009 amounts to Euro 107 thousand.

d) Other reserves, amounting to Euro 3,008 thousand at 30 September 2009 (Euro 2,591 thousand at 31 December 2008), include the fair value reserve for stock options of Euro 3,008 thousand at 30 September 2009 (Euro 2,578 thousand at 31 December 2008); in addition, the hedging reserve, amounting to Euro 13 thousand at 31 December 2008, is nil at 30 September 2009.

e) Retained earnings (losses carried forward): net losses carried forward amount to Euro 9,462 thousand at 30 September 2009 (net losses carried forward of Euro 11,696 thousand at 31 December 2008), down Euro 2,234 thousand due to the allocation of the profit for 2008.

Reference should be made to the specific schedule for an analysis of changes in equity for the period ended 30 September 2008.

Share capital amounts to Euro 401 thousand at 30 September 2008 (Euro 400 thousand at 31 December 2007). It increased during the three quarters of 2008 when a former director exercised stock options for 119,600 shares with a nominal value of Euro 0.01 at an exercise price of Euro 0.8939 per share.

The principal equity reserves are described below, together with the related changes in the period and any applicable restrictions:

a) Share premium amounts to Euro 22,667 thousand at 30 September 2008 (Euro 22,561 thousand at 31 December 2007). It increased during the first half of 2008 *when a former director exercised stock options for* 119,600 shares with a nominal value of Euro 0.01 at an exercise price of Euro 0.8939 per share.

b) Legal reserve: this reserve, amounting to Euro 23 thousand at 30 September 2008 (Euro 23 thousand at 31 December 2007), reflects the required allocation of 5% of the parent's annual profit.

c) Translation reserve: this reserve, which has a negative balance of Euro 37 thousand at 30 September 2008 (negative balance of Euro 22 thousand at 31 December 2007), reflects the exchange rate differences arising on the translation of foreign currency financial statements. The decrease in the three quarters of 2008 amounts to Euro 15 thousand.

d) Other reserves, amounting to Euro 2,045 thousand at 30 September 2008 (Euro 1,288 thousand at 31 December 2007), include the fair value reserve for stock options of Euro 2,045 thousand at 30 September 2008 (Euro 1,276 thousand at 31 December 2007); in addition, the hedging reserve, amounting to Euro 12 thousand at 31 December 2007, is nil at 30 September 2008.

e) Retained earnings (losses carried forward): net losses carried forward amount to Euro 11,687 thousand at 30 September 2008 (net losses carried forward of Euro 11,101 thousand at 31 December 2007), down Euro 586 thousand due to the allocation of the profit for 2007.

### 1.22 Stock option plans

*Granting of stock options*

Following the shareholders' resolution to fraction the shares during the Parent's extraordinary shareholders' meeting of 8 September 2009, should the beneficiaries of the stock option plans exercise their options, they will be entitled to 52 ordinary shares for every option exercised.

With reference to the stock option plans authorized in prior years, involving the allocation of up to 12,430,652 shares for the employees, collaborators, consultants and directors of the parent and its subsidiaries, the following table analyzes the options already granted by the Board of Directors:

| Stock option plans | Granted (a) | Expired (b) | Exercised (c) | Total granted, not expired or not exercised (d = a-b-c) | Granted, not vested | Granted, vested, not exercisable | Granted, vested and exercisable |
|---|---|---|---|---|---|---|---|
| 2001 – 2003 | 80,575 | 30,575 | 925 | 49,075 | 10,485 | — | 38,590 |
| 2003 – 2005 | 36,760 | 3,000 | 2,300 | 31,460 | 2,340 | — | 29,120 |
| 2004 – 2006 | 32,319 | 12,650 | — | 19,669 | 4,200 | — | 15,469 |
| 2006 – 2008 | 31,303 | — | — | 31,303 | — | — | 31,303 |
| 2007 – 2012 | 102,600 | 3,050 | — | 99,550 | 28,312 | 71,238 | — |
| **Total** | **283,557** | **49,275** | **3,225** | **231,057** | **45,337** | **71,238** | **114,482** |

The above plans have entailed the granting of 234,282 options out of 239,051 authorized options, 3,225 of which have been exercised. No additional options have been authorized for granting at 30 September 2009.

In addition:

On 3 September 2009, the Issuer's board of directors approved the guidelines of a new company incentive plan (the "2009-2014 Company Incentive Plan"), which can be briefly summarized as follows:

(i) beneficiaries: individuals that the Issuer's board of directors identifies from time to time who are the Issuer's: (i) employees; (ii) consultants; or (iii) directors;

(ii) exercise restrictions: exercise of the options may be subject to limits and conditions, considering best practice for company incentive plans;

(iii) term: the Company Incentive Plan will run for three years;

(iv) date of effect: the Company Incentive Plan will take effect when the trading of the parent's shares begins in the STAR segment of the Mercato Telematico Azionario (Milan stock exchange) organized and managed by Borsa Italiana;

(v) grant and exercise price: options will be granted free of charge. The exercise price, in the event that they are funded by a specific share capital increase, will be calculated using the average price of ordinary shares 30 days before the grant date;

(vi) number of plan shares: during the extraordinary meeting on 8 September 2009, the shareholders resolved to increase, when the parent's shares begin to be traded on the MTA, and possibly in the STAR segment, share capital, with the exclusion of options pursuant to article 2441.5/8 of the Italian Civil Code, by a total of Euro 47,320, by issuing a maximum of 4,732,000 new ordinary shares, with no nominal value, regular dividend right, servicing this plan;

(vii) validity: the effective options may be exercised until 31 December 2014.

### 1.23 Non-current financial liabilities — Banks and other current financial liabilities

The amounts due to banks and other providers of finance amount to Euro 16,545 thousand at 30 September 2009 and Euro 22,821 thousand at 31 December 2008.

| | Balance at 30/09/2009 | Balance at 31/12/2008 | Change |
|---|---|---|---|
| Non-current financial liabilities | 16,146 | 18,735 | (2,589) |
| Banks and other current financial liabilities | 399 | 4,086 | (3,687) |
| **Total** | **16,545** | **22,821** | **(6,276)** |

The following table analyzes debt at 30 September 2009.

| Bank | Amount | Nature of facility | Rate | Current portion | Non-current portion |
|---|---|---|---|---|---|
| Syndicated bank loan | 15,685 | Stand-by revolving loan | 6m Euribor + 1.50% | 138 | 15,546 |
| Simest S.p.A. | 540 | Assisted loan, Law 394/81 | 1.38% | 154 | 386 |
| BNP Paribas finance leases | 320 | Finance leases | 3m Euribor + 2% | 107 | 213 |
| **Total** | **16,545** | | | **399** | **16,146** |

The syndicated bank loan consists of a Credit Facility granted by UniCredit Corporate Banking S.p.A., Banca Nazionale del Lavoro S.p.A. and Banca Popolare di Novara S.p.A. (as the lending banks) in the form of an unsecured loan totalling Euro 21,000 thousand (the "Credit Facility"), to strengthen financial means, repay current debt and support business activities with respect to the parent's working capital requirements. Each lending bank participates in the Credit Facility with its own portion (33.33% of the total amount) on a several basis.

In summary, the Credit Facility provides for the following:

1. a maximum amount of principal of Euro 21,000 thousand (the figure recognized in the interim financial statements at 30 September 2009 under IFRS is Euro 20,796 thousand);

2. drawdown in one or more installments, up to the maximum amount of Euro 21,000 thousand (the figure recognized in the interim financial statements at 30 September 2009 under IFRS is Euro 20,796 thousand), with the repayment of amounts at the due date for individual drawdowns;
3. the application of an annual nominal interest rate plus 1.50% equal to the three or six-month Euribor, rounded up to the next 0.05 ("Contractual Rate"), on amounts drawn and not yet repaid;
4. a default interest rate equal to the applicable Contractual Rate plus 2.00%. Default interest will not be compounded;
5. mandatory advance repayment, with request required in concert among the banks, in which case, inter alia, the parent shall increase share capital at the time of its listing. In this case, the amount to be repaid will equal to 10% of the total Credit Facility.
6. contract termination, with request required in concert among the banks, pursuant to article 1456 of the Italian Civil Code if the parent is in breach in relation, inter alia, to the use of Credit Facility funds, timely payment of installments and all amounts due, documents provided to the bank, and non-compliance with its contractual obligations.

The Credit Facility expires on 15 June 2013 ("Expiry Date"). By the Expiry Date, the Issuer shall repay the principal, interest and any other amounts of the Credit Facility. At 30 September 2009, a total of Euro 15,750 thousand of the Credit Facility was used (the figure recognized in the interim financial statements at 30 September 2009 under IFRS is Euro 15,685 thousand).

This contract requires the parent, for its entire term, to comply with certain covenants, which shall be contractually calculated differently for each year. The covenants shall be calculated at the end of each year.

At 30 September 2009, the parent has met the covenants, which are calculated annually.

In order to guarantee this syndicated loan, YOOX has agreed to comply with the following financial covenants in 2009:

- leverage ratio (net financial position/equity) less than 1.50;
- debt cover ratio (net financial position/gross operating profit) less than 2.50;
- inventory ratio (net inventories/net financial position) greater than 1.50.

These covenants are calculated at the end of the year on the basis of the annual consolidated financial statements prepared in accordance with Italian GAAP using the following definitions:

- net financial debt: loans net of cash and cash equivalents;
- gross operating profit: total revenue, net of purchases, services and other costs and personnel expenses, using the income statement format agreed with the lending banks;
- equity: caption A) of liabilities in the statement of financial position;
- net inventories: caption C I) of assets in the statement of financial position.

The loan contract allows the parties to rediscuss the terms and indicators following the adoption of IFRS.

The amounts due to banks and other providers of finance amount to Euro 21,595 thousand at 30 September 2008 and Euro 12,988 thousand at 31 December 2007.

| | Balance at 30/09/2008 | Balance at 31/12/2007 | Change |
|---|---|---|---|
| Non-current financial liabilities | 19,274 | 141 | 19,133 |
| Banks and other current financial liabilities | 2,321 | 12,847 | (10,526) |
| **Total** | **21,595** | **12,988** | **8,607** |

*Net financial position*

The table below analyzes net financial debt at 30 September 2009:

| | Balance at 30 September 2009 | Balance at 31 December 2008 | Change |
|---|---|---|---|
| **Cash and cash equivalents** | **10,869** | **8,962** | **1,907** |
| **Other current financial assets** | **43** | **70** | **(27)** |
| **Banks and other current financial liabilities** | **(399)** | **(4,086)** | **3,687** |
| **Other current financial liabilities** | **(12)** | **(116)** | **104** |
| **Net short-term financial position** | **10,501** | **4,830** | **5,671** |
| **Non-current financial liabilities** | **(16,146)** | **(18,735)** | **2,589** |
| **Net financial debt** | **(5,645)** | **(13,905)** | **8,260** |
| **Other non-current financial assets** | **398** | **1,235** | **(837)** |
| **Total adjusted net financial debt** | **(5,247)** | **(12,670)** | **7,423** |

Net financial debt went from Euro 13,905 thousand at 31 December 2008 to Euro 5,645 thousand at 30 September 2009, an improvement of 59.4%.

The table below analyzes net financial position at 30 September 2008:

| | Balance at 30 September 2008 | Balance at 31 December 2007 | Change |
|---|---|---|---|
| **Cash and cash equivalents** | **5,634** | **5,185** | **449** |
| **Other current financial assets** | **40** | **28** | **12** |
| **Banks and other current financial liabilities** | **(2,321)** | **(12,847)** | **10,526** |
| **Other current financial liabilities** | **(93)** | **—** | **(93)** |
| **Net short-term financial position (debt)** | **3,260** | **(7,634)** | **10,894** |
| **Non-current financial liabilities** | **(19,274)** | **(141)** | **(19,133)** |
| **Net financial debt** | **(16,014)** | **(7,775)** | **(8,239)** |
| **Other non-current financial assets** | **1,106** | **576** | **530** |
| **Total adjusted net financial debt** | **(14,908)** | **(7,199)** | **(7,709)** |

Net financial debt went from Euro 7,775 thousand at 31 December 2007 to Euro 16,014 thousand at 30 September 2008, worsening by more than 100%.

### 1.24 Employee benefits

In the three quarters of 2009, this caption only includes provisions for post-employment benefits that the parent recognizes in accordance with current legislation. Changes in the defined benefit plans for employees in the three quarters of 2009 are summarized below:

| | Balance at 31/12/2008 | Provisions | Utilizations | Balance at 30/09/2009 |
|---|---|---|---|---|
| Employee benefits | 274 | 15 | (65) | 224 |

The principal demographic and economic parameters considered in the actuarial calculation of the liability for employee benefits at 30 September 2009 are consistent with those used at 31 December 2008.

In the three quarters of 2008, this caption only includes provisions for post-employment benefits that the parent recognizes in accordance with current legislation. Changes in the defined benefit plans for employees in the three quarters of 2008 are summarized below:

| | Balance at 31/12/2007 | Provisions | Utilizations | Balance at 30/09/2008 |
|---|---|---|---|---|
| Employee benefits | 300 | 23 | (51) | 272 |

The principal demographic and economic parameters considered in the actuarial calculation of the liability for employee benefits at 30 September 2008 are consistent with those used at 31 December 2007.

### 1.25 Deferred tax liabilities

Deferred tax liabilities do not show any material changes in the three quarters of 2009, as they rose from Euro 48 thousand at 31 December 2008 to 95 Euro thousand at 30 September 2009.

Deferred tax liabilities did not undergo any changes in the three quarters of 2008 (Euro 33 thousand).

### 1.26 Provisions for risks and charges, current and non-current portions

In the three quarters of 2009, the provisions for risks and charges reflect an estimate of known liabilities, the timing and extent of which cannot be determined. Changes in this caption during the three quarters of 2009 are summarized below:

| | Balance at 31/12/2008 | Increases | Reclassifications | Utilizations | Balance at 30/09/2009 |
|---|---|---|---|---|---|
| Provision for theft and losses | 56 | 48 | — | (56) | 48 |
| Provision for fines and taxation | 30 | 25 | — | (30) | 25 |
| Provision for fraud | 82 | 407 | — | (82) | 407 |
| Other provisions for risks and charges | — | — | 74 | — | 74 |
| **Total provisions for risks and charges — current portion** | **168** | **480** | **74** | **(168)** | **554** |
| Provision for disputes | 37 | — | — | — | 37 |
| Other provisions for risks and charges | 309 | 139 | (74) | — | 374 |
| **Total provisions for risks and charges — non-current portion** | **346** | **139** | **(74)** | **—** | **411** |
| **Total provisions for risks and charges** | **514** | **619** | **—** | **(168)** | **965** |

During the three quarters of the year, Euro 56 thousand was utilized from the provision for thefts and losses. Accordingly, additional provisions of Euro 48 thousand were recognised following a new estimate.

In addition, following a tax assessment on 2005, the entire provision accrued in 2008 for fines and taxation was utilized.

During the three quarters of the year, Euro 82 thousand of the provision for fraud was utilized. Accordingly, additional accruals of Euro 407 thousand were recognised in relation to online sales with payment by credit card. This provision is calculated with reference to the historical incidence of fraud with respect to the amount of sales.

Other provisions for risks and charges — non-current portion include accruals to cover probable liabilities, required under IAS 37.

In the three quarters of 2008, the provisions for risks and charges reflect an estimate of known liabilities, the timing and extent of which cannot be determined. Changes in this caption during the three quarters of 2008 are summarized below:

| | Balance at 31/12/2007 | Increases | Utilizations | Balance at 30/09/2008 |
|---|---|---|---|---|
| Provision for theft and losses | — | — | — | — |
| Provision for fines and taxation | — | 30 | — | 30 |
| Provision for fraud | 63 | 154 | (63) | 154 |
| **Total provisions for risks and charges — current portion** | **63** | **184** | **(63)** | **184** |
| Provision for disputes | 37 | — | — | 37 |
| Other provisions for risks and charges | 309 | — | — | 309 |
| **Total provisions for risks and charges — non-current portion** | **346** | **—** | **—** | **346** |
| **Total provisions for risks and charges** | **409** | **184** | **(63)** | **530** |

During the three quarters of 2008, Euro 63 thousand of the provision for fraud was utilized. Accordingly, additional accruals of Euro 154 thousand were recognised in relation to sales with payment by credit card. This provision is calculated with reference to the historical incidence of fraud with respect to the amount of sales.

Other provisions for risks and charges — non-current portion include accruals to cover probable liabilities, required under IAS 37.

### 1.27 Trade payables

Trade payables rose from Euro 17,282 thousand at 31 December 2008 to Euro 22,011 thousand at 30 September 2009, up 27.4%.

All trade payables relate to purchases of goods and services from the Group's suppliers. Payables are recognized at their nominal value. All payables fall due within one year and, accordingly, no amounts need to be discounted. Trade payables comprise all amounts due to suppliers, both for the supply of finished products and raw materials, and for the supply of intangible assets.

The increase in the period is due to the growth in sales volumes which, under the Group's business model, entails the need to purchase items to be sold before the relevant season.

This has led to a corresponding increase in debt. Furthermore, at 30 September 2009 the increase is also due to the effect of revising payment terms with the Group's main suppliers.

Trade payables rose from Euro 13,544 thousand at 31 December 2007 to Euro 15,593 thousand at 30 September 2008, up 15.1%.

All trade payables relate to purchases of goods and services from the Group's suppliers. Payables are recognized at their nominal value. All payables fall due within one year and, accordingly, no amounts need to be discounted. Trade payables comprise all amounts due to suppliers, both for the supply of finished products and raw materials, and for the supply of intangible assets.

The increase in the period is due to the growth in sales volumes which, under the Group's business model, entails the need to purchase items to be sold before the relevant season.

### 1.28 Tax payables

Current tax payables solely relate to the current income tax liability of the Parent and its foreign subsidiaries.

In the three quarters of 2009, this caption rose by Euro 1,794 thousand, i.e., more than 100%, from Euro 765 thousand at 31 December 2008 to Euro 2,559 thousand at 30 September 2009.

In the three quarters of 2008, this caption decreased by Euro 75 thousand, i.e., 17.6%, from Euro 426 thousand at 31 December 2007 to Euro 351 thousand at 30 September 2008.

### 1.29 Other payables

Other payables at 30 September 2009 and 31 December 2008 are analyzed in the following table:

| | Balance at 30/09/2009 | Balance at 31/12/2008 | Change |
|---|---|---|---|
| Due to social security institutions | 741 | 1,070 | (329) |
| Credit notes to be issued to customers | 2,812 | 2,025 | 787 |
| Remuneration payable to employees | 1,528 | 1,228 | 300 |
| Due to tax representatives | 3,337 | 1,900 | 1,437 |
| Other payables | 216 | 255 | (39) |
| Accrued expenses and deferred income | 149 | 192 | (43) |
| **Total** | **8,784** | **6,670** | **2,114** |

The amounts due to social security institutions mainly comprise the contributions payable on the amounts paid to employees at the end of the reporting period.

The credit notes to be issued to customers are classified as "Other payables" since they represent a known liability for sales returns made in the period. The increase in the three quarters of 2009 is consistent with the rise in the volume of sales in the same period.

The amounts due to tax representatives reflect the liability for indirect taxation; sales in European countries during the three quarters of 2009 and 2008 exceeded the threshold envisaged in art. 41.1.b) of Decree 331/93, which requires the payment of VAT in the destination country for the goods sold. In order to comply with this requirement, the parent has opened tax positions in the countries concerned.

"Other payables" also include the credit notes issued to customers whom it was unable to reimburse at 30 September 2009 and 31 December 2008.

Other payables at 30 September 2008 and 31 December 2007 are analyzed in the following table:

| | Balance at 30/09/2008 | Balance at 31/12/2007 | Change |
|---|---|---|---|
| Due to social security institutions | 555 | 716 | (161) |
| Credit notes to be issued to customers | 1,638 | 1,799 | (161) |
| Remuneration payable to employees | 1,428 | 667 | 761 |
| Due to tax representatives | 2,328 | 1,197 | 1,131 |
| Other payables | 187 | 331 | (144) |
| Accrued expenses and deferred income | 129 | 29 | 100 |
| **Total** | **6,266** | **4,739** | **1,527** |

The amounts due to social security institutions mainly comprise the contributions payable on the amounts paid to employees at the end of the reporting period.

The credit notes to be issued to customers are classified as "Other payables" since they represent a known liability for sales returns made in the period. The increase in the three quarters of 2008 is consistent with the rise in the volume of sales in the same period.

The amounts due to tax representatives reflect the liability for indirect taxation; sales in European countries during the three quarters of 2008 and 2007 exceeded the threshold envisaged in art. 41.1.b) of Decree 331/93, which requires the payment of VAT in the destination country for the goods sold. In order to comply with this requirement, the parent has opened tax positions in the countries concerned.

"Other payables" also include the credit notes issued to customers whom it was unable to reimburse at 30 September 2008 and 31 December 2007.

***Statement of cash flows***

**1.30. Profit/(loss) for the period, income tax charge, depreciation and amortization, payment of income taxes**

The profit/(loss) for the period, the income tax charge, depreciation and amortization, and other non-monetary income statement items are presented in notes 1.3, 1.4, 1.5, 1.9, 1.10 and 1.11, to which reference is made.

In relation to the accrual for income taxes in the three quarters of 2009, amounting to Euro 2,010 thousand (Euro 914 thousand in the three quarters of 2008), payments of Euro 1,429 thousand were made (Euro 781 thousand in the three quarters of 2008) for the balance due for the previous year and the advances for the current year. These amounts were determined with reference to the tax regulations in force in the various countries in which the Group operates.

**1.31. Other non-monetary (income) charges, net**

Other non-monetary income and charges, net, include the non-monetary income statement items other than income taxes, depreciation and amortization, and provisions that are classified as a direct

deduction in asset captions (provision for impairment losses and provisions for obsolete inventories). Accordingly, this caption comprises defined benefit plans, the measurement at fair value of the stock option plans, the provisions for risks and charges, capital gains and losses, unrealized exchange rate fluctuations, and interest income and expense. In relation to these last items, the interest collected and interest paid is stated separately.

**1.32. Change in trade receivables, inventories and trade payables**

This caption reflects the use or generation of cash in relation to net working capital, i.e. the changes in trade receivables, inventories and trade payables. The change in trade payables relates solely to the supply of raw materials, goods and services, and excludes the change in amounts due to the suppliers of assets, which is classified in the section of the statement of cash flows relating to the cash from (used in) investing activities.

**1.33. Change in other current assets and liabilities**

This caption reflects the change in all other current assets and liabilities, net of the effects on them of recognizing non-monetary income and expenses, i.e. the change in the balances with a direct effect on the use or the generation of cash.

**1.34. Investment in property, plant and equipment and proceeds from the sale of property, plant and equipment**

The cash flow deriving from investment in property, plant and equipment reflects both the replacement of assets and investment in new assets. The amount reported also includes the change in investment payables.

**1.35. Investment in other intangible assets**

The cash flow deriving from investment in intangible assets reflects the purchase of licences and software, as well as the capitalization of development costs which are analyzed in note 1.14. These capitalizations are classified among the cash flows from (used in) investing activities since they involve a cash outflow associated with the internal costs incurred (mainly personnel expenses). Such cash outflows were essentially the same as the costs capitalized during the period.

**1.36. Investment in other non-current financial assets**

Other non-current financial assets total Euro 398 thousand at 30 September 2009 (Euro 1,235 thousand at 31 December 2008) and mainly comprise guarantee deposits.

At 30 September 2009, the guarantee deposits that do not earn interest were paid on the signature of rental contracts, contracts for the supply of electricity and gas and transactions with Paymentech to guarantee the amount of repayments due for returns made against sales. The Euro 837 thousand decrease at 30 September 2009 compared to 31 December 2008 is mainly due to the repayment of the Global Collect guarantee deposit of Euro 800 thousand, as it was replaced by the bank surety issued by BNP Paribas for the same amount, as described in note 1.16.

**1.37. Payments for future share capital increases**

The collection of Euro 5,428 thousand in the three quarters of 2009 relates to the share capital increase following Red Circle S.r.l. Unipersonale's subscription of 2,170,376 newly issued shares with a nominal value of Euro 0.01 and a share premium of 2.5243 each. The increase in the share premium is stated net of share capital increase costs amounting to Euro 74 thousand, as required by IAS 32.

**1.38. Arrangement and repayment of non-current financial liabilities**

The repayments of other non-current financial liabilities relate to bank loans and amounts due to other providers of finance, as described in note 1.23.

### 1.39. Arrangement and repayment of current financial liabilities

The change in current bank borrowings is included in the change in current financial liabilities since these represent forms of current debt, as described in note 1.23.

## Information about financial risks

In the three quarters of 2009 and 2008, the nature and structure of the Group's exposure to the risks described below and its related policies are substantially the same as those adopted in the previous year.

## Market risk

Market risk originates from the probability of a change in the fair value of the cash flows deriving from a financial instrument, as a consequence of changes in market prices.

In the interim consolidated financial statements at 30 September 2009, market risk takes the form of currency risk and interest-rate risk:

## Financial risk deriving from currency fluctuations

The Euro is the functional currency and the currency used for the presentation of the Group's financial information.

The YOOX Group operates internationally and sells goods in countries whose currency is not the Euro, thus exposing the Group to both transaction and translation currency risk. Group policy is to concentrate all currency risks within the parent YOOX S.p.A.. Since the YOOX Group is essentially an exporter, the principal risk exposure consists in the depreciation of a foreign currency against the Euro. The Group is principally exposed towards the US dollar, the Japanese yen and the British pound.

Currency transaction risks are hedged by forward contracts and plain vanilla options arranged with the leading domestic and international banks used by the YOOX Group on a daily basis. Outstanding contracts only relate to the hedging of receivables denominated in US dollars, amounting to the equivalent of Euro 1,369 thousand at 30 September 2009, and in Japanese yen, amounting to the equivalent of Euro 429 thousand. It was not considered necessary to hedge the exposure towards the British pound, since the amount is not significant. No speculative derivative contracts were arranged during the three quarters of 2009.

Certain Group companies are resident in countries that are not part of the European Monetary Union including, in particular, the United States and Japan. Since, as mentioned above, the Group's functional currency is the Euro, the income statements of these companies are translated to Euro using the average exchange rates for the reporting period. Holding net revenues and profits constant in their local currencies, changes in the exchange rates concerned may have an effect on the Euro amount of their net revenues, costs and financial results.

The Euro value of the assets and liabilities of consolidated companies whose functional currency is not the Euro may vary depending on exchange rate movements. As envisaged by the accounting policies adopted, the effects of such changes are recognized directly in equity, as part of the "Translation reserve".

## Financial risk deriving from interest rate fluctuations

Interest rate risk arises when a change in interest rates adversely affects the profit/(loss) for the period. The YOOX Group is exposed to an increase in interest rates since it has net financial debt and loans indexed to the Euribor (Euro Interbank Offered Rate). The YOOX Group has decided not to hedge interest rate risk with derivative contracts, although it monitors interest rate trends on a constant basis. In particular, 3-month Euribor dropped from 2.86% at the start of the year to 0.75% at 30 September 2009. The Group's average bank borrowing cost is essentially Euribor plus a spread of about 1.50%.

**Liquidity risk**

The Group's objective is to maintain an adequate level of liquidity and availability of the funds needed to sustain the growth of the business and meet its obligations on a timely basis. Given the dynamic nature of the business, the Group prefers to guarantee the flexibility of funding via recourse to lines of credit that are partly committed, so that the lender is unable to call for repayment prior to a pre-determined date, and partly revolving, so that the Group is able to repay individual drawdowns and therefore reconstruct the available facility.

**Credit risk with financial counterparts**

The YOOX Group has obtained lines of credit from leading Italian and international banks. The crisis affecting the international banking system did not adversely affect these established relationships.

The balances on the current accounts held in the name of YOOX S.p.A. with banks not resident in Italy are insignificant.

The Group's foreign companies maintain commercial relations with leading banks in the countries where they operate; in particular, YOOX Japan works with Mitsubishi Bank in Japan; while the two US companies, YOOX Corporation and Y Services Ltd, principally work with JP Morgan Chase Manhattan Bank.

**Credit risk with commercial counterparts**

Given the nature of the Group's business, management of the credit risk deriving from commercial activities is entrusted to the customer care function for the online receivables generated by each store, and to the finance manager for all other receivables.

The credit risk associated with doubtful accounts, for which recovery has been placed in legal hands, and with other overdue balances, is monitored centrally on a daily basis with reference to monthly reports.

***Hedge accounting***

The Group performs prospective and retrospective tests of the effectiveness of the derivative financial instruments recorded using hedge accounting rules.

Effectiveness is assured if the ratio of the change in the fair value of the hedging instrument to the change in the fair value of the hedged instrument falls in the range between 80% and 125%.

In the three quarters of 2009, the Group has arranged cash flows. These hedges are used to cover the risk of changes in the cash flows attributable to forecast transactions that are highly likely to take place.

***Fair value***

The Group uses established appraisal techniques, widely adopted in market practice, to determine the fair value of financial instruments when there is no regulated market for them. These techniques determine the amount that the instruments would have had at the reference date in an arms'-length transaction between knowledgeable and independent parties.

**Financial assets and liabilities measured at amortized cost**

The following are measured at amortized cost: trade receivables and payables, time deposits, loans, and other assets and liabilities measured at amortized cost (e.g. other receivables and payables).

Pursuant to IFRS 7, the fair value of these items is re-measured by calculating the present value of the contractually-expected flows of interest and principal, with reference to the yield curve for government securities at the measurement date.

The carrying amount of trade receivables and payables represents a reasonable approximation of their fair value.

**Financial assets and liabilities measured at fair value**

Current receivables and payables and hedging financial instruments are measured at fair value.

**Disclosures required by IAS 24 on the remuneration of management and on related parties**

**Remuneration of senior executives and other key persons within the Group**

In addition to the executive and non-executive directors, the senior executives and other key persons with strategic responsibilities for the management, planning and control of the Group comprise the Director of Administration, Finance and Control, the Director of Human Resources, the Director of Human Resources (ad interim), the Sales Director, the Marketing Director, the Director of Operations, the Technology Manager, the Director of Interactive Services, the Multi-Brand Sales Manager, and the Customer Service Manager.

The gross annual remuneration of the above persons, inclusive of all forms of remuneration (gross pay, bonuses, fringe benefits etc.) and bonuses accrued but not paid that depend on the achievement of long-term objectives, are presented in the following table together with the fees of the Board of Statutory Auditors for the three quarters of 2009 and the three quarters of 2008:

*30 September 2009*

| | Current benefits | Non-current benefits | Stock options | Other remuneration |
|---|---|---|---|---|
| Directors | 535 | — | 91 | — |
| Statutory auditors | 30 | — | — | — |
| Executives with strategic responsibilities | 1,290 | 101 | 149 | — |
| **Total** | **1,855** | **101** | **240** | **—** |

*30 September 2008*

| | Current benefits | Non-current benefits | Stock options | Other remuneration |
|---|---|---|---|---|
| Directors | 387 | — | 214 | — |
| Statutory auditors | 27 | — | — | 18 |
| Executives with strategic responsibilities | 1,160 | 118 | 418 | — |
| **Total** | **1,574** | **118** | **632** | **18** |

**List of related parties**

The following table lists the companies (other than subsidiaries) considered to be related parties, as defined in IAS 24, with which commercial transactions have taken place. The commercial transactions with these entities were all carried out on normal market terms and in the interests of the Group.

*30 September 2009*

| | Trade receivables | Trade payables | Net revenues | Costs |
|---|---|---|---|---|
| Sigma Gi S.p.A. | — | 228 | 36 | 2,309 |
| Diesel S.p.A. | 868 | 1,166 | 493 | 2,336 |
| Diesel Rags S.r.l. | — | 702 | — | 1,149 |
| 55DSL S.r.l. — Unipersonale | 30 | 1 | 25 | 3 |
| Staff International S.p.A. | — | 47 | — | 891 |
| Diesel USA Inc. | 131 | 731 | 56 | 1,362 |
| Staff USA Inc. | — | — | — | 78 |
| Studio legale D'Urso Gatti e Associati | — | 90 | — | 316 |
| Ferrante, PLLC LAW FIRM | — | 14 | — | 44 |
| Hari K. Samaroo, P.C. | — | — | — | 3 |
| KK TPI | — | 3 | — | 28 |
| Nagamine Accounting Office | — | — | — | 7 |
| **Total other related parties** | **1,029** | **2,982** | **610** | **8,524** |

*30 September 2008*

| | Trade receivables | Trade payables | Net revenues | Costs |
|---|---|---|---|---|
| Sigma Gi S.p.A. | — | 261 | — | 2,149 |
| Studio legale D'Urso Gatti e Associati | — | 16 | — | 131 |
| KK TPI | — | 9 | — | 22 |
| Nagamine Accounting Office | — | 1 | — | 4 |
| **Total other related parties** | **—** | **287** | **—** | **2,306** |

The above entities are deemed to be parties related to the Issuer for the following reasons:

- Sigma Gi S.p.A. (formerly Sigma Gi Export Import S.r.l.), since its controlling owner is an indirect owner of YOOX, which has appointed a director and Sigma Gi has signed a supply agreement with the Group;
- Studio legale d'Urso Gatti e Associati, since the partner, which provides the Group with continuous legal and corporate consultancy services, is a director of the Group and beneficiary of the stock option plans;
- Nagamine Accounting Office and KK TPI, since the owner of both firms, which provide the Group with continuous administrative and tax consultancy services, is a member of the board of directors of a Group company (YOOX Japan).
- Diesel S.p.A., Diesel Rags S.r.l., Diesel USA Inc., 55DSL S.r.l. — Unipersonale, Staff International S.p.A. and Staff USA Inc., which are part of the Diesel Group, whose controlling owner, through Red Circle S.r.l. Unipersonale, appointed a director of the Issuer. In addition, the figures indicated in the table at 30 September 2009 were calculated since the date of Red Circle S.r.l. Unipersonale's investment in the Group;
- Ferrante PLLC law firm, since a partner at this law firm, which provides certain Group companies (Y Services and YOOX Corporation) with continuous legal and corporate consultancy services, is a member of the board of directors of a Group company (YOOX Corporation).
- Hari K. Samaroo P.C, since Mr. Samaroo, owner of this firm, which provides the Group with administrative consultancy services, is the legal representative of a Group company (Y Services).

None of the transactions that took place with related parties during the three quarters of 2009 were significant (except as mentioned above), atypical and/or unusual.

## Other information

### Commitments and guarantees

The following table summarizes the commitments of and the guarantees given by the YOOX Group at 30 September 2009 and 30 September 2008:

| | Three quarters of 2009 | First half of 2009 | Three quarters of 2008 | First half of 2008 | Year ended 31 December | | |
|---|---|---|---|---|---|---|---|
| | | | | | 2008 | 2007 | 2006 |
| Third party assets held by the Group | 35,506 | 28,277 | 18,994 | 16,528 | 24,874 | 9,204 | 5,900 |
| Sureties given to others | 2,797 | 2,988 | 2,076 | 1,986 | 2,130 | 1,521 | 317 |
| Commitments under forward hedging contracts | 1,795 | 2,884 | 2,696 | — | 2,980 | 1,019 | 307 |
| **Total commitments and guarantees** | **40,098** | **34,149** | **23,766** | **18,514** | **29,984** | **11,744** | **6,524** |

The warehouses of Group companies hold goods received from YOOX's commercial partners on a sale-or-return basis totaling Euro 35,506 thousand. The increase on the three quarters of 2008 is due to the opening of new online stores and the rise in the procurement on a sale-or-return basis.

At 30 September 2009, all *sureties* given relate to the parent and refer to the following:

- contract arranged by the Parent, effective from 30 June 2002, for the rental of a property for use by visitors at Galleria Cavour 8, Bologna. This surety, for an amount of Euro 4,650, expires on 14 June 2010;
- contract for TAX representation in Spain by Claramonte Fortuno Asesores c/Mayor San Jaime 12 Villarreal (Castellon), with a guarantee amounting to Euro 300,000 for VAT compliance that expires on 15 July 2010;
- contract arranged by the parent, effective from 1 October 2008 for a period of six years, for the rental of office premises at Via Autari 27, Milan. This surety, for an amount of Euro 60,000, expires on 30 September 2014;
- contract arranged by the parent, effective from 22 December 2003 and expiring on 31 December 2009, for the supply of integrated logistics services by ND Logistics Italia S.p.A.. The related surety amounts to Euro 100,000;
- contract arranged with ND Logistics Italia S.p.A. for the supply of integrated logistics services amounting to Euro 500,000, effective from 15 March 2007 for a period of five years seven months, expiring on 14 October 2012;
- contract arranged with Diesel to guarantee payments by Y Services Ltd amounting to USD 450,000, equal to Euro 304,054.05, commencing from 2 November 2007 and expiring on 31 December 2009;
- contract arranged with ND Logistics Italia S.p.A. to guarantee the proper performance of obligations under the sub-rental contract, amounting to Euro 46,875, commencing from 10 October 2007 for a period of six years, expiring on 9 June 2013;
- contract arranged by the parent with Despina S.p.A. to guarantee the proper performance of obligations under the contract, commencing from 1 April 2007 for a period of six years, for the rental of office premises at Via Nannetti 1, Zola Predosa. This surety, for an amount of Euro 47,500, expires on 31 March 2013;
- contract arranged with SIMEST to guarantee the loan amounting to Euro 99,400, commencing from 28 September 2006 and expiring on 16 March 2014;
- contract arranged with SIMEST to guarantee the loan amounting to Euro 441,078, commencing from 17 January 2008 and expiring on 16 March 2014;
- contract arranged by the Parent with New Winds Group to guarantee the proper performance of obligations under the contract, commencing from 1 August 2008, for the rental of office premises in Madrid. This surety, for an amount of Euro 18,839.04, expires on 1 September 2010;
- contract arranged by the parent with MM. Kerr and MM. Naret to guarantee the proper performance of obligations under the contract, commencing from 1 August 2008, for the rental of office premises in Paris. This security, for an amount of Euro 50,000, expires on 31 July 2011;
- contract arranged by the parent with Oslavia, effective from 1 July 2008 for a period of six years, for the rental of office premises in Via Lombardini, Milan. This surety, for an amount of Euro 19,200, expires on 31 July 2014;
- contract arranged by the parent, in favor of the Portuguese tax representative, to guarantee the payment of Portuguese VAT. This guarantee amounts to Euro 5,000 as expires on 27 November 2009;
- contract arranged by the parent following repayment of Euro 800,000 of the Global Collect guarantee deposit, as BNP Paribas issued a bank surety of the same amount to replace it.

The hedging contracts relate to forward sales and options arranged by the parent to hedge the currency risk associated with the intercompany sales made in US dollars and Japanese yen. The total amount of the commitments, translated to Euro using the spot rates at 30 September 2009 is Euro 1,795 thousand.

## Significant subsequent events

*Appointment of the board of directors*

The parent is managed by a board of directors made of up seven directors elected by the shareholders:

- Federico Marchetti (Chairman and Managing Director);
- Elserino Piol (Director);
- Fausto Boni (Director);
- Mark Evans (Director);
- Massimo Giaconia (Director);
- Catherine Vautrin (Director);
- Stefano Valerio (Director).

The Chairman of the board of directors and all directors were appointed on 7 October 2009, except for the director Catherine Vautrin, who was co-opted on 29 October 2009, and will remain in office until the approval of the financial statements at 31 December 2011.

On 7 October 2009, the shareholders recalculated total annual fees due to the board of directors and the board of directors resolved on the allocation of the fees.

*Appointment of the Chairman and Managing Director*

On 7 October 2009, the board of directors confirmed Federico Marchetti, founding shareholder of YOOX Group, as Chairman and Managing Director until the approval of the financial statements as at and for the year ending 31 December 2011, giving him the widest powers of administration of the parent, including, but not limited to, company signature and legal representation before third parties and in court, except for decisions on matters explicitly reserved for the board.

*Appointment of the board of statutory auditors*

The board of statutory auditors is made up of three standing and two alternate statutory auditors, whom the shareholders appoint on the basis of voting lists. The current board of statutory auditors was appointed on 7 October 2009 and will remain in office until the approval of the financial statements as at and for the year ending 31 December 2011. It is comprised as follows:

- Filippo Tonolo (Chairman);
- Luca Sifo (Standing statutory auditor);
- David Reali (Standing statutory auditor);
- Nicola Bottecchia (Alternate statutory auditor);
- Edmondo Granata (Alternate statutory auditor).

*Appointment of the YOOX Group Investor Relator*

On 29 October 2009, the board of directors appointed Silvia Scagnelli YOOX Group Investor Relator

*Appointment of the YOOX Group's Lead Independent Director*

On 29 October 2009, the board of directors appointed the director Massimo Giaconia Lead Independent Director of the YOOX Group.

*Admission to listing of YOOX S.p.A. ordinary shares*

On 9 November 2009, Borsa Italiana S.p.A. admitted the listing of the parent YOOX S.p.A.'s ordinary shares for trading on the Mercato Telematico Azionario (MTA).

*CONSOB authorization for the publication of the prospectus*

On 10 November 2009, CONSOB authorized the publication of the prospectus for the stock exchange listing of the parent YOOX S.p.A.'s ordinary shares in the Star segment of the Mercato Telematico Azionario (MTA).

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE, 2009
PREPARED IN ACCORDANCE WITH IFRS

**KPMG S.p.A.**
**Revisione e organizzazione contabile**
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# Report of the auditors

To the board of directors of
YOOX S.p.A.

1 We have audited the interim consolidated financial statements of the YOOX Group as of and for the six-month period ended 30 June 2009, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. These financial statements have been drawn up solely to comply with Borsa Italiana S.p.A.'s requirements as part of the listing of YOOX S.p.A. ordinary shares on the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A. and for inclusion in the Prospectus prepared pursuant to regulation 809/2004/EC. The parent's directors are responsible for the preparation of these interim consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting", endorsed by the European Union. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the interim consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

With regard to the corresponding figures at 31 December 2008, reference should be made to our report dated 7 September 2009. The corresponding figures for the six-month period ended 30 June 2008 were not audited by us. Therefore, we do not express an opinion thereon.

3 In our opinion, the interim consolidated financial statements of the YOOX Group as of and for the six-month-period ended 30 June 2009 have been prepared, in all material respects, solely for the purposes described in paragraph 1 of this report, in conformity with IAS 34, "Interim Financial Reporting", endorsed by the European Union.

Bologna, 7 September 2009

KPMG S.p.A.

Gianluca Geminiani
Director of Audit

KPMG S.p.A., an Italian limited liability share capital company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Milano Ancona Aosta Bari
Bergamo Bologna Bolzano
Brescia
Cagliari Catania Como Firenze
Genova Lecce Napoli Novara
Padova Palermo Parma Perugia
Pescara RomaTonno Treviso
Trieste Udme Varese Verona

Società per azioni Capitale sociale
Euro 7.470.300,00 i.v
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Part. IVA 00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI

# INCOME STATEMENT

| | Notes | 2009 | 2008 |
|---|---|---|---|
| Amounts in thousands of Euro: | | | |
| **Net revenue from sales** | *1.1* | 68,305 | 46,585 |
| Cost of goods sold | *1.2* | (42,635) | (28,874) |
| Fulfillment's cost | *1.3* | (7,566) | (5,828) |
| Selling expenses | *1.4* | (7,843) | (4,839) |
| General expenses | *1.5* | (6,344) | (5,629) |
| Other income and charges | *1.6* | (624) | (551) |
| Non-recurring charges | *1.7* | — | — |
| **Operating profit** | *1.8* | 3,293 | 864 |
| Financial income | *1.9* | 337 | 174 |
| Financial charges | *1.10* | (1,053) | (824) |
| **Profit before taxation** | | 2,577 | 214 |
| Taxation | *1.11* | (1,015) | (653) |
| **Profit/(loss) for the period** | | 1,562 | (439) |
| of which: | | | |
| attributable to owners of the parent | | 1,562 | (439) |
| attributable to non-controlling interests | | — | — |
| Basic earnings (loss) per share | *1.12* | 1.96 | (0.57) |
| Diluted earnings (loss) per share | *1.13* | 1.68 | (0.57) |

# STATEMENT OF COMPREHENSIVE INCOME

| | Notes | 2009 | 2008 |
|---|---|---|---|
| Amounts in thousands of Euro: | | | |
| **Profit/(loss) for the period** | *1.12* | 1,562 | (439) |
| **Other comprehensive income, net of tax** | | | |
| Net translation differences | *1.21* | (91) | (28) |
| Net change in hedging reserve | *1.21* | 3 | (12) |
| **Total other comprehensive income** | | (88) | (40) |
| **Total comprehensive income/(loss) for the period** | | 1,474 | (480) |
| of which: | | | |
| attributable to owners of the parent | | 1,474 | (480) |
| attributable to non-controlling interests | | — | — |

# STATEMENT OF FINANCIAL POSITION

| Amounts in thousands of Euro: | Notes | 30/06/2009 | 31/12/2008 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *1.13* | 3,418 | 3,481 |
| Intangible assets with finite useful life | *1.14* | 3,036 | 2,281 |
| Deferred tax assets | *1.15* | 2,476 | 1,405 |
| Other non-current financial assets | *1.16* | 461 | 1,235 |
| **Total non-current assets** | | **9,391** | **8,402** |
| **Current assets** | | | |
| Inventories | *1.17* | 43,458 | 38,652 |
| Trade receivables | *1.18* | 2,810 | 3,911 |
| Other current assets | *1.19* | 4,631 | 4,882 |
| Cash and cash equivalents | *1.20* | 12,581 | 8,962 |
| **Total current assets** | | **63,480** | **56,407** |
| **Total assets** | | **72,871** | **64,809** |
| **Equity** | | | |
| Share capital | | 423 | 401 |
| Reserves | | 31,087 | 25,328 |
| Losses carried forward | | (9,462) | (11,696) |
| Profit for the period | | 1,562 | 2,402 |
| Profit attributable to owners of the parent | *1.21 - 1.22* | 23,610 | 16,435 |
| Profit/(loss) attributable to non-controlling interests | | — | — |
| **Total equity** | | **23,610** | **16,435** |
| **Non-current liabilities** | | | |
| Non-current financial payables | *1.23* | 16,128 | 18,735 |
| Employee benefits | *1.24* | 225 | 274 |
| Provisions for risks and charges — non-current portion | *1.26* | 462 | 346 |
| Deferred tax liabilities | *1.25* | 54 | 48 |
| **Total non-current liabilities** | | **16,869** | **19,403** |
| Bank loans and borrowings | *1.23* | 226 | 4,086 |
| Provisions for risks and charges — current portion | *1.26* | 304 | 168 |
| Trade payables | *1.27* | 22,800 | 17,282 |
| Tax payables | *1.28* | 2,083 | 765 |
| Other payables | *1.29* | 6,979 | 6,670 |
| **Total current liabilities** | | **32,392** | **28,971** |
| **Total liabilities and equity** | | **72,871** | **64,809** |

# STATEMENT OF CHANGES IN EQUITY

## Statement of changes in equity
## for the period ended 30/06/2009 — notes 1.21 and 1.22

| | Balances as of 31/12/2008 | Measurement of derivatives | Measurement of stock options | Translation of foreign operations | Other changes | Total effects recognised in equity | Allocation of prior-year profit/(loss) | Profit/(loss)s for the period | Exercise of stock option rights | Increase in share capital | Distribution of dividends | Total effect of transactions with owners in their capacity as owners | Balances as of 30/06/2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Amounts in thousands of Euro: | | | | | | | | | | | | | |
| Share capital | 401 | — | — | — | — | — | — | — | — | 22 | — | 22 | 423 |
| Share premium | 22,666 | — | — | — | — | — | — | — | — | 5,405 | — | 5,405 | 28,071 |
| Legal reserve | 23 | — | — | — | — | — | 170 | — | — | — | — | — | 193 |
| Translation reserve | 48 | — | — | (91) | — | (91) | — | — | — | — | — | — | (43) |
| Reserve for stock options | 2,578 | — | 272 | — | — | 272 | — | — | — | — | — | — | 2,850 |
| Hedging reserve | 13 | 3 | — | — | — | 3 | — | — | — | — | — | — | 16 |
| Retained earnings (losses carried forward) | (11,696) | — | — | — | 2 | 2 | 2,232 | — | — | — | — | — | (9,462) |
| Profit attributable to owners of the parent | 2,402 | — | — | — | — | — | (2,402) | 1,562 | — | — | — | — | 1,562 |
| **Equity attributable to owners of the parent** | **16,435** | **3** | **272** | **(91)** | **2** | **186** | **—** | **1,562** | **—** | **5,427** | **—** | **5,427** | **23,610** |
| Non-controlling interests | — | — | — | — | — | — | — | — | — | — | — | — | — |
| **Total equity** | **16,435** | **3** | **272** | **(91)** | **2** | **186** | **—** | **1,562** | **—** | **5,427** | **—** | **5,427** | **23,610** |

# STATEMENT OF CASH FLOWS

| Amounts in thousands of Euro: | Notes | 2009 | 2008 |
|---|---|---|---|
| Profit/(loss) for the period | *1.30* | 1,562 | (439) |
| *Adjustments for:* | | | |
| Taxation for the period | *1.30* | 1,015 | 653 |
| Financial charges | *1.31* | 1,053 | 824 |
| Financial income | *1.31* | (336) | (173) |
| Depreciation, amortisation and impairment losses | *1.31* | 889 | 810 |
| Fair value measurement of stock options | *1.31* | 272 | 505 |
| Unrealized exchange rate differences | *1.31* | (91) | (28) |
| Losses/(gains) on sale of non-current assets | *1.31* | — | — |
| Provisions for employee benefits | *1.31* | 4 | 8 |
| Provisions for risks and charges | *1.31* | 420 | 97 |
| Use of provisions for employee benefits | *1.31* | (53) | (34) |
| Use of provisions for risks and charges | *1.31* | (168) | (63) |
| Change in inventories | *1.32* | (4,806) | (4,731) |
| Change in trade receivables | *1.32* | 1,101 | (678) |
| Change in trade payables | *1.32* | 5,518 | 477 |
| Change in other current assets and liabilities | *1.33* | 793 | 1,939 |
| **Cash flow (used in) from ordinary operations** | | **7,173** | **(835)** |
| Income taxes paid | *1.30* | (761) | (870) |
| Interest and other financial charges paid | *1.31* | (1,283) | (824) |
| Interest and other financial income received | *1.31* | 336 | 173 |
| **Cash flow (used in) from operating activities** | | **5,465** | **(2,356)** |
| *Investing activities* | | | |
| Investment in property, plant and equipment | *1.34* | (220) | (435) |
| Investment in intangible assets | *1.35* | (1,138) | (969) |
| Investment in other non-current financial assets | *1.36* | 774 | (326) |
| Proceeds from sale of property, plant and equipment | *1.34* | 4 | 55 |
| **Cash flow (used in) from investing activities** | | **(580)** | **(1,675)** |
| *Financing activities* | | | |
| Short-term financial payables | *1.39* | — | 1,562 |
| Repayment of short-term financial payables | *1.39* | (3,932) | (12,847) |
| Non-current financial payables | *1.38* | — | 15,994 |
| Repayment of non-current financial payables | *1.38* | (2,762) | — |
| Capital injection for share capital increase | *1.37* | 5,428 | — |
| **Cash flow (used in) from financing activities** | | **(1,266)** | **4,709** |
| **TOTAL CASH FLOW FOR THE PERIOD** | | **3,619** | **678** |
| Cash and cash equivalents, start of period | *1.20* | 8,962 | 5,185 |
| Cash and cash equivalents, end of period | *1.20* | 12,581 | 5,863 |
| **TOTAL CASH FLOW FOR THE PERIOD** | *1.20* | **3,619** | **678** |

# EXPLANATORY NOTES

**General information — Notes to the interim consolidated financial statements as of and for the six-month period ended 30 June 2009**

**Group structure and activities**

YOOX is the Group that reports to YOOX S.p.A., the Italian parent based in Zola Predosa (Italy). YOOX is active in the sale of and provision of commercial services relating to clothing, accessories and, more generally, all types of complementary items for individuals, the home, spare-time and recreational activities and hobbies.

In addition to YOOX S.p.A. (hereinafter "the Parent"), the YOOX Group (hereinafter "the Group") comprises YOOX Corporation Ltd and Y Services Ltd, the US companies that manage sales in the US, and YOOX Japan KK, the Japanese company that manages sales in Japan.

Pursuant to the requirements of IFRS 8 with regard to its operations, the Group has identified the following lines of business:

- Multi-Brand, comprising the online, multi-brand store activities of yoox.com and thecorner.com:
  a. yoox.com, operational since June 2000, offers a wide assortment of quality clothing, footwear and accessories at reduced prices. These items are drawn from the collections of well-known brands for the corresponding season in the prior year. This high-level range is completed by a selection of exclusive items (collections produced solely for yoox.com), vintage garments and special editions created by leading stylists and designers, as well as books, works of art and design objects;
  b. thecorner.com, operational since February 2008, hosts a number of shop-in-shops dedicated to the current collections of established, niche and/or artisan brands that are not readily available elsewhere.
- Mono-Brand, comprising the design, creation and management, on an exclusive basis, of the online stores of certain leading, global fashion brands that have appointed the Group as their strategic partner for this specific sales channel. The goods available from the online stores are sold and invoiced directly to the end customer by YOOX.

In addition, the Group has a Corporate and Central Services Area that directs and coordinates its activities. This Area also plays a key role in facilitating functional integration between the various Areas, and in supporting the operational activities directly associated with each line of business. This Area comprises Group Management, administration, finance and control, legal affairs, general services, personnel, the press office and IT.

**Purpose of the interim consolidated financial statements as of and for the six-month period ended 30 June 2009 prepared in accordance with International Financial Reporting Standards**

Commencing from 2005, Regulation (EC) No. 1606/2002 (Reg. 1606/02) issued by the European Parliament and Council on 19 July 2002 (the "EC Regulation") requires all companies listed on a regulated market to prepare consolidated financial statements in accordance with the International Accounting Standards/ International Financial Reporting Standards (hereinafter, respectively, "IAS," "IFRS") issued by the International Accounting Standards Board and endorsed by the European Commission.

In Italy, this topic is governed by Legislative Decree no. 38 dated 28 February 2005 (Legislative Decree no. 38/05, published in Italian Official Gazette no. 66 on 21 March 2005), which allows companies not covered by the EC Regulation to prepare separate and consolidated financial statements under IFRS from the year ended 31 December 2005.

By a Board resolution adopted on 14 December 2007, the Parent decided to start the process of listing its ordinary shares on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A.

Accordingly, as allowed by art. 94 of the Consolidated Finance Law (TUF) and Regulation (EC) no. 809/2004, the YOOX Group has decided to prepare interim consolidated financial statements as of and

for the six-month period ended 30 June 2009 under IFRS, solely for the purpose of inclusion in the prospectus required for the listing of the ordinary shares of YOOX S.p.A. on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A..

**Statement of compliance with IFRS and basis of preparation**

These interim consolidated financial statements have been prepared in accordance with IAS 34. They do not include all the information required for annual financial statements and must be read together with the consolidated financial statements as of and for the year ended 31 December 2008. In particular, the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows have all been prepared in the full format adopted for the consolidated financial statements as of and for the year ended 31 December 2008. On the other hand, the notes set out below are presented in summary form and, accordingly, do not contain all the information required for annual financial statements. In particular, as envisaged in IAS 34, the notes to these interim consolidated financial statements relate solely to those elements of the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows that are essential for an understanding of the financial position of the Group, considering their content, the nature and extent of related changes, and the effect of unusual events. The purpose of this approach is to avoid the duplication of information that has already been published.

The interim consolidated financial statements as of and for the six-month period ended 30 June 2009 comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and these notes. These schedules are presented together with the corresponding figures required by IAS 34 (as of 31 December 2008 for the statement of financial position and for the six-month period ended 30 June 2008 for the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows).

*Financial statements formats*

As specified above, the formats adopted for the interim consolidated financial statements as of and for the six-month period ended 30 June 2009 comply with IAS 34 and comprise:

*Income statement*

The income statement is classified with reference to the purpose of the costs incurred, since this is considered to provide more meaningful information. It is also consistent with the system of reporting used by Group Management when evaluating the performance of the business.

*Statement of comprehensive income*

The statement of comprehensive income consists of a single statement of the elements comprising the profit/(loss) for the period and the charges and income that were recognised directly in equity in relation to transactions not involving owners in their capacity as owners.

*Statement of financial position*

The statement of financial position presents current assets and liabilities separately from non-current assets and liabilities, while the notes for each asset and liability caption state the amounts that are expected to be recovered or settled within or after 12 months from the end of the reporting period.

*Statement of changes in equity*

The statement of changes in equity reports the profit/(loss) for the year or the period, each caption of net revenues or cost, income or expense that, as required by IFRS and their interpretations, must be recognised directly in equity, and the total of these captions; the total profit or loss for the period, reporting separately the portion attributable to the owners of the parent and, where applicable, that

attributable to non-controlling interests; the effect on each equity caption of changes in accounting policies and the correction of errors, as required by IAS 8; the retained earnings or losses carried forward at the start of the year and at the end of the reporting period, together with the changes during the year.

The notes to the financial statements also present the amounts deriving from transactions with owners in their capacity as owners; a reconciliation of the carrying amount of each class of share, the share premium reserve and other reserves at the start and the end of the reporting period, showing each change separately.

*Statement of cash flows*

The statement of cash flows presents the cash flows from operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method, whereby the profit/(loss) for the period or year is adjusted for the effects of non-monetary transactions, for all deferrals or provisions relating to previous or future operational collections or payments, and for the cash flows from investing and financing activities.

## Accounting policies

### General criteria

The presentation currency used for the interim consolidated financial statements is the Euro. Except where otherwise stated, the balances and the notes to the financial statements are stated in thousands of Euro.

The interim consolidated financial statements are prepared on a cost basis, except for the measurement of derivative financial instruments at fair value, and on a going-concern basis.

The accounting policies adopted are applied consistently by all Group companies. There are no held-to-maturity investments. Financial transactions are recognized with reference to the trade date.

### Use of estimates

Preparation of the financial statements and the related notes requires Group Management to make certain estimates and assumptions. These affect the amounts of the assets and liabilities reported in the financial statements, and the information provided about contingent assets and liabilities at the end of the reporting period.

Actual results may differ from these estimates. Estimates were made to determine the provisions for impairment losses on receivables, obsolete inventories, depreciation and amortization, impairment losses on assets, employee benefits, taxation etc. These estimates and assumptions are reviewed periodically and the effects of any changes are recognized immediately in the income statement.

### Basis of consolidation

*Subsidiaries*

Subsidiaries are companies over which the Group exercises control, having the power — whether directly or indirectly — to determine their financial and operating policies, and to obtain the benefits deriving from their activities. In general, companies are deemed to be subsidiaries if the Group holds more than 50% of their voting rights, taking account of any potential voting rights that are exercisable at the time.

The financial statements of the Group's subsidiaries, which were all formed rather than acquired, are consolidated on a line-by-line basis from the time that control is acquired to the date that control is lost.

Dormant subsidiaries and those with an insignificant volume of business are not consolidated on a line-by-line basis, since they have no material effect on the financial position and results of operations of the Group.

Any equity and profit/(loss) attributable to non-controlling interests are classified separately in the consolidated statement of financial position and income statement.

The end of the reporting period for all Group companies is 31 December, and accounts are also prepared as of and for the six-month period ended 30 June in order to present the interim consolidated financial statements at that date.

The companies consolidated on a line-by-line basis are listed in note 6 to these notes to the interim consolidated financial statements.

*Associates and companies under joint control*

The Group does not hold any investments in associates or companies under joint control (joint ventures).

*Transactions eliminated on consolidation*

Transactions between Group companies are eliminated in full. Unrealized profits and losses arising on transactions with subsidiaries are also eliminated in full. Any equity and profit/(loss) attributable to non-controlling interests are determined with reference to the voting rights held, excluding potential voting rights for this purpose. Any positive differences arising on initial consolidation, from the elimination of investments against the Group's interest in their equity, are allocated as additional amounts to the assets, liabilities and contingent liabilities concerned, while any residual amounts are recognized as goodwill. Any negative differences arising on initial consolidation, from the elimination of investments against the Group's interest in their equity, are allocated as a reduction in the amount of the assets and liabilities concerned, while any residual amounts are taken to the income statement.

**Treatment of foreign currency transactions**

*Foreign currency transactions*

Foreign currency transactions are translated into the functional currency of each Group company using the transaction-date exchange rate. Monetary items denominated in foreign currencies at the end of the reporting period are translated into the functional currency using the exchange rate applying on that date. The exchange rate gains or losses on monetary items are represented by the difference between the amortized cost of the functional currency at the start of the period, as adjusted to reflect the effective interest and payments during the period, and the amortized cost of the foreign currency translated using the exchange rate applying at the end of the reporting period. The exchange rate differences deriving from the translation of monetary items denominated in foreign currencies are recognized in the income statement.

*Financial statements of foreign operations*

The assets and liabilities of foreign operations are translated to Euro using the exchange rates applying at the end of the reporting period. For practical reasons, the net revenues and costs of foreign operations are translated to Euro using the average exchange rates for the period, if this does not give rise to significant differences with respect to their translation using the rates applicable to the individual transactions.

The exchange rate differences deriving from the translation of the financial statements of foreign operations are recognized directly in equity as part of the "Translation reserve." On the partial or complete sale of a foreign operation, the related amount of the differences accumulated in this reserve is released to the income statement.

To the extent that payment or collection is not planned or likely in the foreseeable future, the exchange rate gains and losses deriving from the translation of monetary amounts due to or from foreign operations are deemed to be part of the net investment in them, and are recognized directly in equity as part of the reserve mentioned above.

On the first-time adoption of IFRS, the cumulative translation adjustment deriving from the consolidation of foreign operations outside the Euro-zone was reclassified to the other reserves, as allowed by IFRS 1. Accordingly, the capital gains and losses deriving from the future sale of such operations will only include the translation differences arising subsequent to 1 January 2007.

The exchange rates used at 30 June 2009, 31 December 2008 and 30 June 2008 to translate the statement of financial position and income statement items denominated in foreign currencies are summarized in the following table (source *www.uic.it*):

| | **Exchange rate at 30/06/2009** | **Average rate, first half 2009** |
|---|---|---|
| Euro/USD | 1.4134 | 1.3328 |
| Euro/YEN | 135.51 | 127.27 |
| Euro/GBP | 0.8521 | 0.8939 |

| | **Exchange rate at 31/12/2008** | **Average exchange rate for 2008** |
|---|---|---|
| Euro/USD | 1.3917 | 1.4706 |
| Euro/YEN | 126.14 | 152.33 |
| Euro/GBP | 0.9525 | 0.7963 |

| | **Exchange rate at 30/06/2008** | **Average rate, first half 2008** |
|---|---|---|
| Euro/USD | 1.5764 | 1.5304 |
| Euro/YEN | 166.44 | 160.62 |
| Euro/GBP | 0.7923 | 0.7752 |

**Derivative financial instruments**

The Group does not hold any derivative financial instruments for speculative purposes. Nevertheless, if the derivative financial instruments held do not satisfy all the conditions specified in IAS 39 for their recognition in accordance with hedge accounting rules, the changes in their fair value are recognized in the income statement as financial income and/or expense.

Derivative financial instruments are recognized in accordance with hedge accounting rules when:

- at the start of the hedge, the hedging relationship is formally designated and documented;
- the hedge is deemed to be highly effective;
- effectiveness can be measured reliably and the hedge remains highly effective throughout the designation period.

The Group uses derivative financial instruments to hedge its exposure to the currency risk.

Derivatives are initially measured at their fair value; attributable transaction costs are charged to the income statement as incurred. Following initial recognition, derivatives are also measured at fair value. Any changes are recognized on the basis described below.

*Cash flow hedges*

Changes in the fair value of hedging derivatives designated as cash flow hedges are recognized directly in equity, to the extent that the hedge is effective. The changes in the fair value of the ineffective portion are recognized in the income statement.

Recognition as a hedge, as described above, ceases on a prospective basis if the instrument designated as a hedge:

- no longer meets all the criteria for the application of hedge accounting rules;
- expires;
- is sold;
- is closed-out or exercised.

Any accumulated profits or losses are retained in equity until the foreseen transaction takes place. If the hedged item is a non-financial asset, the amount recognized in equity is added to the carrying amount of such asset at the time this is determined. In other cases, the amount recognized in equity is released to the income statement for the period in which the hedged item has an effect on income statement.

**Property, plant and equipment**

*Measurement*

Property, plant and equipment are stated at acquisition cost including any directly-related charges, net of accumulated depreciation and impairment losses. The cost of property, plant and equipment as of 1 January 2007, the IFRS transition date, was determined with reference to their historical cost.

Any borrowing costs incurred for the acquisition or construction of capitalized assets are charged to the income statement as incurred. If an element of property, plant and equipment consists of various components with different useful lives, such components are recognized separately (where significant).

The gains or losses generated on the sale of property, plant and equipment represent the difference between the net proceeds from the sale and the net carrying amount of the asset concerned. They are classified in the income statement as either “other income” or “other expense.”

*Subsequent costs*

Costs incurred subsequent to the purchase of assets, and the cost of replacement parts for assets classified in this category, are added to the carrying amount of the item concerned for measurement purposes, and capitalized only if they increase the economic benefits expected to derive from such item. All other costs are charged to the income statement as incurred.

When the cost of replacement parts for an asset is capitalized, the residual carrying amount of the replaced parts is charged to the income statement. Extraordinary maintenance that increases the useful lives of property, plant and equipment is capitalized and depreciated over the residual useful life of the asset concerned. Routine maintenance costs are charged to the income statement as incurred.

Assets under construction are recorded at cost in the “assets under construction” caption until they become available for use; when they become available for use, such cost is reclassified to the appropriate caption and depreciation commences.

*Finance leases*

The property, plant and equipment held under finance leases, whereby the Group accepts substantially all the risks and benefits that would have derived from their ownership, are recognized as fixed assets at the contract start date and recorded at their fair value or, if lower, at the present value of the lease payments. They are depreciated over their estimated useful lives and their carrying amount is adjusted for any impairment losses on the basis described further below. The amount due to the lessor is classified in the statement of financial position among the financial payables.

*Depreciation*

Depreciation is charged to the income statement on a straight-line basis over the useful life of each asset comprising property, plant and equipment.

The economic-technical useful lives deemed appropriate for the first half of 2009 and the first half of 2008 are summarized below:

| | |
|---|---|
| equipment | 15% |
| general plant | 15% |
| specific plant | 30% |
| electronic office equipment | 20% |
| furniture and furnishings | 15% |

The depreciation methods applied, the useful lives of assets and their residual lives are checked at the end of the reporting period.

**Intangible assets**

*Development costs*

The cost of research carried out with a view to obtaining new knowledge, or making scientific or technical discoveries, is charged to the income statement as incurred.

Development expenditure is incurred on the basis of a plan or a project for the production of new or substantially improved products or processes. Development expenditure is only capitalized if the conditions specified in IAS 38 — Intangible assets are met, namely:

- demonstrable technical feasibility of the product;
- demonstrable ability to use or sell the intangible asset;
- intention of the company to complete the development project;
- ability to determine reliably the costs incurred on the project;
- recoverability of the amounts recorded against the economic benefits expected to derive from the development project;
- availability of adequate technical, financial and other resources.

Capitalized development expenditure comprises the cost of services provided by third parties and directly-incurred personnel expenses. Borrowing costs relating to the development of capitalized assets are charged to the income statement as incurred. Other development expenditure is also charged to the income statement as incurred.

Capitalized development expenditure is stated at cost, net of accumulated amortization and impairment losses.

Development projects in progress are recorded at cost in the “assets under development” caption until such projects have been completed; on completion, such cost is reclassified to the appropriate caption and amortization commences.

*Other intangible assets with finite useful life*

The other intangible assets with a finite useful life acquired by the Group are stated at cost, net of accumulated amortization and impairment losses.

*Subsequent costs*

Costs incurred subsequently are only capitalized if they increase the economic benefits expected to derive from the assets concerned. All other subsequent costs are charged to the income statement as incurred.

*Amortization*

Amortization is charged to the income statement on a straight-line basis over the estimated useful life of each intangible asset, commencing from the time it becomes available for use. The economic-technical lives deemed appropriate for the first half of 2009 and the first half of 2008 are summarized below:

| | |
|---|---|
| Development costs | 33% |
| Software and licences | 33% |
| Brands and other rights | 10% |
| Other intangible assets | 33% |

**Other non-current financial assets**

This category comprises the guarantee deposits that are expected to be recoverable beyond 12 months.

Non-current financial assets are initially recognized at their fair value on the transaction date (being their acquisition cost), net of directly-related transaction costs.

Following initial recognition, held-to-maturity financial instruments are measured at amortized cost, using the effective interest method.

The effective interest rate is the rate that exactly discounts the cash flows expected over the life of the financial instrument back to its net carrying amount.

At each end of the reporting period, every non-current financial asset is checked for objective evidence of impairment.

If there is objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the held-to-maturity investment and the present value of the related estimated future cash flows, calculated using the financial asset's original effective interest rate.

This loss is charged immediately to the income statement.

If in subsequent years, the amount of the impairment loss decreases and such reduction is associated with an event that took place after the original impairment loss was recognized, the loss is reversed and the related reversal is taken to the income statement.

**Inventories**

Inventories are stated at the lower of purchase and/or production cost or their net realizable value estimated with reference to market trends, having regard for any selling-related expenses. The cost of inventories, determined on an average basis by category, comprises their purchase cost and the costs incurred to bring them to the present location and condition.

Inventories are reported in the financial statements net of the provision for obsolescence, which takes account of the impairment losses associated with obsolete and slow-moving items.

**Trade and other receivables**

Trade and other receivables, generally due within one year, are stated at the fair value of the initial consideration plus any transaction costs. Subsequently, they are measured at amortized cost, as adjusted for any impairment losses represented by the difference between their carrying amounts and the related estimated future cash flows. If the amount of the impairment loss decreases in subsequent years, the loss is partially or completely reversed, and the receivable is reinstated to an amount that does not exceed the amortized cost that would have been recognized had the loss not been identified.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank and postal deposits, and equivalent items that can be sold in the very short term (three months). They are stated at nominal value, using the spot exchange rates at year end for currency items, which reflects their fair value.

**Impairment losses on assets**

The Group subjects the carrying amounts of property, plant and equipment and intangible assets to an impairment test at each end of the reporting period, if there is any evidence that the carrying amount of such assets may have decreased. In the event of such evidence, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Intangible assets not yet available for use are subjected to impairment test each year, or more frequently if there is any evidence that the carrying amount of such assets may have decreased.

If it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

If the test identifies that the recorded assets or the CGU have suffered an impairment loss, their recoverable amount is estimated and the carrying amount in excess is charged to the income statement. The impairment loss on a CGU is charged first against goodwill, where applicable, and then as a reduction of the carrying amount of the other assets.

The recoverable amount of an asset or a CGU is determined by discounting the cash flows expected to derive from that asset or CGU. The discounting rate used is the cost of capital, having regard for the specific risks associated with the asset or CGU. The recoverable amount of investments in securities held to maturity and receivables stated at amortized cost corresponds to the present value of the related future cash flows, determined using the original effective interest rate. The recoverable amount of other assets is the greater of their selling price or their value in use, determined by discounting the related estimated future cash flows using a rate that reflects market conditions.

Any impairment losses on receivables carried at amortized cost are reversed if the subsequent increase in recoverable amount is objectively determinable.

If, subsequently, the reasons for the impairment loss on an asset, other than goodwill, cease to apply, in whole or in part, the carrying amount of the asset or the CGU is increased to reflect the new estimate of its recoverable amount, without exceeding the amount that would have been recorded had the earlier impairment loss not been identified. The reversal of the impairment loss is taken immediately to the income statement.

**Share capital and other equity captions**

Share capital consists of the ordinary shares issued by the Parent.

Any costs incurred for the issue of new shares or options are recognized in equity (net of the related tax benefit) as a reduction of the proceeds deriving from the issue of such instruments.

As required by IAS 32, if equity instruments are repurchased, such instruments (treasury shares) are deducted directly from the Other reserves caption within equity. No gains or losses are recognized in the income statement on the purchase, sale or cancellation of treasury shares.

The consideration paid or received, including all costs directly attributable to the transaction, is recognized directly in equity net of any related tax benefit.

Any dividends paid to shareholders are recognized as a liability in the year in which they are approved.

**Financial liabilities**

Financial liabilities are initially recognized at their fair value, net of related charges; subsequent to initial recognition, they are measured at amortized cost using the effective interest method. The difference between amortized cost and the amount to be repaid is recognized in the income statement over the life of the liability, with reference to the interest accrued. Where the hedge accounting rules apply, financial liabilities hedged by derivative instruments are measured on a basis consistent with that applied to the hedging instrument.

**Employee benefits**

The post-employment benefits (TFR) of the Italian company are deemed to represent a defined-benefit plan under IAS 19. The benefits guaranteed to employees, in the form of post-employment benefits, are stated at the expected future value of the benefits to be received that have been accrued by employees in the current and prior years. These benefits are discounted to present value and the liability is stated net of the fair value of any pension plan assets. The net liability is determined separately for each plan using actuarial assumptions and is recalculated every year, or more frequently, with help from an independent actuary using the projected unit credit method.

The actuarial gains and losses identified subsequent to 1 January 2007, the IFRS transition date, are recognized in the income statement on a straight-line basis over the residual working lives of employees, to the extent that their cumulative net amount exceeds by more than 10% the greater of the total liability under the defined benefit plans and the fair value of the assets servicing these plans (so-called "corridor" approach) at the end of the prior year.

The Group's foreign companies do not have any significant pension plans.

**Share-based payments**

The YOOX Group pays additional benefits to certain directors, executives, clerical staff, consultants and employees via their participation in stock option plans. Pursuant to IFRS 2 – Share-based payment, these plans are deemed to be equity settlement plans; accordingly, the total fair value of the stock options at the grant date is charged to the income statement as a cost. Changes in their fair value subsequent to the grant date do not affect their initial measurement. Personnel expenses, corresponding to the fair value of the options at the grant date, is recognized on a straight-line basis over the period from the grant date to the vesting date, with a matching entry in equity.

**Provisions for risks and charges**

The provisions for risks and charges are recorded to cover the Group's legal or constructive obligations (under contracts or otherwise) deriving from past events. Provisions are recorded if the use of resources to meet an obligation is likely, and the amount of such obligation can be estimated reliably. A constructive obligation arises when the Group makes known to others, via established mechanisms, public corporate behaviour or a sufficiently explicit announcement, that it accepts the obligation, such that, as a consequence, an expectation arises among third parties that the obligation will indeed be met. If such obligations are expected to crystallize beyond 12 months and the related effects are significant, they are discounted using a rate that takes account of the cost of money and the specific risk associated with the liability recognized. Any changes in the amount of estimated provision are recognized in the income statement for the period concerned. If an obligation is discounted, the increase in the provision due to the passage of time and the adverse effect of any changes in the discount rate are recognized as a financial charge.

**Trade and other payables**

Trade and other payables that fall due on normal commercial terms, usually within one year, are recorded at the fair value of the initial consideration plus any transaction costs. Following initial recognition, they are measured at amortized cost and any differences arising are reflected in the income statement over the life of the liability, using the effective interest method. Trade and other payables usually fall due within one year and are not discounted.

**Net revenues and income**

*Sale of goods*

Net revenues from the sale of goods is stated at the fair value of the consideration received or due, taking account of any returns, allowances, commercial discounts and volume rebates. Net revenues are recognized when the significant risks and rewards of owning the goods are transferred to the purchaser, on condition that recovery of the consideration is likely, the related costs and any returns can be estimated reliably, and Group Management ceases to exercise the level of continuing involvement normally associated with ownership of the goods sold.

These risks and rewards are normally transferred upon shipment to the customer, which corresponds to the time when the goods are handed over to the carrier.

*Services*

Net revenues from the provision of services is recognized in the income statement based on the stage of completion of the service at the end of the reporting period. The stage of completion is determined by measurement of the work performed.

*Commission income*

When the Group acts as a commercial intermediary rather than as a principal, the net revenues recognized corresponds to the net amount of the commission income earned by the Group.

*Dividends*

Dividend income is recognized in the income statement at the time the related payments are approved at the shareholders' meetings of the companies concerned. Conversely, dividends approved by the Group are recognized as changes in equity in the year in which they are approved at the shareholders' meeting.

**Cost of goods sold**

The cost of goods sold comprises all costs incurred by the Group in relation to the goods sold to generate sales revenue, net of the change in finished product inventories. The cost of goods sold therefore includes the cost of purchasing goods and all the costs incurred in order to ready them for sale, together with any directly or indirectly-related costs incurred internally or charged by third parties (transport costs and customs duties). The cost of transport out is included in the cost of goods sold since it is directly correlated with the net revenues from sales. The cost of purchasing goods is stated at the fair value of the consideration paid or agreed. In general, the cost of purchasing goods is represented by the cash and cash equivalents paid or to be paid on normal payment terms. Given this, the cost of purchasing goods is recognized with reference to the purchase price for the goods stated on the invoice, net of rebates, discounts and allowances.

The cost of purchasing goods is adjusted, where applicable, to take account of decisions to grant further discounts in addition to those contractually agreed, and to allow the deferral of payments beyond 12 months, since this effectively represents a loan from the supplier to the Group. In this last case, the fair value of the goods purchased is represented by the future cash outflow compounded using a market rate of interest. Similarly, when additional early payment discounts are allowed with respect to the terms agreed in the contract or the invoice, the fair value of the goods purchased is stated gross of such additional discounts, which are recognized as interest income.

The change in inventories represents the difference between opening inventories (the inventories at the end of the prior year) and the closing inventories at the end of the reporting period.

Cost of goods sold also includes the costs associated with the net revenues deriving from the creation/ maintenance of online stores, which are invoiced to the strategic partners of the online stores operated by the Mono-Brand line of business.

**Fulfillment's cost**

These costs are incurred for:

- digital production, cataloging and quality control: this caption includes the cost of "making ready" the goods purchased i.e. labeling, classification and warehouse storage. It also includes personnel expenses, insurance, consultancy and the purchase of consumable materials. In addition, the depreciation charged on the non-current assets involved in the process of fulfillment is included in this caption, together with the cost of vehicle rental and the other costs directly attributable to the functions involved in the process;
- logistics: this caption includes the costs incurred on internal handling and the packaging of goods, as well as on other warehouse logistics and consultancy, together with an appropriate allocation of the depreciation and amortization charges, personnel expenses of the employees who work directly for this function;
- customer services: this caption includes the cost of all customer care activities, including the costs of the call center and other telephone and e-mail services made available to customers, the personnel expenses of the employees concerned, and an appropriate allocation of the depreciation and amortization charges.

**Selling, marketing, general and administrative expenses**

These costs are stated at the fair value of the consideration paid or agreed.

In general, these costs are represented by the cash and cash equivalents paid or to be paid on normal payment terms. Given this, these costs are recognized with reference to the prices for the services stated on the invoice, net of rebates and discounts.

These costs are adjusted to take account of further discounts in addition to those contractually agreed, and any deferral of payments beyond 12 months, since this effectively represents a loan from the supplier to the Group.

In this last case, the fair value of the services provided is represented by the future cash outflow compounded using a market rate of interest.

When additional early payment discounts are allowed with respect to the terms agreed in the contract or the invoice, the fair value of the services provided is stated gross of such additional discounts, which are recognized as interest income.

Cost is recognized on an accruals basis, based on the stage of completion of the service provided at the end of the reporting period.

Costs expected to involve a payment relating to the year are charged to the income statement based on reasonable estimates, if the Group is unable to quantify the amount exactly.

**Rental charges and operating lease payments**

Rental charges and operating lease payments are recognized in the income statement on an accruals basis, to match the economic benefits deriving from the rented or leased assets. If the economic benefits are less than the minimum unavoidable charges, the cost of such onerous contracts, being the difference between the discounted charges and benefits, is recognized immediately in the income statement.

**Financial income and expense**

Financial income includes the interest earned on invested liquidity and the profits on hedging instruments recognized through the income statement. Interest income is recognized in the income statement on an accruals basis, using the effective interest method. Financial expense includes the interest charged on loans and the losses on hedging instruments recognized through the income statement. The cost of loans is recognized in the income statement using the effective interest method.

**Income taxes**

The tax charge for the year comprises the current tax charge and the deferred tax charge. Income taxes are recognized in the income statement, except for those relating to any transactions recognized directly in equity, which are recorded in the same way.

Current taxes represent the estimated income taxes payable in relation to taxable income for the period, determined by applying the tax rates in force or substantially in force at the end of the reporting period, together with any adjustments to prior-period amounts.

Deferred taxes are recorded using the liability method by calculating the temporary differences between the carrying amounts of assets and liabilities and the corresponding amounts recognized for fiscal purposes. Deferred tax assets and liabilities are determined using the tax rates that are expected to be in force when the related assets are realized and the related liabilities are settled. For this purpose, reference is made to the tax rates laid down in current regulations or which are substantially in force at the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets against current tax liabilities, and if such deferred tax assets and liabilities relate to income taxes charged by the same tax authority to the same taxpayer, or to different taxpayers that intend to settle their current tax assets and liabilities on a net basis, or realize their tax assets and settle their tax liabilities at the same time.

Deferred tax assets are recognized to the extent it is likely that future taxable income will be sufficient for their recovery. The amount of deferred tax assets is reviewed at each end of the reporting period and is decreased to the extent that the related fiscal benefits are no longer likely to be realized.

The additional income taxes deriving from the distribution of dividends are recorded at the time the liability to pay dividends is recognized.

**Earnings per share**

Basic earnings per share are calculated by dividing the Parent's interest in the profit/(loss) for the period by the weighted-average number of ordinary shares outstanding during the period, excluding any treasury shares. Diluted earnings per share are calculated by adjusting the weighted-average number of ordinary shares outstanding on the assumption that all the options granted with a dilutive effect will be converted into ordinary shares. The Group has a category of potential ordinary shares with a dilutive effect as a consequence of its stock option plans.

**Segment reporting**

A business segment is a group of separately-identifiable activities or operations that supply a collection of related products and services which are subject to risks and benefits that differ from those of the Group's other business segments.

IFRS 8 requires the segment information provided to be based on the elements used by Group Management (the "*Chief Operating Decision Maker*" — CODM) for the analysis of performance and for operational decision making.

**Additional information about financial instruments**

Pursuant to IFRS 7, additional information is provided about the Group's financial instruments in order to assess:

- their impact on the financial position, results of operations and cash flows of the business;
- the nature and extent of the risks deriving from the financial instruments to which the business is exposed, and
- the ways in which such risks are managed.

**Changes in accounting policies, new accounting standards, changes in accounting estimates and reclassifications**

The accounting policies adopted for the preparation of these interim consolidated financial statements are the same as those applied to prepare the consolidated financial statements as of and for the year ended 31 December 2008.

**Scope of consolidation**

The scope of consolidation at 30 June 2009 comprises the following subsidiaries of YOOX:

- YOOX Corporation formed in 2002 to manage sales activity in the US;
- YOOX Japan formed in 2004 to manage sales activity in Japan;
- Y Services formed in 2007 to manage the sales in the United States of the online stores for the following brands: Diesel, Emporio Armani, Energie and Miss Sixty.

At 30 June 2009, the scope of consolidation therefore comprises YOOX and its subsidiaries:

| Company | Registered Offices | Share Capital at 30/06/2009 | Percentage held at 30/06/2009 % |
|---|---|---|---|
| YOOX | Via Nannetti 1 – 40069 Zola Predosa – Bologna, Italy | 423 | — |
| YOOX Corporation | 15 East North Street Dover, Delaware 19901, United States of America | 248 | 100% |
| Y Services | 1220 Market St. Ste 806, Wilmington, Delaware 19801, United States of America | 125 | 100% |
| YOOX Japan | Grande Maison Daikanyama No. 1001 150 0022 Shibuya-ku, Japan | 75 | 100% |

The scope of consolidation did not change during the first half of 2009 with respect to the situation at 31 December 2008.

**Segment information (*lines of business*)**

The Group's operating segments were determined with reference to the reporting information used by Group Management when making strategic decisions. These reports, which reflect the way the Group is currently organized, cover the various products and services offered and are prepared using the accounting policies described earlier (IFRS).

The operating segments generate net revenues from selling activities and the provision of services, as described below:

- The Multi-Brand line of business, which includes the activities of yoox.com and thecorner.com, which are both multi-brand online stores:
  a. yoox.com, operational since June 2000, offers a wide assortment of quality clothing, footwear and accessories at reduced prices. These items are drawn from the collections of well-known brands for the corresponding season in the prior year. This high-level range is completed by a selection of exclusive items (collections produced solely for yoox.com), vintage garments and special editions created by leading stylists and designers, as well as books, works of art and design objects;
  b. thecorner.com, operational since February 2008, hosts a number of shop-in-shops dedicated to the current collections of established, niche and/or artisan brands that are not readily available elsewhere.
- The Mono-Brand line of business, which comprises the design, creation and management, on an exclusive basis, of the online stores of certain leading, global fashion brands that have appointed the Group as their strategic partner for this specific sales channel. The goods available from the online stores are sold and invoiced directly to the end customer by YOOX.

In addition, the Group has a Corporate and Central Services Area that directs and coordinates its activities. This Area also plays a key role in facilitating functional integration between the various Areas, and in supporting the operational activities directly associated with each line of business. This Area comprises Group Management, administration, finance and control, legal affairs, general services, personnel, the press office and IT.

The Group evaluates the performance of its operating segments by reference to their operating results, being the results generated by ordinary operations.

The net revenues of the segments presented comprise net revenues directly generated by or attributable to them, deriving from their core activities. They include solely the net revenues earned from transactions with third parties, since no net revenues are generated from transactions with other segments. Segment costs comprise the direct costs charged by third parties in relation to the operating activities of each segment, together with other directly-attributable costs. No costs are incurred in relation to other operating segments.

The operational reporting system used by Group Management for the evaluation of business performance does not envisage the allocation to segments of depreciation, amortization or other non-monetary income and expenses. Accordingly, the information presented herein is consistent with the Group's internal reporting system.

Furthermore, in the context of Group management, the Corporate function is responsible for general expenses, non-recurring income and expense, and taxation, since they are unrelated to the operating activities of each segment. These items are therefore classified accordingly below.

All the elements of income presented below are stated using the accounting policies applied for the preparation of the consolidated financial statements.

Economic information for each operating segment for the periods ended 30 June 2009 and 2008, as reconciled with the related captions in the Group's income statement, is presented below:

| | Multi-Brand | | Mono-Brand | | Corporate | | Group Total | |
|---|---|---|---|---|---|---|---|---|
| Description | 30 June 2009 | 30 June 2008 | 30 June 2009 | 30 June 2008 | 30 June 2009 | 30 June 2008 | 30 June 2009 | 30 June 2008 |
| **Segment net revenues** | **56,982** | **40,294** | **11,323** | **6,291** | **—** | **—** | **68,305** | **46,585** |
| **Segment operating profit** | **9,264** | **6,515** | **1,172** | **731** | | | **10,436** | **7,246** |
| Reconciliation with Group results: | | | | | | | | |
| General expenses | | | | | (6,344) | (5,629) | **(6,344)** | **(5,629)** |
| Other depreciation and amortization not attributable to lines of business | | | | | (175) | (202) | **(175)** | **(202)** |
| Other income and charges | | | | | (624) | (551) | **(624)** | **(551)** |
| Non-recurring charges | | | | | — | — | **—** | **—** |
| Other items | | | | | | | | |
| **Group operating profit/(loss)** | **9,264** | **6,515** | **1,172** | **731** | **(7,143)** | **(6,382)** | **3,293** | **864** |
| Financial income | | | | | 337 | 174 | **337** | **174** |
| Financial charges | | | | | (1,053) | (824) | **(1,053)** | **(824)** |
| **Profit before taxation** | | | | | | | **2,577** | **214** |
| Taxation | | | | | (1,015) | (653) | **(1,015)** | **(653)** |
| **Profit/(loss) for the period** | | | | | | | **1,562** | **(439)** |

## Information by geographical area

The following table analyzes by geographical area the Group's net revenues from sales for the first six months of 2009 and 2008:

| | Six months to 30 June | | |
|---|---|---|---|
| Description | 2009 | 2008 | Change |
| Italy | 18,851 | 13,314 | 5,537 |
| Europe (excluding Italy) | 33,993 | 22,535 | 11,458 |
| North America | 10,180 | 7,761 | 2,419 |
| Japan | 4,035 | 2,147 | 1,888 |
| Other countries | 364 | 250 | 114 |
| Unrelated to geographical areas | 882 | 578 | 304 |
| **Total net revenues** | **68,305** | **46,585** | **21,720** |

The "Unrelated to geographical areas" caption includes the set-up fees charged to create the online stores, the charges made for maintaining them, net revenues from the sale of advertising projects and net revenues from activities as a web marketing agency. The above analysis of net revenues by geographical area is consistent with the control model used by the Group.

## Notes to the income statement, the statement of financial position and the statement of cash flows

***Income statement***

### 1.1 Net revenues from sales

Net revenues from sales have increased from Euro 46,585 thousand in the first six months of 2008 to Euro 68,305 thousand in the first half of 2009, up by 46.6%. Net revenues from sales comprises all net revenues from the sale of goods, net of discounts allowed to customers and returns, and from the provision of services.

The Group's net revenues from sales during the six-month periods ended 30 June 2009 and 30 June 2008 are analyzed as follows:

| | Six months ended 30 June | | |
|---|---|---|---|
| **Description** | **2009** | **2008** | **Change** |
| Net revenues from the sale of goods | 64,453 | 44,182 | 20,271 |
| Net revenues from the provision of services | 3,852 | 2,403 | 1,449 |
| **Total** | **68,305** | **46,585** | **21,720** |

The significant increase in net revenues during the first half of 2009 was mainly attributable to the growth in the volume of sales. In particular, the rise in volume was closely correlated with the increase in the number of orders.

The analysis of net revenues by geographical area and by line of business is presented in note 8 on the Group's operating segments.

Net revenues from the sale of goods are stated net of sales returns, amounting to Euro 23,607 thousand in the first six months of 2009, or 26.8% of gross revenue for the first half of 2009 (revenue from the sale of goods before returns from customers during the first half of 2009), and to Euro 16,418 thousand in the first six months of 2008, or 27.1% of gross revenue for the first half of 2008 (revenue from the sale of goods before returns from customers during the first half of 2008). Such returns are an inherent part of the Group's business activities, reflecting the protection provided to consumers, by the legislation in force in the countries where the Group operates, in relation to correspondence sales and, in particular, to e-commerce.

Net revenues from the provision of services principally comprises:

- the recharge of transport-out services to the end customer (in certain countries the customer also pays for return shipments too), net of the reimbursements made if the customer returns the goods sold;
- net revenues from the set-up fees charged to create the online stores and from the support provided to strategic partners of the Mono-Brand business for the maintenance of their online stores;
- net revenues from the sale of advertising projects and from activities as a web marketing agency.

Net revenues from the provision of services has increased by 60.3%, from Euro 2,403 thousand in the first half of 2008 to Euro 3,852 thousand in the first six months of 2009.

### 1.2 Cost of goods sold

The cost of goods sold amounted to Euro 42,635 thousand (62.4% of net revenues) in the six-month period ended 30 June 2009, compared with Euro 28,874 thousand (62.0% of net revenues) in the first half of 2008.

The cost of goods sold includes the cost of purchasing goods for resale, the cost of services and other costs.

The cost of goods sold is analyzed by type of expenditure in the following table:

| Description | Six months ended 30 June 2009 | Six months ended 30 June 2008 | Change |
|---|---|---|---|
| Change in inventories of goods | 4,813 | 4,681 | 132 |
| Purchase of goods | (40,534) | (28,477) | (12,057) |
| Cost of services | (6,582) | (4,677) | (1,905) |
| Other costs | (332) | (401) | 69 |
| **Total** | **(42,635)** | **(28,874)** | **(13,761)** |

The cost of purchasing goods has increased from Euro 28,477 thousand in the first half of 2008 to Euro 40,534 thousand in the first six months of 2009. The cost of purchasing goods reflects the procurement of goods for resale, the value of which is directly correlated with the volume of items sold.

The cost of services has increased from Euro 4,677 thousand in the first six months of 2008 to Euro 6,582 thousand in the first half of 2009, up by 40.7%. This caption includes transport-out to customers and the collection of returns; part of the cost of transport-out is invoiced directly to end customers and recognized as revenue from the provision of services, net of the reimbursements made if the customer returns the goods sold.

Other costs have fallen from Euro 401 thousand in the first half of 2008 to Euro 332 thousand in the first six months of 2009, down by 17.3%. These costs principally comprise transport-in, together with the cost of employees and external suppliers incurred to set up and maintain online stores for the strategic partners of the Mono-Brand line of business.

### 1.3 Fulfillment's cost

Fulfillment's cost amounted to Euro 7,566 thousand (11.1% of net revenues) for the six-month period ended 30 June 2009, compared with Euro 5,828 thousand (12.5% of net revenues) in the first half of 2008, up by Euro 1,738 thousand.

This cost essentially comprises the functional costs incurred for the digital reproduction of goods, cataloguing and quality control, warehouse logistics and the provision of customer services, such as the call center and customer care.

The costs incurred for the fulfillment's cost are analyzed in the following table:

| Description | Six months ended 30 June 2009 | Six months ended 30 June 2008 | Change |
|---|---|---|---|
| Cost of services | (5,441) | (3,960) | (1,481) |
| Personnel expenses | (1,824) | (1,584) | (240) |
| Depreciation and amortization | (162) | (199) | 37 |
| Other costs | (139) | (85) | (54) |
| **Total** | **(7,566)** | **(5,828)** | **(1,738)** |

The cost of services has increased from Euro 3,960 thousand in the first six months of 2008 to Euro 5,441 thousand in the first half of 2009, up by 37.4%. These services principally comprise the handling of goods, packaging and other outsourced production processes.

Personnel expenses have increased from Euro 1,584 thousand in the first half of 2008 to Euro 1,824 thousand in the first six months of 2009, up by 15.2%. Personnel expenses for the first six months of 2009 include Euro 27 thousand (Euro 57 thousand in the first half of 2008) relating to the grant of stock options. In addition to the cost of employees, personnel expenses also include the cost of other resources, such as interns, collaborators and consultants, that are personnel related.

### 1.4 Selling expenses

Selling expenses have increased from Euro 4,839 thousand in the first half of 2008 to Euro 7,843 thousand in the first six months of 2009, up by 62.1%.

These expenses comprise most of the payroll costs of employees working within the commercial function and the cost of web marketing activities, including online affiliations (sales commission recognized to commercial intermediaries). This caption also includes the costs incurred on marketing and on consultancy for the creation and execution of advertising campaigns, as well as procurement costs, including the payroll of personnel employed within the purchasing function. In addition, selling expenses include the collection commissions charged on credit card transactions and other forms of payment made via intermediaries, as well as the customs duties levied on purchases associated with the import and export of the goods sold.

Selling expenses are analyzed in the following table:

| | Six months ended 30 June | | |
|---|---|---|---|
| **Description** | **2009** | **2008** | **Change** |
| Cost of services | (4,847) | (3,033) | (1,814) |
| Personnel expenses | (2,101) | (1,273) | (828) |
| Depreciation and amortization | (14) | (4) | (10) |
| Other costs | (881) | (529) | (352) |
| **Total** | **(7,843)** | **(4,839)** | **(3,004)** |

The cost of services has increased from Euro 3,033 thousand in the first six months of 2008 to Euro 4,847 thousand in the first half of 2009, up by 59.8%. The cost of services incurred during the first half of 2009 mainly comprises:

- web marketing costs of Euro 2,198 thousand (Euro 1,356 thousand in the first half of 2008). These costs relate to the purchase of online advertising projects, the negotiation and implementation of marketing agreements, the development of new partnerships, and the management of existing agreements from a commercial and technical standpoint, mainly in relation to the Multi-Brand line of business;
- credit card transaction charges of Euro 1,128 thousand (Euro 867 thousand in the first half of 2008);
- customs duties of Euro 935 thousand (Euro 595 thousand in the first half of 2008).

Personnel expenses have increased from Euro 1,273 thousand in the first half of 2008 to Euro 2,101 thousand in the first six months of 2009, up by 65.0%. This rise reflects the larger number of employees involved in this function, up from 43 at 30 June 2008 to 67 at 30 June 2009, and an increase in the number of employees working abroad, up from 5 at 30 June 2008 to 11 at 30 June 2009. Personell expenses for the first six months of 2009 include Euro 77 thousand (Euro 90 thousand in the first half of 2008) relating to the grant of stock options. In addition to the cost of employees, personnel expenses also include the cost of other resources, such as interns, collaborators and consultants, that are personnel related.

Other costs have increased from Euro 529 thousand in the first half of 2008 to Euro 881 thousand in the first six months of 2009, up by 66.5%. This caption principally includes the cost of fraud in relation to online sales, up from Euro 335 thousand in the first half of 2008 to Euro 623 thousand in the first six months of 2009, an increase of 86%.

### 1.5 General expenses

General expenses amounted to Euro 5,629 thousand in the first six months of 2008, compared with Euro 6,344 thousand in the first half of 2009, up by 12.7%.

General expenses comprise all the overhead costs attributable to the following functions at the Group's various locations: Group Management, personnel, administration, finance and control, communications and corporate image, general services and IT.

General expenses are analyzed in the following table:

| Description | Six months ended 30 June 2009 | Six months ended 30 June 2008 | Change |
|---|---|---|---|
| Cost of services | (2,966) | (2,563) | (403) |
| Personnel expenses | (2,535) | (2,311) | (224) |
| Depreciation and amortization | (742) | (609) | (133) |
| Provisions | (101) | (146) | 45 |
| **Total** | **(6,344)** | **(5,629)** | **(715)** |

The cost of services has increased from Euro 2,563 thousand in the first six months of 2008 to Euro 2,966 thousand in the first half of 2009, up by 15.7%. The cost of services in the first six months of 2009 principally included:

- technological services of Euro 483 thousand (Euro 480 thousand in the first half of 2008);
- legal and administrative consultancy of Euro 646 thousand (Euro 408 thousand in the first half of 2008);
- rental costs of Euro 370 thousand (Euro 234 thousand in the first half of 2008);
- communications and corporate image services of Euro 228 thousand (Euro 191 thousand in the first half of 2008).

Personnel expenses have increased from Euro 2,311 thousand in the first half of 2008 to Euro 2,535 thousand in the first six months of 2009, up by 9.7%. This rise reflects the larger number of employees involved in these functions, up from 74 at 30 June 2008 to 105 at 30 June 2009, as partially offset by the reduction in the cost of granted stock options from Euro 358 thousand in the first half of 2008 to Euro 168 thousand in the first half of 2009. In addition to the cost of employees, personnel expenses also include the cost of other resources, such as interns, collaborators and consultants, that are personnel related.

Depreciation and amortization has increased from Euro 609 thousand in the first half of 2008 to Euro 742 thousand in the first six months of 2009, up by 21.8%.

Provisions have decreased from Euro 146 thousand in the first half of 2008 to Euro 101 thousand in the first six months of 2009. Provisions relate to the estimated losses on trade receivables covered by allowances recorded at the end of the period.

### 1.6 Other income and charges

Other income and charges have increased from Euro 551 thousand in the first half of 2008 to Euro 624 thousand in the first six months of 2009, up by 13.2%. Other income and charges comprise all items not attributable to the principal business functions.

Other income and charges are analyzed in the following table:

| Description | Six months ended 30 June 2009 | Six months ended 30 June 2008 | Change |
|---|---|---|---|
| Prior year expense | (424) | (385) | (39) |
| Theft and losses | (229) | (159) | (70) |
| Other tax charges | (90) | (34) | (56) |
| Other charges | (60) | (67) | 7 |
| Provisions for risks | (165) | — | (165) |
| Prior year income | 216 | 47 | 169 |
| Reimbursements | 124 | 32 | 92 |
| Other income | 4 | 15 | (11) |
| **Total** | **(624)** | **(551)** | **(73)** |

Prior year expense has increased from Euro 385 thousand in the first half of 2008 to Euro 424 thousand in the first six months of 2009, up by 10.1%. This caption includes charges deriving from ordinary operations associated with the volume of sales.

Theft and losses relate to goods assigned to end customers and already identified as missing at the end of the reporting period. Transport contracts include insurance for these types of events, resulting in reimbursements totaling Euro 13 thousand in the first half of 2008 and Euro 29 thousand in the first six months of 2009.

Other tax charges have increased from Euro 34 thousand in the first six months of 2008 to Euro 90 thousand in the first half of 2009, up by more than 100% due to higher taxation associated with the volume of sales.

The provisions for risks recorded in the first half of 2009 include an estimate of the theft and losses of goods during the first six months of 2009, but not yet identified at the end of the reporting period, together with other provisions.

### 1.7 Non-recurring charges

No non-recurring charges were incurred during the first half of 2009 or in the first six months of 2008.

### 1.8 Operating profit

As required by IAS 1, the following table analyzes costs by nature included in operating profit.

| | Six months ended 30 June | | |
|---|---|---|---|
| **Description** | **2009** | **2008** | **Change** |
| Net revenues | 68,305 | 46,585 | 21,720 |
| Change in inventories | 4,813 | 4,681 | 132 |
| Purchase of goods | (40,534) | (28,477) | (12,057) |
| Services | (19,836) | (14,233) | (5,603) |
| Personnel expenses | (6,460) | (5,168) | (1,292) |
| Depreciation, amortization and impairment losses | (1,019) | (958) | (61) |
| Other costs and revenue | (1,976) | (1,566) | (410) |
| **Total** | **3,293** | **864** | **2,429** |

Operating profit has increased from Euro 864 thousand in the six-month period ended 30 June 2008 to Euro 3,293 thousand in the six months to 30 June 2009, with an improvement from 1.9% of revenue in the first half of 2008 to 4.8% in the first half of 2009. This significant increase in profitability reflects the adoption of commercial policies designed to increase the absorption of fixed costs via a marked rise in volumes.

### 1.9 Financial income

Financial income has risen from Euro 174 thousand in the first half of 2008 to Euro 337 thousand in the first six months of 2009.

Financial income is analyzed in the following table:

| | Six months ended 30 June | | |
|---|---|---|---|
| **Description** | **2009** | **2008** | **Change** |
| Exchange rate gains | 259 | 145 | 114 |
| Other financial income | 31 | 9 | 22 |
| Bank interest income | 47 | 20 | 27 |
| **Total** | **337** | **174** | **163** |

Exchange rate gains have increased from Euro 145 thousand in the first half of 2008 to Euro 259 thousand in the first six months of 2009. They principally derive from the translation of items denominated in US dollars and Japanese yen and are strictly associated with the routine sale of goods.

Other financial income has increased from Euro 9 thousand in the first six months of 2008 to Euro 31 thousand in the first half of 2009, mainly reflecting the collection of premiums on the derivatives arranged to hedge currency risk.

### 1.10 Financial charges

Financial charges have increased from Euro 824 thousand in the first half of 2008 to Euro 1,053 thousand in the first six months of 2009.

Financial charges are analyzed in the following table:

| Description | Six months ended 30 June 2009 | Six months ended 30 June 2008 | Change |
|---|---|---|---|
| Interest expense | (508) | (416) | (92) |
| Exchange rate losses | (457) | (338) | (119) |
| Other financial charges | (88) | (70) | (18) |
| **Total** | **(1,053)** | **(824)** | **(229)** |

Interest expense has increased from Euro 416 thousand in the first half of 2008 to Euro 508 thousand in the first six months of 2009, up by 22.1%. This rise was mainly due to the increased average level of borrowing during the first half of 2009 with respect to the first six months of 2008, despite the fall in interest rates with respect to those charged in the same period of last year.

Other financial charges have increased from Euro 70 thousand in the first half of 2008 to Euro 88 thousand in the first six months of 2009. This essentially reflects the rise in loan-arrangement commissions paid to banks and in the charges for bank guarantees given to third parties on behalf of the Group. This caption also includes the premiums paid for the contracts that hedge currency risk.

Exchange rate losses have increased from Euro 338 thousand in the first half of 2008 to Euro 457 thousand in the first six months of 2009. They principally derive from the translation of items denominated in US dollars and Japanese yen and are strictly associated with the routine sale of goods.

### 1.11 Taxation

Taxation is analyzed in the following table:

| Description | Six months ended 30 June 2009 | Six months ended 30 June 2008 | Change |
|---|---|---|---|
| Current taxes — Parent IRES[1] | (1,256) | — | (1,256) |
| Current taxes — Parent IRAP[2] | (324) | (235) | (89) |
| Current taxes — foreign companies | (521) | (319) | (202) |
| Deferred taxes | 1,086 | (99) | 1,185 |
| **Total taxation** | **(1,015)** | **(653)** | **(362)** |

*(1) IRES: Imposta sul Reddito delle Società (corporate income tax)*
*(2) IRAP: Imposta Regionale sulle Attività Produttive (regional tax on productive activities)*

With regard to the tax charge for the first half of 2009, all the IRES tax losses carried forward by the Parent were used to offset (Euro 223 thousand) the IRES taxable income for the first six months of the year. Accordingly, the tax benefit for the first half of 2009 of using these carried-forward losses was Euro 61 thousand. Furthermore, additional deferred tax assets amounting to Euro 1,086 thousand, net of the above utilization of carried-forward losses, have been recognized at 30 June 2009. These mainly relate to the taxed provisions.

With regard to the tax charge for the first half of 2008, part of the IRES tax losses carried forward by the Parent were used to offset part of the IRES taxable income for the first six months of 2008 (about Euro 1,661 thousand). The effective tax rate of more than 100% is not comparable with that for the six-month period ended 30 June 2009, since no deferred tax assets were recognized at 30 June 2008 in relation to deductible temporary differences.

The available tax losses at 30 June 2008 amounted to about Euro 4,413 thousand and can be carried forward indefinitely.

### 1.12 Basic and diluted earnings per share

The basic earnings (loss) per share and the diluted earnings (loss) per share presented in the consolidated income statement are calculated in the following table.

| Calculation of Basic EPS | Balance at 30/06/2009 | Balance at 30/06/2008 |
|---|---|---|
| Basic earnings (loss) | 1,562 | (439) |
| Average no. of ordinary shares (basic) | 796,738 | 775,899 |
| **Basic EPS** | **1.96** | **(0.57)** |

| Calculation of Diluted EPS | Balance at 30/06/2009 | Balance at 30/06/2008 |
|---|---|---|
| Basic earnings (loss) | 1,562 | (439) |
| Average no. of ordinary shares (basic) | 796,738 | 775,899 |
| Average no. of shares granted without consideration | 130,480 | |
| Total | 927,218 | 775,899 |
| **Diluted EPS** | **1.68** | **(0.57)** |

The average number of shares granted without consideration at 30 June 2009 and 30 June 2008, included in the calculation of diluted EPS, relates to the effect of granting stock options that, as envisaged in IFRS 2, could be exercised in accordance with the conditions vested in the relevant years.

In the first half of 2008, the diluted loss per share was the same as the basic loss per share since, as envisaged in IFRS 2, the anti-dilution effect of exercising the stock options granted was ignored.

***Statement of financial position***

*Property, plant and equipment*

Property, plant and equipment total Euro 3,418 thousand as of 30 June 2009. The following table summarizes the changes in property, plant and equipment during the first half of 2009:

| Description | Historical cost as of 31/12/2008 | Increases | Decreases | Reclassifications | Historical cost as of 30/06/2009 | Acc. depr. as of 31/12/2008 | Depr. | Utilizations | Other movements | Acc. depr. as of 30/06/2009 | Net carrying amount as of 31/12/2008 | Net carrying amount as of 30/06/2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Plant and machinery** | **1,419** | **29** | **—** | **—** | **1,448** | **(560)** | **(96)** | **—** | **—** | **(656)** | **859** | **792** |
| **Ind. and comm. equipment** | **780** | **34** | **—** | **—** | **814** | **(357)** | **(52)** | **—** | **—** | **(409)** | **423** | **405** |
| **Other assets** | **4,374** | **384** | **(534)** | **—** | **4,224** | **(2,175)** | **(358)** | **530** | **—** | **(2,003)** | **2,199** | **2,221** |
| Furniture and furnishings | 574 | 42 | — | — | 616 | (304) | (39) | 1 | — | (342) | 270 | 274 |
| Electronic equipment | 2,484 | 296 | (532) | — | 2,248 | (1,363) | (213) | 529 | — | (1,047) | 1,121 | 1,201 |
| Motor vehicles | 1 | — | — | — | 1 | (1) | — | — | — | (1) | — | — |
| Mobile telephones | 21 | — | — | — | 21 | (14) | (2) | — | — | (16) | 7 | 5 |
| Assets costing less than Euro 516 | 9 | — | — | — | 9 | (9) | — | — | — | (9) | — | — |
| Other non-current assets | 63 | 7 | — | — | 70 | (46) | (6) | — | — | (52) | 17 | 18 |
| Other assets (leasehold improvements) | 1,222 | 39 | (2) | — | 1,259 | (438) | (98) | — | — | (536) | 784 | 723 |
| **Assets under construction and payments on account** | — | — | — | — | — | — | — | — | — | — | — | — |
| **Grand total** | **6,573** | **447** | **(534)** | **—** | **6,486** | **(3,092)** | **(506)** | **530** | **—** | **(3,068)** | **3,481** | **3,418** |

Additions to property, plant and equipment during the first half of 2009 amounted to Euro 447 thousand.

Investment in Other assets totaled Euro 384 thousand and mainly related to the purchase of new servers, personal computers and monitors, held under finance lease contracts, for Euro 254 thousand.

The remaining Euro 130 thousand principally relates to the purchase of new servers, personal computers, monitors and printers, as well as new data storage equipment (Euro 40 thousand), together with the cost of furnishing offices at the Zola Predosa headquarters (Euro 43 thousand).

### 1.14 Intangible assets with finite useful life

Intangible assets amount to Euro 3,036 thousand as of 30 June 2009.

The following table summarizes the changes in intangible assets with a finite useful life during the first half of 2009:

| Description | Historical cost as of 31/12/2008 | Increases | Decreases | Reclassifications | Historical cost as of 30/06/2009 | Acc. amort. as of 31/12/2008 | Amort. | Utilizations | Other movements | Acc. amort. as of 30/06/2009 | Net carrying amount as of 31/12/2008 | Net carrying amount as of 30/06/2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Development costs** | **1,618** | **—** | **—** | **—** | **1,618** | **(627)** | **(270)** | **—** | **—** | **(897)** | **991** | **721** |
| **Software and licences** | **1,484** | **227** | **—** | **—** | **1,711** | **(1,300)** | **(93)** | **—** | **—** | **(1,393)** | **184** | **318** |
| **Brands and other rights** | **518** | **—** | **—** | **—** | **518** | **(441)** | **(5)** | **—** | **—** | **(446)** | **77** | **72** |
| Trademarks and patents | 518 | — | — | — | 518 | (441) | (5) | — | — | (446) | 77 | 72 |
| **Assets under development** | **1,001** | **864** | **—** | **—** | **1,865** | **—** | **—** | **—** | **—** | **—** | **1,001** | **1,865** |
| **Other** | **918** | **47** | **—** | **—** | **965** | **(890)** | **(15)** | **—** | **—** | **(905)** | **28** | **60** |
| Other intangible assets | 918 | 47 | — | — | 965 | (890) | (15) | — | — | (905) | 28 | 60 |
| **Grand total** | **5,539** | **1,138** | **—** | **—** | **6,677** | **(3,258)** | **(383)** | **—** | **—** | **(3,641)** | **2,281** | **3,036** |

The principal changes in these captions during the period are described below.

Additions to intangible assets during the first half of 2009 amounted to Euro 1,138 thousand.

The increase in intangible assets mainly relates to the investment in development projects that will result in long-term benefits. The total investment includes Euro 864 thousand incurred on projects that have not yet been completed at 30 June 2009, which are classified in the Asset under development caption. The above costs were incurred by the Parent on the development of specific projects that, as mentioned earlier, are part of the continuous development of innovative solutions for the creation and management of online stores. These costs comprise both internal personnel expenses and the cost of services provided by third parties. The remaining Euro 274 thousand mainly relates to the Software and licences caption (Euro 174 thousand), following the purchase and implementation of administrative and operational software.

### 1.15 Deferred tax assets

| Description | Balance as of 30/06/2009 | Balance as of 31/12/2008 | Change |
|---|---|---|---|
| Deferred tax assets | 2,476 | 1,405 | 1,071 |
| **Total** | **2,476** | **1,405** | **1,071** |

Deferred tax assets have increased from Euro 1,405 thousand as of 31 December 2008 to Euro 2,476 thousand as of 30 June 2009, up by 76.1%. The deferred tax assets recognized as of 30 June 2009 relate to the allowances for doubtful accounts, the provisions for inventory obsolescence and the provisions for risks and charges recorded by Group companies.

The increase since 31 December 2008 mainly reflects the additional provisions made for inventory obsolescence and risks and charges, together with the recognition of deferred tax assets on the elimination of unrealized intercompany profits from the interim consolidated financial statements.

### 1.16 Other non-current financial assets

Other non-current financial assets as of 30 June 2009 amount to Euro 461 thousand (Euro 1,235 thousand as of 31 December 2008) and mainly comprise guarantee deposits.

The guarantee deposits that do not earn interest as of 30 June 2009 relate to rental contracts and contracts for the supply of electricity and gas, as well as to retentions made by *Paymentech* to guarantee the amount of repayments due for returns made against sales. The reduction by Euro 774 thousand as of 30 June 2009 compared with 31 December 2008 mainly reflects the repayment of Euro 800 thousand retained by *Global Collect*, following the release by BNP Paribas of a bank surety for the same amount.

### 1.17 Inventories

Inventories as of 30 June 2009 and 31 December 2008 are analyzed below:

| Description | Balance as of 30/06/2009 | Balance as of 31/12/2008 | Change |
|---|---|---|---|
| Raw materials, consumables and supplies | 226 | 177 | 49 |
| **Total** | **226** | **177** | **49** |
| Services in progress | 67 | — | 67 |
| Finished goods | 47,666 | 41,704 | 5,962 |
| Provision for obsolete finished goods | (4,501) | (3,229) | (1,272) |
| **Total** | **43,232** | **38,475** | **4,757** |
| **Total inventories, net** | **43,458** | **38,652** | **4,806** |

Inventories have increased by 12.4%, from Euro 38,652 thousand as of 31 December 2008 to Euro 43,458 thousand as of 30 June 2009. They mainly comprise goods that have been purchased for subsequent resale online.

This increase was only partially due to the growth in sales during the first half of 2009. In particular, the Group's business model involves purchasing goods in advance of the selling season, which may fall in the following period.

82% of the value of the inventories as of June 30, 2009, inclusive of depreciation allowances, consisted of goods already for sale or to be sold in the following months.

Goods representing earlier and/or obsolete collections have been written down via the provision for obsolete inventories, which takes account of their estimated realizable value. The increase in the provision for obsolete inventories was Euro 1,272 thousand. Accordingly, this provision has risen from Euro 3,229 thousand as of 31 December 2008 to Euro 4,501 thousand as of 30 June 2009.

The provision for obsolete inventories reflected in the statement of financial position is considered to be fair, having regard for the actual quantities of obsolete and slow-moving goods on hand.

Services in progress, Euro 67 thousand, relate to the set-up fees earned by the Group for the design and creation of online stores for strategic partners. The amounts earned for these services are measured on a stage-of-completion basis.

### 1.18 Trade receivables

Trade receivables as of 30 June 2009 and 31 December 2008 are analyzed below:

| Description | Balance as of 30/06/2009 | Balance as of 31/12/2008 | Change |
|---|---|---|---|
| Due from customers | 2,012 | 2,235 | (223) |
| Other trade receivables | 1,336 | 2,116 | (780) |
| Allowance for doubtful accounts | (538) | (440) | (98) |
| **Total** | **2,810** | **3,911** | **(1,101)** |

The amounts "due from customers" are fully due within 12 months and related to the trade receivables recorded on the sale of goods to individuals.

The other trade receivables mainly relate to the amounts due from strategic partners, principally following the supply of services.

Trade receivables have decreased by 28.2% from Euro 3,911 thousand as of 31 December 2008 to Euro 2,810 thousand as of 30 June 2009. This mainly reflects an improvement in the collection policy applied to acquirers during the first half of 2009 with respect to the situation in 2008.

The increase in the allowance for doubtful accounts during the first half of 2009, Euro 98 thousand, is not the same as the amount reported in the income statement (Euro 101 thousand) and reflected in the table presented in section 1.5. The difference is due to the exchange-rate effect on the allowance recorded by YOOX Corporation, which is unchanged in US dollar terms but has increased in Euro following the appreciation of the US dollar, and to the period-end translation of the allowance recorded by YOOX Japan using the spot rate as of 30 June 2009, while the provision was recognized in the income statement using the rate at 30 June 2009.

The allowance for doubtful accounts covers specific risks following the non-collection of notes issued and other receivables that are not considered recoverable. The provisions recorded during the period adjust receivables to their estimated realizable value.

### 1.19 Other current assets

Other current assets as of 30 June 2009 and 31 December 2008 are analyzed below:

| Description | Balance as of 30/06/2009 | Balance as of 31/12/2008 | Change |
|---|---|---|---|
| Other receivables | 243 | 223 | 20 |
| Advances to suppliers | 130 | 9 | 121 |
| Travel and payroll advances to employees | 1 | 2 | (1) |
| Due from acquirers | 1,381 | 1,073 | 308 |
| Prepayments and accrued income | 1,448 | 1,008 | 440 |
| Tax receivables | 1,428 | 2,497 | (1,069) |
| Hedging derivatives | — | 70 | (70) |
| **Total** | **4,631** | **4,882** | **(251)** |

"Other receivables" principally comprise insurance compensation and the amounts paid to the Parent's tax representative in Greece.

"Due from acquirers" reflects customer payments already collected by foreign acquirers but not yet paid over to the Group as of 30 June 2009 and 31 December 2008.

Prepayments mainly comprise costs relating to future years that were recognized financially during the first half of 2009.

These costs mainly consist of consultancy for the forthcoming stockmarket listing, planned for the second half of 2009, software licence fees, insurance and rentals.

As envisaged in IAS 32, the listing costs incurred in 2007, 2008 and in the first half of 2009 that are directly correlated with the resulting expected increase in share capital and reserves, will be recognized directly in equity when the related cash flows are received following the successful outcome of this process; otherwise, these costs will be charged to the income statement.

"Tax receivables," which are entirely due within one year, have decreased from Euro 2,497 thousand as of 31 December 2008 to Euro 1,428 thousand as of 30 June 2009, a reduction of 42.81%.

### 1.20 Cash and cash equivalents

Cash and cash equivalents as of 30 June 2009 and 31 December 2008 are analyzed below:

| Description | Balance as of 30/06/2009 | Balance as of 31/12/2008 | Change |
|---|---|---|---|
| Bank and postal accounts | 12,576 | 8,951 | 3,625 |
| Cash and equivalents on hand | 5 | 11 | (6) |
| **Total** | **12,581** | **8,962** | **3,619** |

This balance, entirely denominated in Euro except where stated otherwise, represents the cash and cash equivalents on hand at the end of the reporting period.

A more detailed analysis of the changes in the net financial position is provided in note 1.23.

### 1.21 Group equity

The statement of changes in equity is presented in a separate schedule.

Share capital amounts to Euro 423 thousand as of 30 June 2009 (Euro 401 thousand as of 31 December 2008). The increase during the first half of 2009 relates to the subscription by Red Circle S.r.l., a sole quotaholder company, for 41,738 new shares, par value Euro 0.52 each, with the same characteristics as those already outstanding.

The principal equity reserves are described below, together with the related changes in the period and any applicable restrictions:

a) Share premium of Euro 28,071 thousand as of 30 June 2009 (Euro 22,666 thousand as of 31 December 2008); this reserve increased during the first half of 2009 on the subscription by Red Circle S.r.l., a sole quotaholder company, for 41,738 new shares at a premium of Euro 131.26 each. Pursuant to IAS 32, the increase in the share premium is stated net of share capital increase expenses totaling Euro 74 thousand.

b) Legal reserve: this reserve, amounting to Euro 193 thousand as of 30 June 2009 (Euro 23 thousand as of 31 December 2008), reflects the required allocation of 5% of the annual profit earned by the Parent; the increase was due to the allocation made from the 2008 results.

c) Translation reserve: this reserve, which has a negative balance of Euro 43 thousand as of 30 June 2009 (positive balance of Euro 48 thousand as of 31 December 2008), reflects the exchange rate differences arising on the translation of foreign currency financial statements. There was a negative change of Euro 91 thousand during the first half of 2009.

d) Other reserves, amounting to Euro 2,866 thousand as of 30 June 2009 (Euro 2,591 thousand as of 31 December 2008). The Other reserves include the hedging reserve of Euro 16 thousand as of 30 June 2009 (Euro 13 thousand as of 31 December 2008) and the fair value reserve for stock options of Euro 2,850 thousand as of 30 June 2009 (Euro 2,578 thousand as of 31 December 2008).

e) Retained earnings (losses carried forward): accumulated losses total Euro 9,462 thousand as of 30 June 2009 (Euro 11,696 thousand as of 31 December 2008) following a decrease of Euro 2,234 thousand on allocation of the profit earned in 2008.

### 1.22 Stock option plans

*Granting of stock options*

With reference to the stock option plans authorized in prior years, involving the allocation of up to[1]:

| Stock option plans | Granted (a) | Expired (b) | Exercised (c) | Total granted not expired or not exercised (d = a-b-c) | Granted, not vested | Granted, vested, not exercisable | Granted, vested, exercisable |
|---|---|---|---|---|---|---|---|
| 2001 – 2003 | 79,590 | 30,575 | 925 | 48,090 | 9,500 | — | 38,590 |
| 2003 – 2005 | 36,760 | 3,000 | 2,300 | 31,460 | 2,340 | — | 29,120 |
| 2004 – 2006 | 30,619 | 12,650 | — | 17,969 | 2,500 | — | 15,469 |
| 2006 – 2008 | 31,303 | — | — | 31,303 | — | — | 31,303 |
| 2007 – 2012 | 102,600 | 3,050 | — | 99,550 | 28,312 | 71,238 | — |
| **Total** | **280,872** | **49,275** | **3,225** | **228,372** | **42,652** | **71,238** | **114,482** |

*(1) On 8 September 2009, the shareholders of YOOX in their Extraordinary Meeting resolved to split the ordinary shares outstanding by eliminating their par value and dividing the 813,897 shares outstanding into 42,322,644 new shares. As a consequence, the beneficiaries of the stock option plans who exercise their option rights will be able to obtain 52 ordinary shares in the Parent for every option exercised.*

In total, 231,597 options have been granted out of the 239,051 authorized, of which 3,225 have been exercised. A further 2,685 options may be granted.

### 1.23 Non-current financial payables — Banks loans and borrowings

The amounts due to banks and other providers of finance total Euro 16,354 thousand as of 30 June 2009 and Euro 22,821 thousand as of 31 December 2008.

| Description | Balance as of 30/06/2009 | Balance as of 31/12/2008 | Change |
|---|---|---|---|
| Non-current financial payables | 16,128 | 18,735 | (2,607) |
| Banks loans and borrowings | 226 | 4,086 | (3,860) |
| **Total** | **16,354** | **22,821** | **(6,467)** |

Borrowings as of 30 June 2009 are analyzed in the following table.

| Bank | Amount in thousands of Euro | Nature of facility | Rate | Current portion | Non-current portion |
|---|---|---|---|---|---|
| Syndicated bank loan | 15,510 | Stand-by revolving loan | Euribor 6m + 1.50% | — | 15,510 |
| Simest S.p.A. | 618 | Assisted loan, Law 394/81 | 1.38% | 155 | 463 |
| Leasing Finanziari BNP Paribas | 226 | Finance leases | Euribor 3m + 2% | 71 | 155 |
| **Total** | **16,354** | | | **226** | **16,128** |

The syndicated loan consists of a line of credit amounting to Euro 20,760 thousand, granted by Unicredit, BNL and Banca Popolare di Novara, that is repayable by 15 June 2013. The amount currently utilized is Euro 15,510 thousand.

In order to guarantee this syndicated loan, YOOX has agreed to comply with the following financial covenants in 2009:

- *Leverage Ratio* (Net financial position / Equity) less than 1.50;
- *Debt Cover Ratio* (Net financial position / Gross operating profit) less than 2.50;
- *Inventory Ratio* (Net inventories / Net financial position) more than 1.50.

These covenants will be calculated at year end with reference to the consolidated financial statements prepared under Italian GAAP, and applying the following definitions:

- Net financial position: Loans net of liquid funds;
- Gross operating profit: Total revenue net of purchases, services and other costs, and net of personnel expenses in accordance with an income statement format agreed with the syndicated banks;
- Equity: Caption A) in the liabilities section of the balance sheet;
- Net inventories: Caption C I) in the assets section of the balance sheet.

The loan contract envisages that the parties may redefine the above terms and covenants following the adoption of IFRS.

At the end of 2008, the covenants established for that year were respected in full.

The bank lines of credit granted to the YOOX Group are detailed below, together with the related drawdowns and the facilities available as of 30 June 2009.

| Bank | Total credit facility | Utilizations | Available facility |
|---|---|---|---|
| Unicredit | 300 | — | 300 |
| Banca Sella | 1,000 | — | 1,000 |
| Banca Nazionale del Lavoro | 200 | — | 200 |
| Banca popolare di Lodi | 500 | — | 500 |
| Fortis Bank | 500 | — | 500 |
| Banca popolare dell'Emilia Romagna | 500 | — | 500 |
| Banca popolare di Bergamo | 100 | — | 100 |
| Banca popolare di Novara | 500 | — | 500 |
| **Total bank overdrafts** | **3,600** | **—** | **3,600** |
| Intesa San Paolo | 2,000 | — | 2,000 |
| Stand-by syndicated loan | 20,760 | 15,510 | 5,250 |
| Banca popolare dell'Emilia Romagna | 1,000 | — | 1,000 |
| Banca popolare di Bergamo | 500 | — | 500 |
| Banca Nazionale del Lavoro | 1,000 | — | 1,000 |
| Simest | 618 | 618 | — |
| **Total bank loans** | **25,878** | **16,128** | **9,750** |
| Leasing Finanziari BNP Paribas | 226 | 226 | — |
| **Total finance leases** | **226** | **226** | **—** |
| **GRAND TOTAL** | **29,704** | **16,354** | **13,350** |

Overall, the drawdowns against available credit lines represent 55% of the total.

*Net financial position*

The net financial position is analyzed in the following table:

| Description | Six months ended 30 June 2009 | Year ended 31 December 2008 | Change |
|---|---|---|---|
| **Cash and cash equivalents** | **12,581** | **8,962** | **3,619** |
| **Other current financial assets** | **231** | **70** | **161** |
| **Banks loans and borrowings** | **(226)** | **(4,086)** | **3,860** |
| **Other current financial liabilities** | **(1)** | **(116)** | **115** |
| **Net short-term financial position** | **12,584** | **4,830** | **7,754** |
| **Non-current financial payables** | **(16,128)** | **(18,735)** | **2,607** |
| **Net financial position** | **(3,544)** | **(13,905)** | **10,361** |
| **Other non-current financial assets** | **461** | **1,235** | **(774)** |
| **Total adjusted net financial position** | **(3,083)** | **(12,670)** | **9,587** |

The Group's net borrowings have decreased from Euro 13,905 thousand as of 31 December 2008 to Euro 3,544 thousand as of 30 June 2009, down by 74.5%.

### 1.24 Employee benefits

This caption solely relates to the post-employment benefits (TFR) recorded by the Parent in accordance with current legislation. The changes during the first half of 2009 in the defined benefit plans for employees are summarized below:

| Description | Balance as of 31/12/2008 | Provisions | Utilizations | Balance as of 30/06/2009 |
|---|---|---|---|---|
| Employee benefits | 274 | 4 | (53) | 225 |

The accumulated actuarial loss, not recognized as of 30 June 2009 in accordance with the "corridor" approach envisaged by IAS 19, amounts to Euro 59 thousand.

The principal demographic and economic parameters considered when making the actuarial calculation of the liability for employee benefits as of 30 June 2009 are consistent with those described for the actuarial calculation made as of 31 December 2008.

### 1.25 Deferred tax liabilities

The change in deferred tax liabilities during the first half of 2009 was not significant, increasing from Euro 48 thousand as of 31 December 2008 to Euro 54 thousand as of 30 June 2009.

### 1.26 Provisions for risks and charges, current and non-current portions

The provisions for risks and charges reflect an estimate of known liabilities, the timing and extent of which cannot be determined. The provisions as of 30 June 2009 and the related movements during the first six months of the year are summarized in the following table:

| Description | Balance as of 31/12/2008 | Increases | Utilizations | Balance as of 30/06/2009 |
|---|---|---|---|---|
| Provision for theft and losses | 56 | 48 | (56) | 48 |
| Provision for fines and taxation | 30 | — | (30) | — |
| Provision for fraud | 82 | 256 | (82) | 256 |
| **Total provisions for risks and charges — current portion** | **168** | **304** | **(168)** | **304** |
| Provision for disputes | 37 | — | — | 37 |
| Other provisions for risks and charges | 309 | 116 | — | 425 |
| **Total provisions for risks and charges — non-current portion** | **346** | **116** | **—** | **462** |
| **Total provisions for risks and charges** | **514** | **420** | **(168)** | **766** |

A provision for risks and charges of Euro 48 thousand was recorded in the first six months of 2009 to cover estimated thefts and losses relating to the period. In addition, the provision recorded in 2008, following an inspection of the Parent by the tax authorities in relation to the 2005 tax year, has been utilized in full.

Utilization of the provision for fraud amounted to Euro 82 thousand during the first half of 2009 and, accordingly, an appropriate further provision of Euro 256 thousand has been recorded to cover Internet purchases made fraudulently by credit card. This “Provision for fraud” was determined with reference to the historical incidence of fraud with respect to the value of sales.

The other non-current provisions for risks and charges include an estimate of the contingencies that are likely to crystallize, as required by IAS 37.

### 1.27 Trade payables

Trade payables have increased from Euro 17,282 thousand as of 31 December 2008 to Euro 22,800 thousand as of 30 June 2009, up by 31.9%.

Trade payables comprise amounts due to the Group’s suppliers for the purchase of goods and services. Payables are recorded at their nominal value. All payables fall due within one year and, accordingly, no amounts need to be discounted. Trade payables comprise all amounts due to suppliers, both for the supply of finished products and raw materials, and for the supply of non-current assets.

The increase during the period reflects the rise in the volume of sales which, as a consequence, resulted in an increase in purchasing. The increase as of 30 June 2009 is also attributable to the effect of revising the terms of payment agreed with the Group’s principal suppliers.

### 1.28 Tax payables

Current tax payables solely relate to the current income tax liability of the Parent and its foreign subsidiaries.

They increased by Euro 1,318 thousand during the first half of 2009, up by more than 100%, from Euro 765 thousand as of 31 December 2008 to Euro 2,083 thousand as of 30 June 2009.

### 1.29 Other payables

Other payables as of 30 June 2009 and 31 December 2008 are analyzed in the following table:

| Description | Balance as of 30/06/2009 | Balance as of 31/12/2008 | Change |
|---|---|---|---|
| Due to social security institutions | 1,213 | 1,070 | 143 |
| Credit notes to be issued to customers | 2,187 | 2,025 | 162 |
| Remuneration payable to employees | 1,236 | 1,228 | 8 |
| Due to fiscal representatives | 1,852 | 1,900 | (48) |
| Other payables | 464 | 255 | 209 |
| Accrued expenses and deferred income | 27 | 192 | (165) |
| **Total** | **6,979** | **6,670** | **309** |

The amounts due to social security institutions mainly comprise the contributions payable on the amounts recognized to employees at year end.

The credit notes to be issued to customers are classified as "Other payables" since they represent a known liability for sales returns made during the first half of 2009. The increase in the first half of 2009 is consistent with rise in the volume of sales with respect to the corresponding period.

The amounts due to fiscal representatives reflect the liability for indirect taxation; the sales made in European countries during the first half of 2009 and in 2008 exceeded the threshold envisaged in art. 41.1.b) of Decree 331/93, which requires the payment of VAT in the destination country for the goods sold. In order to comply with this requirement, the Parent has opened tax positions in the countries concerned.

"Other payables" also include the credit notes issued to customers who it was not possible to reimburse as of 30 June 2009 and 31 December 2008.

***Consolidated statement of cash flows***

### 1.30 Profit/(loss) for the period, Income tax charge for the period, Depreciation and amortization, Payment of income taxes

The profit/(loss) for the period, the income tax charge for the period, depreciation and amortization, and other non-monetary income statement items are presented in notes 1.11, 1.10, 1.9, 1.5, 1.4 and 1.3 respectively, to which reference is made.

In relation to the tax charge for the first half of 2009, Euro 1,015 thousand (Euro 653 thousand in the first six months of 2008), the tax payments made of Euro 761 thousand (Euro 870 thousand in the first half of 2008) covered the balance due for the previous year and the advances for the current year. These amounts were determined with reference to the tax regulations in force in the various countries in which the Group operates.

### 1.31 Other non-monetary (income) charges, net

Other non-monetary income and charges, net, include the non-monetary income statement items other than income taxes, depreciation and amortization, and provisions that are classified as a direct deduction from asset captions (allowance for impairment and provisions for obsolescence). Accordingly, this caption comprises post-employment benefits (TFR), the measurement at fair value of the stock option plans, the provisions for risks and charges, capital gains and losses, unrealized exchange rate fluctuations, and interest income and expense. In relation to these last items, the interest collected and interest paid is stated separately.

### 1.32 Change in trade receivables, inventories and trade payables

This caption reflects the use or generation of cash in relation to net working capital, i.e. the changes in trade receivables, inventories and trade payables. The change in trade payables relates solely to the supply of raw materials, goods and services, and excludes the change in amounts due to the suppliers of assets, which is classified in the section of the statement of cash flows relating to the cash flows from (used in) investing activities.

### 1.33 Change in other current assets and liabilities

This caption reflects the change in all other current assets and liabilities, net of the effects of recognizing non-monetary income and expenses, i.e. the change in the balances with a direct effect on the use or the generation of cash.

### 1.34 Investment in property, plant and equipment and proceeds from the sale of property, plant and equipment

The cash flow from investment in property, plant and equipment reflects both the replacement of assets and investment in new assets. The amount reported also includes the change in investment payables.

### 1.35 Investment in intangible assets

The cash flow from investments in intangible assets reflects the purchase of licences and software, as well as the capitalization of development costs which are analyzed in note 1.14. These capitalizations are classified among the cash flow from (used in) investing activities since they involve a cash outflow associated with the internal costs incurred (mainly personnel expenses). Such cash outflows were essentially the same as the costs capitalized during the period.

### 1.36 Investment in other non-current financial assets

Other non-current financial assets as of 30 June 2009 amount to Euro 461 thousand (Euro 1,235 thousand as of 31 December 2008) and mainly comprise guarantee deposits.

The guarantee deposits that do not earn interest as of 30 June 2009 relate to rental contracts and contracts for the supply of electricity and gas, as well as to retentions made by *Paymentech* to guarantee the amount of repayments due for returns made against sales. The reduction by Euro 774 thousand as of 30 June 2009 compared with 31 December 2008 mainly reflects the repayment of Euro 800 thousand retained by *Global Collect*, following the release by BNP Paribas of a bank surety for the same amount, as described in note 1.16.

### 1.37 Capital injection for share capital increase

The collection of Euro 5,427 thousand during the first half of 2009 related to the increase in share capital on the subscription by Red Circle S.r.l., a sole quotaholder company, for 41,738 new shares, par value Euro 0.52 each, at a premium of Euro 131.26 per share with the same characteristics as those already outstanding. Pursuant to IAS 32, the increase in the share premium is stated net of share capital increase expenses totaling Euro 74 thousand.

### 1.38 Arrangement and repayment of non-current financial payables

The repayments of non-current financial payables relate to bank loans and amounts due to other providers of finance, as described in note 1.23.

### 1.39 Arrangement and repayment of short-term financial payables

The change in short-term bank borrowings is included in the change in short-term financial payables since these represent forms of short-term borrowing, as described in note 1.23.

## Information about financial risks

The nature and structure of the risk exposures described below, and the related policies followed by the Group during the first half of 2009, are essentially unchanged with respect to the prior period.

## Market risk

Market risk originates from the probability of a change in the fair value of the cash flows deriving from a financial instrument, as a consequence of changes in market prices.

In the consolidated financial statements at 30 June 2009, market risk takes the form of currency risk and interest-rate risk:

**Financial risk deriving from currency fluctuations**

The Euro is the functional currency and the currency used for the presentation of the Group's financial information.

The YOOX Group operates internationally and sells goods in countries whose currency is not the Euro, thus exposing the Group to both transaction and translation currency risk. Group policy is to concentrate all currency risks within YOOX, the Parent. Since the YOOX Group is essentially an exporter, the principal risk exposure consists in the depreciation of a foreign currency against the Euro. The Group is principally exposed towards the US dollar, the Japanese yen and the British pound.

Currency transaction risks are hedged by forward contracts and plain vanilla options arranged with the leading domestic and international banks used by YOOX on a daily basis. Outstanding contracts at the end of the reporting period only relate to the hedging of receivables denominated in US dollars, amounting to the equivalent of Euro 2,441 thousand as of 30 June 2009, and in Japanese yen, amounting to the equivalent of Euro 443 thousand. It was not considered necessary to hedge the exposure towards the British pound, since the amount is not significant. No speculative derivative contracts were arranged during the first half of 2009.

Certain Group companies are resident in countries that are not part of the European Monetary Union including, in particular, the United States and Japan. Since, as mentioned above, the Group's functional currency is the Euro, the income statements of these companies are translated to Euro using the average exchange rates for the period. Holding net revenues and profits constant in their local currencies, changes in the exchange rates concerned may have an effect on the Euro amount of their net revenues, costs and financial results.

The Euro amount of the assets and liabilities of consolidated companies whose functional currency is not the Euro may vary depending on exchange rate movements. As envisaged by IFRS, the effects of such changes are recognized directly in equity, as part of the "Translation reserve."

**Financial risk deriving from interest-rate fluctuations**

Interest-rate risk arises when a change in interest rates adversely affects the performance for the period. The YOOX Group is exposed to an increase in interest rates since it has a net borrowing position and loans linked to Euribor. The YOOX Group has decided not to managed interest-rate risk by recourse to derivative contracts, although interest-rate trends are still monitored on a constant basis. In particular, 3-month Euribor (Euro Interbank Offered Rate) dropped from 2.86% at the start of the year to 1.10% as of 30 June 2009. The average cost of the Group's loans from the banking system is essentially 1.50% above Euribor.

**Liquidity risk**

The Group's objective is to maintain an adequate level of liquidity and availability of the funds needed to sustain the growth of the business and meet its obligations on a timely basis. Given the dynamic nature of the business, the Group prefers to guarantee the flexibility of funding via recourse to lines of credit that are partly committed, so that the lender is unable to call for repayment prior to a pre-determined date, and partly revolving, so that the Group is able to repay individual drawdowns and therefore reconstruct the available facility.

**Credit risk with financial counterparts**

The YOOX Group has obtained lines of credit from leading Italian and international banks. The crisis affecting the international banking system did not adversely affect these established relationships.

The balances on the current accounts held in the name of YOOX S.p.A. with banks not resident in Italy are insignificant.

The Group's foreign companies maintain commercial relations with leading banks in the countries where they operate; in particular, YOOX Japan works with Mitsubishi Bank in Japan; while the two US companies, YOOX Corporation and Y Services, principally work with JP Morgan Chase Manhattan Bank.

**Credit risk with commercial counterparts**

Given the nature of the Group's business, management of the credit risk deriving from commercial activities is entrusted to the customer care function for the online receivables generated by each store, and to the finance function for all other receivables.

The credit risk associated with doubtful accounts, for which recovery has been placed in legal hands, and with other overdue balances, is monitored centrally on a daily basis with reference to monthly reports.

***Hedge Accounting***

The Group performs prospective and retrospective tests of the effectiveness of the derivative financial instruments recorded using hedge accounting rules.

Effectiveness is assured if the ratio of the change in the fair value of the hedging instrument to the change in the fair value of the hedged instrument falls in the range between 80% and 125%.

The Group arranged cash flow hedges in the first half of 2009; these hedges are used to cover the risk of changes in the cash flows attributable to forecast transactions that are very likely to take place.

***Fair Value***

The Group uses established appraisal techniques, widely adopted in market practice, to determine the fair value of financial instruments when there is no regulated market for them. These techniques determine the amount that the instruments would have had at the measurement date in an arms'-length transaction between knowledgeable and independent parties.

**Financial assets and liabilities measured at amortized cost**

The following are measured at amortized cost: trade receivables and payables, restricted deposits, loans, and other assets and liabilities measured at amortized cost (e.g. other receivables and payables).

Pursuant to IFRS 7, the fair value of these items is re-measured by calculating the present value of the contractually-expected flows of interest and principal, with reference to the yield curve for government securities at the measurement date.

The carrying amount of trade receivables and payables represents a reasonable approximation of their fair value.

**Financial assets and liabilities measured at fair value**

Hedging financial instruments are measured at fair value, as are those held for trading (those not designated as hedges).

**Disclosure pursuant to IAS 24 on the remuneration of management and on related parties**

**Remuneration of senior executives and other key persons within the Group**

In addition to the executive and non-executive directors, the senior executives and other key persons with strategic responsibilities for the management, planning and control of the Group comprise the Director of Administration, Finance and Control, the Director of Human Resources, the Director of Human Resources (ad interim), the Sales Director, the Marketing Director, the Director of Operations, the Technology Manager, the Director of Interactive Services, the Multi-Brand Sales Manager, and the Customer Service Manager.

The gross annual remuneration of the above persons, inclusive of all forms of remuneration (gross pay, bonuses, fringe benefits etc.) and bonuses accrued but not paid that depend on the achievement of long-term objectives, are presented in the following table together with the fees of the Board of Statutory Auditors:

*30 June 2009*

| Description | Current benefits | Long-term benefits | Stock options | Other remuneration |
|---|---|---|---|---|
| Directors | 366 | — | 60 | — |
| Statutory Auditors | 20 | — | — | — |
| Executives with strategic responsibilities | 837 | 100 | 98 | — |
| **Total** | **1,223** | **100** | **158** | **—** |

## List of related parties

The following table lists the companies (other than subsidiaries) considered to be related parties, as defined in IAS 24, with which commercial transactions have taken place. The commercial transactions with these entities were all carried out on normal market terms and in the interests of the Group.

*30 June 2009*

| Description | Trade receivables | Trade payables | Revenue | Costs |
|---|---|---|---|---|
| Sigma Gi S.p.A. | — | 580 | — | 1,709 |
| Diesel S.p.A. | 441 | 995 | 224 | 1,293 |
| Diesel Rags S.r.l. | — | 260 | — | 446 |
| 55DSL S.r.l. — a sole quotaholder company | — | 3 | 10 | 2 |
| Staff International S.p.A. | — | 552 | — | 814 |
| Diesel USA Inc. | 220 | 497 | 20 | 726 |
| Staff USA Inc. | — | 5 | — | 80 |
| Studio legale D'Urso Gatti e Associati (law firm) | — | 99 | — | 239 |
| Ferrante, PLLC LAW FIRM | — | 9 | — | 30 |
| KK TPI | — | 6 | — | 17 |
| Nagamine Accounting Office | — | 1 | — | 7 |
| **Total other related parties** | **661** | **3,007** | **254** | **5,363** |

The above entities are deemed to be parties related to the Issuer for the following reasons:

- Sigma Gi S.p.A. (formerly Sigma Gi Export Import S.r.l.), since the majority shareholders of that company are indirect shareholders of YOOX, having also appointed one of the directors. Furthermore, Sigma Gi has signed contracts with the Issuer for the supply of goods;
- D'Urso Gatti e Associati Studio legale, since a partner in that law firm, which provides the Issuer with legal and corporate consultancy on an ongoing basis, is a director of the Issuer and a beneficiary of the stock option plans;
- Nagamine Accounting Office and KK TPI, since the owner of both firms, which provide the Issuer with administrative and fiscal consultancy on an ongoing basis, is a member of the board of directors of a Group company (YOOX Japan);
- Diesel S.p.A., Diesel Rags S.r.l., Diesel USA Inc., 55DSL S.r.l. — a sole quotaholder company, Staff International S.p.A. and Staff USA Inc., since these companies are part of the Diesel Group whose majority shareholder, via Red Circle S.r.l. sole quotaholder company, has appointed a director to the Issuer's Board; the information reported in the table as of 30 June 2009 was determined commencing from the date when Red Circle S.r.l., a sole quotaholder company, became a shareholder of the Issuer;
- Ferrante PLLC LAW FIRM, since a partner in that firm, which provides the Issuer with legal and corporate consultancy on an ongoing basis, is a director of a Group company (YOOX Corporation).

None of the transactions that took place with related parties during the first half of 2009 were significant (except as mentioned above), atypical and/or unusual.

### Other information

### Commitments and guarantees

The following table summarizes the commitments of and the guarantees given by the YOOX Group as of 30 June 2009 and 30 June 2008:

| | | | Year ended 31 December | | |
|---|---|---|---|---|---|
| **Description** | **1st half 2009** | **1st half 2008** | **2008** | **2007** | **2006** |
| Third-party assets held by the company | 28,277 | 16,528 | 24,874 | 9,204 | 5,900 |
| Sureties given to others | 2,988 | 1,986 | 2,130 | 1,521 | 317 |
| Commitments under forward hedging contracts | 2,884 | — | 2,980 | 1,019 | 307 |
| **Total commitments and guarantees** | **34,149** | **18,514** | **29,984** | **11,744** | **6,524** |

At 30 June 2009, the logistics centers operated by Group companies hold goods on a sale-or-return basis, totaling Euro 28,227 thousand, received from commercial partners and strategic partners. The increase with respect to the corresponding period of last year reflects the opening of new online stores and the expansion of procurement on a sale-or-return basis.

Sureties, all given by the Parent as of 30 June 2009, relate to the following contracts:

- contract arranged by the Parent, effective from 30 June 2002, for the rental of a residential property for use by visitors at Galleria Cavour 8, Bologna. This surety, for an amount of Euro 4,650, expires on 14 June 2010;
- contract for fiscal representation in Spain by Claramonte Fortuno Asesores c/Mayor San Jaime 12 Villarreal (Castellon), with a guarantee amounting to Euro 200,000 for VAT compliance that expires on 30 June 2009;
- contract arranged by the Parent, effective from 1 October 2008 for a period of six years, for the rental of office premises at Via Autari 27, Milan. This surety, for an amount of Euro 60,000, expires on 30 September 2014;
- contract arranged by the Parent, effective from 22 December 2003 and expiring on 31 December 2009, for the supply of integrated logistics services by ND Logistics Italia S.p.A.. The related guarantee amounts to Euro 100,000;
- contract arranged with ND Logistics Italia S.p.A. for the supply of integrated logistics services amounting to Euro 500,000, effective from 15 March 2007 for a period of five and a half years, expiring on 14 October 2012;
- contract arranged with Diesel to guarantee payments by Y Services amounting to USD 450,000, equal to Euro 318,381, commencing from 2 November 2007 and expiring on 31 December 2008;
- contract arranged with ND Logistics Italia S.p.A. to guarantee the proper performance of obligations under the sub-rental contract, amounting to Euro 46,875, commencing from 10 October 2007 for a period of six years, expiring on 9 June 2013;
- contract arranged by the Parent with Despina S.p.A. to guarantee the proper performance of obligations under the contract, commencing from 1 April 2007 for a period of six years, for the rental of office premises at Via Nannetti 1, Zola Predosa. This surety, for an amount of Euro 47,500, expires on 31 March 2013;
- contract arranged with SIMEST to guarantee the loan amounting to Euro 113,600, commencing from 28 September 2006 and expiring on 16 March 2014;
- contract arranged with SIMEST to guarantee the loan amounting to Euro 504,089.57, commencing from 17 January 2008 and expiring on 16 March 2014;
- contract arranged by the Parent with New Winds Group to guarantee the proper performance of obligations under the contract, commencing from 1 August 2008, for the rental of office premises in Madrid. This surety, for an amount of Euro 18,839.04, expires on 1 September 2009;

- contract arranged by the Parent with MM. Kerr and MM. Naret to guarantee the proper performance of obligations under the contract, commencing from 1 August 2008, for the rental of office premises in Paris. This surety, for an amount of Euro 50,000, expires on 31 July 2011;
- contract arranged by the Parent with Oslavia, effective from 1 July 2008 for a period of six years, for the rental of office premises in Via Lombardini, Milan. This surety, for an amount of Euro 19,200, expires on 31 July 2014.
- contract arranged by the Parent with Guess Italia, effective from 13 January 2009 and expiring on 30 September 2009, to guarantee the supply of goods totaling Euro 200,000.
- contract arranged by the Parent, in favor of the Portuguese fiscal representative, to guarantee the payment of Portuguese VAT. This surety amounts to Euro 5,000 and expires on 27 November 2009;
- contract arranged by the Parent, on repayment of the Euro 800,000 retained by Global Collect in return for the issue by BNP Paribas of a bank surety for the same amount.

The hedging contracts relate to forward sales and options arranged by the Parent to hedge the currency risk associated with the intercompany sales made in US dollars and Japanese yen. The total amount of the commitments, translated to Euro using the spot rates at the end of the six-month period is Euro 2,884 thousand.

**Significant subsequent events**

**Significant events subsequent to 30 June 2009**

*New organizational structure*

The organizational structure of the YOOX Group has been revised with effect from 31 July 2009. The most significant changes relate to the commercial structure and the reorganization of the Mono-Brand and Multi-Brand teams.

*Expansion of geographical coverage*

From July 2009, the YOOX Group has extended its geographical coverage to include Cyprus, Iceland, Malta and the Republic of San Marino. The Group now makes sales in 57 countries.

*Emporioarmani.com — Mono-Brand line of business*

From July 2009, emporioarmani.com now covers the Japanese market.

*Contract for Jil Sander online store*

A contract has been signed to create jilsander.com, an online store for Jil Sander, which will be launched by the end of 2009.

*Resignation of the Managing Director of YOOX Japan*

On 26 June 2009, Taku Harada resigned as Country Manager and Managing Director of YOOX Japan with effect from 28 August 2009.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007,
PREPARED IN ACCORDANCE WITH IFRS

**KPMG S.p.A.**
**Revisione e organizzazione contabile**
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40134 BOLOGNA BO

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# Report of the auditors

To the board of directors of
YOOX S.p.A.

1 We have audited the consolidated financial statements of the YOOX Group as of and for the years ended 31 December 2008 and 2007, comprising the balance sheets, income statements, statements of comprehensive income, statements of changes in equity, cash flow statements and notes thereto. These financial statements have been drawn up in accordance with the International Financial Reporting Standards endorsed by the European Union solely for inclusion in the Prospectus prepared as part of the listing of YOOX S.p.A. ordinary shares on the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A. pursuant to regulation 809/2004/EC. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

3 In our opinion, the consolidated financial statements of the YOOX Group as of and for the years ended 31 December 2008 and 2007 comply with the International Financial Reporting Standards endorsed by the European Union. Therefore, they are clearly stated and give a true and fair view of the financial position of the YOOX Group as of 31 December 2008 and 2007, the results of its operations, changes in its equity and its cash flows for the years then ended.

Bologna, 7 September 2009

KPMG S.p.A.

Gianluca Geminiani
Director of Audit

KPMG S.p.A., an Italian limited liability share capital company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Milano Ancona Aosta Bari
Bergamo Bologna Bolzano Brescia
Cagliari Catania Como Firenze
Genova Lecce Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Udine Varese Verona

Società per azioni
Capitale sociale
Euro 7.470.300,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Part. IVA 00709600159
Sede legale: ViaVittor Pisani, 25
20124 Milano MI

# INCOME STATEMENT

| | Notes | 2008 | 2007 |
|---|---|---|---|
| Amounts in thousands of Euro: | | | |
| **Net Revenues from sales** | *2.1* | 101,450 | 68,773 |
| Cost of goods sold | *2.2* | (61,588) | (42,618) |
| Fulfillment's cost | *2.3* | (11,992) | (8,210) |
| Selling expenses | *2.4* | (10,740) | (7,564) |
| General expenses | *2.5* | (11,289) | (8,068) |
| Other income and charges | *2.6* | (882) | (628) |
| Non-recurring charges | *2.7* | (170) | (1,174) |
| **Operating profit** | *2.8* | 4,789 | 511 |
| Financial income | *2.9* | 754 | 258 |
| Financial charges | *2.9* | (1,974) | (1,163) |
| **Profit/(loss) before taxation** | | 3,569 | (394) |
| Taxation | *2.10* | (1,167) | (239) |
| **Profit/(loss) for the year** | | 2,402 | (633) |
| of which: | | | |
| attributable to owners of the Parent | | 2,402 | (633) |
| attributable to non-controlling interests | | — | — |
| Basic earnings (loss) per share | *2.11* | 3.11 | (0.82) |
| Diluted earnings (loss) per share | *2.11* | 2.78 | (0.82) |

# STATEMENT OF COMPREHENSIVE INCOME

| | Notes | 2008 | 2007 |
|---|---|---|---|
| Amounts in thousands of Euro: | | | |
| **Profit/(loss) for the year** | 2.11 | 2,402 | (633) |
| **Other comprehensive income, net of tax** | | | |
| Net translation differences | *2.20* | 70 | (21) |
| Net change in hedging reserve | *2.20* | 1 | — |
| **Total other comprehensive income** | | 71 | (21) |
| **Total comprehensive income/(loss) for the year** | | 2,473 | (654) |
| of which: | | | |
| attributable to owners of the Parent | | 2,473 | (654) |
| attributable to non-controlling interests | | — | — |

# BALANCE SHEET

| Amounts in thousands of Euro: | Notes | 31/12/2008 | 31/12/2007 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *2.12* | 3,481 | 2,793 |
| Intangible assets with finite useful life | *2.13* | 2,281 | 1,365 |
| Deferred tax assets | *2.14* | 1,405 | 1,315 |
| Other non-current financial assets | *2.15* | 1,235 | 576 |
| **Total non-current assets** | | **8,402** | **6,049** |
| **Current assets** | | | |
| Inventories | *2.16* | 38,652 | 28,109 |
| Trade receivables | *2.17* | 3,911 | 1,878 |
| Other current assets | *2.18* | 4,882 | 3,734 |
| Cash and cash equivalents | *2.19* | 8,962 | 5,185 |
| **Total current assets** | | **56,407** | **38,906** |
| **Total assets** | | **64,809** | **44,955** |
| **Equity** | | | |
| Share capital | | 401 | 400 |
| Reserves | | 25,328 | 23,850 |
| Losses carried forward | | (11,696) | (11,101) |
| Profit/(loss) for the year | | 2,402 | (633) |
| Equity attributable to owners of the Parent | *2.20 - 2.21* | 16,435 | 12,516 |
| Non-controlling interests | | — | — |
| **Total equity** | | **16,435** | **12,516** |
| **Non-current liabilities** | | | |
| Non-current financial payables | *2.22* | 18,735 | 141 |
| Employee benefits | *2.23* | 274 | 300 |
| Provisions for risks and charges — non-current portion | *2.25* | 346 | 346 |
| Deferred tax liabilities | *2.24* | 48 | 33 |
| **Total non-current liabilities** | | **19,403** | **820** |
| Bank loans and borrowings | *2.22* | 4,086 | 12,847 |
| Provisions for risks and charges — current portion | *2.25* | 168 | 63 |
| Trade payables | *2.26* | 17,282 | 13,544 |
| Tax payables | *2.27* | 765 | 426 |
| Other payables | *2.28* | 6,670 | 4,739 |
| **Total current liabilities** | | **28,971** | **31,619** |
| **Total liabilities and equity** | | **64,809** | **44,955** |

# STATEMENT OF CHANGES IN EQUITY

**for the year ended 31/12/2008 – notes 2.20 and 2.21**

| Amounts in thousands of Euro | Balances as of 31/12/2007 | Measure-ment of derivatives | Measure-ment of stock options | Transla-tion of foreign operations | Other changes | Total effects recognised in equity | Allocation of prior-year profit /(loss) | Profit/ (loss) for the year | Exercise of stock option rights | Increase in share capital | Distribu-tion of dividends | Total effect of transac-tions with share-holders | Balances as of 31/12/2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Share capital | 400 | | | | | | | | 1 | | | 1 | 401 |
| Share premium | 22,561 | | | | | | | | 105 | | | 105 | 22,666 |
| Legal reserve | 23 | | | | | | | | | | | | 23 |
| Translation reserve | (22) | | | 70 | | 70 | | | | | | | 48 |
| Reserve for stock options | 1,276 | | 1,302 | | | 1,302 | | | | | | | 2,578 |
| Hedging reserve | 12 | 1 | | | | 1 | | | | | | | 13 |
| Retained earnings (losses carried forward) | (11,101) | | | | 38 | | (633) | | | | | | (11,696) |
| Profit/(loss) attributable to to owners of the Parent | (633) | | | | | | 633 | 2,402 | | | | | 2,402 |
| **Equity attributable to owners of the Parent** | **12,516** | **1** | **1,302** | **70** | **38** | **1,373** | | **2,402** | **106** | | | **106** | **16,435** |
| Non-controlling interests | | | | | | | | | | | | | |
| **Total equity** | **12,516** | **1** | **1,302** | **70** | **38** | **1,373** | | **2,402** | **106** | | | **106** | **16,435** |

# STATEMENT OF CHANGES IN EQUITY
**for the year ended 31/12/2007**

| Amounts in thousands of Euro | Balances as of 01/01/2007 | Measure-ment of derivatives | Measure-ment of stock options | Transla-tion of foreign operations | Other changes | Total effects recognised in equity | Allocation of prior-year profit/ (loss) | Profit/ (loss) for the year | Exercise of stock option rights | Increase in share capital | Distribution of dividends | Total effect of transac-tions with share-holders | Balances as of 31/12/2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Share capital | 400 | | | | | | | | | | | | 400 |
| Share premium | 22,561 | | | | | | | | | | | | 22,561 |
| Legal reserve | 23 | | | | | | | | | | | | 23 |
| Translation reserve | | | (22) | | | (22) | | | | | | | (22) |
| Reserve for stock options | 244 | | 1,032 | | | 1,032 | | | | | | | 1,276 |
| Hedging reserve | 12 | | | | | | | | | | | | 12 |
| Retained earnings (losses carried forward) | (11,101) | | | | | | | | | | | | (11,101) |
| Profit/(loss) attributable to the owners of the Parent | | | | | | | | (633) | | | | | (633) |
| **Group equity** | **12,139** | | **1,032** | **(22)** | | **1,010** | | **(633)** | | | | | **12,516** |
| Non-controlling interests | | | | | | | | | | | | | |
| **Total equity** | **12,139** | | **1,032** | **(22)** | | **1,010** | | **(633)** | | | | | **12,516** |

# STATEMENT OF CASH FLOWS

| Amounts in thousands of Euro: | Notes | 2008 | 2007 |
|---|---|---|---|
| Profit/(loss) for the year | *2.29* | 2,402 | (633) |
| *Adjustments for:* | | | |
| Taxation for the year | *2.29* | 1,167 | 239 |
| Financial charges | *2.30* | 1,974 | 1,163 |
| Financial income | *2.30* | (753) | (257) |
| Depreciation, amortization and impairments losses | *2.30* | 1,803 | 1,231 |
| Measurement at fair value of stock options | *2.30* | 1,302 | 1,032 |
| Unrealized exchange rate differences | *2.30* | 70 | (21) |
| Losses/(gains) on sale of non-current assets | *2.30* | 169 | 207 |
| Provisions for employee benefits | *2.30* | 20 | 18 |
| Provisions for risks and charges | *2.30* | 175 | 100 |
| Use of provisions for employee benefits | *2.30* | (46) | (135) |
| Use of provisions for risks and charges | *2.30* | (70) | (98) |
| Change in inventories | *2.31* | (10,543) | (9,153) |
| Change in trade receivables | *2.31* | (2,033) | (811) |
| Change in trade payables | *2.31* | 3,738 | 4,621 |
| Change in other current assets and liabilities | *2.32* | 918 | (230) |
| **Cash flow from (used in) ordinary operations** | | **292** | **(2,728)** |
| Income taxes paid | *2.29* | (904) | (308) |
| Interest and other financial charges paid | *2.30* | (1,974) | (1,163) |
| Interest and other financial income received | *2.30* | 762 | 254 |
| **Cash flow used in operating activities** | | **(1,824)** | **(3,945)** |
| *Investing activities* | | | |
| Investment in property, plant and equipment | *2.33* | (1,586) | (1,425) |
| Investment in intangible assets | *2.34* | (2,027) | (1,233) |
| Investment in other non-current financial assets | *2.35* | (659) | — |
| Proceeds from sale of property, plant and equipment | *2.33* | 42 | 53 |
| **Cash flow used in investing activities** | | **(4,230)** | **(2,605)** |
| *Financing activities* | | | |
| Short-term financial payables | *2.38* | 4,086 | 12,848 |
| Repayment of short-term financial payables | *2.38* | (12,847) | (3,040) |
| Non-current financial payables | *2.37* | 18,592 | — |
| Repayment of non-current financial payables | *2.37* | — | — |
| Capital injection for share capital increase | *2.36* | | 106 |
| **Cash flow from financing activities** | | **9,831** | **9,914** |
| **TOTAL CASH FLOW FOR THE YEAR** | | **3,777** | **3,364** |
| Cash and cash equivalents, start of year | *2.19* | 5,185 | 1,821 |
| Cash and cash equivalents, end of year | *2.19* | 8,962 | 5,185 |
| **TOTAL CASH FLOW FOR THE YEAR** | | **3,777** | **3,364** |

# EXPLANATORY NOTES

**General information — Notes to the consolidated financial statements as of and for the years ended 31 December 2008 and 31 December 2007**

***Group structure and activities***

YOOX is the Group that reports to YOOX S.p.A., the Italian parent based in Zola Predosa (Italy). YOOX is active in the sale of and provision of commercial services relating to clothing, accessories and, more generally, all types of complementary items for individuals, the home, spare-time and recreational activities and hobbies.

In addition to YOOX S.p.A. (hereinafter "the Parent," the YOOX Group (hereinafter "the Group") comprises YOOX Corporation Ltd and Y Services Ltd, the US companies that manage sales in America, and YOOX Japan KK, the Japanese company that manages sales in Japan.

Pursuant to the requirements of IFRS 8 with regard to its operations, the Group has identified the following lines of business:

- Multi-Brand, comprising the online, multi-brand store activities of yoox.com and thecorner.com:
  a. yoox.com, operational since June 2000, offers a wide assortment of quality clothing, footwear and accessories at reduced prices. These items are drawn from the collections of well-known brands for the corresponding season in the prior year. This high-level range is completed by a selection of exclusive items (collections produced solely for yoox.com), vintage garments and special editions created by leading stylists and designers, as well as books, works of art and design objects;
  b. thecorner.com, operational since February 2008, hosts a number of shop-in-shops dedicated to the current collections of established, niche and/or artisan brands that are not readily available elsewhere.
- Mono-Brand, comprising the design, creation and management, on an exclusive basis, of the online stores of certain leading, global fashion brands that have appointed the Group as their strategic partner for this specific sales channel. The goods available from the online stores are sold and invoiced directly to the end customer by YOOX.

In addition, the Group has a Corporate and Central Services Area that directs and coordinates its activities. This Area also plays a key role in facilitating functional integration between the various Areas, and in supporting the operational activities directly associated with each line of business. This Area comprises Group Management, administration, finance and control, legal affairs, general services, personnel, the press office and IT.

**Purpose of the consolidated financial statements as of and for the years ended 31 December 2008 and 31 December 2007 prepared in accordance with International Financial Reporting Standards**

Commencing from 2005, Regulation (EC) No. 1606/2002 (Reg. 1606/02) issued by the European Parliament and Council on 19 July 2002 (the "EC Regulation") requires all companies listed on a regulated market to prepare consolidated financial statements in accordance with the International Accounting Standards/ International Financial Reporting Standards (hereinafter, respectively, "IAS," "IFRS") issued by the International Accounting Standards Board and endorsed by the European Commission.

In Italy, this topic is governed by Legislative Decree no. 38 dated 28 February 2005 (Decree no. 38/05, published in Italian Official Gazette no. 66 on 21 March 2005), which allows companies not covered by the EC Regulation to prepare separate and consolidated financial statements under IFRS from the year ended 31 December 2005.

By a Board resolution adopted on 14 December 2007, the Issuer decided to start the process of listing its ordinary shares on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A.

Accordingly, as allowed by art. 94 of Legislative Decree no. 58/2008 and Regulation (EC) no. 809/2004, the YOOX Group has decided to prepare consolidated financial statements as of and for the years ended 31 December 2008 and 31 December 2007 under IFRS, but solely for the purpose of inclusion in the prospectus required for the listing of the ordinary shares of YOOX S.p.A. on the Italian Stock Exchange.

The separate and consolidated financial statements of YOOX as of and for the year ended 31 December 2008, prepared in accordance with the requirements of the Italian Civil Code, as interpreted and supplemented by the Accounting Principles issued by the Italian Accounting Profession, as modified and adopted by the Italian Accounting Standard Setter (O.I.C.), were approved at the Ordinary Shareholders' Meeting held on 27 April 2009.

**IFRS first-time adoption**

The consolidated financial statements of the YOOX Group as of and for the year ended 31 December 2008 are the first set of consolidated financial statements to be prepared under IFRS. The IFRS transition date was 1 January 2007.

The effects of the transition to IFRS are shown in Attachment 1 to these notes.

This attachment also presents the following reconciliation schedules together with the related notes:

1) Reconciliation of equity at the following dates:
   - IFRS transition date (1 January 2007);
   - balance sheet date for the last accounting period for which financial statements were prepared in accordance with Italian GAAP (31 December 2008).

2) Reconciliation of the profit/(loss) for:
   - the last accounting period for which financial statements were prepared in accordance with Italian GAAP (31 December 2008).

The balance sheet as of 1 January 2007 has also been presented, together with the balance sheet and the income statement as of and for the year ended 31 December 2008, reconciled with the related financial information prepared under the previous GAAP.

**3. Statement of compliance with IFRS and basis of preparation**

As stated above, the Group has prepared consolidated financial statements as of and for the years ended 31 December 2008 and 31 December 2007 under the IFRS endorsed by the European Union. IFRS are understood to include all the interpretations issued by the *International Financial Reporting Interpretations Committee* ("IFRIC"), which was previously known as the *Standing Interpretations Committee* ("SIC").

**Financial statements formats**

The formats adopted for the consolidated financial statements as of and for the years ended 31 December 2008 and 31 December 2007 comply with IFRS (including IAS 1 and IAS 7) and comprise:

*Income statement*

The income statement is classified with reference to the purpose of the costs incurred, since this is considered to provide more meaningful information. It is also consistent with the system of reporting used by Group Management when evaluating the performance of the business.

*Balance sheet*

The balance sheet income consists of a single statement of the elements comprising the profit/(loss) for the year and the charges and income that were recognised directly in equity in relation to transactions not involving the shareholders.

*Statement of financial position*

The statement of financial position presents current assets and liabilities separately from non-current assets and liabilities, while the notes for each asset and liability caption state the amounts that are expected to be recovered or settled within or after 12 months from the balance sheet date.

*Statement of changes in equity*

The statement of changes in equity reports the profit/(loss) for the year or the period, each caption of revenue or cost, income or expense that, as required by IFRS and their interpretations, must be recognised directly in equity, and the total of these captions; the total profit or loss for the year, reporting separately the portion attributable toowners of the parent and, where applicable, that attributable to the non-controlling interests; the effect on each equity caption of changes in accounting policies and the correction of errors, as required by IAS 8; the retained earnings or losses carried forward at the start of the year and at the balance sheet date, together with the changes during the year.

The notes to the financial statements also present the amounts deriving from transactions with the shareholders; a reconciliation of the carrying amount of each class of share, the share premium reserve and other reserves at the start and the end of the year, showing each change separately.

*Cash flow statement*

The cash flow statements presents the cash flows from operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method, whereby the profit/(loss) for the period or year is adjusted for the effects of non-monetary transactions, for all deferrals or provisions relating to previous or future operational collections or payments, and for the cash flows from investing and financing activities.

## Accounting policies

### General criteria

The presentation currency used for the consolidated financial statements is the Euro. Except where otherwise stated, the balances and the notes to the financial statements are stated in thousands of Euro.

The consolidated financial statements are prepared on a cost basis, except for the measurement at fair value of derivative financial instruments, and on a going-concern basis.

The accounting policies adopted are applied consistently by all Group companies. There are no held-to-maturity investments. Financial transactions are recognized with reference to the trade date.

The accounting policies adopted for the preparation of the consolidated financial statements as of and for the years ended 31 December 2008 and 31 December 2007 were applied consistently in both years.

### Use of estimates

Preparation of the financial statements and the related notes requires Group Management to make certain estimates and assumptions. These affect the amounts of the assets and liabilities reported in the financial statements, and the information provided about contingent assets and liabilities at the balance sheet date.

Actual results may differ from these estimates. Estimates were made to determine the provisions for impairment losses on receivables, obsolete inventories, depreciation and amortization, impairment losses on assets, employee benefits, taxation etc. These estimates and assumptions are reviewed periodically and the effects of any changes are recognized immediately in the income statement.

### Basis of consolidation

*Subsidiaries*

Subsidiaries are companies over which the Group exercises control, having the power — whether directly or indirectly — to determine their financial and operating policies, and to obtain the benefits deriving from their activities. In general, companies are deemed to be subsidiaries if the Group holds more than 50% of their voting rights, taking account of any potential voting rights that are exercisable at the time.

The financial statements of the Group's subsidiaries, which were all formed rather than acquired, are consolidated on a line-by-line basis from the time that control is acquired to the date that control is lost.

Dormant subsidiaries and those with an insignificant volume of business are not consolidated on a line-by-line basis, since they have no material effect on the financial position and results of operations of the Group.

Any equity and profit/(loss) attributable to non-controlling interests are classified separately in the consolidated balance sheet and income statement.

The balance sheet date for all Group companies is 31 December, and accounts are also prepared as of and for the six-month period ended 30 June in order to present the interim consolidated financial statements at that date.

The companies consolidated on a line-by-line basis are listed in note 6 to these notes to the consolidated financial statements.

*Associates and companies under joint control*

The Group does not hold any investments in associates or companies under joint control (joint ventures).

*Transactions eliminated on consolidation*

Transactions between Group companies are eliminated in full. Unrealized profits and losses arising on transactions with subsidiaries are also eliminated in full. Any equity and profit/(loss) attributable to non-controlling interests are determined with reference to the voting rights held, excluding potential voting rights for this purpose. Any positive differences arising on initial consolidation, from the elimination of investments against the Group's interest in their reported equity, are allocated as additional amounts to the assets, liabilities and contingent liabilities concerned, while any residual amounts are recognized as goodwill. Any negative differences arising on initial consolidation, from the elimination of investments against the Group's interest in their reported equity, are allocated as a reduction in the amount of the assets and liabilities concerned, while any residual amounts are taken to the income statement.

**Treatment of foreign currency transactions**

*Foreign currency transactions*

Foreign currency transactions are translated into the functional currency of each Group company using the transaction-date exchange rate. Monetary items denominated in foreign currencies at the balance sheet date are translated into the functional currency using the exchange rate applying on that date. The exchange rate gains or losses on monetary items are represented by the difference between the amortized cost of the functional currency at the start of the year, as adjusted to reflect the effective interest and payments during the year, and the amortized cost of the foreign currency translated using the exchange rate applying on the balance sheet date. The exchange rate differences deriving from the translation of monetary items denominated in foreign currencies are recognized in the income statement.

*Financial statements of foreign operations*

The assets and liabilities of foreign operations are translated to Euro using the exchange rates applying on the balance sheet date. For practical reasons, the net revenues and costs of foreign operations are translated to Euro using the average exchange rates for the year, if this does not give rise to significant differences with respect to their translation using the rates applicable to the individual transactions.

The exchange rate differences deriving from the translation of the financial statements of foreign operations are recognized directly in equity as part of the "Translation reserve." On the partial or complete sale of a foreign operation, the related amount of the differences accumulated in this reserve is released to the income statement.

To the extent that payment or collection is not planned or likely in the foreseeable future, the exchange rate gains and losses deriving from the translation of monetary amounts due to or from foreign operations are deemed to be part of the net investment in them, and are recognized directly in equity as part of the reserve mentioned above.

On the first-time adoption of IFRS, the cumulative translation adjustment deriving from the consolidation of foreign operations outside the Euro-zone was reclassified to the other reserves, as allowed by IFRS 1. Accordingly, the capital gains and losses deriving from the future sale of such operations will only include the translation differences arising subsequent to 1 January 2007.

The exchange rates used at 31 December 2008 and 31 December 2007 to translate the balance sheet and income statement items denominated in foreign currencies are summarized in the following table:

| | Exchange rate at 31/12/2008 | Average exchange rate for 2008 |
|---|---|---|
| Euro/USD | 1.3917 | 1.4706 |
| Euro/YEN | 126.14 | 152.33 |
| Euro/GBP | 0.9525 | 0.7963 |

| | Exchange rate at 31/12/2007 | Average exchange rate for 2007 |
|---|---|---|
| Euro/USD | 1.4721 | 1.3707 |
| Euro/YEN | 164.93 | 161.24 |
| Euro/GBP | 0.7334 | 0.6821 |

**Derivative financial instruments**

The Group does not hold any derivative financial instruments for speculative purposes. Nevertheless, if the derivative financial instruments held do not satisfy all the conditions specified in IAS 39 for their recognition in accordance with hedge accounting rules, the changes in their fair value are recognized in the income statement as financial income and/or expense.

Derivative financial instruments are recognized in accordance with hedge accounting rules when:

- at the start of the hedge, the hedging relationship is formally designated and documented;
- the hedge is deemed to be highly effective;
- effectiveness can be measured reliably and the hedge remains highly effective throughout the designation period.

The Group uses derivative financial instruments to hedge its exposure to the currency risk.

Derivatives are initially measured at their fair value; attributable transaction costs are charged to the income statement as incurred. Following initial recognition, derivatives are also measured at fair value. Any changes are recognized on the basis described below.

*Cash flow hedges*

Changes in the fair value of hedging derivatives desigated as cash flow hedges are recognized directly in equity, to the extent that the hedge is effective. The change in the fair value of the ineffective portion are recognized in the income statement.

Recognition as a hedge, as described above, ceases on a prospective basis if the instrument designated as a hedge:

- no longer meets all the criteria for the application of hedge accounting rules;
- expires;
- is sold;
- is closed-out or exercised.

Any accumulated profits or losses are retained in equity until the foreseen transaction takes place. If the hedged item is a non-financial asset, the amount recognized in equity is added to the carrying amount of such asset at the time this is determined. In other cases, the amount recognized in equity is released to the income statement for the period in which the hedged item has an effect on income statement.

**Property, plant and equipment**

*Measurement*

Property, plant and equipment are stated at acquisition cost including any directly-related charges, net of accumulated depreciation and impairment losses. The cost of property, plant and equipment as of 1 January 2007, the IFRS transition date, was determined with reference to their historical cost.

Any borrowing costs incurred for the acquisition or construction of capitalized assets are charged to the income statement as incurred.

If an element of property, plant and equipment consists of various components with different useful lives, such components are recognized separately (where significant).

The gains or losses generated on the sale of property, plant and equipment represent the difference between the net proceeds from the sale and the net carrying amount of the asset concerned. They are classified in the income statement as either “other income” or “other expense.”

*Subsequent costs*

Costs incurred subsequent to the purchase of assets, and the cost of replacement parts for assets classified in this category, are added to the carrying amount of the item concerned for measurement purposes, and capitalized only if they increase the economic benefits expected to derive from such item. All other costs are charged to the income statement as incurred.

When the cost of replacement parts for an asset is capitalized, the residual carrying amount of the replaced parts is charged to the income statement. Improvement expenditure that increases the useful lives of property, plant and equipment is capitalized and depreciated over the residual useful life of the asset concerned. Routine maintenance costs are charged to the income statement as incurred.

Assets under construction are recorded at cost in the "assets under construction" caption until they become available for use; when they become available for use, such cost is reclassified to the appropriate caption and depreciation commences.

*Depreciation*

Depreciation is charged to the income statement on a straight-line basis over the useful life of each asset comprising property, plant and equipment.

The economic-technical useful lives deemed appropriate for 2008 and 2007 are summarized below:

| | |
|---|---|
| equipment | 15% |
| general plant | 15% |
| specific plant | 30% |
| electronic office equipment | 20% |
| furniture and furnishings | 15% |

The depreciation methods applied, the useful lives of assets and their residual lives are checked at the balance sheet date.

**Intangible assets**

*Development costs*

The cost of research carried out with a view to obtaining new knowledge, or making scientific or technical discoveries, is charged to the income statement as incurred.

Development expenditure is incurred on the basis of a plan or a project for the production of new or substantially improved products or processes. Development expenditure is only capitalized if the conditions specified in IAS 38 — Intangible assets are met, namely:

- demonstrable technical feasibility of the product;
- demonstrable ability to use or sell the intangible asset;
- intention of the company to complete the development project;
- ability to determine reliably the costs incurred on the project;
- recoverability of the amounts recorded against the economic benefits expected to derive from the development project;
- availability of adequate technical, financial and other resources.

Capitalized development expenditure comprises the cost of services provided by third parties and directly-incurred personnel expenses. Borrowing costs relating to the development of capitalized assets are charged to the income statement as incurred. Other development expenditure is also charged to the income statement as incurred.

Capitalized development expenditure is stated at cost, net of accumulated amortization and impairment losses.

Development projects in progress are recorded at cost in the “assets under development” caption until such projects have been completed; on completion, such cost is reclassified to the appropriate caption and amortization commences.

*Other intangible assets with finite useful life*

The other intangible assets with a finite useful life acquired by the Group are stated at cost, net of accumulated amortization and impairment losses.

*Subsequent costs*

Costs incurred subsequently are only capitalized if they increase the economic benefits expected to derive from the assets concerned. All other subsequent costs are charged to the income statement as incurred.

*Amortization*

Amortization is charged to the income statement on a straight-line basis over the estimated useful life of each intangible asset, commencing from the time it becomes available for use. The economic-technical lives deemed appropriate for 2008 and 2007 are summarized below:

| | |
|---|---|
| Development costs | 33% |
| Software and licences | 33% |
| Brands and other rights | 10% |
| Other intangible assets | 33% |

**Other non-current financial assets**

This category comprises the guarantee deposits that are expected to be recoverable beyond 12 months.

Non-current financial assets are initially recognized at their fair value on the transaction date (being their acquisition cost), net of directly-related transaction costs.

Following initial recognition, held-to-maturity financial instruments are measured at amortized cost, using the effective interest method.

The effective interest rate is the rate that exactly discounts the cash flows expected over the life of the financial instrument back to its net carrying amount.

At each balance sheet date, every non-current financial asset is checked for objective evidence of impairment.

If there is objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the held-to-maturity investment and the present value of the related estimated future cash flows, calculated using the financial asset’s original effective interest rate.

This loss is charged immediately to the income statement.

If in subsequent years, the amount of the impairment loss decreases and such reduction is associated with an event that took place after the original impairment loss was recognized, the loss is reversed and the related reversal is taken to the income statement.

**Inventories**

Inventories are stated at the lower of purchase and/or production cost or their net realizable value estimated with reference to market trends, having regard for any selling-related expenses. The cost of inventories, determined on an average basis by category, comprises their purchase cost and the costs incurred to bring them to the present location and condition.

Inventories are reported in the financial statements net of the provision for obsolescence, which takes account of the impairment losses associated with obsolete and slow-moving items.

**Trade and other receivables**

Trade and other receivables, generally due within one year, are stated at the fair value of the initial consideration plus any transaction costs. Subsequently, they are measured at amortized cost, as adjusted for any impairment losses represented by the difference between their carrying amounts and the value of the related estimated future cash flows. If the amount of the impairment loss decreases in subsequent years, the loss is partially or completely reversed, and the receivable is reinstated to an amount that does not exceed the amortized cost that would have been recognized had the loss not been identified.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank and postal deposits, and equivalent items that can be sold in the very short term (three months). They are stated at nominal value, using the spot exchange rates at year end for currency items, which reflects their fair value.

**Impairment losses on assets**

The Group subjects the carrying amounts of property, plant and equipment and intangible assets to an impairment test at each balance sheet date, if there is any evidence that the carrying amount of such assets may have decreased. In the event of such evidence, the recoverable value of the asset is estimated in order to determine the extent of any impairment loss. Intangible assets not yet available for use are subjected to impairment test each year, or more frequently if there is any evidence that the carrying amount of such assets may have decreased.

If it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit “CGU”) to which the asset belongs.

If the test identifies that the recorded assets or the CGU have suffered an impairment loss, their recoverable amount is estimated and the carrying amount in excess is charged to the income statement. The impairment loss on a CGU is charged first against goodwill, where applicable, and then as a reduction of the carrying amount of the other assets.

The recoverable amount of an asset or a CGU is determined by discounting the cash flows expected to derive from that asset or CGU. The discounting rate used is the cost of capital, having regard for the specific risks associated with the asset or CGU. The recoverable amount of investments in securities held to maturity and receivables stated at amortized cost corresponds to the present value of the related future cash flows, determined using the original effective interest rate. The recoverable amount of other assets is the greater of their selling price or their value in use, determined by discounting the related estimated future cash flows using a rate that reflects market conditions.

Any impairment losses on receivables carried at amortized cost are reversed if the subsequent increase in recoverable amount is objectively determinable.

If, subsequently, the reasons for the impairment loss on an asset, other than goodwill, cease to apply, in whole or in part, the carrying amount of the asset or the CGU is increased to reflect the new estimate of its recoverable amount, without exceeding the amount that would have been recorded had the earlier impairment loss not been identified. The reversal of an impairment loss is taken immediately to the income statement.

**Share capital and other equity captions**

Share capital consists of the ordinary shares issued by the Parent.

Any costs incurred for the issue of new shares or options are recognized in equity (net of the related tax benefit) as a reduction of the proceeds deriving from the issue of such instruments.

As required by IAS 32, if equity instruments are repurchased, such instruments (treasury shares) are deducted directly from the Other reserves caption within equity. No gains or losses are recognized in the income statement on the purchase, sale or cancellation of treasury shares.

The consideration paid or received, including all costs directly attributable to the capital transaction, is recognized directly in equity net of any related tax benefit.

Any dividends paid to shareholders are recognized as a liability in the year in which they are approved.

**Financial liabilities**

Financial liabilities are initially recognized at their fair value, net of related charges; subsequent to initial recognition, they are measured at amortized cost using the effective interest method. The difference between amortized cost and the amount to be repaid is recognized in the income statement over the life of the liability, with reference to the interest accrued. Where the hedge accounting rules apply, financial liabilities hedged by derivative instruments are measured on a basis consistent with that applied to the hedging instrument.

**Employee benefits**

The post-employment benefits (TFR) of the Italian company are deemed to represent a defined-benefit plan under IAS 19. The benefits guaranteed to employees, in the form of post-employment benefits, are stated at the expected future value of the benefits to be received that have been accrued by employees in the current and prior years. These benefits are discounted to present value and the liability is stated net of the fair value of any pension plan assets. The net liability is determined separately for each plan using actuarial assumptions and is recalculated every year, or more frequently, with help from an independent actuary using the projected unit credit method.

The actuarial gains and losses identified subsequent to 1 January 2007, the IFRS transition date, are recognized in the income statement on a straight-line basis over the residual working lives of employees, to the extent that their cumulative net amount exceeds by more than 10% the greater of the total liability under the defined benefit plans and the fair value of the assets servicing these plans (so-called “corridor” approach) at the end of the prior year.

The Group’s foreign companies do not have any significant pension plans.

**Share-based payments**

The YOOX Group pays additional benefits to certain directors, executives, clerical staff, consultants and employees via their participation in stock option plans. Pursuant to IFRS 2 — Share-based payment, these plans are deemed to be equity settlement plans; accordingly, the total fair value of the stock options at the grant date is charged to the income statement as a cost. Changes in their fair value subsequent to the grant date do not affect their initial measurement. Personnel expenses, corresponding to the fair value of the options at the grant date, is recognized on a straight-line basis over the period from the grant date to the vesting date, with a matching entry in equity.

**Provisions for risks and charges**

The provisions for risks and charges are recorded to cover the Group’s legal or constructive obligations (under contracts or otherwise) deriving from past events. Provisions are recorded if the use of resources to meet an obligation is likely, and the amount of such obligation can be estimated reliably. A constructive obligation arises when the Group makes known to others, via established mechanisms, public corporate behaviour or a sufficiently explicit announcement, that it accepts the obligation, such that, as a consequence, an expectation arises among third parties that the obligation will indeed be met. If such obligations are expected to crystallize beyond 12 months and the related effects are significant, they are discounted using a rate that takes account of the cost of money and the specific risk associated with the liability recognized. Any changes in the amount of estimated provision are recognized in the income statement for the year concerned. If an obligation is discounted, the increase in the provision due to the passage of time and the adverse effect of any changes in the discount rate are recognized as a financial charge.

### Trade and other payables

Trade and other payables that fall due on normal commercial terms, usually within one year, are recorded at the fair value of the initial consideration plus any transaction costs. Following initial recognition, they are measured at amortized cost and any differences arising are reflected in the income statement over the life of the liability, using the effective interest method. Trade and other payables usually fall due within one year and are not discounted.

### Net revenues and income

*Sale of goods*

Net revenues from the sale of goods is stated at the fair value of the consideration received or due, taking account of any returns, allowances, commercial discounts and volume rebates. Net revenues are recognized when the significant risks and rewards of owning the goods are transferred to the purchaser, on condition that recovery of the consideration is likely, the related costs and any returns can be estimated reliably, and Group Management ceases to exercise the level of continuous attention normally associated with ownership of the goods sold.

These risks and rewards are normally transferred upon shipment to the customer, which corresponds to the time when the goods are handed over to the carrier.

*Services*

Net revenues from the provision of services are recognized in the income statement based on the stage of completion of the service at the balance sheet date. The stage of completion is determined by measurement of the work performed.

*Commission income*

When the Group acts as a commercial intermediary rather than as a principal, the net revenues recognized corresponds to the net amount of the commission income earned by the Group.

*Dividends*

Dividend income is recognized in the income statement at the time the related payments are approved at the shareholders' meetings of the companies concerned. Conversely, dividends approved by the Group are recognized as changes in equity in the year in which they are approved at the shareholders' meeting.

### Cost of goods sold

The cost of goods sold comprises all costs incurred by the Group in relation to the goods sold to generate sales revenues, net of the change in finished product inventories. The cost of goods sold therefore includes the cost of purchasing goods and all the costs incurred in order to ready them for sale, together with any directly or indirectly-related costs incurred internally or charged by third parties (transport costs and customs duties). The cost of transport out is included in the cost of goods sold since it is directly correlated with the net revenues from sales. The cost of purchasing goods is stated at the fair value of the consideration paid or agreed. In general, the cost of purchasing goods is represented by the cash and cash equivalents paid or to be paid on normal payment terms. Given this, the cost of purchasing goods is recognized with reference to the purchase price for the goods stated on the invoice, net of rebates, discounts and allowances.

The cost of purchasing goods is adjusted, where applicable, to take account of decisions to grant further discounts in addition to those contractually agreed, and to allow the deferral of payments beyond 12 months, since this effectively represents a loan from the supplier to the Group. In this last case, the fair value of the goods purchased is represented by the future cash outflow compounded using a market rate of interest. Similarly, when additional early payment discounts are allowed with respect to the terms agreed in the contract or the invoice, the fair value of the goods purchased is stated gross of such additional discounts, which are recognized as interest income.

The change in inventories represents the difference between opening inventories (the inventories at the end of the prior year) and the closing inventories at the balance sheet date.

Cost of goods sold also includes the costs associated with the net revenues deriving from the creation/ maintenance of online stores, which are invoiced to the strategic partners of the online stores operated by the Mono-Brand line of business.

**Fulfillment's Cost**

These costs are incurred for:

- digital production, cataloging and quality control: this caption includes the cost of "making ready" the goods purchased i.e. labeling, classification and warehouse storage. It also includes personnel expenses, insurance, consultancy and the purchase of consumable materials. In addition, the depreciation charged on the non-current assets involved in the process of fulfillment is included in this caption, together with the cost of vehicle rental and the other costs directly attributable to the functions involved in the process;
- logistics: this caption includes the costs incurred on internal handling and the packaging of goods, as well as on other warehouse logistics and consultancy, together with an appropriate allocation of the depreciation and amortization charges, and the personnel expenses of the employees who work directly for this function;
- customer services: this caption includes the cost of all customer care activities, including the costs of the call center and other telephone and e-mail services made available to customers, the personnel expenses of the employees concerned, and an appropriate allocation of the depreciation and amortization charges.

**Selling, marketing, general and administrative expenses**

These costs are stated at the fair value of the consideration paid or agreed.

In general, these costs are represented by the cash and cash equivalents paid or to be paid on normal payment terms. Given this, these costs are recognized with reference to the prices for the services stated on the invoice, net of rebates and discounts.

These costs are adjusted to take account of further discounts in addition to those contractually agreed, and any deferral of payments beyond 12 months, since this effectively represents a loan from the supplier to the Group.

In this last case, the fair value of the services provided is represented by the future cash outflow compounded using a market rate of interest.

When additional early payment discounts are allowed with respect to the terms agreed in the contract or the invoice, the fair value of the services provided is stated gross of such additional discounts, which are recognized as interest income.

Cost is recognized on an accruals basis, based on the stage of completion of the service provided at the balance sheet date.

Costs expected to involve a payment relating to the year are charged to the income statement based on reasonable estimates, if the Group is unable to quantify the amount exactly.

**Rental charges and operating lease payments**

Rental charges and operating lease payments are recognized in the income statement on an accruals basis, to match the economic benefits deriving from the rented or leased assets. If the economic benefits are less than the minimum unavoidable charges, the cost of such onerous contracts, being the difference between the discounted charges and benefits, is recognized immediately in the income statement.

**Financial income and charges**

Financial income includes the interest earned on invested liquidity and the profits on hedging instruments recognized through the income statement. Interest income is recognized in the income statement on an accruals basis, using the effective interest method. Financial charges includes the interest charged on loans and the losses on hedging instruments recognized through the income statement. The cost of loans is recognized in the income statement using the effective interest method.

**Income taxes**

The tax charge for the year comprises the current tax charge and the deferred tax charge. Income taxes are recognized in the income statement, except for those relating to any transactions recognized directly in equity, which are recorded in the same way.

Current taxes represent the estimated income taxes payable in relation to taxable income for the year, determined by applying the tax rates in force or substantially in force at the balance sheet date, together with any adjustments to prior-year amounts.

Deferred taxes are recorded using the liability method by calculating the temporary differences between the carrying amounts of assets and liabilities and the corresponding amounts recognized for fiscal purposes. Deferred tax assets and liabilities are determined using the tax rates that are expected to be in force when the related assets are realized and the related liabilities are settled. For this purpose, reference is made to the tax rates laid down in current regulations or which are substantially in force at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets against current tax liabilities, and if such deferred tax assets and liabilities relate to income taxes charged by the same tax authority to the same taxpayer, or to different taxpayers that intend to settle their current tax assets and liabilities on a net basis, or realize their tax assets and settle their tax liabilities at the same time.

Deferred tax assets are recognized to the extent it is likely that future taxable income will be sufficient for their recovery. The amount of deferred tax assets is reviewed at each balance sheet date and is decreased to the extent that the related fiscal benefits are no longer likely to be realized.

The additional income taxes deriving from the distribution of dividends are recorded at the time the liability to pay dividends is recognized.

**Earnings per share**

Basic earnings per share are calculated by dividing the Parent's interest in the profit/(loss) for the year by the weighted-average number of ordinary shares outstanding during the year, excluding any treasury shares. Diluted earnings per share are calculated by adjusting the weighted-average number of ordinary shares outstanding on the assumption that all the options granted with a dilutive effect will be converted into ordinary shares. The Group has a category of potential ordinary shares with a dilutive effect as a consequence of its stock option plans.

**Segment reporting**

A business segment is a group of separately-identifiable activities or operations that supply a collection of related products and services which are subject to risks and benefits that differ from those of the Group's other business segments.

IFRS 8 requires the segment information provided to be based on the elements used by Group Management (the "*Chief Operating Decision Maker*" — CODM) for the analysis of performance and for operational decision making.

**Additional information about financial instruments**

Pursuant to IFRS 7, additional information is provided about the Group's financial instruments in order to assess:

- their impact on the financial position, results of operations and cash flows of the business;

- the nature and extent of the risks deriving from the financial instruments to which the business is exposed, and
- the ways in which such risks are managed.

**5. Changes in accounting policies, new accounting standards, changes in accounting estimates and reclassifications**

The consolidated finanical statements of the YOOX Group as of and for the year ended 31 December 2008 are the first consolidated financial statements to be prepared under IFRS. The IFRS transition date was 1 January 2007.

As such, there are no changes in accounting policies, changes in accounting estimates or reclassifications with respect to the consolidated financial statements for prior years.

The YOOX Group has adopted IFRS 8 — Operating Segments for the preparation of these financial statements. This represents early adoption of the standard, which comes into force on 1 January 2009 to replace IAS 14 — Segment Reporting. The new accounting standard requires companies to base the segment information provided on the elements used by Group Management to make operating decisions.

In recent months, the IASB (*International Accounting Standards Board*) and IFRIC (*International Financial Reporting Interpretations Committee*) have published new standards and interpretations, some of which have not yet been endorsed by the European Union, or which have been endorsed and will come into force in the years subsequent to 31 December 2008:

- revision of IAS 1 — Presentation of Financial Statements, applicable from 1 January 2009: in addition to introducing new names for the financial statements schedules, this standard, revised in 2007, requires the presentation in a single statement (the statement of comprehensive income), or in two separate statements (separate income statement and statement of comprehensive income), the elements comprising the profit (loss) for the year and the income and expense recognized directly in equity in relation to transactions other than those with owners in their capacity as owners. Transactions with owners in their capacity as owners are presented together with the results from the statement of comprehensive income in the statement of changes in equity. With regard to the statement of comprehensive income, the Group has elected to present two separate schedules;
- update of IFRS 3 — Business Combinations and amendment of IAS 27 — Consolidated and Separate Financial Statements, not yet endorsed and due to be applied on a prospective basis from 1 January 2010;
- revision of IAS 23 — Borrowing Costs, which must be applied from 1 January 2009;
- amendment of IAS 39 — Financial Instruments: Recognition and Measurement and of IFRS 7 — Financial Instruments: Disclosures, applicable to the financial statements for accounting periods commencing on or after 1 July 2008;
- revision of IFRS 2 — Share-based Payment: Vesting Conditions and Cancellations, which will be applied on a retrospective basis by the Group from 1 January 2009.

Lastly, the following accounting standards, amendments and interpretation have been issued that do not govern situations applicable to the Group, or whose adoption did not have a significant effect on the consolidated financial statements:

- IFRIC 14 IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, applicable on a retrospective basis from 1 January 2008;
- IFRC 16 — Hedges of a Net Investment in a Foreign Operation, not yet endorsed and due to be applied from 1 January 2009;
- IFRIC 12 — Service Concession Arrangements, which must be applied from 1 January 2008;
- IFRC 17 — Distributions of Non-cash Assets to Owners;
- IAS 32 — Financial Instruments: Presentation and IAS 1 — Presentation of Financial Statements: New Disclosure Requirements for puttable instruments and obligations arising on liquidation, applicable on a prospective basis from 1 January 2009.

### Scope of consolidation

The scope of consolidation at 31 December 2008 comprises the following subsidiaries of YOOX:

- YOOX Corporation formed in 2002 to manage sales activity in the US;
- YOOX Japan formed in 2004 to manage sales activity in Japan;
- Y Services formed in 2007 to manage the sales in the United States of the online stores for the following brands: Diesel, Emporio Armani, Energie and Miss Sixty.

At 31 December 2008, the scope of consolidation therefore comprises YOOX and its subsidiaries:

| Company | Registered Offices | Share Capital at 31/12/2008 | Percentage held at 31/12/2008 % |
|---|---|---|---|
| YOOX | Via Nannetti 1 — 40069 Zola Predosa — Bologna, Italy | 401 | — |
| YOOX Corporation | 15 East North Street Dover, Delaware 19901, United States of America | 248 | 100% |
| Y Services | 1220 Market St. Ste 806, Wilmington, Delaware 19801, United States of America | 125 | 100% |
| YOOX Japan | Grande Maison Daikanyama No. 1001 150 0022 Shibuya-ku, Japan | 75 | 100% |

At 31 December 2007, the scope of consolidation comprised the following subsidiaries:

- YOOX Corporation;
- YOOX Japan;
- X-Style formed in 2004 as a wholly-owned subsidiary of YOOX Corporation to manage sales in other channels; this company ceased operations and was put into liquidation on 31 December 2007;
- Y Services.

At 31 December 2007, the scope of consolidation therefore comprised YOOX and its subsidiaries:

| Company | Registered Offices | Share Capital at 31/12/2007 | Percentage held at 31/12/2007 % |
|---|---|---|---|
| YOOX | Via Nannetti 1 — 40069 Zola Predosa — Bologna, Italy | 401 | — |
| YOOX Corporation | 15 East North Street Dover, Delaware 19901 | 248 | 100% |
| Y Services | 1220 Market St. Ste 806, Wilmington, Delaware 19801 | 125 | 100% |
| X-Style | 15 East North Street Dover, Delaware 19901 | 16 | 100%* |
| YOOX Japan | Akasaka Tokyu Plaza 12F, 14-3, Nagata-cho 2-chome, Chiyoda-ku — Tokyo | 75 | 100% |

* *Via YOOX Corporation*

### Segment information (*lines of business*)

The Group's operating segments were determined with reference to the reporting information used by Group Management when making strategic decisions. These reports, which reflect the way the Group is currently organized, cover the various products and services offered and are prepared using the accounting policies described earlier (IFRS).

The following operating segments generate net revenues from the specific production and selling activities described below:

- the Multi-Brand line of business comprises the activities of yoox.com and thecorner.com, which are both online stores:
  a. yoox.com, operational since June 2000, offers a wide assortment of quality clothing, footwear and accessories at reduced prices. These items are drawn from the collections of well-known brands for the corresponding season in the prior year. This high-level range is completed by a

selection of exclusive items (collections produced solely for yoox.com), vintage garments and special editions created by leading stylists and designers, as well as books, works of art and design objects;

b. thecorner.com, operational since February 2008, hosts a number of shop-in-shops dedicated to the current collections of established, niche and/or artisan brands that are not readily available elsewhere.

- the Mono-Brand line of business comprises the design, creation and management, on an exclusive basis, of the online stores of certain leading, global fashion brands that have appointed the Group as their strategic partner for this specific sales channel. The goods available from the online stores are sold and invoiced directly to the end customer by YOOX.

In addition, the Group has a Corporate and Central Services Area that directs and coordinates its activities. This Area also plays a key role in facilitating functional integration between the various Areas, and in supporting the operational activities directly associated with each line of business. This Area comprises Group Management, administration, finance and control, legal affairs, general services, personnel, the press office and IT.

The Group evaluates the performance of its operating segments by reference to their operating results, being the results generated by ordinary operations.

The net revenues of the segments presented comprises those directly generated by or attributable to them, deriving from their core activities. They include solely the net revenues earned from transactions with third parties, since no net revenues are generated from transactions with other segments. Segment costs comprise the direct costs charged by third parties in relation to the operating activities of each segment, together with other directly-attributable costs. No costs are incurred in relation to other operating segments.

The operational reporting system used by Group Management for the evaluation of business performance does not envisage the allocation to segments of depreciation, amortization or other non-monetary income and expenses. Accordingly, the information presented herein is consistent with the Group's internal reporting system.

Furthermore, in the context of Group management, the Corporate function is responsible for general expenses, non-recurring income and expense, and taxation, since they are unrelated to the operating activities of each segment. These items are therefore classified accordingly below.

All the elements of income presented below are stated using the accounting policies applied for the preparation of the consolidated financial statements.

Economic information for each operating segment for the years ended 31 December 2008 and 2007, as reconciled with the related captions in the Group's income statement, is presented below:

| | Multi-Brand | | Mono-Brand | | Corporate | | Group Total | |
|---|---|---|---|---|---|---|---|---|
| **Description** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** | **2008** | **2007** |
| **Segment net revenues** | **86,007** | **64,738** | **15,443** | **4,035** | **—** | **—** | **101,450** | **68,773** |
| **Segment operating profit** | **15,503** | **9,688** | **2,029** | **1,055** | | | **17,532** | **10,743** |
| Reconciliation with Group results: | | | | | | | | |
| General expenses | | | | | (11,289) | (8,068) | **(11,289)** | **(8,068)** |
| Other depreciation and amortization not attributable to lines of business | | | | | (402) | (362) | **(402)** | **(362)** |
| Other income and charges | | | | | (882) | (628) | **(882)** | **(628)** |
| Non-recurring charges | | | | | (170) | (1,174) | **(170)** | **(1,174)** |
| Other items | | | | | | | | |
| **Group operating profit/(loss)** | **15,503** | **9,688** | **2,029** | **1,055** | **(12,743)** | **(10,232)** | **4,789** | **511** |
| Financial income | | | | | 754 | 258 | **754** | **258** |
| Financial charges | | | | | (1,974) | (1,163) | **(1,974)** | **(1,163)** |
| **Profit/(loss) before taxation** | | | | | | | **3,569** | **(394)** |
| Taxation | | | | | (1,167) | (239) | **(1,167)** | **(239)** |
| **Profit/(loss) for the year** | | | | | | | **2,402** | **(633)** |

Segment assets comprise those employed by each segment in the performance of its core activities, or which can reasonably be allocated to them with reference to such activities. The operational reporting system used by Group Management for the evaluation of business performance only envisages the allocation of inventories to each segment. The information presented below is consistent with this system of reporting:

| | Multi-Brand | | Mono-Brand | | Unallocated items | | Group Total | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Segment assets (inventories) | 37,764 | 27,686 | 888 | 423 | — | — | **38,652** | **28,109** |
| Other current assets | | | | | 17,755 | 10,797 | **17,755** | **10,797** |
| Non-current assets | | | | | 8,402 | 6,049 | **8,402** | **6,049** |
| **Total Group assets** | | | | | | | **64,809** | **44,955** |

Inventories as of 31 December 2008 primarily comprise goods associated with the Multi-Brand line-of-business, which are purchased for resale. The Mono-Brand line-of-business also holds some inventories as of 31 December 2008; these inventories will be eliminated during 2009, since sale-or-return arrangements have now been adopted.

### Information by geographical area

The Parent is based in Italy. Net revenues generated by the Group from transactions with third parties are analyzed below between Italy and the rest of the world:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 |
|---|---|---|
| Italy | 29,027 | 20,667 |
| Europe (excluding Italy) | 49,498 | 31,673 |
| North America | 16,354 | 11,080 |
| Japan | 4,643 | 3,069 |
| Other countries | 541 | 380 |
| Unrelated to geographical areas | 1,387 | 1,904 |
| **Total** | **101,450** | **68,773** |

The above analysis of net revenues by geographical area is consistent with the control model used by the Group.

Total non-current assets, excluding deferred tax assets, are analyzed below between Italy and the rest of the world:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 |
|---|---|---|
| Non-current assets — Italy | 6,330 | 4,347 |
| Non-current assets — U.S.A. | 721 | 294 |
| Non-current assets — Japan | 238 | 93 |
| **Total** | **7,289** | **4,734** |

Net revenues generated in 2008 and 2007 from transactions with the largest third-party customer did not exceed 10% of the Group's total revenue for those years.

### Notes to the income statement, the balance sheet and the cash flow statement

***Consolidated income statement***

#### 2.1 Net revenues from sales

The Group's net revenues for the years ended 31 December 2008 and 31 December 2007 are analyzed below:

| Description | 2008 | 2007 | Change |
|---|---|---|---|
| Net revenues from the sale of goods | 96,218 | 65,338 | 30,880 |
| Net revenues from the provision of services | 5,232 | 3,435 | 1,797 |
| **Total** | **101,450** | **68,773** | **32,677** |

The analysis of revenue by geographical area and by line of business is presented in note 7 on the Group's operating segments.

Net revenues from the sale of goods are stated net of sales returns, amounting to Euro 34,937 thousand in 2008 and Euro 24,967 thousand in 2007. Such returns are an inherent part of the Group's business activities, reflecting the protection provided to consumers whose purchases are not made at the retailer's premises, by the legislation in force in the countries where the Group operates.

Net revenues from the provision of services have increased by 52.3% from Euro 3,435 thousand in 2007 to Euro 5,232 thousand in 2008.

Net revenues from the provision of services principally comprise:

- the recharge of transport-out services to the end customer (in certain countries the customer also pays for return shipments too), net of the reimbursements made if the customer returns the goods sold;
- net revenues from the set-up fees charged to create the online stores and from the support provided to strategic partners of the Mono-Brand business for the maintenance of their online stores;
- net revenues from the sale of advertising projects and from activities as a web marketing agency.

### 2.2 Cost of goods sold

The cost of goods sold for the year ended 31 December 2008 amounted to Euro 61,588 thousand (61% of net revenues), compared with Euro 42,618 thousand (62% of net revenues) in 2007, up by Euro 18,970 thousand.

The cost of goods sold is analyzed by type of expenditure below:

| Description | 2008 | 2007 | Change |
|---|---|---|---|
| Change in inventories of goods | 9,939 | 9,659 | 280 |
| Purchase of goods | (61,190) | (44,172) | (17,018) |
| Cost of services | (9,554) | (7,506) | (2,048) |
| Other costs | (783) | (599) | (184) |
| **Total** | **(61,588)** | **(42,618)** | **(18,970)** |

The cost of purchasing goods reflects the procurement of goods for resale, the value of which is directly correlated with the volume of items sold.

The cost of services relates to transport-out to customers and the collection of returns; part of the cost of transport-out is invoiced to end customers and recognized as income from the provision of services. The classification of transport-out services within the cost of goods sold is consistent with the operational pricing model adopted by the YOOX Group.

The other costs principally comprise transport-in, together with the cost of employees and external suppliers incurred to set up and maintain the online stores. These last costs are recharged to the strategic partners concerned.

### 2.3 Fulfillment's costs

This cost essentially comprises the functional costs incurred for the digital reproduction of goods, cataloging and quality control, warehouse logistics and the provision of customer services, such as the call center and customer care.

Fulfillment's cost in the year ended 31 December 2008 amounted to Euro 11,992 thousand (12% of net revenues), compared with Euro 8,210 thousand (12% of net revenues) in 2007, up by Euro 3,782 thousand.

Fulfillment's cost is analyzed by type of expenditure below:

| Description | 2008 | 2007 | Change |
|---|---|---|---|
| Cost of services | (8,241) | (5,565) | (2,676) |
| Personnel expenses | (3,205) | (2,076) | (1,129) |
| Depreciation and amortization | (376) | (354) | (22) |
| Other costs | (170) | (215) | 45 |
| **Total** | **(11,992)** | **(8,210)** | **(3,782)** |

The cost of services has increased from Euro 5,565 thousand in 2007 to Euro 8,241 thousand in 2008, up by 48.1%. These services principally comprise the handling of goods, packaging and other production processes.

Personnel expenses, depreciation and amortization represent the amounts directly allocated to the activities carried out by the functions involved in the above processes; personnel expenses for 2008 include Euro 132 thousand (Euro 107 thousand in 2007) relating to granted stock options.

### 2.4 Selling expenses

Selling expenses for the year ended 31 December 2008 amounted to Euro 10,740 thousand (11% of net revenues), compared with Euro 7,564 thousand (11% of net revenues) in 2007, up by Euro 3,176 thousand.

Selling expenses are analyzed by type of expenditure below:

| Description | 2008 | 2007 | Change |
|---|---|---|---|
| Cost of services | (6,785) | (4,732) | (2,053) |
| Personnel expenses | (2,726) | (2,090) | (636) |
| Depreciation and amortization | (20) | (6) | (14) |
| Other costs | (1,209) | (736) | (473) |
| **Total** | **(10,740)** | **(7,564)** | **(3,176)** |

The cost of services in 2008 principally included credit card transaction charges of Euro 1,816 thousand (Euro 1,234 thousand in 2007), web marketing costs of Euro 3,001 thousand (Euro 2,457 thousand in 2007), and customs duties of Euro 1,301 thousand (Euro 918 thousand in 2007). The web marketing costs relate to the purchase of online advertising space, the negotiation and implementation of marketing and co-marketing agreements, the development of new collaborations, and the management of existing collaboration agreements from a commercial and technical standpoint.

Personnel expenses, depreciation and amortization represent the amounts directly allocated to the activities carried out by the selling and marketing functions involved in the above processes. Personnel expenses for 2008 include Euro 348 thousand (Euro 233 thousand in 2007) relating to granted stock options.

The other costs incurred in 2008 include fraud-related costs of Euro 821 thousand (Euro 280 thousand in 2007).

### 2.5 General expenses

General expenses comprise all the overhead costs attributable to the following functions at the Group's various locations: Group Management, personnel, administration, finance and control, communications and corporate image, general services and IT.

General expenses for the year ended 31 December 2008 amounted to Euro 11,289 thousand, compared with Euro 8,068 thousand in 2007, up by Euro 3,221 thousand.

General expenses are analyzed by type of expenditure below:

| Description | 2008 | 2007 | Change |
|---|---|---|---|
| Cost of services | (4,916) | (4,190) | (726) |
| Personnel expenses | (4,741) | (2,973) | (1,768) |
| Depreciation and amortization | (1,406) | (871) | (535) |
| Provisions | (226) | (34) | (192) |
| **Total** | **(11,289)** | **(8,068)** | **(3,221)** |

The cost of services in 2008 principally included rentals of Euro 493 thousand (Euro 613 thousand in 2007), legal and administrative consultancy of Euro 932 thousand (Euro 911 thousand in 2007), technological services (including *e*-sourcing) of Euro 847 thousand (Euro 902 thousand in 2007), communications and corporate image services of Euro 426 thousand (Euro 358 thousand in 2007).

Personnel expenses, depreciation and amortization represent the amounts directly allocated to the activities carried out by the overhead functions referred to above.

Personnnel expenses for 2008 include Euro 822 thousand (Euro 692 thousand in 2007) relating to granted stock options.

Provisions relate to the estimated losses on trade receivables covered by allowances made in 2008 and 2007.

### 2.6 Other income and charges

Other income and charges for the year ended 31 December 2008 amounted to Euro 882 thousand, compared with Euro 628 thousand in 2007, up by Euro 254 thousand.

The nature of other income and charges is analyzed below:

| Description | 2008 | 2007 | Change |
|---|---|---|---|
| Prior year expense | (495) | (382) | (113) |
| Theft and losses | (269) | (288) | 19 |
| Other tax charges | (194) | (45) | (149) |
| Other charges | (73) | (77) | 4 |
| Provisions for risks | (92) | (56) | (36) |
| Prior year income | 185 | 188 | (3) |
| Reimbursement proceeds | 56 | 27 | 29 |
| Other income | — | 5 | (5) |
| **Total** | **(882)** | **(628)** | **(254)** |

Prior year income and expense includes income and charges deriving from ordinary operations associated with the volume of purchases and sales.

Theft and losses relate to parcels sent to end customers during the year and already identified as missing at the balance sheet date.

The provisions for risks recorded in 2008 include an estimate of about Euro 56 thousand to cover the theft or loss of goods during the year, but not yet identified at the balance sheet date. These provisions also include Euro 30 thousand to cover the additional taxation and penalties reflected in the preliminary assessment report prepared by the tax authorities in August 2008.

### 2.7 Non-recurring charges

Non-recurring charges for the year ended 31 December 2008 amounted to Euro 170 thousand, compared with Euro 1,174 thousand in 2007, reflecting a net decrease of Euro 1,004 thousand.

Non-recurring charges are analyzed as follows:

| Description | 2008 | 2007 | Change |
|---|---|---|---|
| Office relocation charges | — | (577) | 577 |
| Losses on relocation/fire | (170) | (243) | 73 |
| Personnel charges | — | (139) | 139 |
| Employment litigation | — | (98) | 98 |
| Other charges | — | (117) | 117 |
| **Total** | **(170)** | **(1,174)** | **1,004** |

The significance of this caption in 2007 was due to the handling, porterage, transportation charges and losses incurred in May 2007 on the relocation of the logistics center, as well as to the fire at the Milan offices in August 2007 which resulted in the loss of various business assets.

The personnel charges and employment litigation costs related to the restructuring of the business in 2007.

### 2.8 Operating profit

As required by IAS 1, the following table analyzes costs by nature included in operating profit.

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Net revenues | 101,450 | 68,773 | 32,677 |
| Change in inventories of goods | 9,939 | 9,659 | 280 |
| Purchase of goods | (61,190) | (44,172) | (17,018) |
| Services | (29,496) | (21,993) | (7,503) |
| Personnel expenses | (10,672) | (7,139) | (3,533) |
| Depreciation, amortization and impairment losses | (2,028) | (1,265) | (763) |
| Other costs and revenue | (3,214) | (3,352) | 138 |
| **Operating profit** | **4,789** | **511** | **4,278** |

In short, the Group's operating profit has improved from 0.7% of net revenues in the year ended 31 December 2007 to 4.7% in the year to 31 December 2008, representing an increase in absolute terms of Euro 4,278 thousand.

Personnel expenses include all employment-related expenses, such as merit rises, promotions, cost-of-living adjustments, variable remuneration for 2008, untaken vacation and provisions under collective payroll agreements, as well as the related social security contributions and the post-employment benefits accrued by the employees of the Parent. These costs also include the fair value of stock options, which is recognized over the period between the grant date and the vesting date, with a matching entry directly in equity.

The following table summarizes by principal category the number of persons employed by the YOOX Group at 31 December 2008 and 31 December 2007[1]:

| Description | 31/12/2008 | 31/12/2007 |
|---|---|---|
| Executives | 13 | 5 |
| Managers | 13 | 12 |
| Clerical staff | 193 | 153 |
| **Total** | **219** | **170** |

The number of persons employed by the Group in 2008 was about 28.8% greater than in the prior year.

### 2.9 Financial income and charges

Financial income for the year ended 31 December 2008 amounted to Euro 754 thousand, compared with Euro 258 thousand in 2007, up by Euro 496 thousand.

1 *These totals do not include the Managing Director of YOOX, interns and collaborators who are not employees of the Group.*

The nature of financial income is analyzed below:

| Description | 2008 | 2007 | Change |
|---|---|---|---|
| Exchange rate gains | 573 | 161 | 412 |
| Bank interest income | 55 | 35 | 20 |
| Other financial income | 126 | 62 | 64 |
| **Total** | **754** | **258** | **496** |

Other financial income has increased from Euro 62 thousand in 2007 to Euro 126 thousand in 2008, mainly due to the collection of premiums on the derivatives arranged to hedge currency risk.

Exchange rate gains amounted to Euro 81 thousand in 2008 (exchange rate losses of Euro 391 thousand in 2007); they comprise the following captions:

- exchange rate gains and losses realized on the collection/payment of foreign currency receivables/ payables;
- unrealized exchange rate gains identified on the alignment of foreign currency receivables and payables using the year-end rates of exchange, which have been recognized in the income statement.

Financial charges for the year ended 31 December 2008 amounted to Euro 1,974 thousand, compared with Euro 1,163 thousand in 2007.

The nature of financial charges is analyzed below:

| Description | 2008 | 2007 | Change |
|---|---|---|---|
| Exchange rate losses | (492) | (552) | 60 |
| Interest expense | (1,112) | (490) | (622) |
| Other financial charges | (370) | (121) | (249) |
| **Total** | **(1,974)** | **(1,163)** | **(811)** |

The significant increase in interest expense on loans during 2008 reflects the growth in bank borrowing.

The other financial charges mainly comprise the premiums paid for contracts that hedge currency risk and the related fair-value adjustment at 31 December 2008, the loan-arrangement commissions paid to banks, and the cost of sureties given to third parties.

### 2.10 Taxation

The income tax charge for the year is analyzed below:

| Description | 2008 | 2007 | Change |
|---|---|---|---|
| Current taxes — Parent IRES[1] | — | — | — |
| Current taxes — Parent IRAP[2] | (543) | (324) | (219) |
| Current taxes — foreign companies | (701) | (332) | (369) |
| Deferred taxes | 77 | 417 | (340) |
| **Total** | **(1,167)** | **(239)** | **(928)** |

*(1) IRES: Imposta sul Reddito delle Società (corporate income tax)*
*(2) IRAP: Imposta Regionale sulle Attività Produttive (regional tax on productive activities)*

The IRAP charge on the Parent rose by 68% in 2008 (from Euro 324 thousand in 2007 to Euro 543 thousand in 2008).

With regard to the tax charge for 2008, part of the IRES tax losses carried forward by the Parent were used to offset the IRES taxable income for 2008, which was estimated to be Euro 5,897 thousand. Accordingly, the tax benefit for 2008 of using these carried-forward losses was Euro 1,622 thousand, which exceeds the deferred tax assets of Euro 1,315 thousand recognized in prior years in relation to

such carried-forward losses. Furthermore, additional deferred tax assets amounting to Euro 1,406 thousand have been recognized at 31 December 2008. These mainly relate to tax provisions.

In addition, the available tax losses carried forward at 31 December 2008 amount to about Euro 223 thousand. These losses will never expire and the related deferred tax asset has been recognized.

The 2008 tax charge incurred by the Group's foreign companies amounted to about Euro 701 thousand. This was entirely due to an increase in their taxable income, reflecting the improvement in their operating results during the year.

The tax charge for 2007 includes IRAP of about Euro 324 thousand and the US income taxes of YOOX Corporation and Y Services, amounting to Euro 211 thousand and Euro 5 thousand respectively, as well as the income tax charge on YOOX Japan of about Euro 116 thousand. With regard to IRES, part of the tax losses carried forward by the Parent were used to offset the taxable income for 2007 (about Euro 1,019 thousand). The available tax losses carried forward at 31 December 2007 amounted to about Euro 6,074 thousand. These losses will never expire and part of the related tax benefit, Euro 1,313 thousand, was recognized as a deferred tax asset at that date, following an assessment of the taxable income likely to be earned in the near future.

The effects of recognizing deferred tax assets and liabilities on the income statements for 2008 and 2007 are described in the related notes to the balance sheet.

### 2.11 Basic and diluted earnings per share

The basic earnings (loss) per share and the diluted earnings (loss) per share presented in the consolidated income statement are calculated in the following table.

| Calculation of Basic EPS | 2008 | 2007 |
|---|---|---|
| Basic earnings (loss) | 2,402 | (633) |
| Average no. of ordinary shares (basic) | 771,888 | 769,859 |
| **Basic EPS** | **3.11** | **(0.82)** |

| Calculation of Diluted EPS | 2008 | 2007 |
|---|---|---|
| Basic earnings (loss) | 2,402 | (633) |
| Average no. of ordinary shares (basic) | 771,888 | 769,859 |
| Average no. of shares granted without consideration | 91,505 | |
| Total | 863,393 | 769,859 |
| **Diluted EPS** | **2.78** | **(0.82)** |

The average number of shares granted without consideration in 2008 and 2007, included in the calculation of diluted EPS, relates to the effect of granting stock options that, as envisaged in IFRS 2, could be exercised since they vested in prior years.

In 2007, the diluted loss per share was the same as the basic loss per share since, as envisaged in IFRS 2, the anti-dilution effect of exercising the stock options granted was ignored.

*Balance Sheet*

## 2.12 Property, plant and equipment

Property, plant and equipment total Euro 3,481 thousand as of 31 December 2008. The following table summarizes the changes in property, plant and equipment during 2008:

| Description | Historical cost as of 31/12/2007 | Increases | Decreases | Reclassifications | Historical cost as of 31/12/2008 | Acc. depr. as of 31/12/2007 | Depr. | Utilizations | Other Movements | Acc. depr. as of 31/12/2008 | Net carrying amount as of 31/12/2007 | Net carrying amount as of 31/12/2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Plant and machinery** | **1,214** | **205** | **—** | **—** | **1,419** | **(383)** | **(177)** | **—** | **—** | **(560)** | **831** | **859** |
| **Ind. and comm. equipment** | **1,148** | **70** | **(438)** | **—** | **780** | **(493)** | **(94)** | **230** | **—** | **(357)** | **655** | **423** |
| **Other assets** | **2,928** | **1,465** | **(19)** | **—** | **4,374** | **(1,621)** | **(572)** | **16** | **2** | **(2,175)** | **1,307** | **2,199** |
| Furniture and furnishings | 457 | 117 | — | — | 574 | (231) | (73) | — | — | (304) | 226 | 270 |
| Electronic equipment | 1,877 | 624 | (17) | — | 2,484 | (1,030) | (349) | 14 | 2 | (1,363) | 847 | 1,121 |
| Motor vehicles | 3 | — | (2) | — | 1 | (3) | — | 2 | — | (1) | — | — |
| Mobile telephones | 21 | — | — | — | 21 | (10) | (4) | — | — | (14) | 11 | 7 |
| Assets costing less than Euro 516 | 9 | — | — | — | 9 | (9) | — | — | — | (9) | — | — |
| Other tangible fixed assets | 35 | 28 | — | — | 63 | (19) | (27) | — | — | (46) | 16 | 17 |
| Other assets (leasehold improvements) | 526 | 696 | — | — | 1,222 | (319) | (119) | — | — | (438) | 207 | 784 |
| **Assets under construction in and payments on account** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Grand total** | **5,290** | **1,740** | **(457)** | **—** | **6,573** | **(2,497)** | **(843)** | **246** | **2** | **(3,092)** | **2,793** | **3,481** |

The additions during 2008 include the upgrading of the IT infrastructure via the purchase of new servers and equipment.

*Plant and machinery*

Net of accumulated depreciation, this caption amounts to Euro 859 thousand.

The gross increase of Euro 205 thousand mainly relates to the purchase by the Parent of new electrical installations totaling Euro 140 thousand.

*Industrial and commercial equipment*

Net of accumulated depreciation, this caption amounts to Euro 423 thousand.

The increase of Euro 70 thousand with respect to the prior year was almost entirely due to the purchase of photographic equipment.

During the year, the Group sold warehouse equipment amounting to Euro 438 thousand at a loss of Euro 170 thousand, which is classified in the “other operating expense” caption of the income statement.

*Other assets*

This caption amounts to Euro 2,199 thousand; the increases, discussed below, relate to the following categories:

- Furniture and furnishings: the increase during the year of about Euro 117 thousand mainly reflects the costs incurred by the Group to furnish the offices at the headquarters in Zola Predosa and at the new secondary office in Milan;

- Electronic office equipment: the increase of Euro 624 thousand reflects the purchase of new servers, personal computers, monitors and printers, as well as new data storage equipment;
- Other assets: the increase of Euro 28 thousand mainly relates to the purchase of various assets for the logistics activities carried out at the Interporto (hub facility) warehouse.
- Leasehold improvements: the increase in 2008 amounted to Euro 696 thousand; this amount almost entirely relates to the restructuring of the Parent's new secondary office at Via Villoresi 19/8 Milan (Italy), including compliance with the required standards.

Property, plant and equipment was not written down or revalued during 2008. No borrowing costs were allocated to the value of assets reported in the balance sheet during the year.

Property, plant and equipment are not mortgaged, restricted or subject to other liens or charges.

The Group does not hold any assets under finance lease arrangements.

Property, plant and equipment total Euro 2,793 thousand as of 31 December 2007. The following table summarizes the changes in property, plant and equipment during 2007:

| Description | Historical cost as of 01/01/2007 | Increases | Decreases | Reclassifications | Historical cost as of 31/12/2007 | Acc. depr. as of 01/01/2007 | Depr. | Utilizations | Other Movements | Acc. depr. as of 31/12/2007 | Net carrying amount as of 01/01/2007 | Net carrying amount as of 31/12/2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Plant and machinery** | **543** | **671** | **—** | **—** | **1,214** | **(254)** | **(129)** | **—** | **—** | **(383)** | **289** | **831** |
| **Ind. and comm. equipment** | **1,079** | **235** | **(166)** | **—** | **1,148** | **(418)** | **(137)** | **62** | **—** | **(493)** | **661** | **655** |
| **Other assets** | **2,550** | **623** | **(245)** | **—** | **2,928** | **(1,297)** | **(411)** | **89** | **(2)** | **(1,621)** | **1,253** | **1,307** |
| Furniture and furnishings | 374 | 83 | — | — | 457 | (171) | (60) | — | — | (231) | 203 | 226 |
| Electronic equipment | 1,461 | 433 | (17) | — | 1,877 | (776) | (267) | 15 | (2) | (1,030) | 685 | 847 |
| Motor vehicles | 3 | — | — | — | 3 | (2) | (1) | — | — | (3) | 1 | — |
| Mobile telephones | 21 | — | — | — | 21 | (6) | (4) | — | — | (10) | 15 | 11 |
| Assets costing less than Euro 516 | 9 | — | — | — | 9 | (9) | — | — | — | (9) | — | — |
| Other tangible fixed assets | 35 | — | — | — | 35 | (13) | (6) | — | — | (19) | 22 | 16 |
| Other assets (leasehold improvements) | 647 | 107 | (228) | — | 526 | (320) | (73) | 74 | — | (319) | 327 | 207 |
| **Assets under construction and payments on account** | — | — | — | — | — | — | — | — | — | — | — | — |
| **Grand total** | **4,172** | **1,529** | **(411)** | **—** | **5,290** | **(1,969)** | **(677)** | **151** | **(2)** | **(2,497)** | **2,203** | **2,793** |

The principal increase related to the relocation of the Parent's logistics warehouse from the Zola Predosa headquarters to the Interporto (Bologna) location. The principal types of cost included in each asset category are described below, together with the main additions and retirements.

*Plant and machinery*

Net of accumulated depreciation, this caption amounts to Euro 831 thousand.

The gross increase of Euro 671 thousand, reflecting investment by the Parent, comprises:

- Euro 176 thousand for lighting installations at the Zola Predosa offices and the Interporto warehouse;
- Euro 273 thousand for heating installations at the Interporto warehouse;
- Euro 146 thousand for cabling required by expansion of the network, the switchboard and the video-conferencing equipment;
- Euro 68 thousand for alarm equipment at the offices and the warehouse;
- Euro 8 thousand for other additions.

*Industrial and commercial equipment*

Net of accumulated depreciation, this caption amounts to Euro 655 thousand.

The increase of Euro 235 thousand since 31 December 2006 principally comprises:

- Euro 20 thousand to equip the new warehouse at Bologna-Interporto;
- Euro 207 thousand to fit out the photographic studios for the new warehouse at Bologna-Interporto.

During the year, the Group sold a mezzanine structure at the old warehouse amounting to Euro 166 thousand at a loss of Euro 51 thousand, which is classified in the "other operating expense" caption of the income statement.

*Other assets*

This caption amounts to Euro 1,307 thousand.

The increases and decreases, discussed below, relate to the following categories:

- Furniture and furnishings: the increase during the year of about Euro 83 thousand mainly reflects the costs incurred by the Parent to furnish the new offices at the headquarters in Zola Predosa and at the Bologna-Interporto warehouse;
- Electronic office equipment: the increase of Euro 433 thousand reflects the purchase of new servers, personal computers, monitors and printers for the Italian headquarters and the New York offices, as well as new data storage equipment for the headquarters of the Parent;
- Leasehold improvements of Euro 107 thousand: following the relocation of the warehouse from Zola Predosa to Interporto (Bologna), the Parent has retired leasehold improvements of Euro 228 thousand made in prior years, together with the related accumulated depreciation of Euro 74 thousand, resulting in a charge of Euro 155 thousand to the other operating expense caption of the income statement.

Property, plant and equipment were not impaired or revalued during 2007.

No borrowing costs were allocated to the assets reported in the balance sheet during the year.
Property, plant and equipment are not mortgaged, restricted or subject to other liens or charges.

The Group does not hold any assets under finance lease arrangements.

**2.13 Intangible assets with finite useful life**

Intangible assets amount to Euro 2,281 thousand as of 31 December 2008.

The following table summarizes the changes in intangible assets with a finite useful life during 2008:

| Description | Historical cost as of 31/12/2007 | Increases | Decreases | Reclassifications | Historical cost as of 31/12/2008 | Acc. amort. as of 31/12/2007 | Amortisation | Utilizations | Other Movements | Acc. amort. as of 31/12/2008 | Net carrying amount as of 31/12/2007 | Net carrying amount as of 31/12/2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Development costs** | **263** | **965** | **—** | **390** | **1,618** | **(87)** | **(540)** | **—** | **—** | **(627)** | **176** | **991** |
| **Software and licences** | **1,284** | **200** | **—** | **—** | **1,484** | **(1,109)** | **(191)** | **—** | **—** | **(1,300)** | **175** | **184** |
| **Brands and other rights** | **508** | **10** | **—** | **—** | **518** | **(431)** | **(10)** | **—** | **—** | **(441)** | **77** | **77** |
| Trademarks and patents | 508 | 10 | — | — | 518 | (431) | (10) | — | — | (441) | 77 | 77 |
| **Assets under development** | **712** | **679** | **—** | **(390)** | **1,001** | **—** | **—** | **—** | **—** | **—** | **712** | **1,001** |
| **Other** | **896** | **22** | **—** | **—** | **918** | **(671)** | **(219)** | **—** | **—** | **(890)** | **225** | **28** |
| Other intangible assets | 896 | 22 | — | — | 918 | (671) | (219) | — | — | (890) | 225 | 28 |
| **Grand total** | **3,663** | **1,876** | **—** | **—** | **5,539** | **(2,298)** | **(960)** | **—** | **—** | **(3,258)** | **1,365** | **2,281** |

The principal changes in these captions during the year are described below.

*Development costs*

During 2008, the Group invested heavily in development projects that will result in long-term benefits. The total investment, Euro 1,644 thousand, includes Euro 965 thousand incurred on projects that have been completed and which are classified in the Development costs caption, while Euro 679 thousand relates to projects that are still in progress as of 31 December 2008 which are classified in the Assets under development caption. The above costs were incurred by the Parent on the development of specific projects to increase the performance of the yoox.com online store, extend the functions available and develop an integrated solution for the management of all online stores. These costs comprise both personnel expenses and the cost of services provided by third parties.

*Software and licences*

The carrying amount as of 31 December 2008, Euro 184 thousand, mainly reflects the acquisition of software licences for the development of the website and IT systems, which will benefit future years. The gross increase during 2008 was about Euro 200 thousand.

More specifically, the Parent purchased Oracle Hyperion licences for about Euro 50 thousand, new software for the management of human resources (HR4YOU) for about Euro 34 thousand, and licences for running software in virtual environments (Vmware Exs Enterprise) for about Euro 29 thousand.

*Brands and other rights*

This caption amounts to Euro 77 thousand as of 31 December 2008, following a gross increase during the year of about Euro 10 thousand.

This caption mainly reflects the costs incurred by the Parent to acquire and register domestic and international brandnames.

*Assets under development*

This caption, which amounts to Euro 1,001 thousand as of 31 December 2008, comprises the development projects in progress at that date, which are due for completion in 2009 and 2010. These costs, capitalized during 2008, relate to innovative projects not previously possible that target new market segments. The resulting expansion and optimization of the product range means that these development costs will be recovered from the additional revenue generated in future years.

The net increase during the year, after reclassifying as development costs the projects in progress as of 31 December 2007 that were completed in 2008, was Euro 679 thousand.

As already mentioned, these projects enhance the functions available to the yoox.com online store, involving the construction of application platforms for the development of e-commerce solutions that support the Parent's business, and the implementation of back-end (support and internal analysis systems) and front-end (online store management systems) functions.

Intangible assets amounted to Euro 1,365 thousand as of 31 December 2007.

The following table summarizes the changes in intangible assets with a finite useful life during 2007:

| Description | Historical cost as of 01/01/2007 | Increases | Decreases | Reclassifications | Historical cost as of 31/12/2007 | Acc. amort. as of 01/01/2007 | Amortisation | Utilizations | Other Movements | Acc. amort. as of 31/12/2007 | Net carrying amount as of 01/01/2007 | Net carrying amount as of 31/12/2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Development costs** | **—** | **263** | **—** | **—** | **263** | **—** | **(87)** | **—** | **—** | **(87)** | **—** | **176** |
| **Software and licences** | **1,135** | **149** | **—** | **—** | **1,284** | **(921)** | **(188)** | **—** | **—** | **(1,109)** | **214** | **175** |
| **Brands and other rights** | **506** | **2** | **—** | **—** | **508** | **(419)** | **(12)** | **—** | **—** | **(431)** | **87** | **77** |
| Trademarks and patents | 506 | 2 | — | — | 508 | (419) | (12) | — | — | (431) | 87 | 77 |
| **Assets under development** | **—** | **712** | **—** | **—** | **712** | **—** | **—** | **—** | **—** | **—** | **—** | **712** |
| **Other** | **896** | **—** | **—** | **—** | **896** | **(406)** | **(265)** | **—** | **—** | **(671)** | **490** | **225** |
| Other intangible assets | 896 | — | — | — | 896 | (406) | (265) | — | — | (671) | 490 | 225 |
| **Grand total** | **2,537** | **1,126** | **—** | **—** | **3,663** | **(1,746)** | **(552)** | **—** | **—** | **(2,298)** | **791** | **1,365** |

*Development costs*

During 2007, the Group invested heavily in development projects that will results in long-term benefits. The total investment, Euro 975 thousand, includes Euro 263 thousand incurred on projects that have been completed and which are classified in the Development costs caption, while Euro 712 thousand relates to projects that are still in progress as of 31 December 2007 which are classified in the Assets under development caption. The above costs were incurred by the Parent on the development of specific projects to increase the performance of the yoox.com online store, extend the functions available and develop an integrated solution for the management of all online stores. These costs comprise both personnel expenses and the cost of services provided by third parties.

*Software*

The carrying amount as of 31 December 2007, Euro 175 thousand, mainly reflects the technological development of the website, which will benefit future years. The increase during 2007 was about Euro 149 thousand.

More specifically, B-Human licences were acquired in 2007 for about Euro 20 thousand, new inventory logistics software for about Euro 32 thousand, and software for the Bologna offices for about Euro 46 thousand.

*Concessions, licences, trademarks*

This caption amounted to Euro 77 thousand as of 31 December 2007 and did not change significantly during the year.

This caption mainly reflects the costs incurred by the Group to acquire and register domestic and international brandnames.

*Assets under development*

This caption, which amounted to Euro 712 thousand as of 31 December 2007, comprises the development projects in progress at that date, which were principally due for completion in 2008.

As already mentioned, these projects enhance the functions available to the yoox.com online store, involving the construction of application platforms for the development of e-commerce solutions that support the Parent's business, and the implementation of back-end (support and internal analysis systems) and front-end (online store management systems) functions.

### 2.14 Deferred tax assets

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Deferred tax assets | 1,405 | 1,315 | 91 |
| **Total** | **1,405** | **1,315** | **91** |

The changes in deferred tax assets during 2008 and 2007 are indicated in the following tables:

| Description | Balance as of 31/12/2007 | Increases | Utilizations | Balance as of 31/12/2008 |
|---|---|---|---|---|
| Deferred tax assets | 1,315 | 1,405 | (1,315) | 1,405 |
| **Total** | **1,315** | **1,405** | **(1,315)** | **1,405** |

| Description | Balance as of 01/01/2007 | Increases | Utilizations | Balance as of 31/12/2007 |
|---|---|---|---|---|
| Deferred tax assets | 882 | 1,315 | (882) | 1,315 |
| **Total** | **882** | **1,315** | **(882)** | **1,315** |

Deferred tax assets as of 31 December 2008 and 31 December 2007 are analyzed in the following table:

| Description of taxable item | Balance as of 31/12/2007 | 2007 rate | Taxation recorded in 2007 | Balance as of 31/12/2008 | 2008 rate | Taxation recorded in 2008 |
|---|---|---|---|---|---|---|
| Entertaining expenses | 114 | — | — | 71 | 31.4% | 22 |
| Allowances/provisions for risks and charges | 2,637 | — | — | 3,889 | Various | 1,276 |
| Directors' fees | 44 | — | — | 38 | 27.5% | 10 |
| Statutory Auditors' fees | 40 | — | — | 40 | 31.4% | 13 |
| Tax losses | 6,074 | 27.5% | 1,313 | 177 | 27,5% | 49 |
| Asset fair value of derivative instruments | | — | — | 116 | 31.4% | 36 |
| Other items | 5 | 31.4% | 2 | | 31.4% | |
| **Total** | **8,914** | | **1,315** | **4,331** | | **1,405** |

The deferred tax assets recognized in relation to the allowances for impairment, the provisions for inventory obsolescence and the provisions for risks and charges include the amount relating to the provisions recorded by the Group's foreign subsidiaries.

Deferred tax assets have also been recognized in relation to the remaining tax losses incurred in prior years, which can be carried forward indefinitely.

The deferred tax assets recognized in connection with derivative financial instruments related to the fair value of the call options reflected in the income statement and in equity during 2008.

The deferred tax assets recognized as of 31 December 2007, Euro 1,315 thousand, were recorded solely in relation to part of the tax losses that can be carried forward indefinitely, following an assessment of the likely offset against future taxable income. This amount was utilized in full during 2008.

### 2.15 Other non-current financial assets

Other non-current financial assets as of 31 December 2008 amount to Euro 1,235 thousand (Euro 576 thousand as of 31 December 2007). This caption which relates to guarantee deposits is analyzed below:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Guarantee deposits | 86 | 34 | 53 |
| Deposit paid to Paymentech US | 359 | 170 | 189 |
| Deposit paid to Global Collect US | 291 | 61 | 230 |
| Deposit paid to Global Collect Japan | 164 | 93 | 71 |
| Deposit paid to Global Collect Europe | 318 | 204 | 114 |
| Restricted deposit — JP Morgan | 16 | 14 | 2 |
| **Total** | **1,235** | **576** | **659** |

The guarantee deposits that do not earn interest were paid on the signature of rental contracts and contracts for the supply of electricity and gas to the Parent. The increase with respect to the prior year was partly due to the opening of the Parent's offices in Paris and Madrid during 2008.

Certain guarantee deposits as of 31 December 2008 are denominated in US dollars totaling Euro 666 thousand, Japanese Yen totaling Euro 164 thousand and Euro totaling Euro 318 thousand. These reflect retentions made by Paymentech and Global Collect to guarantee the amount of repayments due for returns made against sales. YOOX Corporation has also deposited Euro 16 thousand with JP Morgan Chase to guarantee that company's credit card transactions.

### 2.16 Inventories

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Inventories | 38,652 | 28,109 | 10,543 |
| **Total** | **38,652** | **28,109** | **10,543** |

Inventories as of 31 December 2008 and 31 December 2007 are analyzed below:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Inventories of raw materials, consumables and supplies | 177 | 28 | 149 |
| **Total** | **177** | **28** | **149** |
| Finished products and goods for resale | 41,704 | 30,262 | 11,442 |
| Provision for obsolete finished products and goods | (3,229) | (2,181) | (1,048) |
| **Total** | **38,475** | **28,081** | **10,394** |
| **Total inventories, net** | **38,652** | **28,109** | **10,543** |

Inventories have increased by 37.5%, from Euro 28,109 thousand as of 31 December 2007 to Euro 38,652 thousand as of 31 December 2008. They comprise goods that have been purchased for subsequent resale online. This physiological increase is only partially related to the growth in sales during 2008. In particular, the Group's business model involves purchasing goods in advance of the selling season, which may fall in the following year. 82% of the value of the inventories as of December 31, 2008, inclusive of depreciation allowances, consisted of goods already for sale or to be sold in the following months.

The changes in the provision for obsolete inventories during 2008 and 2007 are analyzed in the following table:

| Description | Balance as of 31/12/2007 | Increases | Decreases | Balance as of 31/12/2008 |
|---|---|---|---|---|
| Provision for obsolete inventories | 2,181 | 1,048 | — | 3,229 |
| **Total** | **2,181** | **1,048** | **—** | **3,229** |

| Description | Balance as of 01/01/2007 | Increases | Decreases | Balance as of 31/12/2007 |
|---|---|---|---|---|
| Provision for obsolete inventories | 1,433 | 748 | — | 2,181 |
| **Total** | **1,433** | **748** | **—** | **2,181** |

The provision for obsolete inventories reflected in the balance sheet is considered to be fair, having regard for the actual quantities of obsolete and slow-moving goods on hand.

### 2.17 Trade receivables

Trade receivables as of 31 December 2008 and 31 December 2007 are analyzed below:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Due from customers | 2,235 | 1,381 | 854 |
| Other trade receivables | 2,116 | 700 | 1,416 |
| Allowance for impairment | (440) | (203) | (237) |
| **Total** | **3,911** | **1,878** | **2,033** |

The "amounts due from customers" are fully recoverable within 12 months and related to the trade receivables recorded on the sale of goods to individuals.

The other trade receivables mainly relate to the amounts due from online stores, principally following the supply of services.

The changes in the allowance for impairment during 2008 and 2007 are analyzed below:

| Description | Balance as of 31/12/2007 | Increases | Decreases | Balance as of 31/12/2008 |
|---|---|---|---|---|
| Allowance for impairment | 202 | 238 | — | 440 |
| **Total** | **202** | **238** | **—** | **440** |

| Description | Balance as of 01/01/2007 | Increases | Decreases | Balance as of 31/12/2007 |
|---|---|---|---|---|
| Allowance for impairment | 180 | 22 | — | 202 |
| **Total** | **180** | **22** | **—** | **202** |

The increase in the allowance for impairment during 2008, Euro 238 thousand, is not the same as the amount reported in the income statement (Euro 226 thousand) and reflected in the table presented in section 2.5. The difference is due to the exchange-rate effect on the allowance recorded by YOOX Corporation, which is unchanged in US dollar terms but has increased in Euro following the appreciation of the US dollar, and to the year-end translation of the allowance recorded by YOOX Japan using the spot rate as of 31 December 2008, while the provision was recognized in the income statement using the average rate for 2008.

The allowance for impairment covers specific risks following the non-collection of notes issued and other receivables that are not considered recoverable. The provisions recorded over the years adjust receivables to their estimated realizable value.

As required by IFRS 7, note 10 describes the maximum credit risk and provides an ageing of receivables, gross of the allowance for impairment.

#### 2.18 Other current assets

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Other current assets | 4,882 | 3,734 | 1,148 |
| **Total** | **4,882** | **3,734** | **1,148** |

Other current assets as of 31 December 2008 and 31 December 2007 are analyzed below:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Other receivables | 223 | 263 | (40) |
| Advances to suppliers | 9 | 26 | (17) |
| Travel and payroll advances to employees | 2 | 5 | (3) |
| Due from acquirers | 1,073 | 1,298 | (225) |
| Accrued income | 17 | — | 17 |
| Prepayments | 991 | 519 | 472 |
| Tax receivables | 2,497 | 1,595 | 902 |
| Hedging derivatives | 70 | 28 | 42 |
| **Total** | **4,882** | **3,743** | **1,148** |

"Other receivables" principally comprise insurance compensation recoverable and the amounts paid to the Parent's tax representative in Greece.

The amount "Due from acquirers" reflects customer payments already collected by foreign acquirers but not yet paid over to the Group as of 31 December 2008 and 31 December 2007.

"Prepayments" are analyzed below:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 |
|---|---|---|
| Prepaid IT services | 192 | 102 |
| Subscriptions to online magazines | 4 | 17 |
| Telephone charges | 11 | 20 |
| IPO consultancy | 569 | 91 |
| Insurance | 36 | 108 |
| Rentals | 37 | 43 |
| Financial charges | 12 | 21 |
| Other prepayments | 130 | 117 |
| **Total** | **991** | **519** |

Prepayments mainly comprise costs relating to future years that were recognized financially during 2008.

These costs mainly consist of consultancy for the forthcoming stockmarket listing, planned for 2009, software licence fees, insurance and rentals.

As envisaged in IAS 32, the listing costs incurred in 2008 and 2007 that are directly correlated with the resulting expected increase in share capital and reserves, will be recognized directly in equity when the related cash flows are received following the successful outcome of this process; otherwise, these costs will be charged to the income statement.

The "Tax receivables," all due within one year, are analyzed as follows:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 |
|---|---|---|
| Tax credits | 28 | 13 |
| VAT recoverable | 2,469 | 1,582 |
| **Total** | **2,497** | **1,595** |

### 2.19 Cash and cash equivalents

Cash and cash equivalents as of 31 December 2008 and 31 December 2007 are analyzed below:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Bank and postal accounts | 8,951 | 5,173 | 3,778 |
| Cash and equivalents on hand | 11 | 12 | (1) |
| **Total** | **8,962** | **5,185** | **3,777** |

This balance, entirely denominated in Euro except where stated otherwise, represents the cash and cash equivalents on hand at year end.

Bank deposits are analyzed as follows:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 |
|---|---|---|
| Banca Intesa San Paolo | 1,262 | 12 |
| Banca Pop. Emilia Romagna | 1,236 | — |
| Unicredit Banca | 2,147 | 983 |
| Banca Popolare di Novara | 677 | — |
| JPMorgan Chase in US dollars, translated to Euro | 1,209 | 1,648 |
| First National Bank Long Island in US dollars, translated to Euro | 432 | — |
| Other Euro current accounts | 1,017 | 509 |
| Other currency current accounts | 971 | 2,021 |
| **Total** | **8,951** | **5,173** |

"Cash and equivalents on hand," translated to Euro where applicable using the spot rates at year end, are analyzed as follows:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 |
|---|---|---|
| Cash | 10 | 7 |
| Cash in foreign currency translated at 31.12 rate (USD) | — | 2 |
| Cash in foreign currency translated at 31.12 rate (GBP) | 1 | 1 |
| Cash in foreign currency translated at 31.12 rate (YEN) | — | 2 |
| **Total** | **11** | **12** |

A more detailed analysis of the changes in the net financial position is provided in note 2.22.

### 2.20 Group equity

The statement of changes in equity is presented in a separate schedule.

Share capital amounts to Euro 401 thousand as of 31 December 2008 (Euro 400 thousand as of 31 December 2007). The increase during 2008 follows the exercise of stock options by a former director, who acquired 2,300 shares, par value Euro 0.52 each, at an exercise price of Euro 46.48 per share.

The principal equity reserves are described below, together with the related changes in the year and any applicable restrictions:

a) Share premium of Euro 22,666 thousand as of 31 December 2008 (Euro 22,561 thousand as of 31 December 2007); this reserve increased during 2008 following the exercise of stock options by a former director, who acquired 2,300 shares, par value Euro 0.52 each, at an exercise price of Euro 46.48 per share.

b) Legal reserve: this reserve, amounting to Euro 23 thousand as of 31 December 2008 (Euro 23 thousand as of 31 December 2007), reflects the required allocation of 5% of the annual profit earned by the Parent.

c) Translation reserve: this reserve, which amounts to Euro 48 thousand as of 31 December 2008 (Euro -22 thousand as of 31 December 2007), reflects the exchange rate differences arising on the translation of foreign currency financial statements. The increase of Euro 70 thousand in 2008 was mainly due to the appreciation of the US dollar during the year.

d) Other reserves, amounting to Euro 2,591 thousand as of 31 December 2008 (Euro 1,288 thousand as of 31 December 2007). The Other reserves include hedging reserve of Euro 13 thousand as of 31 December 2008 (Euro 12 thousand as of 31 December 2007) and the fair value reserve for stock options of Euro 2,578 thousand as of 31 December 2008 (Euro 1,276 thousand as of 31 December 2007).

e) Retained earnings (losses carried forward): losses carried forward total Euro 11,696 thousand as of 31 December 2008 (Euro 11,101 thousand as of 31 December 2007) following an increase of Euro 633 thousand on allocation of the loss incurred in 2007.

A detailed analysis of the changes in consolidated equity is presented in a separate schedule.

### 2.21 Stock option plans

*Granting of stock options*

With reference to the stock option plans authorized in prior years, involving the allocation of up to 239,051 shares for the employees, collaborators, consultants and directors of the Parent and its subsidiaries, the following table analyzes the options already granted by the Board of Directors at 31 December 2008:

| Stock option plans | Granted (a) | Expired (b) | Exercised (c) | Total granted not expired or not exercised (d = a-b-c) | Granted, not vested | Granted, vested, not exercisable | Granted, vested, exercisable |
|---|---|---|---|---|---|---|---|
| 2001 – 2003 | 73,840 | 30,575 | 925 | 42,340 | 3,750 | — | 38,590 |
| 2003 – 2005 | 34,920 | 3,000 | 2,300 | 29,620 | 500 | — | 29,120 |
| 2004 – 2006 | 28,119 | 12,650 | — | 15,469 | — | — | 15,469 |
| 2006 – 2008 | 31,303 | — | — | 31,303 | — | — | 31,303 |
| 2007 – 2012 | 102,600 | — | — | 102,600 | 31,362 | 71,238 | — |
| **Total** | **270,782** | **46,225** | **3,225** | **221,332** | **35,612** | **71,238** | **114,482** |

In total, 224,557 options have been granted out of the 239,051 authorized, of which 3,225 have been exercised. A further 14,494 options may be granted.

*Share capital increases to service the stock option plans*

On 31 January 2005, as minuted by Notary Zabban of Milan, the Parent's Board of Directors adopted the following resolution:

- pursuant to the extraordinary resolution adopted on 22 March 2000, as modified by the extraordinary resolutions adopted on 25 October 2000, 26 February 2002 and 7 May 2003, to increase share capital — to service a stock option plan — by a maximum nominal amount of Euro 11,160.76, via the issue of up to 21,463 new shares, par value Euro 0.52 each, with a share premium of Euro 15.39 for each new share, with full dividend rights. In accordance with art. 2439.2 of the Italian Civil Code, the last date for subscriptions was fixed as 31 December 2010, on the understanding that, if the increase has not been fully taken up by that date, share capital will be deemed to have increased by the amount of the subscriptions collected;
- pursuant to the extraordinary resolution adopted on 31 July 2000, as modified by the extraordinary resolutions adopted on 25 October 2000, 26 February 2002 and 7 May 2003, to increase share capital — to service a stock option plan — by a maximum nominal amount of Euro 14,839.24, pursuant to art. 2443 of the Italian Civil Code, via the issue of up to 28,537 new shares, par value Euro 0.52 each, with a share premium of Euro 45.96 for each new share, with full dividend rights. In accordance with art. 2439.2 of the Italian Civil Code, the last date for subscriptions was fixed as 31 December 2010, on the understanding that, if the increase has not been fully taken up by that date, share capital will be deemed to have increased by the amount of the subscriptions collected;
- to reserve for the Board all additional activities relating to the implementation of the authorized share capital increases, in full compliance with both the above and the terms of the stock option plans, including the right of the Board, following completion of the subscriptions, to file updated texts for the articles of association in relation to the amount of share capital and the number of shares, making all appropriate changes to and/or deletions of the related transitional articles, all of which to take place subsequent to the release of the confirmations referred to in art. 2444 of the Italian Civil Code.

In addition, on 12 July 2007, as minuted by Notary Zabban of Milan, the Parent's Board of Directors adopted the following resolution:

- pursuant to the extraordinary resolution adopted on 18 July 2002 — as modified by the extraordinary resolution adopted on 2 December 2005 — to increase share capital — to service a

stock option plan — by a maximum nominal amount of Euro 17,555.20 via the issue of up to 33,760 new shares, par value Euro 0.52 each, with a total share premium of Euro 1,551,609.60, equal to Euro 45.96 for each new share, with full dividend rights, reserved for employees or directors of the Parent;

- in accordance with art. 2439.2 of the Italian Civil Code, the last date for subscriptions was fixed as 31 July 2017, on the understanding that, if the increase has not been fully taken up by that date, share capital will be deemed to have increased by the amount of the subscriptions collected;
- to reserve for the Board all additional activities relating to the implementation of the authorized capital increase, in full compliance with both the above and the terms of the stock option plan, including the right of the Board, following completion of the subscriptions, to file an updated text for the articles of association in relation to the amount of share capital and the number of shares, making all appropriate changes to and/or deletions of the related transitional articles, all of which to take place subsequent to the release of the confirmations referred to in art. 2444 of the Italian Civil Code.

Furthermore, on 1 December 2008, as minuted by Notary Baccelli of Milan, the Parent's Board of Directors adopted the following resolution:

- pursuant to the extraordinary resolution adopted on 10 December 2003 — as modified by the extraordinary resolution adopted on 2 December 2005 — to increase share capital — to service a stock option plan — by a maximum nominal amount of Euro 10,227.88 via the issue of up to 19,669 new shares, par value Euro 0.52 each, with a total share premium of Euro 903,987.24, equal to Euro 45.96 for each new share, with full dividend rights, reserved for employees or directors on the Parent;
- in accordance with art. 2439.2 of the Italian Civil Code, the last date for subscriptions was fixed at 1 December 2013, on the understanding that, if the increase has not been fully taken up by that date, share capital will be deemed to have increased by the amount of the subscriptions collected;
- to reserve for the Board all additional activities relating to the implementation of the authorized capital increase, in full compliance with both the above and the terms of the stock option plan, including the right of the Board, following completion of the subscriptions, to file an updated text for the articles of association in relation to the amount of share capital and the number of shares, making all appropriate changes to and/or deletions of the related transitional articles, all of which to take place subsequent to the release of the confirmations referred to in art. 2444 of the Italian Civil Code.

*Creation and modification of stock option plans*

With reference to the stock option plans authorized in prior years, involving the allocation of up to 239,051 shares for the employees, collaborators, consultants and directors of the Parent and its subsidiaries, the following options have been authorized as of 31 December 2008:

- 21,463 options at the Extraordinary Meeting held on 22 March 2000, as subsequently modified at the Extraordinary Meetings held on 25 October 2000, 26 February 2002 and 7 May 2003 (Stock Option Plan 2001-2003);
- 28,537 options at the Extraordinary Meeting held on 31 July 2000, as subsequently modified at the Extraordinary Meetings held on 25 October 2000, 26 February 2002 and 7 May 2003 (Stock Option Plan 2001-2003);
- 33,760 options at the Extraordinary Meeting held on 18 July 2002, as subsequently modified at the Extraordinary Meeting held on 2 December 2005 (Stock Option Plan 2003-2005);
- 19,669 options at the Extraordinary Meeting held on 10 December 2003, as subsequently modified at the Extraordinary Meeting held on 2 December 2005 (Stock Option Plan 2004-2006);
- 31,303 options at the Extraordinary Meeting held on 2 December 2005 (Stock Option Plan 2006-2008);
- 104,319 options at the Extraordinary Meeting held on 16 May 2007 (Stock Option Plan 2007-2012).

### 2.22 Non-current financial payables — Banks and other current financial payables

The amounts due to financial institutions increased significantly during 2008, since Group policy has been to finance the increased purchasing of goods, following the rise in the volume of sales, by recourse to new lines of credit.

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Non-current financial payables | 18,735 | 141 | 18,594 |
| Banks and other current financial payables | 4,086 | 12,847 | (8,761) |
| **Total** | **22,821** | **12,988** | **9,833** |

Non-current financial payables are analyzed below together with the amount due to banks and for other current financial payables as of 31 December 2008:

| Bank | Amount | Nature of facility | Rate | Current portion | Non-current portion |
|---|---|---|---|---|---|
| Syndicated bank loan | 20,726 | Stand-by revolving loan | Euribor 6m + 1.50% | 2,531 | 18,195 |
| Simest S.p.A. | 695 | Assisted loan, Law 394/81 | 1.38% | 155 | 540 |
| Intesa Sanpaolo S.p.A. | 1,400 | Loan | 5.37% | 1,400 | — |
| **Total** | **22,821** | | | **4,086** | **18,735** |

Non-current financial payables are analyzed below together with the amount due to banks and for other current financial payables as of 31 December 2007:

| Bank | Amount | Nature of facility | Rate | Current portion | Medium/long-term portion |
|---|---|---|---|---|---|
| Banca Popolare Emilia Romagna | 43 | current account | 7.50% | 43 | — |
| Fortis Bank | 377 | current account | 7.00% | 377 | — |
| Banca Popolare di Lodi S.p.A. | 427 | current account | 8.00% | 427 | — |
| Unicredit | 5,250 | Stand-by committed loan | Euribor + 0.85% | 5,250 | — |
| Fortis Bank | 1,250 | Stand-by committed loan | Euribor + 0.80% | 1,250 | — |
| BNL S.p.A. | 3,000 | Stand-by committed loan | Euribor + 0.90% | 3,000 | — |
| BNL S.p.A. | 1,000 | Stand-by committed loan | Euribor + 0.90% | 1,000 | — |
| Intesa Sanpaolo | 1,500 | Restricted account | Euribor + 0.85% | 1,500 | — |
| Simest S.p.A. | 141 | Assisted loan, Law 394/81 | 1.38% six-monthly | — | 141 |
| **Total** | **12,988** | | | **12,847** | **141** |

Following the increase in available lines of credit, the use of overdraft facilities has ceased.

*Net financial position*

The Group's net borrowing increased by Euro 6,130 thousand in 2008, from Euro 7,775 thousand as of 31 December 2007 to Euro 13,905 thousand as of 31 December 2008.

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Cash and cash equivalents | 8,962 | 5,185 | 3,777 |
| Other current financial assets | 70 | 28 | 42 |
| Banks loans and borrowings | (4,086) | (12,847) | 8,761 |
| Other current financial liabilities | (116) | — | (116) |
| **Net short-term financial position** | **4,830** | **(7,634)** | **12,464** |
| Non-current financial payables | (18,735) | (141) | (18,594) |
| **Net financial position** | **(13,905)** | **(7,775)** | **(6,130)** |
| Other non-current financial assets | 1,235 | 576 | 659 |
| **Total adjusted net financial position** | **(12,670)** | **(7,199)** | **(5,471)** |

The strategic decision to maintain substantial liquidity, Euro 8,962 thousand, despite an increase in bank borrowing reflects the desire to be able to purchase goods, if market opportunities arise, as well as the ability to obtain loans on favorable terms following the decline in interest rates. Careful management of the payment terms granted to suppliers has also contributed to an increase in cash availability. In order to sustain the growth of the business, the YOOX Group has increased its financing facilities via recourse to new bank loans and an increase in the loan from Simest. A contract for a syndicated stand-by facility was signed on 16 June 2008 for an amount of Euro 21,000 thousand (Euro 20,726 thousand on an amortized-cost basis as of 31 December 2008). This is repayable by 15 June 2013 in 8 equal installments commencing on 15 December 2009. The syndicate comprises Unicredit Corporate Banking (Lead bank), Banca Nazionale del Lavoro (BNP Paribas Group) and Banca Popolare di Novara, each participating equally. This loan has increased overall bank borrowing by Euro 11,750 thousand; Euro 5,250 thousand was used to replace a line of credit from Unicredit Corporate Banking that expired in June 2008, and Euro 4,000 thousand replaced a line of credit from Banca Nazionale del Lavoro that was due to expire in October 2008.

In order to guarantee this syndicated loan, YOOX has agreed to comply with the following financial covenants in 2009:

- *Leverage Ratio* (Net financial position / Equity) less than 1.50;
- *Debt Cover Ratio* (Net financial position / Gross operating profit) less than 2.50;
- *Inventory Ratio* (Net inventories / Net financial position) more than 1.50.

These covenants will be calculated at year end with reference to the consolidated financial statements prepared under Italian GAAP, and applying the following definitions:

- Net financial position: Loans net of liquid funds;
- Gross operating profit: Total revenue net of purchases, services and other costs, and net of personnel expenses in accordance with an income statement format agreed with the syndicated banks;
- Equity: Caption A) in the liabilities and equity section of the balance sheet;
- Net inventories: Caption C I) in the assets section of the balance sheet.

At year end, the covenants established for 2008 were respected in full: the following table shows the actual covenants for 2008 compared with the contractually-agreed targets for the year.

For better information are also exposed financial covenant recalculated to take into consideration the adoption by the Group of IFRS for its financial reporting.

| | Balance as of December 31, 2008 | | |
|---|---|---|---|
| | **Italian GAAP** | **IFRS** | **Covenant** |
| Leverage Ratio | 0.85 | 0.85 | <1.70 |
| Debt Cover Ratio | 1.54 | 2.06 | <2.60 |
| Inventory Ratio | 2.73 | 2.78 | >1.50 |

| **Ratio** | **31/12/2008** | **Covenant** |
|---|---|---|
| Leverage Ratio ( < Covenant) | 0.85 | 1.70 |
| Debt Cover Ratio ( < Covenant) | 2.06 | 2.60 |
| Inventory Ratio ( > Covenant) | 2.78 | 1.50 |

In December 2008, Banca Popolare dell'Emilia Romagna approved a new line of credit for Euro 1,000 thousand expiring on 30 June 2009 and the line of credit made available by Banca Intesa San Paolo was increased from Euro 1,500 thousand to Euro 2,000 thousand.

The line of credit for Euro 1,250 thousand from Fortis Bank that expired on 11 September 2008 was not renewed due to the situation relating to that bank.

Lastly, on 31 January 2008, Simest increased its loan by Euro 631 thousand (gross of the principal already repaid).

The lines of credit available, net of the related repayment schedules, are considered to be more than sufficient to sustain the Group's expansion plans for 2009.

### 2.23 Employee benefits

This caption solely relates to the post-employment benefits (TFR) recorded by the Parent is accordance with current legislation. The changes during 2008 in the defined benefit plans for employees are summarized below:

| Description | Balance as of 31/12/2007 | Provisions | Utilizations | Balance as of 31/12/2008 |
|---|---|---|---|---|
| Employee benefits | 300 | 15 | (41) | 274 |

The accumulated actuarial loss, not recognized as of 31 December 2008 in accordance with the "corridor approach" envisaged by IAS 19, amounts to Euro 35 thousand.

The changes during 2007 in the defined benefit plans for employees are summarized below:

| Description | Balance as of 01/01/2007 | Provisions | Utilizations | Balance as of 31/12/2007 |
|---|---|---|---|---|
| Employee benefits | 417 | 17 | (134) | 300 |

The accumulated actuarial loss, not recognized as of 31 December 2007 in accordance with the "corridor approach" envisaged by IAS 19, amounts to Euro 29 thousand.

The principal demographic and economic parameters considered when making the actuarial calculation of the liability for employee benefits as of 31 December 2008 and 31 December 2007 are described below:

| Actuarial assumptions used for the calculations | |
|---|---|
| Annual probability of death in service | Demographic Tables SIM and SIF 2000 |
| Annual probability of turnover other than by death in service | 10% |
| Discounting rate (euro Swap) | Curve of government rates at 31/12/2006, 31/12/2007 and 31/12/2008 |
| Maximum % of accrued TFR requested in advance | 70% |
| Probability of requests for advances | 3.3% |
| Annual increase in the cost of living | 2008: 2%; 2009: 2.60%; 2010: 2.40%; 2011: 2.20%; from 2012: 2% |

### 2.24 Deferred tax liabilities

Deferred tax liabilities as of 31 December 2008 and 31 December 2007 are analyzed, together with the related changes, in the following tables:

| Description | Balance as of 31/12/2007 | Increases | Utilizations | Balance as of 31/12/2008 |
|---|---|---|---|---|
| Deferred tax liabilities | 33 | 18 | (3) | 48 |
| **Total** | **33** | **18** | **(3)** | **48** |

| Description | Balance as of 01/01/2007 | Increases | Utilizations | Balance as of 31/12/2007 |
|---|---|---|---|---|
| Deferred tax liabilities | 8 | 25 | — | 33 |
| **Total** | **8** | **25** | **0** | **33** |

| Description of taxable item | Balance as of 31/12/2007 | 2007 rate | Taxation recorded in 2007 | Balance as of 31/12/2008 | 2008 rate | Taxation recorded in 2008 |
|---|---|---|---|---|---|---|
| Asset fair value of derivative instruments | 28 | 27.5% | 8 | 70 | 27.5% | 19 |
| Employee benefits | 55 | 27.5% | 15 | 76 | 27.5% | 21 |
| Unrealized exchange rate gains | — | 27.5% | — | 26 | 27.5% | 7 |
| Other taxable temporary differences | 32 | 31.4% | 10 | 2 | 31.4% | 1 |
| **Total** | **115** | | **33** | **174** | | **48** |

### 2.25 Provisions for risks and charges, current and non-current portions

The provisions for risks and charges reflect an estimate of known liabilities, the timing and extent of which cannot be determined. The provisions as of 31 December 2008 and the related movements during the year are summarized in the following table.

| Description | Balance as of 31/12/2007 | Increases | Utilizations | Balance as of 31/12/2008 |
|---|---|---|---|---|
| Provision for theft and losses | — | 56 | — | 56 |
| Provision for fines and taxation | — | 30 | — | 30 |
| Provision for fraud | 63 | 82 | (63) | 82 |
| **Total provisions for risks and charges — current portion** | **63** | **168** | **(63)** | **168** |
| Provision for disputes | 37 | — | — | 37 |
| Other provisions for risks and charges | 309 | — | — | 309 |
| **Total provisions for risks and charges — non-current portion** | **346** | **—** | **—** | **346** |
| **Total provisions for risks and charges** | **409** | **168** | **(63)** | **514** |

A provision for risks and charges of Euro 56 thousand was recorded in 2008 to cover estimated thefts and losses relating to the year. In addition, following an inspection of the Parent by the tax authorities in relation to the 2005 tax year, a provision of about Euro 30 thousand has been recorded to cover possible fines and tax charges.

The provision for fraud was utilized in full during 2008 and, accordingly, a further provision has been recorded to cover Internet purchases made fraudulently by credit card. This "Provision for fraud" was determined with reference to the historical incidence of fraud with respect to the amount of sales.

The provision for disputes, Euro 37 thousand, was recorded as of 31 December 2007, in relation to litigation that was nearing a settlement. There were no changes during the year.

The provisions as of 31 December 2007 and the related movements during the year are summarized in the following table.

| Description | Balance as of 01/01/2007 | Increases | Utilizations | Balance as of 31/12/2007 |
|---|---|---|---|---|
| Provision for theft and losses | — | — | — | — |
| Provision for fines and taxation | — | — | — | — |
| Provision for fraud | 55 | 63 | (55) | 63 |
| Provision for disputes — current | 43 | — | (43) | — |
| **Total provisions for risks and charges — current portion** | **98** | **63** | **(55)** | **63** |
| Provision for disputes — non-current | — | 37 | — | 37 |
| Other provisions for risks and charges | 309 | — | — | 309 |
| **Total provisions for risks and charges — non-current portion** | **309** | **37** | **—** | **346** |
| **Total provisions for risks and charges** | **407** | **100** | **(55)** | **409** |

The provision for fraud was utilized in full during 2007 and, accordingly, a further provision has been recorded to cover Internet purchases made fraudulently by credit card.

The provision for disputes recorded as of 1 January 2007 was utilized in full during the year, Euro 43 thousand, to cover litigation that terminated during 2007.

There was only one dispute remaining to be settled at 31 December 2007, and the provision of Euro 37 thousand reflects the estimated charge attributable to the year.

### 2.26 Trade payables

Trade payables as of 31 December 2008 and 31 December 2007 are analyzed in the following table:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Due to suppliers | 14,648 | 11,720 | 2,928 |
| Credit notes to be received from suppliers | (314) | (123) | (191) |
| Invoices to be received from suppliers | 2,940 | 1,913 | 1,027 |
| Due to credit card operators | 8 | 34 | (26) |
| **Total** | **17,282** | **13,544** | **3,738** |

Trade payables comprise amounts due to the Group's suppliers for the purchase of goods and services. Payables are recorded at their nominal value. All payables fall due within one year and, accordingly, no amounts need to be discounted. Trade payables comprise all amounts due to suppliers, both for the supply of finished products and raw materials, and for the supply of fixed assets.

The increase in the amounts due to suppliers essentially reflects the rise in the volume of business and, having regard for the business model adopted for the online store operated by yoox.com, the need to purchase in advance the goods put on sale.

The increase in invoices to be received mainly relates to the sale-or-return contracts. In particular, the invoices for sales made in the month are, by contract, issued subsequent to month end.

In addition to the cost of purchasing goods, the Parent also made use of various legal, administrative and IT consultancy services during 2008 that have not yet been invoiced as of 31 December 2008. This liability has therefore increased the amount of invoices to be received from suppliers.

### 2.27 Tax payables

Current tax payables solely relate to the current income tax liability of the Parent and its foreign subsidiaries.

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Current income taxes — IRES | — | — | — |
| Current income taxes — IRAP | 277 | 114 | 163 |
| Current income taxes — foreign companies | 488 | 312 | 176 |
| **Total** | **765** | **426** | **339** |

The Parent did not pay any IRES corporate income tax in 2008 and 2007, having used part of its accumulated tax losses which can be carried forward indefinitely.

### 2.28 Other payables

Other payables as of 31 December 2008 and 31 December 2007 are analyzed in the following table:

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 | Change |
|---|---|---|---|
| Due to social security institutions | 1,070 | 716 | 354 |
| Credit notes to be issued to customers | 2,025 | 1,799 | 226 |
| Remuneration payable to employees | 1,228 | 667 | 561 |
| Due to fiscal representatives | 1,900 | 1,197 | 703 |
| Other payables | 255 | 331 | (76) |
| Accrued expenses | 120 | 6 | 114 |
| Deferred income | 72 | 23 | 49 |
| **Total** | **6,670** | **4,739** | **1,931** |

The amounts due to social security institutions mainly comprise the contributions payable on the amounts recognized to employees at year end.

The credit notes to be issued to customers are classified as “Other payables” since they represent a known liability for sales returns made in 2008. The increase in 2008 is consistent with the rise in the volume of sales over the year.

The amounts due to fiscal representatives reflect the liability for indirect taxation; the sales made in European countries during 2008 and 2007 exceeded the threshold envisaged in art. 41.1.b) of Decree 331/93, which requires the payment of VAT in the destination country for the goods sold. In order to comply with this requirement, the Parent has opened tax positions in the countries concerned.

“Other payables” also include the credit notes issued to customers who it was not possible to reimburse at 31 December 2008 and 31 December 2007.

***Consolidated cash flow statement***

**2.29 Profit/(loss) for the year, Income tax charge for the year, Depreciation and amortization, Payment of income taxes**

The profit/(loss) for the year, the income tax charge for the year, depreciation and amortization, and other non-monetary income statement items are presented in notes 2.3, 2.4, 2.5, 2.10 and 2.11, to which reference is made.

In relation to the tax charge for 2008, Euro 1,167 thousand (Euro 239 thousand in 2007), the tax payments made of Euro 905 thousand (Euro 311 thousand in 2007) covered the balance due for the previous year and the advances for the current year. These amounts were determined with reference to the tax regulations in force in the various countries in which the Group operates.

**2.30 Other non-monetary (income) charges, net**

Other non-monetary income and charges, net, include the non-monetary income statement items other than income taxes, depreciation and amortization, and provisions that are classified as a direct deduction from asset captions (allowance for impairment and provisions for obsolescence). Accordingly, this caption comprises post-employment benefits (TFR), the measurement at fair value of the stock option plans, the provisions for risks and charges, capital gains and losses, unrealized exchange rate fluctuations, and interest income and expense. In relation to these last items, the interest collected and interest paid is stated separately.

**2.31 Change in trade receivables, inventories and trade payables**

This caption reflects the use or generation of cash in relation to net working capital, i.e. the changes in trade receivables, inventories and trade payables. The change in trade payables relates solely to the supply of raw materials, goods and services, and excludes the change in amounts due to the suppliers of assets, which is classified in the section of the cash flow statement relating to the cash from (used) by investing activities.

**2.32 Change in other current assets and liabilities**

This caption reflects the change in all other current assets and liabilities, net of the effects on them of recognizing non-monetary income and expenses, i.e. the change in the balances with a direct effect on the use or the generation of cash.

**2.33 Investment in property, plant and equipment and proceeds from the sale of property, plant and equipment**

The cash flow deriving from investment in property, plant and equipment reflects both the replacement of assets and investment in new assets. The amount reported also includes the change in investment payables.

**2.34 Investment in other intangible assets**

The cash flow deriving from investment in intangible assets reflects the purchase of licences and software, as well as the capitalization of development costs which are analyzed in note 2.13. These

capitalizations are classified among the cash flows from (used in) investing activities since they involve a cash outflow associated with the internal costs incurred (mainly personnel expenses). Such cash outflows were essentially the same as the costs capitalized during the year.

#### 2.35 Investment in other non-current financial assets

The cash flow deriving from investments in other non-current financial assets reflects payments made on the signature of rental contracts and contracts for the supply of electricity and gas to the Parent, as well as changes in the retentions made to guarantee the amount of repayments due for returns made against sales. The increase in this caption with respect to the prior year was mainly due to the guarantee deposits given to the acquirers that collect the payments made for Internet sales, and for the rental of the Parent's new offices in Paris and Madrid, as described in note 2.15.

#### 2.36 Payments for future share capital increases

The collection of Euro 106 thousand in 2007 relates to the payment made by a former director, and recognition of the related payable, on the exercise of his stock options. The Extraordinary Meeting that authorized the share capital increase and the related elimination of the amount payable to this former director was held in 2008, as described in notes 2.20 and 2.21.

#### 2.37 Arrangement and repayment of non-current financial payables

The repayments of other non-current financial payables relate to bank loans and amounts due to other providers of finance, as described in note 2.22.

#### 2.38 Arrangement and repayment of short-term financial payables

The change in short-term bank borrowings is included in the change in short-term financial payables since these represent forms of short-term borrowing, as described in note 2.22.

### Information about financial risks

In August 2005, the IASB issued IFRS 7 — *"Financial Instruments: Disclosures"* and a complementary amendment to IAS 1 — *"Presentation of Financial Statements: Disclosures about capital."* IFRS 7 requires disclosures to be made about the importance of financial instruments in relation to the performance and financial position of a business.

These disclosures incorporate some of the requirements previously included in IAS 32 — *"Financial Instruments: Disclosure and Presentation."* The new standard also requires information to be provided about the exposure to risk deriving from the use of financial instruments, and a description of the objectives, policies and procedures put in place by management in order to manage such risks. The amendment to IAS 1 introduced disclosure requirements about the capital of a business. IFRS 7 and the amendment to IAS 1 took effect from 1 January 2007.

As required by IFRS 7, the following analysis covers the nature and extent of the Group's exposure to the risks deriving from financial instruments, as well as the methodologies adopted for managing them.

The principal risks are reported to and discussed at Group Management level, in order to establish the conditions for hedging and insuring against them, and for evaluating the residual risk.

#### Market risk

Market risk originates from the probability of a change in the fair value of the cash flows deriving from a financial instrument, as a consequence of changes in market prices.

In the consolidated financial statements as of and for the years ended 31 December 2008 and 31 December 2007, market risk takes the form of currency risk and interest-rate risk:

#### Financial risk deriving from currency fluctuations

The Euro is the functional currency and the currency used for the presentation of the Group's financial information.

The YOOX Group operates internationally and sells goods in countries whose currency is not the Euro, thus exposing the Group to both transaction and translation currency risk. Group policy is to concentrate all currency risks within the Parent. Since the YOOX Group is essentially an exporter, the principal risk exposure consists in the depreciation of a foreign currency against the Euro. The Group is principally exposed towards the US dollar, the Japanese yen and the British pound. Despite considerable volatility in the financial markets during 2008, the careful risk management policies adopted contributed positively to the performance of the year.

During 2008, currency transaction risks were hedged by forward contracts and plain vanilla options arranged with the leading domestic and international banks used by YOOX on a daily basis. As with those arranged during 2008, outstanding contracts at year end only relate to the hedging of receivables denominated in US dollars, amounting to the equivalent of Euro 2,504 thousand at 31 December 2008, and in Japanese yen, amounting to the equivalent of Euro 476 thousand. It was not considered necessary to hedge the exposure towards the British pound, since the amount is not significant. No speculative derivative contracts were arranged during 2008.

Certain Group companies are resident in countries that are not part of the European Monetary Union including, in particular, the United States and Japan. Since, as mentioned above, the Group's functional currency is the Euro, the income statements of these companies are translated to Euro using the average exchange rates for the year. Holding net revenues and profits constant in their local currencies, changes in the exchange rates concerned may have an effect on the Euro amount of their net revenues, costs and financial results.

The Euro value of the assets and liabilities of consolidated companies whose functional currency is not the Euro may vary depending on exchange rate movements. As envisaged by the accounting policies adopted, the effects of such changes are recognized directly in equity, as part of the *"Translation reserve."*

The currency risk has been measured via a sensitivity analysis and the potential effects of exchange rate fluctuations on the consolidated financial statements as of and for the years ended 31 December 2008 and 31 December 2007 have been analyzed, especially with reference to:

- foreign currency receivables and payables;
- financial assets held to hedge currency risk (whether or not subject to hedge accounting rules);
- bank deposits.

The following tables summarize:

a) the exposure to currency risk at 31 December 2008 and 31 December 2007

| | 31.12.2008 | | | |
|---|---|---|---|---|
| **Description** | **USD** | **YEN** | **GBP** | **OTHER CURRENCIES** |
| Trade receivables | 4,079 | 695 | 327 | — |
| Trade payables | (12) | — | (364) | (3) |
| Cash and cash equivalents | 1,847 | 561 | 213 | — |
| **Gross exposure in the balance sheet** | **5,914** | **1,256** | **176** | **(3)** |
| Hedging derivatives | (2,504) | (476) | — | — |
| **Net exposure** | **3,410** | **780** | **176** | **(3)** |

| | 31.12.2007 | | | |
|---|---|---|---|---|
| **Description** | **USD** | **YEN** | **GBP** | **OTHER CURRENCIES** |
| Trade receivables | 1,572 | 519 | 85 | |
| Trade payables | (9) | — | (251) | — |
| Cash and cash equivalents | 1,822 | 1,479 | 48 | — |
| **Gross exposure in the balance sheet** | **3,385** | **1,998** | **(119)** | **—** |
| Hedging derivatives | (1,500) | — | — | — |
| **Net exposure** | **1,885** | **1,998** | **(119)** | **—** |

b) the sensitivity analysis at 31 December 2008 and 31 December 2007, assuming a change in exchange rates over the two years of +10% and -10%

| Analysis/measurement date | 31.12.2008 | | | |
|---|---|---|---|---|
| **Order** | **Currency** | **ECB exchange rate** | **10%** | **(10.0)%** |
| 1st | **USD** | 1.3917 | 1.5309 | 1.2525 |
| 2nd | **JPY** | 126.14 | 138.75 | 113.53 |
| 3rd | **GBP** | 0.9525 | 1.0478 | 0.8573 |
| **1st currency** | **10%** | **(10.0)%** | | |
| Trade receivables | (370.79) | 453.19 | | |
| Trade payables | 1.08 | (1.32) | | |
| Cash and cash equivalents | (167.94) | 205.26 | | |
| | **(537.65)** | **657.13** | | |
| **2nd currency** | **10%** | **(10.0)%** | | |
| Trade receivables | (63.14) | 77.17 | | |
| Trade payables | — | — | | |
| Cash and cash equivalents | (51.03) | 62.37 | | |
| | **(114.07)** | **139.44** | | |
| **3rd currency** | **10%** | **(10.0)%** | | |
| Trade receivables | (29.73) | 36.33 | | |
| Trade payables | 33.07 | (40.42) | | |
| Cash and cash equivalents | (19.33) | 23.62 | | |
| | **(15.99)** | **19.54** | | |
| **TOTAL EFFECT** | **10%** | **(10.0)%** | | |
| | **(667.71)** | **816.11** | | |

| Analysis/measurement date | 31.12.2007 | | | |
|---|---|---|---|---|
| **Order** | **Currency** | **ECB exchange rate** | **10%** | **-10%** |
| 1st | **USD** | 1.4721 | 1.6193 | 1.3249 |
| 2nd | **JPY** | 164.93 | 181.42 | 148.44 |
| 3rd | **GBP** | 0.7334 | 0.8067 | 0.6600 |
| **1st currency** | **10%** | **(10.0)%** | | |
| Trade receivables | (142.93) | 174.70 | | |
| Trade payables | 0.84 | (1.03) | | |
| Cash and cash equivalents | (165.61) | 202.41 | | |
| | **(307.70)** | **376.08** | | |
| **2nd currency** | **10%** | **(10.0)%** | | |
| Trade receivables | (47.17) | 57.66 | | |
| Trade payables | — | — | | |
| Cash and cash equivalents | (134.49) | 164.38 | | |
| | **(181.67)** | **222.04** | | |
| **3rd currency** | **10%** | **(10.0)%** | | |
| Trade receivables | (7.71) | 9.42 | | |
| Trade payables | 22.84 | (27.91) | | |
| Cash and cash equivalents | (4.35) | 5.31 | | |
| | **10.78** | **(13.17)** | | |
| **TOTAL EFFECT** | **10%** | **(10.0)%** | | |
| | **(478.59)** | **584.94** | | |

c) the effects of the sensitivity analysis on the income statement and the balance sheet

| Appreciation of the Euro by 10% | | | Depreciation of the Euro by 10% | | |
|---|---|---|---|---|---|
| **31 December 2008** | **Equity** | **Profit or loss** | **31 December 2008** | **Equity** | **Profit or loss** |
| **Gross exposure in the balance sheet** | — | (668) | **Gross exposure in the balance sheet** | — | 816 |
| USD | — | (538) | USD | — | 657 |
| YEN | — | (114) | YEN | — | 139 |
| GBP | — | (16) | GBP | — | 20 |
| **Hedging derivatives** | **113** | **127** | **Hedging derivatives** | **(10)** | **(302)** |
| USD | 112 | 91 | | (10) | (251) |
| YEN | 1 | 36 | | — | (50) |
| **Total** | **113** | **(541)** | **Total** | **(10)** | **514** |

| Appreciation of the Euro by 10% | | | Depreciation of the Euro by 10% | | |
|---|---|---|---|---|---|
| **31 December 2007** | **Equity** | **Profit or loss** | **31 December 2007** | **Equity** | **Profit or loss** |
| **Gross exposure in the balance sheet** | — | (479) | **Gross exposure in the balance sheet** | — | 585 |
| USD | — | (308) | USD | — | 376 |
| YEN | — | (182) | YEN | — | 222 |
| GBP | — | 11 | GBP | — | (13) |
| **Hedging derivatives** | **93** | **(1)** | **Hedging derivatives** | **(16)** | **(98)** |
| **Total** | **93** | **(480)** | **Total** | **(16)** | **487** |

The significant change in the impact on equity is due to the fact that:

1) if the Euro appreciates, the Group exercises the put options arranged as part of the derivatives hedging currency risk, and therefore earns a profit from that transaction; however, since not all currency sales are hedged, the unhedged element loses value and generates a loss for the Group.

2) if the Euro depreciates, the financial counterpart (bank) will undoubtedly exercise the call options arranged as part of the derivatives hedging currency risk, resulting in a loss for YOOX; on the other hand, the amount of the hedged sales will increase in value, resulting in a gain for the Group.

***Financial risk deriving from interest-rate fluctuations***

Interest-rate risk arises when a change in interest rates adversely affects the profit/(loss) for the year. The YOOX Group is exposed to an increase in interest rates since it has a net borrowing position and loans linked to Euribor (Euro Interbank Offered Rate). The YOOX Group has decided not to manage interest-rate risk by recourse to derivative contracts, despite monitoring interest-rate trends on a constant basis, since the current economic situation resulted in a drastic reduction in interest rates during the second half of the year. In particular, 3-month Euribor dropped from 4.665% at the start of the year to 2.928% at 31 December 2008. Loan interest expense amounted to Euro 981 thousand in 2008, up with respect to 2007 due to an increase in borrowing to sustain the growth of the business. The average cost of the Group's loans from the banking system is essentially Euribor plus a spread of about 1.50%.

The interest-rate risks have been measured via a sensitivity analysis and the potential effects of fluctuations in the Euribor rate on the consolidated financial statements as of and for the years ended 31 December 2008 and 31 December 2007 have been analyzed, especially with reference to cash and outstanding loans. Holding all other variables constant, an increase in Euribor by 100 basis points would have increased the Group's 2008 borrowing costs by about Euro 180 thousand (about Euro 85 thousand in 2007).

It is reasonable to assume that a decrease of 100 basis points would have had an equal but opposite effect on the borrowing costs incurred in 2008 and 2007.

A sensitivity analysis was also performed in relation to the balance sheet captions that might be affected by a change in value as a consequence of interest-rate fluctuations.

In particular, the analysis considered loans but ignored bank deposits since they are insignificant in relation to the overall net financial position (all the balances are positive as of 31 December 2008, while overdrafts totaled Euro 847 thousand at the end of 2007).

| | Profit or Loss | |
|---|---|---|
| **Amounts in Euro** | **Increase by 100 bps** | **Decrease by 100 bps** |
| **31 December 2008** | | |
| Cash outflow during the year | — | — |
| Floating-rate loans | 180,397 | (180,397) |
| Cash flow from derivatives | | |
| **Sensitivity of net financial position** | **180,397** | **(180,397)** |
| **31 December 2007** | | |
| Cash outflow during the year | 85,000 | (85,000) |
| Floating-rate loans | 85,000 | (85,000) |
| Cash flow from derivatives | — | — |
| **Sensitivity of net financial position** | **85,000** | **(85,000)** |

There is no effect on equity since no derivative contracts have been arranged to hedge interest-rate changes.

Note that the quantitative information presented as part of the sensitivity analyses (of both currency and interest-rate risk) has no value for forecasting purposes, being unable to reflect the complexity of the correlated market reactions to each change in scenario.

**Liquidity risk**

The Group's objective is to maintain an adequate level of liquidity and availability of the funds needed to sustain the growth of the business and meet its obligations on a timely basis. Given the dynamic nature of the business, the Group prefers to guarantee the flexibility of funding via recourse to lines of credit that are partly committed, so that the lender is unable to call for repayment prior to a pre-determined date, and partly revolving, so that the Group is able to repay individual drawdowns and therefore reconstruct the available facility. The lines of credit available total Euro 28,175 thousand, of which Euro 22,695 thousand is committed and Euro 5,480 thousand is repayable on demand. Although 2008 featured a lack of liquidity within the banking system, the YOOX Group increased its ability to make recourse to third-party financing by Euro 13,054 thousand. Committed lines of credit were increased by Euro 12,054 thousand, while those repayable on demand were increased by Euro 1,000 thousand.

**Credit risk with financial counterparts**

The YOOX Group has obtained lines of credit from leading Italian and international banks. The crisis affecting the international banking system did not adversely affect these established relationships, except in relation to business with Fortis Bank, which was reduced during the second half of 2008.

The balances on the current accounts held in the name of YOOX S.p.A. with banks not resident in Italy are insignificant.

The Group's foreign companies maintain commercial relations with leading banks in the countries where they operate; in particular, YOOX Japan works with Mitsubishi Bank in Japan; while the two US companies, YOOX Corporation and Y Services, principally work with JP Morgan Chase Manhattan Bank.

**Credit risk with commercial counterparts**

Given the nature of the Group's business, management of the credit risk deriving from commercial activities is entrusted to the customer care function for the online receivables generated by each store, and to the finance function for all other receivables.

The credit risk associated with doubtful accounts, for which recovery has been placed in legal hands, and with other overdue balances, is monitored centrally on a daily basis with reference to monthly reports.

**Credit risk: quantitative information**

The Group's maximum theoretical exposure to credit risk is represented by the carrying amount of the financial assets reported in the balance sheet.

Considering just trade receivables, the Group's exposure to its ten largest customers as of 31 December 2008 represents 11% (10% as of 31 December 2007) of total gross performing receivables.

As required by para. 36 of IFRS 7, the ageing of gross receivables is presented below:

| | Gross amount 2008 | Impairment loss 2008 | Gross amount 2007 | Impairment loss 2007 |
|---|---|---|---|---|
| not yet due | 1,761 | (174) | 386 | (16) |
| 0-30 days | 2,244 | (118) | 1,385 | (82) |
| 31-90 days | 25 | 1 | 116 | 0 |
| beyond 90 days | 320 | (149) | 195 | (105) |
| **Total** | **4,351** | **(440)** | **2,081** | **(202)** |

***Hedge Accounting***

The Group performs prospective and retrospective tests of the effectiveness of the derivative financial instruments recorded using hedge accounting rules.

Effectiveness is assured if the ratio of the change in the fair value of the hedging instrument to the change in the fair value of the hedged instrument falls in the range between 80% and 125%.

The Group arranged cash flow hedges in 2008 and 2007; these hedges are used to cover the risk of changes in the cash flows attributable to forecast transactions that are highly likely to take place.

The cash flow hedges arranged in 2008 and 2007 were partially ineffective, resulting in the recognition of income amounting to Euro 62 thousand in 2008 and costs totaling Euro 8 thousand in 2007.

***Fair Value***

The Group uses established appraisal techniques, widely adopted in market practice, to determine the fair value of financial instruments when there is no regulated market for them. These techniques determine the amount that the instruments would have had at the reference date in an arms'-length transaction between knowledgeable and independent parties.

**Financial assets and liabilities measured at amortized cost**

The following are measured at amortized cost: trade receivables and payables, time deposits, loans, and other assets and liabilities measured at amortized cost (e.g. other receivables and payables).

Pursuant to IFRS 7, the fair value of these items is re-measured by calculating the present value of the contractually-expected flows of interest and principal, with reference to the yield curve for government securities at the measurement date.

The carrying amount of trade receivables and payables represents a reasonable approximation of their fair value.

**Financial assets and liabilities measured at fair value**

Hedging financial instruments are measured at fair value, as are those held for trading (those not designated as hedges).

### Categories of financial assets and liabilities

The following tables present the carrying amounts of the financial assets and liabilities reported in the balance sheet, classified in the categories envisaged by IAS 39 and compared with the corresponding fair values:

| Balance sheet captions as of 31/12/2008 | Loans and receivables | Financial assets at fair value through profit or loss: Financial assets designated at fair value on initial recognition | Financial assets at fair value through profit or loss: Financial assets held for trading | Financial assets available for sale | Held to maturity investments | Hedging financial assets | Total carrying amount | Total fair value |
|---|---|---|---|---|---|---|---|---|
| Other non-current financial assets | 1,235 | — | — | — | — | — | 1,235 | 1,235 |
| Trade receivables | 3,911 | — | — | — | — | | 3,911 | 3,911 |
| Other current financial assets | 2,315 | — | — | — | — | 70 | 2,385 | 2,385 |
| Cash and cash equivalents | 8,962 | — | — | — | — | — | 8,962 | 8,962 |
| **TOTAL** | **16,423** | **—** | **—** | **—** | **—** | **70** | **16,493** | **16,563** |

| Balance sheet captions as of 31/12/2007 | Loans and receivables | Financial assets at fair value through profit or loss: Financial assets designated at fair value on initial recognition | Financial assets at fair value through profit or loss: Financial assets held for trading | Financial assets available for sale | Held to maturity investments | Hedging financial assets | Total carrying amount | Total fair value |
|---|---|---|---|---|---|---|---|---|
| Other non-current financial assets | 576 | — | — | — | — | — | 576 | 576 |
| Trade receivables | 1,878 | — | — | — | — | | 1,878 | 1,878 |
| Other current financial assets | 2,111 | — | 4 | — | — | 24 | 2,139 | 2,139 |
| Cash and cash equivalents | 5,185 | — | — | — | — | — | 5,185 | 5,185 |
| **TOTAL** | **9,750** | **—** | **4** | **—** | **—** | **—** | **9,754** | **9,758** |

### Transactions outstanding at year end

The transactions outstanding at 31 December 2008 and 31 December 2007 are shown in the following table together with the related fair values.

| Financial instrument | Nature of hedged risk | Fair value of derivatives at 31.12.08 | Fair value of derivatives at 31.12.07 | Change in fair value of derivatives at 31.12.08 with respect to 31.12.07 | Non-current financial assets | Current financial assets | Classification at 31 December 2008: Non-current financial payables | Classification at 31 December 2008: Other financial payables | Classification at 31 December 2008: Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cash flow hedges** | | | | | | | | | |
| Put options on foreign currency | Currency | 70 | 24 | 46 | | 70 | | | 70 |
| Call options on foreign currency | Currency | (116) | 4 | (120) | | | | (116) | (116) |

## Information pursuant to IAS 24 on the remuneration of management and on related parties

### Remuneration of senior executives and other key persons within the Group

In addition to the executive and non-executive directors, the senior executives and other key persons with strategic responsibilities for the management, planning and control of the Group comprise the Director of Administration, Finance and Control, the Director of Human Resources, the Director of Human Resources (*ad interim*), the Sales Director, the Marketing Director, the Director of Operations, the Technology Manager, the Director of Interactive Services, the Multi-Brand Sales Manager, and the Customer Service Manager.

The gross annual remuneration of the above persons, inclusive of all forms of remuneration (gross pay, bonuses, fringe benefits etc.) and bonuses accrued but not paid that depend on the achievement of long-term objectives, are presented in the following table together with the fees of the Board of Statutory Auditors.

*31 December 2008*

| Description | Current benefits | Long-term benefits | Stock options | Other remuneration |
|---|---|---|---|---|
| Directors | 530 | — | 358 | — |
| Statutory Auditors | 38 | — | — | 18 |
| Executives with strategic responsibilities | 1,621 | 98 | 643 | — |
| **Total** | **2,189** | **98** | **1,001** | **18** |

*31 December 2007*

| Description | Current benefits | Long-term benefits | Stock options | Other remuneration |
|---|---|---|---|---|
| Directors | 424 | — | 461 | — |
| Statutory Auditors | 35 | — | — | 5 |
| Executives with strategic responsibilities | 1,014 | 67 | 508 | — |
| **Total** | **1,473** | **—** | **969** | **5** |

**List of related parties**

The following table lists the companies (other than subsidiaries) considered to be related parties, as defined in IAS 24, with which commercial transactions have taken place. The commercial transactions with these entities were all carried out on normal market terms and in the interests of the Group.

*31 December 2008*

| Description | Trade receivables | Trade payables | Revenue | Costs |
|---|---|---|---|---|
| Sigma Gi S.p.A. | — | 615 | — | 2,888 |
| D'Urso Gatti e Associati Studio legale (law firm) | — | 75 | — | 215 |
| Hari K. Samaroo, P.C. | — | — | — | 2 |
| KK TPI | | 10 | | 31 |
| Nagamine Accounting Office | — | — | — | 4 |
| **Total other related parties** | **—** | **700** | **—** | **3,140** |

*31 December 2007*

| Description | Trade receivables | Trade payables | Revenue | Costs |
|---|---|---|---|---|
| Sigma Gi S.p.A. | — | 622 | 347 | 3,050 |
| D'Urso Gatti e Associati Studio legale (law firm) | — | 199 | — | 380 |
| Hari K. Samaroo, P.C. | — | 1 | — | 1 |
| Nagamine Accounting Office | — | 7 | — | 20 |
| **Total other related parties** | **—** | **829** | **347** | **3,451** |

The above entities are deemed to be parties related to the Issuer for the following reasons:

- Sigma Gi S.p.A. (formerly Sigma Gi Export Import S.r.l.), since the majority shareholders of that company are indirect shareholders of YOOX, having also appointed one of the directors. Furthermore, Sigma Gi has signed contracts with the Issuer for the supply of goods;
- D'Urso Gatti e Associati Studio legale, since a partner in that law firm, which provides the Issuer with legal and corporate consultancy on an ongoing basis, is a director of the Issuer and a beneficiary of the stock option plans;
- Nagamine Accounting Office and KK TPI, since the owner of both firms, which provide the Issuer with administrative and fiscal consultancy on an ongoing basis, is a member of the board of directors of a Group company (YOOX Japan);
- Hari K. Samaroo P.C, since the owner of that firm is the legal representative/President of Y Services.

None of the transactions that took place with related parties during 2008 and 2007 were significant (except as mentioned above), atypical and/or unusual.

## Other information

### Commitments and guarantees

| Description | Balance as of 31/12/2008 | Balance as of 31/12/2007 |
|---|---|---|
| Third-party assets held by the Company | 24,874 | 9,204 |
| Guarantees given to others | 2,130 | 1,521 |
| Commitments under forward hedging contracts | **2,980** | **1,019** |

At 31 December 2008, the logistics centers operated by Group companies hold goods on a sale-or-return basis, totaling Euro 24,874 thousand, received from commercial partners and strategic partners. The increase with respect to the prior year reflects the opening of new online stores during 2008, as well as the expansion of sale-or-return procurement during the year by the Multi-Brand line of business.

Sureties, all given by the Parent, relate to the following contracts:

- contract arranged by the Parent, effective from 30 June 2002, for the rental of a residential property for use by visitors at Galleria Cavour 8, Bologna. This security, for an amount of Euro 4,650, expires on 14 June 2010;
- contract for fiscal representation in Spain by Claramonte Fortuno Asesores c/Mayor San Jaime 12 Villarreal (Castellon), with a guarantee amounting to Euro 200,000 for VAT compliance that expires on 30 June 2009;
- contract arranged by the Parent, effective from 1 October 2008 for a period of six years, for the rental of office premises at Via Autari 27, Milan. This security, for an amount of Euro 60,000, expires on 30 September 2014;
- contract arranged by the Parent, effective from 22 December 2003 and expiring on 31 December 2009, for the supply of integrated logistics services by ND Logistics Italia S.p.A.. The related securityamounts to Euro 100,000;
- contract arranged with ND Logistics Italia S.p.A. for the supply of integrated logistics services amounting to Euro 500,000, effective from 14 March 2007 for a period of five years seven months, expiring on 14 October 2012;
- contract arranged with Diesel to guarantee payments by Y Services amounting to USD 350,000, equal to Euro 251,491, commencing from 2 November 2007 and expiring on 31 December 2008;
- contract arranged with ND Logistics Italia S.p.A. to guarantee the proper performance of obligations under the sub-rental contract, amounting to Euro 46,875, commencing from 10 October 2007 for a period of six years, expiring on 9 June 2013;
- contract arranged by the Parent with Despina S.p.A. to guarantee the proper performance of obligations under the contract, commencing from 1 April 2007 for a period of six years, for the rental of office premises at Via Nannetti 1, Zola Predosa. This security, for an amount of Euro 47,500, expires on 31 March 2013;
- contract arranged with SIMEST to guarantee the loan amounting to Euro 152,619.47, commencing from 28 September 2006 and expiring on 16 March 2014;
- contract arranged with SIMEST to guarantee the loan amounting to Euro 679,264.12, commencing from 17 January 2008 and expiring on 16 March 2014;
- contract arranged by the Parent with New Winds Group to guarantee the proper performance of obligations under the contract, commencing from 1 August 2008, for the rental of office premises in Madrid. This security, for an amount of Euro 18,839.04, expires on 1 September 2009;
- contract arranged by the Parent with MM. Kerr and MM. Naret to guarantee the proper performance of obligations under the contract, commencing from 1 August 2008, for the rental of office premises in Paris. This security, for an amount of Euro 50,000, expires on 31 July 2011;

- contract arranged by the Parent with Oslavia, effective from 1 July 2008 for a period of six years, for the rental of office premises in Via Lombardini, Milan. This security, for an amount of Euro 19,200, expires on 31 July 2014.

The hedging contracts relate to forward sales and options arranged by the Parent to hedge the currency risk associated with the intercompany sales made in US dollars and Japanese yen. The total amount of the commitments, translated to Euro using the spot rates at the balance sheet date, is Euro 2,980 thousand.

## Significant subsequent events

### Significant events subsequent to 31 December 2008

*New organizational structure*

The YOOX Group adopted a new organizational structure on 1 February 2009. This involved significant work in the Technology Area, in particular, with a view to better sustaining and managing the further growth of the business.

*Internal audit*

An internal audit function was established from January 2009 as part of preparations for the listing. The YOOX Group's system of internal controls is designed to measure, manage and monitor the principal business risks so that activities are carried out in a proper manner, consistent with the established objectives.

*moschino.com — Mono-Brand line of business*

An online store was launched for the Moschino brand (Aeffe Group) on 16 February 2009, with collections for men and women targeting the European and American markets.

*bally.com — Mono-Brand line of business*

An online store was launched for the Bally brand (LABELUX Group) on 17 February 2009, with collections for men and women targeting the European and American markets.

### Significant events subsequent to 31 December 2007

*National labour contract*

Commencing from 1 January 2008, YOOX has adopted the national labour contract (CCNL) for the employees of businesses that work in the commerce and service sectors.

*The Corner*

The first Multi-Brand, online department store selling current season menswear for the European and US markets was launched on 21 February 2008; this virtual store has separate areas dedicated to the collections presented by appropriately selected Italian and international brands (www.thecorner.com). The assortments will be extended to include womenswear during 2008.

*CP Company*

An online store was launched on 28 February 2008 for the CP Company brand (www.cpcompany.com), owned by the Sportswear Company Group, with collections for men and women targeting the European, American and Japanese markets.

*Change in share capital*

On 28 February 2008, the Parent issued 2,300 shares to the holders of option rights that were exercised on 17 July 2007. As a consequence, the Parent's issued and fully-paid share capital has increased by Euro 1,196, from Euro 400,326.68 to Euro 401,522.68.

*Stone Island*

An online store was launched on 7 March 2008 for the Stone Island brand (www.stoneisland.com), owned by the Sportswear Company Group, with collections for men and women targeting the European, American and Japanese markets. This raises the number of Mono-Brand stores managed to five.

## Attachment 1 — Transition to IFRS

### Introduction

Commencing from 2005, Regulation (EC) No. 1606/2002 (Reg. 1606/02) issued by the European Parliament and Council on 19 July 2002 (the "EC Regulation") requires all companies listed on a regulated market to prepare consolidated financial statements in accordance with the International Accounting Standards/ International Financial Reporting Standards (hereinafter, respectively, "IAS," "IFRS") issued by the International Accounting Standards Board and endorsed by the European Commission.

In Italy, this topic is governed by Legislative Decree no. 38 dated 28 February 2005 (Legislative Decree no. 38/05, published in Italian Official Gazette no. 66 on 21 March 2005), which allows companies not covered by the EC Regulation to prepare separate and consolidated financial statements under IFRS from the year ended 31 December 2005.

Accordingly, as allowed by art. 94 of Legislative Decree no. 58/2008 and Regulation (EC) no. 809/2004, the YOOX Group has decided to prepare consolidated financial statements as of for the years ended 31 December 2008 and 31 December 2007 under IFRS, solely for the purpose of inclusion in the prospectus required for the listing of the shares of YOOX S.p.A. on the Italian Stock Exchange.

The consolidated financial statements of the YOOX Group as of and for the year ended 31 December 2008 are the first complete set of consolidated financial statements to be prepared under IFRS. The IFRS transition date was 1 January 2007.

As required by IFRS 1 and by the Issuers' Regulations, the following schedules reconcile the amounts previously reported under Italian accounting standards (Italian GAAP) with those restated under IFRS. They are presented together with the related notes on the adjustments made.

In particular, the following reconciliation schedules required by IFRS 1 are presented together with the related notes:

1) Reconciliation of consolidated equity at the following dates:
   - IFRS transition date (1 January 2007);
   - balance sheet date for the last accounting period for which financial statements were prepared in accordance with Italian GAAP (31 December 2008).
2) Reconciliation of the consolidated profit/(loss) at the following dates:
   - balance sheet date for the last accounting period for which financial statements were prepared in accordance with Italian GAAP (31 December 2008).

These schedules were prepared solely for the transition project leading to the preparation of the first complete set of consolidated financial statements of YOOX S.p.A. as of and for the year ended 31 December 2008 under the IFRS endorsed by the European Commission. Accordingly, they do not contain the corresponding figures and necessary notes that would be required for a complete presentation of the consolidated financial position and results of operations of YOOX S.p.A. under IFRS.

They were also prepared in accordance with the International Financial Reporting Standards in force on the date of first-time adoption, including the IFRS recently adopted by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

The attached schedules are accompanied by a number of paragraphs describing the decisions made with regard to the principal elective exemptions envisaged in IFRS 1, the classification of captions in the balance sheet and income statement formats adopted pursuant to IAS 1, in comparison with the balance sheet and income statement captions envisaged in arts. 2424 and 2425 of the Italian Civil Code, and the principal reconciling items arising between Italian GAAP and IFRS.

## Accounting policies

The accounting policies adopted for the transition to IFRS are consistent with those applied for the preparation of the first complete set of consolidated financial statements of the YOOX Group as of and for the year ended 31 December 2008. Reference is therefore made to section 3 "Statement of compliance with IFRS and basis of preparation of the consolidated financial statements" and to section 4 "Accounting policies" of the notes to the above-mentioned IFRS consolidated financial statements as of and for the year ended 31 December 2008. See also the following section for information about the decisions made with regard to the principal elective exemptions envisaged in IFRS 1 on the first-time adoption of IFRS.

### Decisions made with regard to the principal elective exemptions envisaged in IFRS 1

IFRS 1 requires the retrospective restatement of the first financial statements prepared under IFRS ("the opening balance sheet must be presented as if it has always been prepared in accordance with the standards and interpretations in force in the year of first-time adoption").

Aside from the exemptions described later, the opening balance sheet prepared by the YOOX Group:

- recognizes all the assets and liabilities that must be recorded pursuant to IFRS;
- does not recognize any assets or liabilities that are not allowed by IFRS;
- is classified in accordance with the requirements of IFRS;
- applies IFRS for the measurement of all the assets and liabilities recognized.

On first-time adoption, the YOOX Group made a number of choices regarding the elective exemptions available when preparing the opening balance sheet (1 January 2007) required by IFRS 1.

In particular, the principal elective exemptions related to:

*Actuarial measurement of employee benefits*

IFRS allow recognition in the income statement of the actuarial gains and losses deriving from the measurement of defined benefit plans using the "corridor" approach (i.e. when the cumulative gains or losses exceed 10% of the fair value of the defined benefit obligation and or the fair value of any plan assets, whichever is the greater). In addition to this option, on first-time adoption it is also possible to attribute all the actuarial gains and losses to the liability for employee benefits. The YOOX Group has adopted this approach, recognizing the liability for employee benefits with reference to the actuarial valuation at the transition date, and only applying the corridor approach referred to above from 1 January 2007. Accordingly, all the actuarial gains and losses have been recognized, with a matching entry in equity at the transition date.

*Translation reserve*

As an exception to IAS 21, on the transition to IFRS it is possible to reclassify the cumulative translation reserve at the transition date as part of the other distributable reserves. The YOOX Group has made this election and, accordingly, the translation reserve has been reclassified to the other reserves at the transition date.

Accordingly, the capital gains and losses deriving from the future sale of foreign operations included within the scope of consolidation will only include the translation differences arising subsequent to 1 January 2007.

*Stock options*

On the transition to IFRS, it is possible to apply IFRS 2 to the stock options granted prior to 7 November 2002. It is also possible to apply IFRS 2 to the stock options granted subsequent to 7 November 2002 that vested before the IFRS transition date or before 1 January 2005, whichever is later, on condition that the fair value of such stock options is communicated to the market. YOOX has not made this election and, accordingly, has applied IFRS 2 to the granted stock options.

*Recognition of tangible and intangible fixed assets*

On the transition to IFRS, the historical cost of tangible and intangible fixed assets may be replaced by their fair value at 1 January 2007 (fair value as deemed cost), or by their revalued amount if, at the revaluation date, this was representative of their fair value or amortized cost. The YOOX Group has recognized these assets at their historical cost.

**Effects of the transition to IFRS on the consolidated balance sheet as of 1 January 2007**

The following schedule shows the changes made to the consolidated balance sheet as of 1 January 2007 due to the adoption of IFRS.

## RECONCILIATION ITALIAN GAAP — IFRS as of 1 January 2007

| | Italian GAAP | Translation reserve Reclassi-fications | Leasehold improvements Reclassi-fications | Tax payables Reclassi-fications | Tax receivables Reclassi-fications | Provisions for risks and litigation Reclassi-fications | Other provisions Adjust-ments | Start-up and expansion costs Adjust-ments | Stock options Adjust-ments | Derivatives Adjust-ments | Employee severance indemnities Adjust-ments | IAS/ IFRS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 01/01/ 2007 | 01/01/ 2007 | 01/01/ 2007 | 01/01/ 2007 | 01/01/ 2007 | 01/01/ 2007 | 01/01/ 2007 | 01/01/ 2007 | 01/01/ 2007 | 01/01/ 2007 | 01/01/ 2007 | 01/01/ 2007 |
| **Amounts in Euro/000** | €/000 | €/000 | €/000 | €/000 | €/000 | €/000 | | €/000 | €/000 | €/000 | €/000 | €/000 |
| ***Non-current assets*** | | | | | | | | | | | | |
| Property, plant and equipment | 1,872 | | 326 | | | | | | | | | **2,198** |
| Intangible assets with finite useful life | 1,122 | | (326) | | | | | (4) | | | | **792** |
| Investments in subsidiaries | — | | | | | | | | | | | **—** |
| Deferred tax assets | 882 | | | | | | | 2 | | 6 | | **890** |
| Other non-current financial assets | 576 | | | | | | | | | | | **576** |
| ***Total non-current assets*** | 4,452 | — | — | — | — | — | — | (2) | — | 6 | — | **4,456** |
| ***Current assets*** | | | | | | | | | | | | |
| Inventories | 18,956 | | | | | | | | | | | **18,956** |
| Trade receivables | 1,067 | | | | | | | | | | | **1,067** |
| Tax receivables | 772 | | | | (772) | | | | | | | **—** |
| Other receivables, current and financial assets | 1,154 | | | | 772 | | | | | 18 | | **1,944** |
| Cash and cash equivalents | 1,821 | | | | | | | | | — | | **1,821** |
| ***Total current assets*** | 23,770 | — | — | — | — | — | — | — | — | 18 | — | **23,788** |
| ***Total assets*** | 28,222 | — | — | — | — | — | — | (2) | — | 24 | — | **28,244** |
| ***Shareholders' equity*** | | | | | | | | | | | | **400** |
| Share capital | 400 | | | | | | | | | | | |
| Share premium | 22,561 | | | | | | | | | | | **22,561** |
| Legal reserve | 23 | | | | | | | | | | | **23** |
| Translation reserve | (257) | 257 | | | | | | | | | | **—** |
| Other reserves | — | | | | | | | | 244 | 12 | | **256** |
| Retained earnings (losses) | (10,309) | (257) | | | | | (309) | (2) | (244) | -12 | 32 | **(11,101)** |
| Net results for the year | | | | | | | | | | | | **—** |
| *Group shareholders' equity* | 12,418 | — | — | — | — | — | (309) | (2) | — | — | 32 | **12,139** |
| Minority interests | — | | | | | | | | | | | **—** |
| ***Total shareholders' equity*** | 12,418 | — | — | — | — | — | (309) | (2) | — | — | 32 | **12,139** |
| ***Non-current liabilities*** | | | | | | | | | | | | |
| Long-term financial payables | 141 | | | | | | | | | | | **141** |
| Employee benefits | 465 | | | | | | | | | | (48) | **417** |
| Provisions for risks and charges — non-current portion | 98 | | | | | (98) | 309 | | | | | **309** |
| Deferred tax liabilities | — | | | | | | | | | 6 | 16 | **22** |
| ***Total non-current liabilities*** | 704 | — | — | — | — | (98) | 309 | — | — | 6 | (32) | **889** |
| ***Banks and other financial payables*** | 3,039 | | | | | | | | | | | **3,039** |
| Provisions for risks and charges — current portion | — | | | | | 98 | | | | | | **98** |
| Trade payables | 8,923 | | | | | | | | | | | **8,923** |
| Tax payables | 1,031 | | | (950) | | | | | | | | **81** |
| Other payables | 2,107 | | | 950 | | | | | | 18 | | **3,075** |
| ***Total current liabilities*** | 15,100 | — | — | — | — | 98 | — | — | — | 18 | — | **15,216** |
| ***Total liabilities and shareholders' equity*** | 28,222 | — | — | — | — | — | — | (2) | — | 24 | — | **28,244** |

## Effects of the transition to IFRS on the consolidated balance sheet as of 31 December 2008 and the consolidated income statement for 2008

The following schedule shows the changes made to the consolidated balance sheet as of 31 December 2008 and to the consolidated income statement for 2008 due to the adoption of IFRS.

## RECONCILIATION ITALIAN GAAP — IFRS 31.12.2008

| Amounts in Euro/000 | Italian GAAP 31/12/2008 | Re-opening 31/12/2007 | Leasehold improvements Reclassifications 31/12/2008 | Tax receivables Reclassifications 31/12/2008 | Tax payables Reclassifications 31/12/2008 | Provisions for litigation and fraud Reclassifications 31/12/2008 | Other reclassifications Reclassifications 31/12/2008 | Stock options Adjustments 31/12/2008 | Post-employment benefits Adjustments 31/12/2008 | Derivatives Adjustments 31/12/2008 | Loans Adjustments 31/12/2008 | IFRS 31/12/2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Non-current assets*** | | | | | | | | | | | | |
| Property, plant and equipment | 2,698 | | 783 | | | | | | | | | 3,481 |
| Intangible assets with finite useful life | 3,357 | | (783) | | | | | | | | (293) | 2,281 |
| Deferred tax assets | 1,381 | 2 | | | | | | | | 18 | 5 | 1,406 |
| Other non-current financial assets | 1,235 | | | | | | | | | — | | 1,235 |
| ***Total non-current assets*** | 8,670 | 2 | — | — | — | — | — | — | — | 18 | (288) | 8,402 |
| ***Current assets*** | | | | | | | | | | | | |
| Inventories | 38,652 | — | | | | | | | | | | 38,652 |
| Trade receivables | 3,911 | — | | | | | | | | | | 3,911 |
| Tax receivables | 2,497 | — | | (2,497) | | | | | | | | — |
| Other current assets | 2,324 | 28 | | 2,497 | | | | | | 33 | | 4,882 |
| Cash and cash equivalents | 8,962 | — | | | | | | | | — | | 8,962 |
| ***Total current assets*** | 56,346 | 28 | — | — | — | — | — | — | — | 33 | — | 56,407 |
| ***Total assets*** | 65,016 | 30 | — | — | — | — | — | — | — | 51 | (288) | 64,809 |
| ***Equity*** | | | | | | | | | | | | |
| Share capital | 401 | — | | | | | | | | | | 401 |
| Share premium | 22,666 | — | | | | | | | | | | 22,666 |
| Legale reserve | 119 | — | | | | | (96) | | | | | 23 |
| Translation reserve | (208) | 257 | | | | | | | | | | 49 |
| Other reserves | — | 1,288 | | | | | | 1,302 | | 1 | | 2,591 |
| Retained earnings (losses carried forward) | (10,016) | (1,776) | | | | | 96 | | | | | (11.696) |
| Profit/(loss) for the year | 3,740 | — | | | | | | (1,302) | (6) | (19) | (12) | 2,401 |
| *Equity attributable to the owners of the Parent* | 16,702 | (231) | — | — | — | — | — | — | (6) | (18) | (12) | (16,435) |
| Non-controlling interests | — | | | | | | | | | | | — |
| ***Total equity*** | 16,702 | (231) | — | — | — | — | — | — | (6) | (18) | (12) | (16,435) |
| ***Non-current liabilities*** | | | | | | | | | | | | |
| Medium/long-term financial payables | 18,916 | — | | | | | | | | | (181) | 18,735 |
| Employee benefits | 346 | (81) | | | | | | | 9 | | | 274 |
| Provisions for risks and charges — current portion | 205 | 309 | | | | (168) | | | | | | 346 |
| Deferred tax liabilites | 7 | 33 | | | | | | | (3) | 11 | | 48 |
| ***Total non-current liabilities*** | 19,474 | 261 | — | — | — | (168) | — | — | 6 | 11 | (181) | 19,403 |
| Banks and other financial payables | 4,181 | — | | | | | | | | | (95) | 4,806 |
| Provisions for risks and charges — current portion | — | — | | | | 168 | | | | | | 168 |
| Trade payables | 17,282 | — | | | | | | | | | | 17,282 |
| Tax payables | 3,095 | — | | | (2,330) | | | | | | | 765 |
| Other payables | 4,282 | — | | | 2,330 | | | | | 58 | | 6,670 |
| ***Total current liabilities*** | 28,840 | — | — | — | — | 168 | — | — | — | 58 | (95) | 28,971 |
| ***Total liabilities and equity*** | 65,016 | 30 | — | — | — | — | — | — | — | 51 | (288) | 64,809 |

## RECONCILIATION ITALIAN GAAP — IFRS 31.12.2008

| Amounts in Euro/000 | Italian GAAP 31/12/2008 | Loans 31/12/2008 | Stock Options 31/12/2008 | Post-employment benefits 31/12/2008 | Derivatives 31/12/2008 | IFRS 31/12/2008 |
|---|---|---|---|---|---|---|
| ***Net revenues from sales*** | 101,459 | — | — | — | (9) | 101,450 |
| Cost of goods sold | (61,588) | — | | — | — | (61,588) |
| Fulfillment's cost | (11,860) | — | (132) | — | — | (11,992) |
| Selling expenses | (10,392) | — | (348) | — | — | (10,740) |
| General expenses | (10,507) | 32 | (822) | 8 | — | (11,289) |
| Other income and charges | (882) | — | — | — | — | (882) |
| Non-recurring charges | (170) | — | — | — | — | (170) |
| ***Operating profit*** | 6,060 | 32 | (1,302) | 8 | (9) | 4,789 |
| Financial income | 750 | — | — | — | 3 | 753 |
| Financial charges | (1,888) | (49) | — | (16) | (21) | (1,974) |
| | | | | | — | |
| ***Profit before taxation*** | 4,922 | (17) | (1,302) | (8) | (27) | 3,568 |
| Taxation | (1,182) | 5 | | 2 | 8 | (1,167) |
| ***Profit for the year*** | 3,740 | (12) | (1,302) | (6) | (19) | 2,402 |

**Summary of the effects of the transition to IFRS on consolidated equity as of 1 January 2007 and on consolidated equity as of 31 December 2008 and the profit for the year then ended**

The following schedule and related notes summarize the effects on consolidated equity as of 1 January 2007, and on consolidated equity as of 31 December 2008 and the profit for the year then ended, of adopting IFRS.

| | Notes | Equity 01/01/2007 €/000 | Equity 31/12/2008 €/000 | Profit for the year 2008 €/000 |
|---|---|---|---|---|
| ***Balances as per consolidated financial statements under italian GAAP*** | | 12,418 | 16,702 | 3,740 |
| Recognition of liability for employee benefits | *a)* | 48 | 72 | (8) |
| Valuation of stock options | *b)* | — | — | (1,302) |
| Recognition and measurement of derivative instruments and related underlyings | *c)* | — | 3 | (25) |
| Recognition of amortized cost of loans | *d)* | — | (17) | (17) |
| Other provision for contingencies likely to crystallize | *e)* | (309) | (309) | — |
| Other minor items | *f)* | (4) | — | — |
| Tax effect of adjustments | *g)* | (14) | (16) | 14 |
| *Total IFRS adjustment and reclassifications* | | (279) | (267) | (1,338) |
| ***Balances as per consolidated financial statements under IFRS*** | | **12,139** | **16,435** | **2,402** |

*Description of the principal reconciling items between Italian GAAP and IFRS.*

The following notes describe the principal adjustments made to the consolidated financial statements of the YOOX Group, prepared under Italian GAAP, on the transition to IFRS. The letter associated with each paragraph corresponds to the same letter in the reconcilation schedule presented above.

*a) IAS 19 — Employee benefits*

These comprise the post-employment benefits that were recorded in accordance with the related Italian legislation. On the adoption of IFRS, post-employment benefits are deemed to be a defined benefit obligation that must be recognized in accordance with IAS 19. Accordingly, the liability must be recalculated using the “projected unit credit method,” which involves estimating the amount that will be payable to employees upon termination for whatever reason (this timing must also be estimated) and discounting it back to its present value. This estimate was made by an independent actuary. At

31 December 2008, post-employment benefits were reduced by Euro 72 thousand (Euro 48 thousand at 1 January 2007) and equity was increased by Euro 50 thousand, net of the related tax effect (Euro 32 thousand at 1 January 2007). Personnel expenses reported in the income statement for 2008 were Euro 8 thousand lower, while financial charges were Euro 16 thousand higher in relation to the indexation of the liability. The loss for 2008 was therefore Euro 6 thousand, after deducting the related positive tax effect of Euro 2 thousand.

*b) IFRS 2 — Share-based payment*

Under Italian GAAP, no costs are charged to the income statement in relation to remuneration paid in the form of shares.

Pursuant to IFRS 2, the total fair value of the stock options at the grant date must be recognized as a cost. The remuneration corresponding to the fair value of the options, determined as above, is charged to personnel expenses between the grant date and the vesting date, with a matching entry directly in equity.

At 1 January 2007, the fair value of the stock options, Euro 244 thousand, was reclassified from retained earnings to the reserve for stock options (included in the Other reserves). The income statement for the year ended 31 December 2008 includes additional personnel expenses and directors' fees totaling Euro 1,302 thousand. No deferred taxation has been calculated, since this represents a permanent difference.

*c) IAS 39 — Derivative financial instruments*

Italian GAAP requires the measurement of derivative instruments to be consistent with the measurement of the hedged assets and liabilities, with the recognition of the related income and expense on an accruals basis. The procedure for hedging currency risk adopted by the YOOX Group therefore involves the recognition of derivatives in accordance with Italian Accounting Standard 26. Applying IAS 39, these transactions must meet predetermined requirements within the context of a defined hedging strategy in order to be considered hedges, with the resulting application of hedge accounting rules; despite being arranged with the intention of managing the exposure to risk (since Group policy does not allow speculative transactions), any other transactions fall into the "trading" category and are recognized as such.

*Financial instruments designated as hedging instruments*

Under Italian GAAP, instruments are measured on a basis consistent with the hedged underlyings, and the related income and expense is recognized in the income statement on an accruals basis. Under the IFRS applicable to cash flow hedges, in each reporting period the gain or loss deriving from a hedge that is considered to be effective must be recognized directly in equity, and added to the recorded amount of the hedged item until the forecast transaction takes place; the gain or loss on any ineffective portion of the hedge must be reflected directly in the income statement. As a result, comparison between Italian GAAP and IFRS identifies a difference in equity with regard to the effective portion of these hedging instruments.

*Financial instruments not designated as hedging instruments*

Under Italian GAAP, these instruments are measured using the criteria applying to the corresponding balance sheet assets and liabilities. Accordingly, except in the case of exchange rate transactions, any negative differential with respect to the contract value is charged to the income statement on a prudent basis, while positive differentials are only recognized when they are realized. Under IAS 39, the positive differential must also be recognized. With regard to exchange rate transactions, on the other hand, the treatment of short-term transactions under Italian GAAP is consistent with IAS 39.

The opening equity as of 1 January 2007 has not been adjusted overall in relation to the recognition of derivative financial instruments, since the decrease in retained earnings by Euro 12 thousand, due to the recognition of trading instruments, was offset by an increase in the hedging reserve by the same amount, due to the recognition of hedging instruments.

Equity as of 31 December 2008 has decreased by Euro 3 thousand, net of the related tax effect; the income statement for the year ended 31 December 2008 has been adjusted by financial charges of Euro 21 thousand, financial income of Euro 3 thousand and a reduction in net revenues from sales of Euro 9 thousand. The related tax effect was Euro 8 thousand.

*d) Recognition of financial liabilities at amortized cost*

Financial liabilities are initially recognized at their fair value, net of related charges; subsequent to initial recognition, they are measured at amortized cost using the effective interest method. The difference between amortized cost and the amount to be repaid is recognized in the income statement over the life of the liability, with reference to the interest accrued.

The effect of this approach on a non-current loan arranged in 2008 was to recognize additional financial charges of Euro 49 thousand, eliminate amortization charges of Euro 32 thousand and recognize the positive tax effect of Euro 5 thousand.

*e) Other provisions for contingencies likely to crystallize*

This caption includes the provisions for risks at the transition date, that were both known and likely to crystallize, since these must be recognized under IAS 37.

*f) Minor items*

This caption comprises the minor effects generated by the transition to IFRS, mainly deriving from the adoption of IAS 38 which has resulted in the derecognition of certain types of intangible assets that were recognized under Italian GAAP. The effect of the consequent adjustments on consolidated equity and profit for the year was marginal.

*g) IAS 12 — Recognition of deferred taxation*

This caption comprises the tax effect of all the adjustments described above, where applicable. The recognition of these tax effects resulted in a reduction in equity by Euro 14 thousand as of 1 January 2007, and by Euro 16 thousand as of 31 December 2008. The positive effect on the income statement for 2008 was Euro 154 thousand.

**Classification of captions in the balance sheet and income statement formats adopted pursuant to IAS 1 and in those envisaged in arts. 2424 and 2425 of the Italian Civil Code**

The schedules presented earlier reconcile the balance sheet and the income statement in accordance with the requirements of IFRS 1. The formats adopted by the YOOX Group are consistent with the requirements of IAS 1 and differ from those envisaged in arts. 2424 and 2425 of the Italian Civil Code. For the sake of clarity and simplicity, the balance sheet and income statement prepared under Italian GAAP have been classified in the formats adopted for the purpose of reporting under IFRS. In order to understand how the balances prepared under Italian GAAP have been classified in the IFRS formats, the following notes reconcile the balance sheet and income statement captions envisaged in arts. 2424 and 2425 of the Italian Civil Code with the captions presented in the IFRS formats.

*Balance sheet*

Tangible fixed assets (B II) have been allocated to Property, plant and equipment.

Intangible fixed assets (B I) have been allocated to Intangible assets with finite useful life. The leasehold improvements made to the office premises in Zola Predosa, Milan and Bologna-Interporto have been reclassified to the Property caption. The amounts involved as of 1 January 2007 and 31 December 2008 were, respectively, Euro 326 thousand and Euro 783 thousand.

The investments in subsidiaries included in Financial fixed assets (B III a) have been included in the Investments in subsidiaries caption.

Amounts due from others included in Financial fixed assets (B III 2) have been classified in the Other non-current financial assets caption.

Inventories (C I) correspond to the Inventories caption.

Trade receivables contain both Amounts due from customers (C II 1) and Amounts due from subsidiaries (C II 2).

Deferred tax assets (C II 4-ter) correspond to the Deferred tax assets caption.

Tax receivables comprise solely the Advances to tax authorities included in the Tax receivables caption (C II 4 bis).

Other current assets comprise the sum of Amounts due from others (C II 5), other Tax receivables (C II 4 bis) and Prepayments and accrued income (D). VAT and withholding tax credits have also been reclassified to this caption. The amounts involved as of 1 January 2007 and 31 December 2008 were, respectively, Euro 772 thousand and Euro 2,497 thousand.

Liquid funds (C IV) are included in the Cash and cash equivalents caption.

Non-current financial payables include the Amounts due to banks after one year (D 4).

Employee benefits include the Employees' leaving entitlement (C).

The Provisions for risks and charges — current portion include the Other provisions (B 3). This caption includes the current portion reclassified from the Provisions for risks and charges — non-current, amounting to Euro 98 thousand as of 1 January 2007 and Euro 205 thousand as of 31 December 2008.

Trade payables include the Trade payables (D 7) and the Amounts due to subsidiaries (D 9).

Tax payables comprise solely the current taxes due to the tax authorities included in the Tax payables caption (D 12).

Other payables comprise the sum of Other payables (D 14), Amounts due from social security institutions (D 13), Accrued expenses and deferred income (E) and the portion of Tax payables (D 12) not classified in the Tax payables caption. The tax payables reclassified to this caption amounted to Euro 950 thousand as of 1 January 2007 and Euro 2,330 thousand as of 31 December 2008.

Share capital (A I) corresponds to the Share capital caption.

The Share premium (A II) is contained in the Share premium caption. Retained earnings (losses carried forward) (A VIII) are contained in the Retained earnings (losses carried forward) caption. The Legal reserve (A IV) and the Other reserves (A VII) are included in the Other reserves caption. The net profit/loss attributable to the owners of the parent (A IX) is included in the Profit/(loss) attributable to owners of the Parent caption.

*Income statement*

The IFRS income statement is classified by function, rather than by nature as envisaged in art. 2425 of the Italian Civil Code. Classification by function has involved the allocation of income and expense to income statement captions with reference to the cost center structure adopted by the Group, i.e. based on the operating logic used to define its responsibility centers. In particular, the changes in inventories (of raw materials, consumables and supplies — B 11) have been classified within the cost of goods sold, and other net revenues and income of an operational nature have been allocated to net revenues or, otherwise, in the case of offset, deducted from the charges made to the cost centers concerned. This approach is envisaged by IAS 1 in order to reflect the substance of transactions. Similarly, all the costs included in caption B (production cost) have been allocated to the cost of goods sold, fulfillment's cost, selling and marketing expenses, and general and administrative expenses, depending on the cost centers originating them. Financial income and expense have been allocated to the equivalent captions in the IFRS income statement, and non-recurring income and expense have been reclassified to the various cost or net revenues captions, depending on the cost centers originating them.

# CONSOLIDATED FINANCIAL STATEMENTS
# AS OF AND FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006, PREPARED IN ACCORDANCE WITH ITALIAN GAAP

**KPMG S.p.A.**
**Revisione e organizzazione contabile**
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# Report of the auditors in accordance with article 2409-ter of the Italian Civil Code

To the shareholders of
YOOX S.p.A.

1 We have audited the consolidated financial statements of the YOOX Group as at and for the year ended 31 December 2007. These financial statements are the responsibility of the parent company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards generally accepted in Italy. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 13 April 2007 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes as required by law.

3 In our opinion, the consolidated financial statements of YOOX Group as at and for the year ended 31 December 2007 comply with the Italian regulations governing their preparation. Therefore, they are clearly stated and give a true and fair view of the financial position and results of the group.

Bologna, 1 April 2008

KPMG S.p.A.

Gianluca Geminiani
Director of Audit

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Padova Palermo Parma Perugia
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Trieste UdineVarese Verona

Società per azioni
Capitale sociale
Euro 7.470.300,00 i.v
Registro Imprese Miiano e
Codice Fiscale N. 00709600159
R.E.A Miiano N. 512867
Part. IVA 00709600159
Sede legale:ViaVittorPisani, 25
20124 Milano MI

# BALANCE SHEET

| (in thousands of Euro)<br>Italian GAAP | Notes (*) | 2007 | 2006 |
|---|---|---|---|
| **ASSETS** | | | |
| (B) Fixed assets | | | |
| I — Intangible fixed assets | | | |
| 1) Start-up and capital costs | | — | 4 |
| 2) Research and development costs | | 175 | — |
| 3) Industrial patents and intellectual property rights | | 175 | 214 |
| 4) Concensions, licences, trademarks and similar rights | | 77 | 87 |
| 6) Assets under development and payments on account | | 712 | — |
| 7) Other | | 432 | 817 |
| **Total intangible fixed assets** | | **1,571** | **1,122** |
| II — Tangible fixed assets | | | |
| 1) Land and buildings | | | |
| 2) Plant and machinery | | 831 | 289 |
| 3) Industrial and commercial equipment | | 655 | 661 |
| 4) Other assets | | 1,101 | 922 |
| 5) Assets under construction and payments on account | | — | — |
| **Total tangible fixed assets** | | **2,587** | **1,872** |
| III — Financial fixed assets | | | |
| 1) Investments in | | | |
| a) subsidiaries | | — | — |
| d) other companies | | — | — |
| Total investments | | | |
| 2) Receivables | | | |
| d) due from others | | | |
| — due after one year | | 576 | 576 |
| Total receivables | | | |
| **Total financial fixed assets** | | **576** | **576** |
| **Total fixed assets** | | **4,734** | **3,570** |
| (C) Current assets | | | |
| I — Inventories | | | |
| 1) Raw materials, consumables and supplies | | 27 | 190 |
| 4) Finished goods | | 28,081 | 18,766 |
| 5) Payments on account | | | |
| **Total inventories** | | **28,108** | **18,956** |
| II — Receivables | | | |
| 1) trade receivables | | 1,878 | 1,067 |
| 2) due from subsidiaries | | — | — |
| 4) due from parent companies | | — | — |
| 4-bis) tax receivables | | 1,595 | 772 |
| 4-ter) deferred tax assets | | 1,314 | 882 |
| 5) due from others | | 1,592 | 863 |
| **Total receivables** | | **6,379** | **3,584** |
| III — Current financial assets | | | |
| IV — Liquid funds | | | |
| 1) Bank and postal accounts | | 5,174 | 1,817 |
| 3) Cash and cash equivalents | | 11 | 4 |
| **Total liquid funds** | | **5,185** | **1,821** |
| **Total current assets** | | **39,672** | **24,361** |
| **(D) Accrued income and prepaid expenses** | | **519** | **290** |
| **TOTAL ASSETS** | | **44,925** | **28,221** |

| (in thousands of Euro)<br>Italian GAAP | Notes (*) | 2007 | 2006 |
|---|---|---|---|
| **LIABILITIES AND EQUITY** | | | |
| **(A) Equity** | | | — |
| I — Share capital | | 400 | 400 |
| II — Share premium | | 22,561 | 22,561 |
| III — Revaluation reserve | | — | — |
| IV — Legal reserve | | 119 | — |
| V — Statutory reserves | | — | — |
| VI — Reserve for treasury shares | | — | — |
| VII — Other reserves | | — | — |
| 1) Reserve, Legislative decree 124/93 — Law 335/95 | | — | — |
| 2) Reserve for grants, Law 46/82 | | — | — |
| 3) Reserve for grants, Law 526/82 | | — | — |
| 4) Reserve for grants, Law 130/83 | | — | — |
| 5) Reserve for grants, Law 1089/68 | | — | — |
| 6) Extraordinary reserve | | — | — |
| 7) Reserve for negative goodwill | | — | — |
| 8) Euro translation reserve | | — | — |
| Total other reserves | | — | — |
| VII — Cumulative translation adjustment | | (279) | (257) |
| VIII — Retained earnings (losses carried forward) | | (10,404) | (10,243) |
| IX — Net profit/(loss) for the year | | 350 | (43) |
| **Total equity** | | **12,747** | **12,418** |
| **(B) Provisions for risks and charges** | | **—** | |
| 2) Taxation | | — | |
| 3) Other | | 101 | 98 |
| **Total provisions for risks and charges** | | **101** | **98** |
| **(C) Employees' leaving entitlement** | | **366** | **465** |
| **(D) Payables** | | **—** | |
| 4) due to banks | | — | |
| a) due within one year | | 12,847 | 3,039 |
| b) due after one year | | 141 | 141 |
| Total due to banks | | — | — |
| 5) due to other providers of finance | | — | — |
| a) due within one year | | — | — |
| b) due after one year | | — | — |
| Total due to other providers of finance | | — | — |
| 6) payments on account | | — | — |
| 7) trade payables | | 13,544 | 8,923 |
| 9) accounts payable to subsidiaries | | — | — |
| 11) accounts payable to parent companies | | — | — |
| 12) tax payables | | 1,876 | 1,032 |
| 13) social security charges payable | | 478 | 267 |
| 14) Other payables | | 2,810 | 1,703 |
| **Total payables** | | **31,696** | **15,105** |
| **(E) Accrued expenses and deferred income** | | **15** | **135** |
| **TOTAL LIABILITIES AND EQUITY** | | **44,925** | **28,221** |

## Memorandum Accounts

| (in thousands of Euro)<br>Italian GAAP | 2007 | 2006 |
|---|---|---|
| Third-party assets held by the Group | 9,204 | 5,900 |
| Group assets held by third parties | 5,316 | 2,216 |
| Sureties given to others | 1,521 | 317 |
| Commitments under forward hedging contracts | 1,019 | 307 |
| **Total memorandum accounts** | **17,060** | **8,740** |

# INCOME STATEMENT

| (in thousands of Euro)<br>Italian GAAP | Notes (*) | 2007 | 2006 |
|---|---|---|---|
| **INCOME STATEMENT** | | | |
| **(A) Production net revenues** | | | |
| 1) Revenue from sales and services | | 68,654 | 49,237 |
| 4) Internal work capitalised | | 975 | 255 |
| 5) Other revenue and income — other | | 445 | 477 |
| Total other revenue and income | | | |
| **Total production net revenues** | | **70,074** | **49,969** |
| **(B) Production cost** | | | |
| 6) Raw materials, consumables, supplies and goods | | 46,492 | 31,676 |
| 7) Services | | 22,246 | 15,327 |
| 8) Use of third party assets | | 733 | 707 |
| 9) Personnel expenses: | | | |
| a) wages and salaries | | 4,615 | 3,770 |
| b) social security charges | | 1,371 | 1,001 |
| c) employees' leaving entitlement | | 298 | 240 |
| e) other costs | | 7 | 4 |
| Total personnel expenses | | 6,291 | 5,015 |
| 10) Depreciation, amortisation and write-downs | | | |
| a) amortisation of intangible fixed assets | | 631 | 625 |
| b) depreciation of tangible fixed assets | | 604 | 502 |
| d) write-down of current receivables and liquid funds | | 34 | 123 |
| Total depreciation, amortisation and write-downs | | 1,269 | 1,250 |
| 11) Changes in raw materials, consumables, supplies and goods | | (9,659) | (4,796) |
| 12) Provisions for risks and charges | | 30 | 43 |
| 13) Other provisions | | 71 | 56 |
| 14) Other operating expenses | | 1,094 | 655 |
| **Total production cost** | | **68,567** | **49,933** |
| **Operating profit** | | **1,507** | **36** |
| **(C) Financial income and expense** | | | |
| 16) Other financial income d) Income other than the above — other | | 38 | 16 |
| 17) Interest and other financial expense — other | | (522) | (104) |
| 17-bis) Exchange rate gains (losses) | | (392) | (262) |
| **Total financial income and expense** | | **(876)** | **(350)** |
| **(D) Adjustments to financial assets** | | | |
| 18) write-backs | | — | — |
| 19) write-downs | | — | — |
| a) investments | | — | — |
| Total write-downs | | — | — |
| **Total adjustments to financial assets** | | | |
| **(E) Extraordinary income and expense** | | | |
| 20) Income | | — | — |
| 21) Expense | | (62) | — |
| **Total extraordinary items** | | **(62)** | **—** |
| **Profit/(loss) before taxation** | | **569** | **(314)** |
| 22) Income taxes for the year — current | | (651) | (255) |
| 22) Income taxes for the year — deferred | | 432 | 526 |
| **23) Net profit/(loss) for the year** | | **350** | **(43)** |

# STATEMENT OF CASH FLOWS

| (in thousands of Euro)<br>Italian GAAP | 2007 | 2006 |
|---|---|---|
| Net profit/(loss) for the year | 350 | (43) |
| Adjustments for: | | |
| Depreciation, amortisation and impairment losses | 1,235 | 1,127 |
| Net change in employees' leaving entitlement | (99) | 139 |
| Change in deferred tax assets | (432) | (527) |
| Change in other provisions for risks and charges | 2 | 61 |
| Change in inventories | (9,153) | (4,643) |
| Change in trade receivables | (812) | 308 |
| Change in trade payables | 4,620 | 1,481 |
| Change in other current assets and liabilities | 263 | (491) |
| Cash flow used in ordinary operations | (4,026) | (2,588) |
| Payment of income taxes | | |
| Interest and other financial charges paid | | |
| Interest and other financial income collected | | |
| **Cash flow used in operating activities** | **(4,026)** | **(2,588)** |
| Investing activities | | |
| Increase in tangible fixed assets | (1,425) | (454) |
| Increase in intangible fixed assets | (1,079) | (971) |
| Increase in financial fixed assets | | (167) |
| Decrease in tangible fixed assets | 106 | 99 |
| **Cash flow used in investing activities** | **(2,398)** | **(1,493)** |
| Financing activities | | |
| Increase (decrease) in short-term financial payables | 9,808 | 3,039 |
| Increase (decrease) in non-current financial payables | | 140 |
| **Cash flow form financing activities** | **9,808** | **3,179** |
| **TOTAL CASH FLOW FROM/(USED IN) THE YEAR** | **3,384** | **(902)** |
| Cash and cash equivalents, start of year | 1,821 | 2,717 |
| Translation difference — subsidiaries | 20 | (6) |
| Cash and cash equivalents, end of year | 5,185 | 1,821 |
| **TOTAL CASH FLOW FOR THE YEAR** | **3,384** | **(902)** |

# STATEMENT OF CHANGES IN EQUITY

| DESCRIPTION | SHARE CAPITAL | LEGAL RESERVE | SHARE PREMIUM | RETAINED EARNINGS (LOSSES CARRIED FORWARD) | NET PROFIT/(LOSS) FOR THE YEAR | TRANSLATION RESERVE | TOTAL |
|---|---|---|---|---|---|---|---|
| **at start of prior year** | **400** | | **22,561** | **(10,243)** | | **(257)** | **12,461** |
| Allocation of prior-year net profit/(loss) | | | | | | | |
| — dividends | | | | | | | |
| — other allocations | | | | | | | |
| Other changes | | | | | | | |
| — increase in the current year | | | | | | | |
| — prior-year net profit/(loss) | | | | | (43) | | |
| **at end of prior year** | **400** | | **22,561** | **(10,243)** | **(43)** | **(257)** | **12,418** |
| Allocation of prior-year net profit/(loss) | | | | | | | |
| — dividends | | | | | | | |
| — other allocations | | | | | | | |
| Other changes | | | | | | | |
| — increase in the current year | | | | (43) | 43 | (21) | (21) |
| — net profit/(loss) for the year | | | | | 350 | | 350 |
| **at end of current year** | **400** | | **22,561** | **(10,286)** | **350** | **(278)** | **12,747** |

# EXPLANATORY NOTES

**Form and content of consolidated financial statements**

The YOOX Group has prepared consolidated financial statements since 2002. The consolidated financial statements have been prepared in accordance with the requirements of the Italian Civil Code, as interpreted and supplemented by the Accounting Standards issued by the Italian Accounting Profession, as modified and adopted by the Italian Accounting Standard Setter (O.I.C.) and by the documents issued by the O.I.C.

The consolidated financial statements comprise the balance sheet, the income statement and these notes. In addition, a cash flow statement has been prepared in order to improve the information presented. The consolidated financial statements have been audited pursuant to art. 2409 bis et seq. of the Italian Civil Code.

The main consolidation principles adopted are described below:

- the carrying amount of consolidated investments is eliminated against the Group's interest in their equity, while their reported assets and liabilities, including any non-controlling interest in equity, are combined on a line-by-line basis;
- since the subsidiaries were all formed by the Parent, it follows that this process of elimination does not identify any goodwill to be reported in the balance sheet;
- the share capital and reserves of investees at the time of subscription for or acquisition of their shares by the Parent are eliminated against the carrying amount of the related equity investments, while the nature of the reserves formed subsequently is maintained;
- significant transactions between consolidated companies, as reflected in their receivables, payables, costs and net revenues, are eliminated on consolidation. If significant, any unrealized profits deriving from transactions between Group companies are also eliminated;
- where applicable, the non-controlling interests in the equity and net profit/(loss) of consolidated subsidiaries are classified separately in the financial statements;
- the financial statements of companies not resident in the Euro-zone are translated to Euro using the year-end rates of exchange, while their income statements are translated using the average rates for the year. The exchange rate differences deriving from changes in the closing rates of exchange with respect to the opening rates, or to those applying at the time of subscribing for share capital, and those deriving from the translation of income statements using the average rates for the year rather than the closing rates, are credited or debited to the "Cumulative translation adjustment" classified within equity.

The exchange rates used at 31 December 2007 to translate income statement and balance sheet items denominated in foreign currencies are summarized in the following table:

| | Exchange rate at 31/12/2007 | Average exchange rate for 2007 |
|---|---|---|
| Euro/USD | 1.4721 | 1.3707 |
| Euro/YEN | 164.93 | 161.24 |
| Euro/GBP | 0.7334 | 0.6821 |

The scope of consolidation has changed with respect to the prior year due to the inclusion of Y Services, a wholly-owned subsidiary, and comprises the following subsidiaries:

- YOOX Corporation formed in 2002 to manage sales activity in America;
- YOOX Japan formed in 2004 to manage sales activity in Japan;
- X-Style formed in 2004 as a wholly-owned subsidiary of YOOX Corporation to manage sales in other channels; this company ceased operations on 31 December 2007;
- Y Services formed in 2007, as a wholly-owned subsidiary of the Parent, to manage the sales in the United States of the online stores for the following brands: Emporio Armani and Diesel.

At 31 December 2007, the scope of consolidation therefore comprises the Parent and its subsidiaries:

| Company | Registered Offices | Share Capital as of 31/12/2007 | Percentage held at 31/12/2007 % |
|---|---|---|---|
| YOOX S.p.A. | Via Nannetti 1 – 40069 Zola Predosa – Bologna, Italy | 401 | — |
| YOOX Corporation | 15 East North Street Dover, Delaware 19901, United States of America | 248 | 100% |
| Y Services | 1220 Market St., Ste 806, Wilmington, Delaware 19801, United States of America | 125 | 100% |
| X-Style | 15 East North Street Dover, Delaware 19901, United States of America | 16 | 100%* |
| YOOX Japan | Akasaka Tokyu Plaza 12F, 14-3, Nagata-cho 2-chome, Chiyoda-ku – Tokyo, Japan | 75 | 100% |

* *Via YOOX Corporation*

The share capital of the foreign companies has been translated to Euro using the historical rates applying at the time of their formation.

The principal captions in the financial statements of the consolidated companies are mentioned in the related notes.

### Group activities

The Group is active, using IT support, in the sale of goods and the provision of services relating to clothing and accessories.

Operationally, the Group has identified the following lines of business:

- Multi-Brand: this activity comprises a Multi-brand online store that offers consumers the clothes, accessories and design items of leading Italian and international brands, at advantageous prices and with a high level of service; sales are made on the Internet, on a basis generally referred to as "*e*-commerce," via the online store accessible at the following web address: www.yoox.com.
- Mono-Brand: this activity comprises the design and management of online stores for leading fashion and design brands that intend to offer on the Internet the same collections that are available in the high street.

### Management and coordination of the Parent

Pursuant to the requirements of art. 2497 et seq. of the Italian Civil Code, it is confirmed that the Parent is not subject to management and coordination by any party, including its current shareholders.

The Parent does however manage and coordinate the activities of the subsidiaries mentioned above.

### Reconciliation of the consolidated net profit/(loss) and equity with those of the Parent

The consolidated net profit/(loss) and equity are reconciled below with those of the Parent (in thousands of Euro):

| Description | Equity 31/12/2007 | Net profit/ (loss) 2007 | Equity 31/12//2006 | Net profit/ (loss) 2006 |
|---|---|---|---|---|
| Financial statements of the Parent | 13,028 | 1 | 13,027 | (330) |
| Difference between carrying amount of consolidated investments and their value determined using the equity method | (281) | 349 | (608) | 287 |
| *— Elimination of unrealized intercompany profits* | *(235)* | *28* | *(263)* | *217* |
| *— Net profit (loss) of subsidiaries* | *233* | *321* | *(89)* | *70* |
| *— Translation adjustment* | *(279)* | | *(257)* | |
| Group equity and net profit/(loss) | 12,747 | 350 | 12,418 | (43) |

**Accounting policies adopted for the preparation of the consolidated financial statements**

Financial statements items are measured on the prudent, accruals basis applicable to going concerns, having regard for the economic substance of the Group's assets and liabilities (applying the principle of "substance over form").

Application of the concept of prudence involves measuring separately each asset and liability item, in order to avoid offsetting losses that must be recognized against profits that are not recognizable until they have been realized.

In accordance with the accruals-basis of accounting, the effect of transactions and other events is recognized in the accounting periods to which they relate, and not when the related cash flows (collections and payments) take place.

The principal accounting policies adopted are consistent with the objective of giving a true and fair view of the Group's financial position and the results of its operations for the year.

The accounting policies adopted for the preparation of the consolidated financial statements, described below, are unchanged with respect to the prior year.

**Intangible fixed assets**

Intangible fixed assets are recorded at acquisition cost, including any directly-related charges, and stated net of accumulated amortization. Amortization is provided on a straight-line basis, using rates that are unchanged with respect to the prior year, having regard for the effective useful lives of the related deferred charges.

Intangible fixed assets mainly comprise:

- "start-up and capital costs" benefiting future years. These are recorded with consent from the Board of Statutory Auditors and amortized over a maximum of five years, which represents their estimated useful life;
- "research and development costs" incurred on projects that will benefit future years. These are recorded with consent from the Board of Statutory Auditors and amortized over three years, being the period required in order to recover the costs incurred;
- "industrial patents and intellectual property rights," which are amortized over three years to reflect the nature of the charges that have been deferred;
- "licences, concessions and trademarks," which are amortized over ten years to reflect the nature of the charges that have been deferred;
- "other intangible assets," comprising leasehold improvements that are amortized over the lives of the contracts concerned. These expenses are amortized over three years, which is considered representative of their useful lives;
- "assets under development and payments on account," comprising the investment in research and development that has not yet been completed and included in the normal production cycle.

If at year end the economic value of the asset is found to be permanently lower than the amount determined on the above basis, the latter amount is written down. The original amount is reinstated, in whole or in part, if the reasons for such write-downs cease to apply.

Pursuant to art. 2427.3 bis of the Italian Civil Code, it is confirmed that intangible fixed assets have not been written down in the current or prior years.

**Tangible fixed assets**

Tangible fixed assets are recorded at purchase cost, including all directly-related charges. The cost of tangible fixed assets with a finite useful life is depreciated on a systematic basis, using rates that are unchanged with respect to the prior year. The resulting accumulated depreciation is considered to be fair, having regard for the residual useful lives of the assets concerned.

The depreciation schedules adopted envisage halving the standard depreciation rate in the year that an asset enters into service, considering that on average such assets participate in the production process for just half of the year.

In particular:

- Equipment is depreciated at an annual rate of 15%;
- General plant is depreciated at an annual rate of 15%;
- Specific plant (e.g. alarms, photographic equipment) is depreciated at an annual rate of 30%;
- Electronic office equipment is depreciated at an annual rate of 20%;
- Furniture and furnishings are depreciated at an annual rate of 15%;
- Trucks and motor vehicles are depreciated at annual rates of 20% and 25% respectively.

Pursuant to art. 10 of Law 72/83, it is confirmed that no monetary or economic revaluations have been recorded, and that no exceptions have been made pursuant to arts. 2423 and 2423 bis of the Italian Civil Code.

Pursuant to art. 2427.3 bis of the Italian Civil Code, it is confirmed that tangible fixed assets have not been written down in the current or prior years.

Repairs and maintenance expenditure is charged to the income statement as incurred, or capitalized if it increases the carrying amount or the economic lives of the assets concerned.

If at year end the carrying amount of the asset is found to be permanently lower than the amount determined on the above basis, the carrying amount is written down. The original amount is reinstated, in whole or in part, if the reasons for such write-downs cease to apply.

Assets costing less than Euro 516 (fivehundred and sixteen) are depreciated in full in the year of purchase, given their limited useful lives.

**Financial fixed assets**

The “Amounts due from others” classified as financial fixed assets are stated at their nominal value, since they are deemed to be recoverable in full.

Investments in other companies are stated at acquisition or subscription cost. If at year end an impairment loss is identified with respect to the amount determined on the above basis, the equity investment concerned is written down.

The original amount is reinstated, in whole or in part, if the reasons for such write-downs subsequently cease to apply.

**Inventories**

Inventories are recorded at the lower of purchase cost or their amount estimated with reference to market trends. Cost is determined on an average-cost basis by category of similar products, including any directly-related charges. Inventories are stated net of the provision for obsolescence, which takes account of the lower realizable value of certain goods with respect to their purchase cost. Slow-moving and obsolete goods are written down to reflect their future recoverability. The original amount is reinstated, in whole or in part, if the reasons for such write-downs cease to apply.

**Receivables**

Receivables are stated at their estimated realizable value. The nominal value of receivables is written down to estimated realizable value via the direct deduction of an allowance for doubtful accounts. This is determined from a specific analysis of the amounts that may not be recoverable, and on a general basis — considering the historical incidence of bad debts — to take account of any losses that have not yet been identified.

**Liquid funds**

These are stated at their actual amount.

Foreign currency deposits are translated using the year-end rates of exchange. The actual balance of bank accounts is checked against the carrying amounts by reference to the related reconciliation schedules.

**Prepayments and accrued income, accrued expenses and deferred income**

Prepayments and accrued income and accrued expenses and deferred income are stated on an accruals basis, in order to recognize income and expense in the accounting periods to which they relate.

Prepayments include charges incurred in advance and the costs of the listing process that has already commenced, and which is scheduled for completion during 2009.

**Payables**

Payables are stated at their nominal value, which represents the amounts to be paid in order to settle them.

**Provisions for risks and charges**

The provisions for risks and charges are recorded to cover known or likely losses or liabilities, the timing and extent of which cannot be determined at year end. Provisions represent the best possible estimates based on the information available. The provisions for risks and charges take account of those items that became known between the balance sheet date and the date of preparing these financial statements.

Contingent liabilities are recognized and covered by provisions when they are deemed likely to crystallize and a reasonable estimate can be made of the amount concerned.

**Employees' leaving entitlement**

This provision represents the liability to employees, accrued in accordance with current legislation and employment contracts, considering all forms of ongoing remuneration.

The liability comprises the total of the individual entitlement accrued by each employee at the balance sheet date, net of advances paid, and reflects that amount that would have been paid to employees of all categories and grades had their employment terminated on that date.

**Income taxes**

Current taxes are recorded with reference to taxable income, estimated in accordance with current legislation, having regard for applicable exemptions and available tax credits, and in compliance with the accounting standards applicable to the recognition of income taxes.

If a net liability for income taxes is identified from the calculations, this is classified among the "tax payables." Conversely, if a net asset is identified, this is classified as a current asset among the "tax receivables."

In accordance with Italian accounting standards (OIC Document 251), the Parent has recognized "deferred tax assets" in relation to both positive "temporary differences" and part of the tax losses carried forward that, with reasonable certainty, will be recovered in the following year. There are no items that generate "deferred tax liabilities."

The deferred tax assets associated with carried-forward tax losses are recognized if both the following conditions are met:

- reasonable likelihood that taxable income in the following year will be sufficient to absorb the carried-forward losses associated with such deferred tax assets;

- the losses concerned arose from clearly identified events and it is reasonable certain that such circumstances will not be repeated.

The opening amounts recognized for deferred taxation have therefore been updated in these financial statements; this resulted in the recognition of income recorded in caption 22 b) of the income statement.

**Costs and net revenues**

These are recorded in the financial statements on a prudent and accruals basis, which involves recognizing the related accruals and deferrals. Net revenues and income, costs and charges are stated net of returns, commercial discounts, allowances and rebates, as well as the taxation directly associated with the sale of goods and the provision of services.

Net revenues from the sale of goods are recognized on the transfer of ownership, which normally occurs on the delivery or the shipment of the goods concerned.

Financial revenue and those deriving from the provision of services are recognized on an accruals basis.

**Foreign currency assets and liabilities**

Fixed assets denominated in foreign currencies are recorded using the exchange rates in force on the acquisition date. Current assets and liabilities denominated in foreign currencies are translated using the spot rate at year end, and the related exchange rate gains and losses are classified in income statement caption C) 17-*bis*), after taking account of any hedging contracts.

In accordance with art. 2426 of the Italian Civil Code, any net gains are allocated to a specific non-distributable reserve until they have been realized.

As required by art. 2427.1.6-*bis*) of the Italian Civil Code, it is confirmed that no significant effects have arisen as a result of the exchange rate fluctuations between year end at the date of preparing these financial statements.

The forward contracts and other derivative financial instruments arranged to hedge commercial transactions denominated in foreign currencies are measured in the same way as the hedged transactions, recognizing the receivable and the income using the average hedging rate. These forward contracts and derivative financial instruments hedge about 30% of forecast sales to be made in the American market over the next 12 months by YOOX Corporation, as confirmed by the plans prepared for this purpose.

The nominal value of these derivative contracts at the balance sheet date is recorded in the memorandum accounts.

**Guarantees, commitments, third-party assets and contingencies**

The risks relating to secured and unsecured guarantees given, including those relating to the liabilities of third parties, are reported in the memorandum accounts at the total amount of the guarantees given; the notes disclose if the liabilities of third parties guaranteed at the balance sheet date are less than the guarantees given.

Commitments are reported in the memorandum accounts at their nominal value, as determined from the related documentation.

The third-party assets held by the Group are measured at cost or, if lower, at their current market value.

Contingencies that are likely to give rise to a liability are described in the notes and covered by appropriate provisions for risks and charges.

Contingencies that only might give rise to a liability are described in the explanatory notes without recording any provisions, as required by the applicable accounting standards. Remote risks are not taken into account.

## Workforce

Group workforce at the balance sheet date is analyzed below:

| Description | 31/12/2007 | 31/12/2006 |
|---|---|---|
| Executives | 5 | 1 |
| Managers | 12 | 1 |
| Clerical staff | 153 | 123 |
| **TOTAL WORKFORCE** | **170** | **125** |

The average number of employees during 2007 was 148 (107 in 2006).

## Notes to the principal captions of the consolidated balance sheet

### *(B) Fixed assets*

*I. Intangible fixed assets*

The costs recorded are reasonably correlated with benefits obtainable over a number of years. They are amortized systematically over their residual useful lives.

Intangible fixed assets have never been written down and/or revalued.

The principal changes during the year are analyzed below:

| | Description | Historical cost as of 31.12.06 | Increases | Decreases | Reclassifications | Historical cost as of 31.12.07 | Accumulated amortization as of 31.12.06 | Amort. | Utilizations | Other changes | Accumulated amortization as of 31.12.07 | Net carrying amount as of 31.12.07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **start-up and capital costs** | **81** | **—** | | | **81** | **(76)** | **(5)** | **—** | **—** | **(81)** | **—** |
| 2 | **research and development costs** | **—** | **263** | | | **263** | **—** | **(88)** | **—** | **—** | **(88)** | **175** |
| 3 | **industrial patents and intellectual property rights** | **1,135** | **149** | | | **1,284** | **(921)** | **(188)** | **—** | **—** | **(1,109)** | **175** |
| 4 | **concessions, licences, trademarks and similar rights** | **505** | **2** | | | **507** | **(419)** | **(12)** | **—** | **1** | **(430)** | **77** |
| | — trademarks and patents | 505 | 2 | | | 507 | (419) | (12) | — | 1 | (430) | 77 |
| 6 | **assets under development and payments on account** | **—** | **712** | | | **712** | **—** | **—** | **—** | **—** | **—** | **712** |
| 7 | **other** | **1,543** | **107** | **(228)** | | **1,422** | **(726)** | **(338)** | **74** | **—** | **(990)** | **432** |
| | — leasehold improvements | 647 | 107 | (228) | | 526 | (320) | (73) | 74 | — | (319) | 207 |
| | — deferred charges | 896 | | | | 896 | (406) | (265) | — | — | (671) | 225 |
| | **Grand total** | **3,264** | **1,233** | **(228)** | **—** | **4,269** | **(2,142)** | **(631)** | **74** | **1** | **(2,698)** | **1,571** |

*Research and development costs*

During 2007, the Group invested heavily in research and development projects that will result in long-term benefits, with expenditure of Euro 263 thousand (Euro 175 thousand net of the related amortization). These costs were incurred by the Parent on the development of specific projects to increase the performance of the yoox.com online store, extend the functions available and develop an integrated solution for the management of all online stores.

*Industrial patents and intellectual property rights*

The carrying amount as of 31 December 2007, Euro 175 thousand, mainly reflects the technological development of the website, which will benefit future years. These expenses are amortized on a systematic basis over three years. The increase during 2007 was about Euro 149 thousand.

More specifically, B-Human licences were acquired in 2007 for about Euro 20 thousand, new inventory logistics software for about Euro 32 thousand, and software for the Bologna offices for about Euro 46 thousand.

*Concessions, licences, trademarks and similar rights*

This caption amounts to Euro 77 thousand as of 31 December 2007 and did not change significantly during the year.

This caption mainly reflects the costs incurred by the Parent to acquire and register domestic and international brandnames. These expenses are amortized on a systematic basis over ten years.

*Assets under development and payments on account*

This caption, which amounts to Euro 712 thousand, comprises the development projects in progress at 31 December 2007 that are due for completion in 2008.

These projects enhance the functions available to the yoox.com online store, involving the construction of application platforms for the development of e-commerce solutions that support the Parent's business, and the implementation of back-end (support and internal analysis systems) and front-end (website management systems) functions.

*Other intangible fixed assets*

"Other intangible fixed assets" include deferred charges amounting to Euro 225 thousand as of 31 December 2007.

This caption principally comprises the residual portion of the costs incurred to set up a commercial project with the Marni fashion house in 2006 (Euro 149 thousand), and the costs incurred on the "logistics model" project (Euro 55 thousand).

*Leasehold improvements (included in Other intangible fixed assets)*

This caption includes improvements to assets held under operating leases totaling Euro 207 thousand as of 31 December 2007. The useful lives of these improvements are essentially the same as the lease period for the facilities concerned. The increase during the year amounted to Euro 107 thousand.

Following the relocation of the warehouse from Zola Predosa to Interporto (Bologna), the Parent has retired leasehold improvements of Euro 228 thousand made in prior years, together with the related accumulated amortization of Euro 74 thousand, resulting in a charge of Euro 155 thousand to the other operating expense caption of the income statement.

*II. Tangible fixed assets*

The principal changes during the year are analyzed below:

| Description | Historical cost as of 31.12.06 | Increases | Decreases | Reclassifi-cations | Historical cost as of 31.12.07 | Accumulated depreciation as of 31.12.06 | Depr. | Utilizations | Other changes | Accumulated depreciation as of 31.12.07 | Net carrying amount as of 31.12.07 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2) Plant and machinery** | **543** | **671** | | | **1,214** | **(254)** | **(129)** | | | **(383)** | **831** |
| **3) Ind. and comm. equipment** | **1,079** | **235** | **(166)** | | **1,148** | **(418)** | **(137)** | **62** | | **(493)** | **655** |
| **4) Other assets** | **1,903** | **516** | **(17)** | | **2,402** | **(977)** | **(338)** | **14** | | **(1,301)** | **1.101** |
| — Furniture and furnishings | 374 | 83 | — | | 457 | (171) | (60) | | | (231) | 226 |
| — Electronic equipment | 1,461 | 433 | (17) | | 1,877 | (776) | (267) | 14 | | (1,029) | 848 |
| — Motor vehicles | 3 | | | | 3 | (2) | (1) | | | (3) | — |
| — Mobile telephones | 21 | | | | 21 | (6) | (4) | | | (10) | 11 |
| — Assets costing less than Euro 516 | 9 | | | | 9 | (9) | — | | | (9) | — |
| — Other tangible fixed assets | 35 | | | | 35 | (13) | (6) | | | (19) | 16 |
| **Grand total** | **3,525** | **1,422** | **(183)** | **—** | **4,764** | **(1,649)** | **(604)** | **76** | **—** | **(2,177)** | **2,587** |

The principal increase relates to the relocation of the Parent's logistics warehouse from the Zola Predosa headquarters to the Interporto (Bologna) location. The principal types of cost included in each category are described below, together with the main additions and retirements.

*Plant and machinery*

Net of accumulated depreciation, this caption amounts to Euro 831 thousand.

The gross increase of Euro 671 thousand, reflecting investment by the Parent, comprises:

- Euro 176 thousand for lighting installations at the Zola Predosa offices and the Interporto warehouse;
- Euro 273 thousand for heating installations at the Interporto warehouse;
- Euro 146 thousand for cabling required by expansion of the network, the switchboard and the video-conferencing equipment;
- Euro 68 thousand for alarm equipment at the offices and the warehouse;
- Euro 8 thousand for other additions.

*Industrial and commercial equipment*

Net of accumulated depreciation, this caption amounts to Euro 655 thousand.

The increase of Euro 235 thousand since 31 December 2006 principally comprises:

- Euro 20 thousand to equip the new warehouse at Bologna-Interporto;
- Euro 207 thousand to fit out new photographic studios.

During the year, the Group sold a mezzanine structure at the old warehouse amounting to Euro 160 thousand at a loss of Euro 48 thousand, which is classified in the "other operating expense" caption of the income statement.

*Other assets*

This caption amounts to Euro 1,101 thousand following a gross increase of Euro 516 thousand since 31 December 2006.

The increases, discussed below, relate to the following categories:

- Furniture and furnishings: the increase during the year of about Euro 83 thousand mainly reflects the costs incurred by the Parent to furnish the new offices at the headquarters in Zola Predosa and at the Bologna-Interporto warehouse;
- Electronic office equipment: the increase of Euro 433 thousand reflects the purchase of new servers, personal computers, monitors and printers for the Italian headquarters and the U.S. offices, as well as new data storage equipment for the headquarters of the Parent.

Tangible fixed assets have never been written down and/or revalued.

No borrowing costs were allocated to the carrying amounts of assets reported in the balance sheet during the year.

Tangible fixed assets are not mortgaged, restricted or subject to other liens or charges.

The Group does not hold any assets under finance lease arrangements.

*III. Financial fixed assets*

Financial fixed assets as of 31 December 2007 amount to Euro 576 thousand, as analyzed below:

- Other companies: this caption comprises the insignificant investment (Euro 7) in C.O.N.A.I.

- Receivables, as detailed in the following table:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Guarantee deposits | 34 | 30 |
| Deposit paid to Paymentech US | 170 | 228 |
| Deposit paid to Paymentech Japan | — | 241 |
| Deposit paid to Paymentech Europe | — | 61 |
| Deposit paid to Global Collect US | 61 | — |
| Deposit paid to Global Collect Japan | 93 | — |
| Deposit paid to Global Collect Europe | 204 | — |
| Restricted deposit—JP Morgan | 14 | 16 |
| **TOTAL** | **576** | **576** |

Guarantee deposits denominated in US dollars totaling Euro 245 thousand, Japanese Yen totaling Euro 93 thousand and Euro totaling Euro 204 thousand, mostly reflect retentions made by Paymentech and Global Collect which manage the collection procedures for the American, Japanese and European (only in the event of a breakdown in the collection procedures of the European partner) markets.

## C) Current assets

*I. Inventories*

| | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Inventories | 28,108 | 18,956 |

Inventories have increased by 48.2% with respect to the prior year: this rise is naturally associated with growth in sales during 2007 (+38.5%) and the sales forecast for 2008. In particular, the YOOX Group's business model involves purchasing goods in the year prior to the selling season.

88% of the value of the inventories as of December 31, 2007, inclusive of depreciation allowances, consisted of goods already for sale or to be sold in the following months.

Goods representing earlier and/or obsolete collections have been written down via the related provision, which takes account of their estimated realizable value. The changes in this provision are analyzed in the following table:

| Description | 31/12/2006 | Increases | Decreases | 31/12/2007 |
|---|---|---|---|---|
| Provision for obsolete inventories | 1,433 | 748 | — | 2,181 |
| **TOTAL** | **1,433** | **748** | **—** | **2,181** |

The provision for inventories reflected in the balance sheet is considered to be fair, having regard for the actual quantities of obsolete and slow-moving goods on hand.

*II. Receivables*

As required by art. 2427.1.6 of the Italian Civil Code, the following table analyzes receivables by geographical area (gross of the allowance for doubtful trade receivables and the amount recoverable from the Greek fiscal representative, which is classified within other receivables):

*2007:*

| Description | Europe and Other countries | North America | Japan | TOTAL |
|---|---|---|---|---|
| Due from customers | 1,690 | 195 | 195 | 2,080 |
| Tax receivables | 1,595 | | | 1,595 |
| Deferred tax assets | 1,314 | | | 1,314 |
| Due from others | 771 | 723 | 98 | 1,592 |
| **TOTAL as of 31/12/2007** | **5,370** | **918** | **293** | **6,581** |

*2006:*

| Description | Europe and Other countries | North America | Japan | TOTAL |
|---|---|---|---|---|
| Due from customers | 1,085 | 100 | 62 | 1,247 |
| Tax receivables | 772 | — | — | 772 |
| Deferred tax assets | 882 | — | — | 882 |
| Due from others | 582 | 245 | 36 | 863 |
| **TOTAL as of 31/12/2006** | **3,321** | **345** | **98** | **3,764** |

The amounts "due from customers" are fully recoverable within one year and related to the trade receivables recorded on the sale of goods and the provision of services. They are analyzed as follows (net of the allowance for doubtful accounts):

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Due from customers | 1,878 | 1,067 |
| Tax receivables | 1,595 | 772 |
| Deferred tax assets | 1,314 | 882 |
| Due from others | 1,592 | 863 |
| **TOTAL** | **6,379** | **3,584** |

The amounts "due from customers" are stated net of the allowance for doubtful accounts totaling Euro 202 thousand.

The changes in the allowance for doubtful accounts are analyzed as follows:

| Description | 31/12/2006 | Increases | Decreases | 31/12/2007 |
|---|---|---|---|---|
| Allowance for doubtful accounts | 180 | 22 | — | 202 |
| **TOTAL** | **180** | **22** | **—** | **202** |

The allowance for doubtful accounts covers specific risks following the non-collection of notes and other receivables that are not considered recoverable.

The provision made to the allowance for doubtful accounts covers an amount that was written off by the US company in 2007, since it is not believed to be collectible.

The Group has not made any other provisions since, at present, the allowance for doubtful accounts is deemed to be adequate.

Pursuant to art. 2427.6-bis of the Italian Civil Code, it is confirmed that no events subsequent to year end have caused significant changes in the amount of foreign currency receivables.

The "Tax receivables," all recoverable within one year, are analyzed as follows:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Tax credits | 13 | 4 |
| VAT recoverable | 1,582 | 768 |
| **TOTAL** | **1,595** | **772** |

The change in deferred tax assets is analyzed below:

| Description | 31/12/2006 | Increases | Decreases | 31/12/2007 |
|---|---|---|---|---|
| Deferred tax assets | 882 | 1,314 | 882 | 1,314 |
| **TOTAL** | **882** | **1,314** | **882** | **1,314** |

Further information is presented in the section of these notes dedicated to taxation.

The "Amounts due from others," all recoverable within one year, are analyzed as follows:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Other receivables | 263 | 301 |
| Advances to suppliers | 26 | 33 |
| Travel and payroll advances to employees | 5 | 42 |
| Due from acquirers | 1,298 | 487 |
| **TOTAL** | **1,592** | **863** |

"Other receivables," considered to be fully recoverable, principally comprise insurance reimbursements recoverable and the amounts paid to the Parent's tax representative in Greece.

The claim for reimbursement by the Greek fiscal representative is still outstanding as of 31 December 2007.

Based on the information available, the Parent does not consider it necessary to make further provisions against the gross receivable of Euro 216 thousand, which is already covered by an allowance of Euro 66 thousand.

The amount "Due from acquirers" reflects customer payments already collected by foreign acquirers

***IV. Liquid funds***

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Bank and postal accounts | 5,174 | 1,817 |
| Cash and equivalents on hand | 11 | 4 |
| **TOTAL** | **5,185** | **1,821** |

This balance, entirely denominated in Euro except where stated otherwise, represents the cash and cash equivalents on hand at year end.

Bank accounts are analyzed as follows:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Banca Sella | 400 | 475 |
| Banca popolare Emilia Romagna term account recoverable with one year | 100 | 101 |
| Banca Unicredit | 983 | 55 |
| Banca Nazionale del Lavoro, currency account at 31.12 rate (USD) | 496 | — |
| Banca Nazionale del Lavoro, currency account at 31.12 rate (YEN) | 807 | — |
| JPMorgan Chase, currency account at 31.12 rate (USD) | 1,648 | 559 |
| Bank of Tokyo—Mitsubishi UFJ, currency account at 31.12 rate (YEN) | 393 | 77 |
| Other Euro current accounts | 21 | 102 |
| Other currency current accounts | 326 | 448 |
| **TOTAL** | **5,174** | **1,817** |

"Cash and cash equivalents," translated to Euro where applicable using the spot rates at year end, are analyzed as follows:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Cash | 6 | 1 |
| Cash in foreign currency translated at 31.12 rate (USD) | 2 | 1 |
| Cash in foreign currency translated at 31.12 rate (GBP) | 1 | — |
| Cash in foreign currency translated at 31.12 rate (YEN) | 2 | 2 |
| **TOTAL** | **11** | **4** |

A more detailed analysis of the changes in the net financial position is provided in the cash flow statement.

### (D) Prepayments and accrued income

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Accrued income | — | 126 |
| Prepayments | 519 | 164 |
| **TOTAL** | **519** | **290** |

Prepayments relate to charges already incurred that relate to future accounting periods; they are recorded regardless of the related payment dates, reflecting costs that are common to two or more financial years which are allocated on a time-apportioned basis.

As of 31 December 2007, there are no prepayments or accrued income with a duration of more than five years. In particular, the amounts recorded are all fully recoverable within one year.

"Accrued income" is analyzed below:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Accrued insurance reimbursements | — | 1 |
| Accrued set-up income for a commercial project | — | 115 |
| Accrued income in relation to audit | — | 10 |
| **TOTAL** | **—** | **126** |

"Prepayments" are analyzed below:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Prepaid *e*-sourcing and IT support services | 50 | — |
| Prepaid software licence fees | 52 | 32 |
| Subscriptions to online magazines | 17 | — |
| Telephone charges | 20 | — |
| IPO consultancy | 91 | — |
| Insurance | 108 | — |
| Rentals | 43 | — |
| Financial charges | 21 | — |
| Prepaid photographic services—garments SS 07 | — | 30 |
| Other prepayments | 117 | 102 |
| **TOTAL** | **519** | **164** |

Prepayments mainly comprise costs relating to future years that were recognized financially during 2007.

These costs mainly consist of consultancy for the forthcoming stockmarket listing, planned for 2009, software licence fees, insurance and rentals.

The duration of the prepayments for IPO consultancy will exceed 12 months. It is expected that they will be charged to the income statement for 2009. If the IPO does not take place, the economic effects of the related prepayments will be reflected in the income statement.

There is no accrued income at the end of 2007.

### Liabilities and equity

### A) Equity

*Share capital reserves*

No reserves have been capitalized as bonus issue. Accordingly, share capital does not include any reserves or other funds that, regardless of when they arose, would form part of the Group's taxable income upon distribution.

### B) Provisions for risks and charges

| Description | 31/12/2006 | Increases | Decreases | 31/12/2007 |
|---|---|---|---|---|
| Provision for fraud | 55 | 71 | 55 | 71 |
| Provision for disputes | 43 | 30 | 43 | 30 |
| **TOTAL** | **98** | **101** | **98** | **101** |

During the year it was considered appropriate to make a further provision for fraud to cover Internet purchases made fraudulently by credit card. This provision was determined with reference to the historical incidence of fraud with respect to the amount of sales.

The provision for disputes recorded by YOOX S.p.A. as of 31 December 2006 was utilized in full during the year, Euro 43 thousand, to cover litigation that terminated during 2007.

There is only one new dispute remaining to be settled as of 31 December 2007, and the provision of Euro 30 thousand reflects the estimated charge attributable to the year.

### C) Employees' leaving entitlement

| Description | 31/12/2006 | Increases | Decreases | 31/12/2007 |
|---|---|---|---|---|
| Employees' leaving entitlement | 465 | 15 | 114 | 366 |
| **TOTAL** | **465** | **15** | **114** | **366** |

The reform of supplementary pensions applicable to the Parent came into force on 1 January 2007. As a consequence, employees are able to choose to keep their future leaving entitlement with the company (which are paid into the INPS treasury fund) or have them paid into alternate supplementary pension funds.

The employees' leaving entitlement reported in the Parent's financial statements represent its past service liability to active employees as of 31 December 2007.

This liability will diminish over the years as the various employment relationships are terminated.

### D) Payables

Payables total Euro 31,696 thousand and are stated at their nominal value, which represents the amounts to be paid in order to settle them.

As required by art. 2427.1.6 of the Italian Civil Code, the following table analyzes payables by geographical area:

*2007:*

| Description | Europe and Other countries | North America | Japan | TOTAL |
|---|---|---|---|---|
| Due to banks | 12,988 | | | 12,988 |
| Trade payables | 12,152 | 1,258 | 134 | 13,544 |
| Tax payables | 1,563 | 180 | 133 | 1,876 |
| Due to social security institutions | 478 | | | 478 |
| Other payables | 2,308 | 419 | 83 | 2,810 |
| **TOTAL as of 31/12/2007** | **29,489** | **1,857** | **350** | **31,696** |

*2006:*

| Description | Europe and Other countries | North America | Japan | TOTAL |
|---|---|---|---|---|
| Due to banks | 3,180 | | | 3,180 |
| Trade payables | 8,365 | 425 | 133 | 8,923 |
| Tax payables | 1,011 | 2 | 19 | 1,032 |
| Due to social security institutions | 267 | | | 267 |
| Other payables | 1,413 | 265 | 25 | 1,703 |
| **TOTAL as of 31/12/2006** | **14,236** | **692** | **177** | **15,105** |

Payables fall due as follows:

| Description | Within one year | After one year | Total as of 31/12/2007 | Total as of 31/12/2006 |
|---|---|---|---|---|
| Due to banks | 12,847 | 141 | 12,988 | 3,180 |
| Trade payables | 13,544 | | 13,544 | 8,923 |
| Tax payables | 1,876 | | 1,876 | 1,032 |
| Due to social security institutions | 478 | | 478 | 267 |
| Other payables | 2,810 | | 2,810 | 1,703 |
| **TOTAL** | **31,555** | **141** | **31,696** | **15,105** |

All payables fall due within one year, except for the Simest loan which is repayable over more than five years.

The amounts due to banks are analyzed as follows:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Banca Popolare Emilia Romagna | 43 | 291 |
| Fortis Bank | 377 | 248 |
| Banca Popolare di Lodi | 427 | — |
| Simest loan | 141 | 141 |
| BNL loan | 4,000 | — |
| BCI loan | 1,500 | — |
| Fortis Bank loan | 1,250 | 500 |
| Unicredit stand-by loan | 5,250 | 2,000 |
| **TOTAL** | **12,988** | **3,180** |

Bank loans increased significantly during 2007, mainly because Group policy is to finance the increased purchasing of goods, following the rise in the volume of sales, by recourse to bank credit.

The guarantees given in relation to these loans are described in the memorandum accounts.

Trade payables are recorded at their nominal value, net of commercial discounts.

They are analyzed as follows:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Due to suppliers | 11,720 | 8,333 |
| Credit notes to be received from suppliers | (123) | (77) |
| Invoices to be received from suppliers | 1,913 | 661 |
| Due to credit card operators | 34 | 6 |
| **TOTAL** | **13,544** | **8,923** |

The increase in the amounts due to suppliers essentially reflects the rise in the volume of business and, having regard for the business model adopted for the online store operated by yoox.com, the need to purchase in advance the goods put on sale.

In order to mitigate the impact of this, commercial steps were taken during 2007 to arrange for new supply contracts to be settled on a sale-or-return basis.

Supplies for the most recently launched online stores are also governed by this type of contract.

The increase in invoices to be received mainly relates to these sale-or-return contracts. In particular, the invoices for garments sold during in the month are, by contract, issued by partners subsequent to month end.

In addition to the cost of purchasing goods, the Parent also made use of various legal, administrative and IT consultancy services during 2007 that have not yet been invoiced as of 31 December 2007.

Pursuant to art. 2427.6-bis of the Italian Civil Code, it is confirmed that no events subsequent to year end have caused significant changes in the amount of foreign currency payables.

Tax payables comprise the known and calculated liability to the tax authorities.

There are no probable tax liabilities, liabilities whose timing and extent cannot be determined, or deferred tax liabilities.

"Tax payables" are analyzed as follows:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Withholding taxes payable | 252 | 245 |
| VAT payable to fiscal representatives | 1,198 | 706 |
| Other tax payables | 426 | 81 |
| **TOTAL** | **1,876** | **1,032** |

The sales made in seventeen European countries by the Parent exceed the threshold envisaged in art. 41.1.b) of Law Decree 331/93, which requires the payment of VAT for Italian purposes in the destination country for the goods sold. In order to comply with this requirement, the Parent has opened tax positions in the countries concerned.

There was a significant increase in sales during 2007 to all the countries in which a VAT position has been opened, with a consequent rise in the amount of VAT payable.

The countries with the largest increase in VAT payable are indicated below:

- +70% France
- +77% Netherlands
- +90% Germany
- +72% Spain

A fiscal representative for Poland was appointed during the year.

The increase in taxes payable reflects the Parent's improved ability to generate higher taxable income.

"Amounts due to social security institutions" are analyzed as follows:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| INPS contributions payable | 256 | 258 |
| Other social security payables | 92 | — |
| Due to supplementary pension funds | 85 | — |
| INAIL contributions payable | 1 | 6 |
| Pension and health contributions for managers | 44 | 3 |
| **TOTAL** | **478** | **267** |

The amounts due to social security institutions, mainly by the Parent, essentially comprise the contributions payable on the amounts recognized to employees at year end.

In addition, as a consequence of the reform of supplementary pensions now in force, this caption also includes the liability to the funds chosen by employees who have elected not to leave their leaving entitlement with the Parent.

"Other payables" comprise:

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Credit notes to be issued to customers | 1,799 | 1,069 |
| Remuneration payable to employees | 667 | 522 |
| Other payables | 344 | 112 |
| **TOTAL** | **2,810** | **1,703** |

The credit notes to be issued to customers are classified as "Other payables" since they represent a known liability for sales returns made in 2007.

"Other payables" also include the fees due to directors and consultants (Euro 53 thousand), amounts due for the issue of stock options (Euro 106 thousand) and the credit notes issued to customers who it was not possible to reimburse as of 31 December 2007 since they had not provided their bank details (Euro 149 thousand).

### E) Accrued expenses and deferred income

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Accrued expenses | 6 | 6 |
| Deferred income | 9 | 129 |
| **TOTAL** | **15** | **135** |

Accrued expenses relate to the rentals due on residential property used by visitors to the Parent.

Deferred income comprises premiums not yet earned on the financial options arranged by YOOX S.p.A. that are outstanding as of 31 December 2007.

### Memorandum accounts

| Description | Balance as of 31/12/2007 | Balance as of 31/12/2006 |
|---|---|---|
| Third-party assets held by the Group | 9,204 | 5,900 |
| Group assets held by third parties | 5,316 | 2,216 |
| Sureties given to others | 1,521 | 307 |
| Commitments under forward hedging contracts | 1,019 | 306 |
| **TOTAL** | **17,060** | **8,740** |

The logistics centers operated by YOOX Group companies hold goods on a sale-or-return basis received from commercial partners. These inventories held by YOOX S.p.A. and Y Service Ltd are 56.0% higher as of 31 December 2007 compared with the prior year end, mainly due to the launch during 2007 of the Emporio Armani and Diesel online stores. This increase also reflects the natural growth in the sales of the Retail Division during 2007 and the forecast rise in 2008, as well as the adoption of sale-or-return as a procurement strategy.

As of 31 December 2007, 88.6% of the inventories owned by YOOX S.p.A. are held at the logistics centers operated by the logistics partners responsible for checking the quality of the goods acquired, while 11.4% are held by the commercial partners that look after the sale of garments remaining from prior-season collections.

Sureties, all given by the Parent, relate to the following contracts:

- contract arranged by the Parent, effective from 30 June 2002 for a period of six years, for the rental of a residential property at Galleria Cavour 8, Bologna, that is used as a representative office. The related surety amounts to Euro 5 thousand;
- contract for fiscal representation in Spain by Claramonte Fortuno Asesores c/Mayor San Jaime 12 Villarreal (Castellon), with a surety amounting to Euro 150,000 for VAT compliance;

- contract arranged by the Parent, effective from 1 February 2004 for a period of six years, renewable for a further six, for the rental of a property at Via Nannetti 1, Zola Predosa (Bologna). The related surety amounts to Euro 114 thousand;
- contract for fiscal representation in Portugal by M. Corporate Contabilidade e Assessoria Empresarial Lda Avenida da Repubblica 32/4° ESP Lisbon, with a surety amounting to Euro 5 thousand for VAT compliance;
- contract arranged by the Parent, effective from 16 February 2003 for a period of six years, for the rental of office premises at Via Autari 27, Milan. The related surety amounts to Euro 28 thousand;
- contract arranged by the Parent, effective from 22 December 2003 and expiring on 31 December 2009, for the supply of integrated logistics services by ND Logistics Italia S.p.A.. The related surety amounts to Euro 100 thousand;
- contract arranged with Messrs. Fabrizio Fregni, Federica Fregni and Gabriella Govoni for the commercial rental of a depot at via G. Pastore 21, Crespellano (Bologna) for Euro 30 thousand, with effect from 1 June 2006 for a period of six years;
- contract arranged with ND Logistics Italia S.p.A. for the supply of integrated logistics services amounting to Euro 500 thousand, effective from 14 March 2007 for a period of five and a half years;
- contract arranged with Diesel to guarantee payments by Y Services amounting to USD 350 thousand, commencing from 2 November 2007;
- contract arranged with ND Logistics Italia S.p.A. to guarantee the proper performance of obligations under the sub-rental contract, amounting to Euro 47 thousand, commencing from 10 October 2007 for a period of six years;
- contract arranged with the Ministry of Economic Development to guarantee delivery of the prizes for the "YOOX Contro Tutti" competition, amounting to Euro 55 thousand and covering the period from 14 November 2007 to 1 December 2008;
- contract arranged by the Parent with Despina S.p.A. to guarantee the proper performance of obligations under the contract, commencing from 1 April 2007 for a period of six years, for the rental of office premises at Via Nannetti 1, Zola Predosa. The related surety amounts to Euro 47 thousand;
- contract arranged with SIMEST to guarantee the loan amounting to Euro 153 thousand, commencing from 28 September 2006;
- contract arranged with the Ministry of Economic Development to guarantee delivery of the prizes for the "YOOX Awards" competition, amounting to Euro 49 thousand and covering the period from 12 June 2007 to 20 June 2008.

The hedging contracts relate to forward sales of dollars by the Parent to hedge the currency risk associated with expected sales in the US market. These contracts total USD 1,500 thousand at the balance sheet date, which has been translated to Euro using the closing rate of exchange.

The fair value of these contracts as of 31 December 2007 is Euro 9 thousand.

**Notes to the principal income statement captions**

**Production net revenues**

Production net revenues amounted to Euro 70,074 thousand in 2007, as analyzed below:

| Description | 2007 | 2006 |
|---|---|---|
| Net revenues from sales and services | 68,654 | 49,237 |
| Internal work capitalised | 975 | 255 |
| Other revenue and income | 445 | 477 |
| **TOTAL** | **70,074** | **49,969** |

Net revenues from sales and services are summarized below, ignoring of returns:

| Description | 2007 | 2006 |
|---|---|---|
| Net revenues from sales and services, gross | 92,167 | 66,938 |
| Recharge of transport expenses | 4,231 | 2,038 |
| Sales returns | (24,967) | (18,730) |
| Discounts and allowances | (2,777) | (1,009) |
| **TOTAL** | **68,654** | **49,237** |

Sales returns are an inherent part of the Group's business activities, reflecting special nature of the goods sold and the protection provided under current legislation to consumers whose purchases are not made at the retailer's premises.

The "Internal work capitalised," amounting to Euro 975 thousand, relates to the internal work performed in the research and development projects that commenced during 2007 and which will be completed in 2008.

The credit balance includes the expenses of personnel employed on research and development projects and the consultancy costs specifically incurred in relation to such projects. These costs are identified from suitable reports that measure the time allocated to these activities. With regard to the costs capitalized, the Group is both capable of completing the projects and has a concrete expectation that their future outcome will be useful.

"Other revenue and income" comprises:

| Description | 2007 | 2006 |
|---|---|---|
| Recharge of handling costs | 118 | 102 |
| Other income | 327 | 375 |
| **TOTAL** | **445** | **477** |

The "Recharge of handling costs" reflects the contribution towards the cost of returns required in the US market.

"Other income" principally comprises the recharge of part of the Milan office rental costs incurred by the Parent, since these premises are shared with a third-party supplier. This caption also includes prior year income generated by special sales and the close-out of balances with suppliers.

### B) Production cost

| Description | 2007 | 2006 |
|---|---|---|
| Raw materials, consumables, supplies and goods | 46,492 | 31,676 |
| Services | 22,246 | 15,327 |
| Use of third party assets | 733 | 707 |
| Wages and salaries | 4,615 | 3,770 |
| Social security contributions | 1,371 | 1,001 |
| Employees' leaving entitlement | 298 | 240 |
| Other personnel costs | 7 | 4 |
| Amortisation of intangible fixed assets | 631 | 625 |
| Depreciation of tangible fixed assets | 604 | 502 |
| Provision for doubtful accounts | 34 | 123 |
| Changes in inventories (gross of provision for obsolescence) | (10,408) | (5,070) |
| Provision for obsolete inventories | 749 | 274 |
| Other provisions | 71 | 56 |
| Provisions for risks and charges | 30 | 43 |
| Other operating expenses | 1,094 | 655 |
| **TOTAL** | **68,567** | **49,933** |

*Raw materials, consumables, supplies and goods*

These costs mainly reflect the procurement of goods for resale, the amount of which is directly correlated with the volume of items sold.

This caption also includes the cost of materials and components used in the storage of goods, their packaging prior to shipment, transport inward charges and the customs duties on purchases.

*Services*

This caption is analyzed as follows:

| Description | 2007 | 2006 |
|---|---|---|
| Advertising and marketing | 2,627 | 1,882 |
| Transport expenses | 7,746 | 4,823 |
| Handling costs | 2,722 | 1,701 |
| Directors' fees | 424 | 344 |
| IT services (including *e*-sourcing) | 903 | 455 |
| Contract and temporary workers | 227 | 635 |
| Travel expenses | 494 | 516 |
| External consultancy | 2,299 | 1,272 |
| Insurance | 147 | 120 |
| Bank services and credit card commission | 1,283 | 1,000 |
| Statutory Auditors' fees | 35 | 31 |
| Porterage and materials movement | 1,462 | 1,056 |
| Recruitment and training | 322 | 107 |
| Call center services | 428 | 379 |
| Other costs | 1,127 | 1,006 |
| **TOTAL** | **22,246** | **15,327** |

The increase in the cost of advertising is linked to the purchase of new advertising space and sponsored links (determined on a cost-per-click basis).

The Group, especially the Parent and YOOX Corporation, increased the number of its partners by about 20% between 2006 and 2007.

The rise in the cost of transport to customers and the management of returns essentially reflects the higher volume of sales and, in part, the increase in fuel costs.

The increase in handling costs was due to growth in the volume of sales, and the signature of a new contract with the principal logistics partner that manages the new logistics center at Bologna-Interporto; this contract envisages a revised cost structure, more suited to the service levels and sales volumes expected.

During 2007 the Parent launched projects to enhance its online store, yoox.com, and develop an advanced platform that will be used to expand the number of contracts for online stores. YOOX S.p.A. has therefore increased the volume of work carried out with its IT consultants.

As discussed in the section on investment in intangible fixed assets, costs of about Euro 263 thousand have been capitalized as research and development projects.

On the other hand, the number of contract workers has decreased considerably. Most of these contracts were arranged by YOOX S.p.A..

The increase in other consultancy includes legal consultancy regarding the sale-or-return contracts signed in 2007 with the Emporio Armani and Diesel brands, consultancy in relation to inventory logistics, and the greater use of photographers and models due to an increase in the volume of collections to be added to the website.

The increase in bank services and credit card commissions reflects both the larger number of credit card transactions and the higher volume of sales made.

*Use of third party assets*

This caption comprises:

| Description | 2007 | 2006 |
|---|---|---|
| Rental of premises | 620 | 598 |
| Other costs | 113 | 109 |
| **TOTAL** | **733** | **707** |

At 31 December 2007, the Group is party to the following rental contracts:

- Rental of offices in Zola Predosa — Bologna: Euro 330 thousand, including a penalty of Euro 59 thousand due to the delayed handover of the premises for the logistics center. In particular, during the year the Company transferred its logistics center from Zola Predosa to Bologna-Interporto and, due to a delay in the removal, the premises for the logistics center operated by the supplier were handed over late. This resulted in payment of the penalty referred to above;
- Rental of a new warehouse at Bologna-Interporto for about Euro 126 thousand;
- Rental of office premises in Milan for Euro 57 thousand;
- Rental of warehouse at Crespellano (contract terminated during 2007) for Euro 55 thousand;
- Rental of office premises in Hoboken (NJ) — US for about Euro 52 thousand.

*Personnel expenses*

These costs include all employment-related expenses, such as merit rises, promotions, cost-of-living adjustments, variable remuneration for 2007, untaken vacation and provisions under collective payroll agreements, as well as the related social security contributions and the employees' leaving entitlement accrued by the employees of the Parent.

*Depreciation and amortization*

The depreciation and amortization charges were calculated with reference to the residual useful lives of the assets concerned. The depreciation and amortization rates applied were indicated at the start of these notes.

The charges made were essentially the same as in the prior year.

Despite the increase in intangible fixed assets recorded by the Parent during the year, the amortization charged was in line with the 2006 amount since certain assets were written off in the prior year.

The increase in the depreciation charge by about Euro 102 thousand mainly relates to the Parent, following its investment in tangible fixed assets during 2007. These additions were depreciated at half the standard rate to reflect their lower level of utilization during the year.

*Provisions for risks*

A prudent provision for disputes of Euro 30 thousand was recorded during the year, as already discussed in the notes to the balance sheet.

*Other provisions*

A further provision of Euro 71 thousand was recorded during the year to cover credit card fraud.

*Other operating expenses*

"Other operating expenses" are analyzed below:

| Description | 2007 | 2006 |
|---|---|---|
| Miscellaneous taxes | 46 | 39 |
| Misc. administrative expenses | 20 | 21 |
| Donations and similar costs | 9 | 23 |
| Fraud losses | 209 | 283 |
| Credit losses not covered by provisions | — | 7 |
| Theft and losses | 288 | 159 |
| Other costs | 522 | 123 |
| **TOTAL** | **1,094** | **655** |

The Group took action during 2007 to reduce the number of fraudulent events. This reduced the incidence of fraud costs with respect to the volume of sales.

Despite these efforts, additional costs were incurred since the theft of items purchased from suppliers, and the theft and losses arising on shipments to end customers, were not fully covered by insurance compensation.

"Other costs" mainly comprise losses on the retirement of the old warehouse at Zola Predosa.

### C) Financial income and expense

| Description | 2007 | 2006 |
|---|---|---|
| Other financial income | 38 | 16 |
| Interest and other financial charges | (522) | (104) |
| Exchange rate gains and losses | (392) | (262) |
| **TOTAL** | **(876)** | **(350)** |

Total "financial income and expense" is analyzed below:

*Other financial income*

| Description | 2007 | 2006 |
|---|---|---|
| Bank interest | 35 | 16 |
| Other financial income | 3 | — |
| **TOTAL** | **38** | **16** |

The increase in interest income reflects the greater liquidity that flowed through the Parent's current accounts during 2007.

*Interest and other financial expenses*

| Description | 2007 | 2006 |
|---|---|---|
| Loan interest expense | (398) | (84) |
| Bank interest | (92) | (14) |
| Other financial charges | (32) | (6) |
| **TOTAL** | **(522)** | **(104)** |

The significant increase in loan interest expense reflects the growth in bank borrowing by the Parent, as described in the note on "amounts due to banks."

The other financial charges comprise the loan-arrangement commissions paid to banks.

*Exchange gains (losses)*

| Description | 2007 | 2006 |
|---|---|---|
| Exchange rate gains | 55 | 2 |
| Exchange rate losses | (552) | (110) |
| Unrealized exchange gains (losses) | 105 | (154) |
| **TOTAL** | **(392)** | **(262)** |

Net exchange rate losses amounted to Euro 392 thousand, as analyzed below:

- exchange rate gains and losses realized on the collection/payment of foreign currency receivables/ payables;
- unrealized exchange rate gains of Euro 105 thousand identified on the alignment of foreign currency liabilities using the year-end rates of exchange, which have been recognized in the income statement as required by art. 2426 of the Italian Civil Code.

### D) Adjustments to financial assets

No adjustments have been made to financial assets.

### E) Extraordinary income and expense

During the year, the Parent incurred a loss of Euro 62 thousand in relation to a batch of damaged goods that could not be included in the production cycle.

***Income taxes for the year***

The Income taxes caption includes the IRAP charge for the year ended 31 December 2007 of about Euro 324 thousand and the US income taxes of YOOX Corporation and Y Services, amounting to Euro 211 thousand and Euro 5 thousand respectively, as well as the income tax charge on YOOX Japan of about Euro 112 thousand. With regard to IRES, part of the tax losses carried forward by the Parent were used to offset the taxable income for 2007 (about Euro 1,019 thousand).

In view of the above, the Parent's balance sheet includes deferred tax assets totaling Euro 432 thousand in relation to carried-forward tax losses and the temporary differences generated during the year. The amount recognized was determined with reference to an estimate of the Parent's taxable income for 2008.

The effective tax charge is reconciled with the theoretical tax charge in the notes to the Parent's financial statements, since this schedule is considered to be representative of the tax charge on the Group's results.

The unutilized tax losses at 31 December 2007 amount to about Euro 6,003 thousand and can be carried forward indefinitely.

If these losses become fully recoverable, the related tax benefit will be Euro 1,650 thousand which, for the sake of prudence, has not been recognized in the financial statements as of and for the year ended 31 December 2007.

### Other information

As required by law, the total fees of the directors and the statutory auditors are summarized below.

| Description | 31/12/2007 | 31/12/2006 |
|---|---|---|
| Directors | 425 | 344 |
| Statutory Auditors | 35 | 31 |

### Dividend policy

The Issuer is not subject to restrictions on the distribution of dividends, except for those envisaged in the articles of association applicable from the time of initial listing.

Pursuant to art. 27 of the articles of association, the net profits reported in the financial statements, after the required allocation to the legal reserve, are allocated to the shareholders in proportion to their respective interests, unless the Shareholders' Meeting resolves to allocate all or part of such profits to retained earnings or for some other purpose.

**Court and arbitration proceedings**

At the date of this Prospectus, Group companies are involved in the following civil, criminal and administrative proceedings:

a) an application has been made to the Athens Court of Appeal (Greece), by the Issuer's former fiscal representative for Greece, to overturn the ruling in favor of the Issuer handed down by the first-level Athens Court. This ruling sentenced the former fiscal representative to pay the Issuer a total of Euro 226,552.79 plus interest, including an amount of Euro 75,000.00 payable immediately (without waiting for confirmation of the sentence).

In particular, in October 2007 the Issuer filed a civil claim against the former fiscal representative following failure by the latter to pay over VAT due out of the amounts transferred for this purpose by the Issuer. This claim amounted to Euro 216,553.01 plus interest (comprising the Euro 158,545.32 transferred by YOOX for the VAT payment that was never made, and Euro 58,007.69 in penalties paid to the Tax Authority by YOOX for the delay in making the required VAT payment), together with compensation for moral damages suffered by the Parent, estimated at Euro 50,000.00. The ruling handed down by the first-level court on 21 February 2008 sentenced the Issuer's former fiscal representative to pay YOOX a total of Euro 226,552.79 plus interest, including Euro 75,000.00 immediately. In the event of failure to pay, the sentence also envisaged that the former fiscal representative should go to prison for 4 months. The amounts due have not been paid and no executive action has been taken to enforce the recovery of these amounts, since the Issuer's former fiscal representative does not currently have any attachable assets or property. During the court case, an application was made to seize the assets and funds currently owned by the Issuer's former fiscal representative. On 9 June 2008, the Issuer's former fiscal representative filed an appeal against the first-level court ruling. The first appeal hearing will be held on 12 November 2009.

b) in March 2007, YOOX also filed criminal charges against the same former fiscal representative in relation to the facts described in point a) above, for fraud, improper appropriation and the use of false documents. During the preliminary investigative, the Magistrate separated the proceedings with reference to the various charges made, since they could not be dealt with together in view of the different procedural rules involved. The investigation process is still ongoing.

c) in July 2008, YOOX appealed to the Lazio Administrative Court to overturn the decree issued by the Ministry of Economic Development which disallowed the "Tutti contro YOOX" prize competition, held by the Issuer between 14 November 2007 and 28 November 2007, on the basis that the competition's mechanism did not guarantee the public interest and equality of treatment for all participants, and because participation was also open to parties not resident in Italy. No date has yet been fixed for the first hearing.

d) YOOX has appealed to the Bologna Court against an injunction granted by that Court, in favor of a former executive of the Issuer, requiring YOOX to pay Euro 30,000.00 (plus inflation and interest, as well as legal expenses of Euro 559.00) as consideration for the non-compete clause contained in the contract between this executive and YOOX, which was terminated in 2007. This appeal is still at the investigation stage: in particular, an independent court appraisal has been arranged and will take place in September 2009.

e) In March 2009, the same former executive who sought the relief described under (d) above, brought an action before the Tribunal of Bologna claiming the unlawfulness of his dismissal and, therefore, requesting that the Issuer be ordered to pay an indemnity equal to €180,000 (plus social security contributions). In the alternative, he sought his reinstatement and requested that the Issuer be ordered to pay €43,928.57 as unpaid salary (plus social security contributions). He also claimed suffering "mobbing" and, therefore, requested that the Issuer be condemned to pay €100,000, plus interest. Finally, he requested payment of unpaid benefits amounting to between €4,000 and €11,000.

f) in July 2009, urgent action was taken in the Paris Court against the Issuer by MC. Company S.A.M. for alleged imitation by the Issuer consisting in the improper use of a trademark owned by that company; in particular, via this urgent action, the above company requested that the Issuer be required: (i) to eliminate the products bearing the trademark concerned (or pay a fine of Euro 5,000

for each identified breach); (ii) to produce all the accounting documentation, including customs documents, relating to the products, or pay a file of Euro 1,000 for each day of delay; (iii) to pay Euro 15,000 as compensation for damages; (iv) to pay Euro 100,000 to cover provisional losses; (v) to pay the Court's expenses. Application was also made for the seizure of the amounts claimed from the Issuer's current account, with the consequent possibility of such amounts being expropriated by force. In October 2009, the Court of Paris issued a court order, which condemned the Issuer to pay €20,000 as damages, and €3,000 as procedural expenses, rebutting the claimant's other demands. The same company brought an ordinary (non-urgent) action against YOOX before the Court of Paris. The first hearing (with the Issuer in attendance) was held on September 17, 2009. On the merits of the case, the above company has also requested that the Issuer be required: (i) to eliminate the products bearing the trademark concerned (or pay a fine of Euro 5,000 for each identified breach); (ii) to pay Euro 60,000 as compensation for damages; (iii) to pay Euro 200,000 for acts of unfair competition; (iv) to suffer seizure of the amounts claimed from the Issuer's current account, with the consequent possibility of such amounts being expropriated by force; and (v) to publish the sentence in 10 newspapers and magazines.

g) in June 2009, the Issuer filed a claim for improper appropriation pursuant to art. 646 of the Italian penal code against a Bologna company that was previously party to a sale-or-return contract with the Issuer pursuant to art. 1556 of the Italian Civil Code (under which the Issuer had supplied that company with goods totaling Euro 80,000.00 that were not sold and which, therefore, that company should have returned under the terms of the contract); the competent authority has already seized part of the Issuer's goods found on the premises of the Bologna company and arranged for their immediate return to the Issuer. At this time, the criminal proceedings against the Bologna company for improper appropriation are still at the investigation stage; at the same time, via a civil action, the Issuer has obtained an injunction against the Bologna company for the recovery of Euro 64,306.75 (plus interest and expenses), due by the latter for goods sold but never paid for.

# CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2006 AND 2005, PREPARED IN ACCCORDANCE WITH ITALIAN GAAP

**KPMG S.p.A.**
**Revisione e organizzazione contabile**
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40134 BOLOGNA BO

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# Report of the auditors in accordance with article 2409-ter of the Italian Civil Code

To the shareholders of
YOOX S.p.A.

1 We have audited the consolidated financial statements of the YOOX Group as at and for the year ended 31 December 2006. These financial statements are the responsibility of the parent company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards generally accepted in Italy. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 3 April 2006 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes as required by law.

3 In our opinion, the consolidated financial statements of the YOOX Group as at and for the year ended 31 December 2006 comply with the Italian regulations governing their preparation. Therefore, they are clearly stated and give a true and fair view of the financial position and results of the group.

Bologna, 13 April 2007

KPMG S.p.A.

Gianluca Geminiani
Director of Audit

KPMG S.p.A., an Italian limited liability share capital company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Milano Ancona Aosta Bari
Bergamo Bologna Bolzano
Brescia
Cagliari Catania Como Firenze
Genova Lecce Napoli Novara
Padova Palermo Parma Perugia
Pescara RomaTorinoTreviso
Trieste UdineVarese Verona

Società per azioni
Capitale sociale
Euro 7.470.300,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Part. IVA 00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI

# BALANCE SHEET

| (in thousand of Euro)<br>Italian GAAP | 2006 | 2005 |
|---|---|---|
| **A) Share capital proceeds to be received** | | |
| **B) Fixed assets** | | |
| *I. Intangible fixed assets* | | |
| 1) Start-up and capital costs | 4 | 9 |
| 3) Industrial patents and intellectual property rights | 214 | 230 |
| 4) Concessions, licences, trademarks and similar rights | 87 | 33 |
| 6) Assets under development and payments on account | — | 135 |
| 7) Other | 817 | 369 |
| **Total intangible fixed assets** | **1,122** | **775** |
| *II. Tangible fixed assets* | | |
| 2) Plant and machinery | 289 | 359 |
| 3) Industrial and commercial equipment | 661 | 686 |
| 4) Other assets | 922 | 947 |
| 5) Assets under construction and payments on account | — | 31 |
| **Total tangible fixed assets** | **1,872** | **2,023** |
| *III. Financial fixed assets* | | |
| 1) Investments in: | — | — |
| a) Subsidiaries | — | — |
| d) Other companies | — | — |
| 2) Receivables | — | — |
| d) due from others | — | — |
| — due after one year | 576 | 409 |
| 3) Other securities | — | — |
| **Total financial fixed assets** | **576** | **409** |
| ***Total fixed assets*** | **3,570** | **3,207** |
| *I. Inventories* | | |
| 1) Raw materials, consumables and supplies | 190 | 95 |
| 4) Finished goods | 18,766 | 14,218 |
| **Total inventories** | **18,956** | **14,312** |
| *II. Receivables* | | |
| 1) Trade receivables | | |
| — due within one year | 1,067 | 1,375 |
| 2) Due from subsidiaries | | |
| — due within one year | — | — |
| a) trade receivables | | |
| c) other receivables | — | — |
| 4) Due from parent companies | | |
| — due within one year | — | — |
| a) trade receivables | | |
| c) other receivables | — | — |
| 4-bis) Tax receivables | | |
| — due within one year | 772 | 332 |
| 4-ter) Deferred tax assets | | |
| — due within one year | 882 | 356 |
| 5) Due from others | | |
| — due within one year | 864 | 406 |
| **Total receivables** | **3,584** | **2,469** |
| *III. Current financial assets* | | |
| 6) Other securities | — | — |
| **Total current financial assets** | **—** | **—** |
| *IV. Liquid funds* | | |
| 1) Bank and postal accounts | 1,817 | 2,713 |
| 3) Cash and cash equivalents | 4 | 4 |
| **Total liquid funds** | **1,821** | **2,717** |
| ***Total current assets*** | 24,362 | 19,498 |
| **D) Prepayments and accrued income** | **—** | **—** |
| — other | **290** | **134** |
| **Total accrued income and prepayments** | **290** | **134** |
| **Total assets** | **28,221** | **22,839** |

| (in thousand of Euro)<br>Italian GAAP | 2006 | 2005 |
|---|---|---|
| **Consolidated balance sheet — Liabilities** | | |
| **A) Shareholders' equity** | — | — |
| *I. Share capital* | 400 | 400 |
| *II. Share premium reserve* | 22,561 | 22,561 |
| *III. Revaluation reserve* | — | — |
| *IV. Legal reserve* | — | — |
| *V. Reserve for treasury shares* | — | — |
| *VI. Statutory reserves* | — | — |
| *VII. Cumulative translation adjustment* | (257) | (262) |
| *VIII. Retained earnings (losses carried forward)* | (10,243) | (10,417) |
| *IX. Net profit (loss) for the year* | (43) | 174 |
| ***Total equity*** | **12,419** | **12,457** |
| *X. Minority interests in share capital and reserves* | — | — |
| *XI. Minority interests in net profit (loss) for the year* | — | — |
| ***Minority interests in shareholders' equity*** | — | — |
| ***Total equity*** | **12,419** | **12,457** |
| **B) Provisions for risks and charges** | — | — |
| 3) Other | 98 | 37 |
| ***Total provisions for risks and charges*** | **98** | **37** |
| **C) Employees' leaving entitlement** | **465** | **328** |
| **D) Payables** | | |
| 3) Due to banks | | |
| — due within one year | 3,039 | — |
| — due after one year | 141 | — |
| 4) Due to other providers of finance | — | — |
| — due within one year | — | — |
| — due after one year | — | — |
| 6) Trade payables | — | — |
| — due within one year | 8,923 | 7,443 |
| 8) Accounts payable to subsidiaries | | |
| — due within one year | — | — |
| 10) Accounts payable to parent companies | — | — |
| — due within one year (goods) | — | — |
| — due within one year (services) | — | — |
| 11) Tax payables | — | — |
| — due within one year | 1,031 | 800 |
| 12) Social security charges payable | — | — |
| — due within one year | 267 | 260 |
| 13) Other payables | — | — |
| — due within one year | 1,703 | 1,511 |
| ***Total payables*** | **15,104** | **10,013** |
| **E) Accrued expenses and deferred income** | | |
| — other | 135 | 5 |
| **Total accrued expenses and deferred income** | **135** | **5** |
| **Total liabilities and equity** | **28,221** | **22,839** |

## MEMORANDUM ACCOUNTS

| (in thousand of Euro)<br>Italian GAAP | 2006 | 2005 |
|---|---|---|
| — Third party assets held by the group | 5,900 | 3,196 |
| — Group assets held by third parties | 2,216 | 1,795 |
| — Sureties given to others | 317 | 287 |
| — Commitments under forward hedging contracts | 306 | 3,586 |
| **Total memorandum accounts** | **8,740** | **8,864** |

# INCOME STATEMENT

| (in thousand of Euro)<br>Italian GAAP | 2006 | 2005 |
|---|---|---|
| **A) Production net revenues** | | |
| 1) Revenues from sales and services | 49,237 | 37,570 |
| 4) Internal work capitalised | 256 | 0 |
| 5) Other revenues and income: | 0 | 0 |
| — other | 477 | 202 |
| ***Total production net revenues*** | **49,969** | **37,771** |
| **B) Production cost** | | |
| 6) Raw materials, consumables, supplies and goods | 31,676 | 24,399 |
| 7) Services | 15,327 | 12,395 |
| 8) Use of third party assets | 707 | 508 |
| 9) Personnel expenses | 3,770 | 2,640 |
| a) Wages and salaries | | |
| b) Social security charges | 1,001 | 824 |
| c) Employees' leaving entitlement | 240 | 160 |
| e) Other costs | 4 | 4 |
| 10) Depreciation, amortisation and write-downs | 625 | 325 |
| a) Amortisation of intangible fixed assets | | |
| b) Depreciation of tangible fixed assets | 502 | 449 |
| d) Write-down of current receivables and (…) | 123 | 67 |
| 11) Changes in raw materials, (…) and goods | (4,796) | (4,355) |
| 12) Provisions for risks and charges | 43 | 0 |
| 13) Other provisions | 56 | 18 |
| 14) Other operating expenses | 655 | 475 |
| **Total production cost** | **49,933** | **37,910** |
| **Operating profit (A-B)** | **36** | **(139)** |
| **C) Financial income and expense** | | |
| 16) Other financial income: | | |
| d) income other than the above: | | |
| — other | 16 | 14 |
| 17) Interest and other financial expense: | | |
| — other | 104 | 40 |
| 17-bis) Exchange rate gains (losses) | (263) | 208 |
| ***Total financial income and expense*** | **(350)** | **183** |
| **D) Adjustments to financial assets** | | |
| 18) Write-backs: | 0 | 0 |
| 19) Write-downs: | 0 | 0 |
| ***Total adjustments to financial assets*** | | |
| **E) Extraordinary income and expense** | | |
| 20) Income: | 0 | 0 |
| 21) Expense: | 0 | 0 |
| ***Total extraordinary items*** | | |
| **Profit (loss) before taxation (A-B±C±D±E)** | **(314)** | **44** |
| 22) Income taxes for the year — current | (255) | (225) |
| 22) Income taxes for the year — deferred | 526 | 356 |
| 23) Minority interests in net (profit)/loss for the year | | |
| **24) Group interest in net profit (loss) for the year** | **(43)** | **174** |

# STATEMENT OF CASH FLOWS

| (in thousand of Euro)<br>Italian GAAP | 2006 | 2005 |
|---|---|---|
| Net profit (loss) for the year | (43) | 174 |
| Depreciation and amortisation and impairment losses | 1,127 | 774 |
| Net change in the employees' leaving entitlement | 139 | 115 |
| **Cash generated by/(used in) operating activities** | **1,223** | **1,063** |
| **Sources (Applications) of funds to finance net current assets** | | |
| Changes in inventories | (4,644) | (4,345) |
| Changes in current receivables and accrued income | 1,687 | (1,150) |
| Other changes | 5 | (172) |
| Changes in financial, trade and other payables — due within one year and accrued expenses | 5,221 | 3,482 |
| **Total applications of funds to finance net current assets** | **2,269** | **(2,185)** |
| **Cash flow generated by/(used in) operating activities** | **3,492** | **(1,122)** |
| Sources (Applications) of funds in financing activities | | |
| Change in medium/long-term payables and loans | 141 | 0 |
| **Total sources of funds in financing activities** | **141** | **0** |
| **Increase in shareholders' equity due to capital injections** | **0** | **3,015** |
| **Investing activities** | | |
| Investments in fixed assets | | |
| 1. Intangible fixed assets | (970) | (578) |
| 2. Tangible fixed assets | (455) | (946) |
| 3. Financial fixed assets | (167) | (83) |
| Decrease of tangible fixed assets | 99 | 9 |
| **Total cash flow used in investing activities** | **(1,493)** | **(1,598)** |
| **TOTAL CASH FLOW GENERATED** | **2,140** | **295** |
| **Liquid funds may be analysed as follows:** | | |
| **Cash and cash equivalent, start of year** | **2,717** | **2,422** |
| Cash flow generated/used | 2,140 | 295 |
| Due to banks | (3,039) | 0 |
| **Cash and cash equivalent, end of year** | 1,818 | 2,717 |

# STATEMENT OF CHANGES IN EQUITY

| DESCRIPTION | SHARE CAPITAL | LEGAL RESERVE | SHARE PREMIUM | RESERVE FOR UNREALISED EXCHANGE RATE GAINS | LOSSES CARRIED FORWARD | NET PROFIT (LOSS) FOR THE YEAR | EURO TRANSLATION RESERVE | TOTAL |
|---|---|---|---|---|---|---|---|---|
| **Balance at the beginning of the previous year** | **373** | **—** | **19,573** | | **(9,933)** | **(484)** | **(90)** | **9,439** |
| Allocation of net profit for the year: | | | | | | | | |
| — Dividends | | | | | | | | |
| — Other allocations | | | | | (484) | 484 | | |
| Other changes | | | | | | | | |
| — increase in the year | 27 | | 2,988 | | | | (172) | 2,843 |
| — Net profit for the previous year | | | | | | 174 | | 174 |
| **Balance at the end of the previous year** | 400 | — | 22,561 | | (10,417) | 174 | (262) | 12,456 |
| Allocation of net profit for the year: | | | | | | | | |
| — Dividends | | | | | | | | |
| — Other allocations | | | | | 174 | (174) | | |
| Other changes | | | | | | | | |
| — increase in the year | | | | | | | 5 | 5 |
| — Net loss for the current year | | | | | | (43) | | (43) |
| **Balance at the end of the current year** | 400 | — | 22,561 | | (10,243) | (43) | (257) | 12,418 |

# EXPLANATORY NOTES

**Structure and content of the consolidated financial statements**

The YOOX Group has prepared consolidated financial statements since 2002. The consolidated financial statements were prepared in accordance with the current provisions of the Italian Civil Code, interpreted and integrated in accordance with the accounting principles published by the Italian Accounting Profession, as amended and adopted by the Italian Accounting Standard Setter (abbreviated as OIC in Italian), and with the documents published by the OIC and, where necessary, by the International Financial Reporting Standards (IFRS) issued by the IASB.

The consolidated financial statements include a balance sheet, an income statement and these accompanying notes, and are accompanied by a report on operations. In addition, for the sake of greater disclosure, a consolidated cash flow statement is also provided. The consolidated financial statements were the subject of an independent audit pursuant to Articles 2409-bis and following of the Italian Civil Code. The report of the Independent Auditors is annexed to the Annual Report.

**Principles and scope of consolidation**

The main principles of consolidation are the following:

- the carrying amount of investments in consolidated companies is eliminated against the underlying shareholders' equity and all of the assets and liabilities in the financial statements of subsidiaries are consolidated line by line, except for the related shareholders' equity, which is eliminated;
- because all of the subsidiaries are newly established companies, the elimination process does not generate goodwill in the financial statements;
- the share capital and reserves of investee companies that existed at the date of subscription or acquisition by the parent company are eliminated against the value of the corresponding investment. The reserves generated subsequent to the date of subscription or acquisition are retained;
- transactions of a material amount between consolidated companies and, therefore, the receivables, payables, costs and net revenues are eliminated in the consolidation process. Unrealised gains generated by intercompany transactions are eliminated, if material;
- when applicable, the minority interests in shareholders' equity and in net profit or loss are shown separately in the financial statements items provided for this purpose;
- the financial statements of foreign companies located outside the EU are translated into Euros using year-end exchange rates for the balance sheet and average annual exchange rates for the income statement. Any translation differences caused by a change between the exchange rate at year end compared to that used in the previous financial statements or on the date of a capital subscription and the average exchange rate for the years used to translate the income statement of an investee company, which is different from the year-end exchange rate used to translate balance sheets, are credited or debited to a special shareholders' equity reserve called the Euro translation reserve.

The scope of consolidation has not changed with respect to the previous year and includes the following subsidiaries:

- YOOX Corporation, established in 2002 to manage the group's operations in the United States;
- YOOX Japan, established in 2004 to manage the group's operations in Japan;
- X-Style, a wholly-owned subsidiary of YOOX Corporation established in 2004 to handle sales through alternative channels.

At 31 December 2006, the scope of consolidation included the parent company and the following subsidiaries:

| Company | Registered Offices | Share Capital as of 31/12/2006 | Percentage held at 31/12/2006 % |
|---|---|---|---|
| YOOX Corporation ..... | Delaware, 15 East North Street Dover, 19901 | 247,810 | 100 |
| X-Style..... | Delaware, 15 East North Street Dover, 19901 | 14,683 | 100* |
| YOOX Japan ..... | Akasaka Tokyo Plaza 12F, 14-3, Nagata-cho 2-chome, Chiyoda-ku - Tokyo | 74,954 | 100 |

** Via YOOX Corporation*

The share capital of the foreign subsidiaries was translated into Euros at the exchange rate in effect on the date of incorporation.

The main financial statements items applicable to the consolidated companies are identified in the notes to the consolidated financial statements.

**Group activities**

The group engages in the sale of goods and provides commercial services related to clothing and accessories using information technology tools.

The group's online sales, generally referred to as "*e-commerce",* are carried out on the *www.yoox.com* website.

**Management and Coordination of the parent company**

As required by current regulations and pursuant to Articles 2497 and following of the Italian Civil Code, it is confirmed that the parent company declares that it is not subject to management and coordination by any party, including its current shareholders.

**Reconciliation of the parent company's net profit (loss) for the year and shareholders' equity with consolidated net profit (loss) for the year and shareholders' equity**

The table below shows a reconciliation of the parent company's net profit (loss) for the year and shareholders' equity to consolidated net profit (loss) for the year and shareholders' equity:

| (in thousand of Euros) | Shareholders' equity 31/12/2006 | Net profit (loss) for the year 31/12/2006 | Shareholders' equity 31/12/2005 | Net profit (loss) for the year 31/12/2005 |
|---|---|---|---|---|
| financial statement of the parent ..... | 13,027 | (330) | 13,357 | 459 |
| Difference between the carrying amount of investments in consolidated companies and their value using the equity method ..... | (608) | 288 | (901) | (285) |
| *— Elimination of unrealised intercompany profits ..... | *(262)* | *217* | *(479)* | *(278)* |
| *— Net profits/(losses) of subsidiaries..... | *(89)* | *71* | *(160)* | *(7)* |
| *— Translation adjustments ..... | *(257)* | *—* | *(262)* | *—* |
| Group interest in shareholderss equity and net profit (loss) for the year..... | 12,419 | (42) | 12,456 | 174 |

**Accounting policies adopted for the preparation of the consolidated financial statements**

The items of the consolidated financial statements were measured in accordance with the general principles of prudence and accruals, based on a going concern assumption, and taking into account the economic significance of individual assets and liabilities (so-called "Prevalence of substance over form" principle).

The adoption of the principle of prudence requires that the elements of which the individual asset or liability items are comprised must be valued individually in order to avoid offsetting losses that should be recognised against gains that have not been realised and should not be recognised.

The accruals principle requires that the effect of transactions or other events be recognised in the accounting periods to which they relate and not when the cash transfers (collections and payments) take place.

The main policies applied are consistent with the objective of providing a truthful and fair presentation of the group's financial position and results of operations.

The accounting policies adopted to prepare the consolidated financial statements, which are consistent with those used in the previous year, are described below.

**Intangible fixed assets**

Intangible fixed assets are recorded at their historical acquisition cost, including any directly-related charges, and are shown net of accumulated amortisation. Amortisation is calculated on a straight-line basis, in equal instalments each year, based on the length of the effective usefulness of the capitalised costs.

The main intangible fixed assets are:

- "start-up and capital costs," which are costs that are expected to produce economic benefits over multiple years and are recognised with the consent of the Board of Statutory Auditors. They are amortised over five years, which is the estimated length of their useful life;
- "industrial patents and intellectual property rights," which, consistent with the nature of the capitalised assets, are amortised over three years;
- "licences, concessions and trademarks," which, consistent with the nature of the capitalised assets, are amortised over ten years;
- "other," which consists of leasehold improvements, amortised over the term of the underlying lease. In addition, this category also includes investments to outfit the travelling show "Dressing Ourselves", the expenses for the new "Logistic Model Evolution" project and costs to set up a commercial project for a leading Italian fashion label. These costs are amortised over three years, which is the length of time deemed to reflect their useful life.

If, at the end of the year, the carrying amount determined with the method described above is effectively lower than an asset's economic value, the asset's carrying amount is written down accordingly. If the reasons for the abovementioned write-down cease to apply, the original amount is fully or partly reinstated.

As required by Article 2427.3-bis, of the Italian Civil Code, the group declares that it did not write down its intangible fixed assets in 2006 or in previous years.

**Tangible fixed assets**

Tangible fixed assets are recognised at acquisition cost, including all directly-related charges.

The cost of tangible fixed assets with a finite useful life is depreciated on a systematic basis, unchanged from the previous year. The depreciation thus calculated is deemed to be fair, based on the assets' residual useful life.

Under the depreciation plan adopted by the group, assets are depreciated at half the regular rate during the first year they are put into service, based on the assumption that, on average, these assets contribute to the production process for half of the year.

Specifically:

- equipment is depreciated at a 15% annual rate;
- general plant is depreciated at a 15% annual rate;
- specific plant (e.g., alarms; photographic equipment) are depreciated at a 30% annual rate;
- electronic office equipment is depreciated at a 20% annual rate;
- furniture and furnishings are depreciated at a 15% annual rate;
- motor vehicles and automobiles are depreciated at annual rates of 20%.

As required by Article 10 of Law No. 72/83, it is confirmed that no monetary or economic revaluations have been recorded, and that no exceptions have been made pursuant to Articles 2423 and 2423-bis of the Italian Civil Code.

As required by Article 2427.3-bis, of the Italian Civil Code, the group declares that it did not write down its tangible fixed assets in 2006 or in previous years.

Maintenance and repair costs are charged to the income statement in the year they are incurred. They are capitalised when they increase the carrying amount or extend the useful life of an asset.

If, at the end of the year, the carrying amount determined with the method described above is effectively lower than an asset's economic value, the asset's carrying amount is written down accordingly. If the reasons for the abovementioned write-down cease to apply, the original amount is fully or partly reinstated.

In view of their limited useful life, assets valued at less than Euro 516 are depreciated in full in the year they are purchased.

**Financial fixed assets**

Receivables due from others are deemed to be fully collectible and, consequently, are carried at their nominal value.

Investments in other companies are stated at acquisition or subscription cost. If, at the end of the year, the amount determined with the method described above is deemed to have been effectively impaired, the carrying amount of the affected investment is written down accordingly.

If the reasons for the abovementioned write-down cease to apply, the original amount is fully or partly reinstated.

**Inventories**

Inventories are valued at the lower of cost or market value. Cost, which includes directly-related charges, is determined for similar classes of assets by the method of the average cost per product category. The amount of inventories is shown net of a provision for inventory obsolescence, which is calculated taking into account the lower realisable value of certain inventory assets compared with their purchase cost. If the inventories are deemed to include obsolete or slow-moving items, these items are written down to reflect their future recoverability. If the reasons for the abovementioned write-down cease to apply, the original amount is fully or partly reinstated.

**Receivables**

Receivables are stated at their estimated realisable value. The nominal amount of receivables is adjusted to their estimated realisable value by means of a Provision for bad debts. This provision, which is deducted directly from the receivables, is specifically determined based on an analysis of receivables the collection of which is doubtful and, more in general and in order to allow for future losses, on historical trends of uncollectible receivables.

**Liquid funds**

Liquid funds are carried at their actual amount.

Deposits in foreign currencies are translated into Euros at the year-end exchange rate. The actual amount of bank deposits is checked against the group's accounting records by means of bank reconciliation schedules.

**Prepayments and accrued income, accrued expenses and deferred income**

Prepayments and accrued income, accrued expenses and deferred income are recognised on an accruals basis by allocating to the appropriate periods expenses and income applicable to two or more years.

**Payables**

Payables are carried at their nominal value, which is representative of their settlement amount.

**Provisions for risks and charges**

The provisions for risks and charges are recognised to cover losses or liabilities the existence of which is certain or probable, but the amount and due date of which could not be determined at the close of the year. The amounts set aside in these provisions represent best possible estimates, based on available information. In assessing risks and charges, the group also takes into account risks and losses that became known after the end of the year up to the date of preparation of these financial statements.

Contingent liabilities are recognised and reflected in these provisions when their occurrence is deemed to be likely and the amount of the resulting charges can be reasonably estimated.

**Employees' leaving entitlement**

This provision reflects the actual liability to employees accrued pursuant to the laws and labour agreements in force, taking into account every type of compensation provided on an ongoing basis.

The liability is equal to the vested benefits owed to each employee at the date of the financial statements, net of any advances paid, and is equal to the amount that the group would have to pay to all employees of every level and category if their employment was terminated on that date.

**Income taxes**

Current income taxes are recognised based on an estimate of the group's taxable income, consistent with current legislation and taking into account applicable exemptions and available tax credits, in accordance with the guidelines provided in the reference accounting standards with regard to the recognition of current income taxes.

If the result of the computation of the current income taxes is a negative balance, the corresponding amount is recognised as tax payables. If the result of the abovementioned computation is a credit balance, the corresponding amount is recognised as tax receivables, which is a component of current assets.

In accordance with Italian accounting standards (OIC Document 251), the parent company recognised "deferred tax assets" that arose from positive temporary differences and from its tax-loss carryforward, to the extent that there is a reasonable certainty that they will be recovered the following year. There were no items that generate "deferred tax liabilities".

In addition, the deferred tax assets that arise from the tax-loss carryforward are recognised provided both of the following conditions are met:

- there is reasonable certainty that in the year following the year in question the group will generate sufficient taxable income to offset the tax loss carryforward; and
- the abovementioned loss is the result of clearly identified circumstances and it is reasonably certain that those circumstances will not be repeated.

The opening amounts indicative of the deferred tax effect were adjusted in the current financial statements, which required the recognition of income components shown under Item 22 of the income statement.

**Costs and net revenues**

Costs and net revenues are presented in the financial statements on an accruals basis and taking a prudent approach, recognising the corresponding accrual and deferrals. Revenues and income, costs and charges are recognised net of returns, commercial discounts, allowances and rebates and of all taxes directly related to the sale of products and the provision of services.

Sales net revenues are recognised when title passes to the buyer, which is generally deemed to coincide with the delivery or shipments of the goods.

Financial net revenues and those generated by the provision of services are recognised on an accruals basis.

**Foreign currency assets and liabilities**

Fixed assets denominated in foreign currencies are recognised at the exchange rate in effect at the time of purchase. Current assets denominated in foreign currencies are recognised at the spot exchange rate in effect at the end of the year and any resulting gains or losses, calculated taking into account any existing hedges, are recognised in the income statement under Item C) 17-*bis*).

Pursuant to Article 2426 of the Italian Civil Code, any net gains are set aside in a special reserve and are not distributable until they are realised.

As required by Article 2427.1.6-*bis*) of the Italian Civil Code, the group discloses that no changes in exchange rates that could have produced a material effect occurred between the end of the year and the date when these financial statements were prepared.

Forward contracts and other financial derivatives executed to hedge sales transactions in foreign currencies were measured in the same way as the hedged transactions, recognising the receivable and income at the average hedging rate. These forward contracts and financial derivatives hedge about 30% of the sales forecast for the subsidiary YOOX Corporation in the U.S. market over a 12-month time horizon in accordance with the relevant plans.

The nominal value of the abovementioned derivatives at the date of the financial statements is listed among the memorandum accounts.

**Guarantees, commitments, third-party assets and contingencies**

Risks related to guarantees and collateral provided and guarantees that secure obligations of third parties are listed among the memorandum accounts in an amount equal to that of the guarantee or collateral given. Obligations of third parties are listed in these Notes when the amount of the obligation is smaller than that of the guarantee provided.

Commitments are listed among the memorandum accounts at nominal value, taken from the supporting documents.

Third-party assets held by the group are measured at cost or market value, whichever is lower.

Risks as a result of which the occurrence of a liability is probable are described in the Notes to the consolidated financial statements and adequate amounts are accrued to the provisions for risks.

Risks as a result of which the occurrence of a liability is only possible are described in the Notes to the consolidated financial statements, but, as allowed by the applicable accounting standards, without recognising any provisions. Risks that are remote in nature are not considered.

## Workforce

A breakdown of the group's payroll is as follows:

| Description | 31/12/2006 | 31/12/2005 |
|---|---|---|
| Executives | 1 | 1 |
| Office staff | 124 | 87 |
| **Total** | **125** | **88** |

In 2006, the average number of employees on the group's payroll was 107.

## Assets

***B) Fixed assets***

*I. Intangible fixed assets*

A schedule showing the changes in the various intangible fixed asset categories is provided as Annex 1 to these Notes to the consolidated financial statements.

Capitalised costs are reasonably correlated to their ability to provided economic benefits over several years. They are amortised systematically, based on their residual useful lives.

No advertising costs incurred during the year were capitalised.

The group's intangible fixed assets were neither written down nor revalued.

The main changes that affected the group's intangible fixed assets in 2006 are analysed below:

- **Start-up and capital costs**: this item includes not only costs relating to the incorporation of the parent company, but also notary expenses for the share capital increase that took place in 2003 and which are amortised over five years with the approval of the Board of Statutory Auditors.
- **Industrial patents and intellectual property rights**: these include deferred charges relating to image strategies and the development of the website's technological infrastructure. They are amortised systematically over three years and rose in 2006 by approximately Euro 220 thousand. In particular, the group acquired Reddot cms (Content Management System) licences for roughly Euro 58 thousand and "Piattaforma Arel" software to manage video conferences for some Euro 20 thousand.
- **Concessions, licences, trademarks and similar rights**: this item mainly includes expenses incurred to acquire and register domestic and international trademarks. They are amortised systematically over ten years. In 2006, trademarks worth a total of roughly Euro 64 thousand were registered in new countries.
- **Leasehold improvements (included under "other")**: this item includes investments to improve the premises of the parent company's registered offices and the warehouse in Zola Predosa. These expenses, which will generate benefits over various years, are amortised over the term of the lease contract and total approximately Euro 211 thousand at year end.
- **Other**: this item includes costs incurred for the travelling show "Dressing Ourselves" and other deferred expenses, such as costs to set up a commercial project for a leading Italian fashion label and costs for the "Logistic Model Evolution" project, through which the parent company's logistics architecture was redesigned and the flow of goods was optimised. These costs are amortised over three years and amount to roughly Euro 612 thousand at year end.

*II. Tangible fixed assets*

Annex 1 to these notes to the consolidated financial statements provides a statement of changes in tangible fixed assets. The main costs of each item are described below:

*Plant and machinery*

Investments in the year total approximately Euro 9 thousand and mainly relate to the new alarm systems installed in group warehouses.

*Industrial and commercial equipment*

Industrial and commercial equipment mainly relate to specific warehouse equipment. The increase in the year amounts to roughly Euro 171 thousand and the most significant sub-item is the purchase of a new loft to hang apparel in the warehouse, totalling approximately Euro 151 thousand.

*Other assets*

"Other assets" include the following assets:

- Furniture and furnishings: the increase of the year amounts to some Euro 48 thousand and mainly includes costs incurred by the parent company to furnish offices in the registered office in Zola Predosa and the Yoox Corporation's headquarters in Hoboken (NJ).
- Electronic office equipment: new servers worth approximately Euro 100 thousand and new clients of roughly Euro 109 thousand were purchased. Total expenditure in the year amounts to around Euro 224 thousand;
- Motor vehicles and automobiles: there were no new purchases during the year;
- Cellular phones: during the year, company cellular phones were purchased for an amount of roughly Euro 3 thousand;
- Other assets: there were no new purchases of other assets during the year. This category includes assets that cannot be directly reclassified to other items, such as a robot for events, illuminated signs, etc.

Tangible fixed assets have not been written down or revalued.

During the year, no borrowing costs were capitalised in balance sheet assets.

No tangible fixed assets have been restricted, mortgaged or subject to other liens or charges.

The group does not hold any assets under finance lease.

*III. Financial fixed assets*

At year end, financial fixed assets total Euro 575,918, broken down as follows:

*Investments in other companies*

This item includes the investment in C.O.N.A.I., which is not of a material amount.

*Receivables*

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Guarantee deposits | 30 | 17 |
| Paymentech deposit US | 227 | 250 |
| Paymentech deposit Japan | 241 | 120 |
| Paumentech deposit Europe | 61 | 5 |
| JP Morgan term deposit | 16 | 17 |
| **Total** | **576** | **409** |

The item "due from others" includes guarantee deposits given by the parent company. The most significant of these relates to the parent company's Canadian *Importer of Record* agreement with its partner UPS for Euro 6,208.

Guarantee deposits in US dollars total Euro 227 thousand, those Japanese yen amount to Euro 241 thousand and those in Euros come to Euro 61 thousand. They relate, respectively, to receivables due from the US company Paymentech, which manages collection procedures for the US, Japanese and European markets (only in the event that the European partner's collection procedures malfunction) and relate to a term reserve to guarantee refunds for returns on the value of the goods sold.

## C) Current assets

*I. Inventories*

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Inventories | 18,956 | 14,312 |
| **Total** | **18,956** | **14,312** |

The increasingly high sales figures for 2006 on 2005 and forecasts for 2007 explain the rise in inventories seen in the table above. The growth in inventories is a physiological response to the increase in turnover, since the Yoox business model requires the group to procure items long before the sales season.

Inventories stock at 31 December 2006 mainly relate to products still available for sale for the Fall/Winter 2006 season or that will be sold in the Spring/Summer 2007 season.

Goods of previous collections and/or that is obsolete has been written down through a specific provision. The table below details changes in this provision:

| Description | Balance as of 31/12/2006 | Increase | Decrease | Balance as of 31/12/2005 |
|---|---|---|---|---|
| Provision for inventory obsolescence | 1,184 | 250 | — | 1,433 |
| **Total** | **1,184** | **250** | **—** | **1,433** |

The current balance in the provision for inventory obsolescence is adequate, based on the existing quantity of obsolete or slow-moving items.

*II. Receivables*

As required by Article 2427.1.6 of the Italian Civil Code, the table below provides a breakdown of receivables by geographic region (before deducting the provision for bad debts attributable to trade receivables):

*2006*

| Description | Europe | North America | Japan | Total |
|---|---|---|---|---|
| Due from customers | 1,085 | 100 | 62 | 1,247 |
| Tax receivables | 772 | | | 772 |
| Deferred tax assets | 882 | | | 882 |
| Due from others | 582 | 246 | 36 | 864 |
| **Total** | **3,321** | **346** | **98** | **3,764** |

Trade receivables, all of which are due within one year, consist of trade receivables recognised upon the sale of goods or the provision of services. A breakdown, showing amounts before deducting the provision for bad debts, is as follows:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Due from customers | 1,067 | 1,375 |
| Tax receivables | 772 | 332 |
| Deferred tax assets | 882 | 356 |
| Due from others | 864 | 406 |
| **Total** | **3,584** | **2,469** |

Trade receivables are shown net of the provision for bad debts of Euro 179,697.

The table below shows the changes in the provision for bad debts:

| Description | Balance as of 31/12/2005 | Increase | Decrease | Balance as of 31/12/2006 |
|---|---|---|---|---|
| Provision for doubtful accounts | 69 | 111 | — | 180 |
| **Total** | **69** | **111** | **—** | **180** |

The provision for doubtful accounts covers specific receivables against the risk of insolvent bills and other receivables not considered recoverable.

As required by Article 2427.6-bis) of the Italian Civil Code, the group discloses that no events that produced significant changes in the amount of receivables denominated in foreign currencies occurred between the end of the year and the date when these financial statements were prepared.

Tax receivables are entirely due within one year, and may be broken down as follows:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Tax credits | 4 | 9 |
| VAT recoverable | 768 | 323 |
| **Total** | **772** | **332** |

Amounts "due from others" are entirely due within one year, and may be broken down as follows:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Other receivables | 301 | 30 |
| Receivables for deferred costs | — | — |
| Advances to suppliers | 33 | 12 |
| Salary advances | 31 | 2 |
| Advances to employees for travel expenses | 11 | 1 |
| VAT recoverable | 487 | 361 |
| **Total** | **864** | **406** |

Other receivables include insurance claims and receivables for amounts paid to the group's Greek tax representative, which are deemed to be fully collectible.

"Due from acquirers" reflects amounts from customers that foreign acquirers had collected at 31 December 2006, but not yet turned over to the group.

*IV. Liquid funds*

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Bank and postal accounts | 1,817 | 2,713 |
| Cash and cash equivalents on hand | 4 | 4 |
| **Total** | **1,821** | **2,717** |

The balance, which, unless otherwise stated, is denominated in Euros, represents the group's liquidity and the cash and cash equivalents at the end of the year.

A breakdown of the group's bank accounts is provided below:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Banca Intesa BCI | 51 | 141 |
| Banca Unicredit | 55 | 470 |
| Banca Popolare di Lodi | 30 | 158 |
| Banca Sella | 475 | 776 |
| Banca Popolare dell'Emilia Romagna | — | 148 |
| Intesa BCI in foreign currency converted at the exchange rate at 31.12 (USD) | 4 | — |
| Banca Popolare term checking account reimbursable within one year | 101 | 100 |
| Banca Sella in foreign currency converted at the exchange rate at 31.12 (GBP) | 122 | 122 |
| Unicredit in foreign currency converted at the exchange rate at 31.12 (USD) | — | — |
| Fortis Bank | — | 1 |
| Fortis Bank London in foreign currency converted at the exchange rate at 31.12 (GBP) | 133 | — |
| Yoox Gouchi Nao Tokyo in foreign currency converted at the exchange rate at 31.12 (Yen) | — | 3 |
| Banca Intesa Tokyo in foreign currency converted at the exchange rate at 31.12 (Yen) | 188 | 95 |
| JP Morgan Chase in foreign currency converted at the exchange rate at 31.12 (Yen) | 559 | 665 |
| Banca Nazionale del Lavoro | 21 | |
| Bank of Tokyo — Mitsubishi UFJ | 77 | |
| **Total** | **1,817** | **2,718** |

A breakdown of cash and cash equivalents showing, when applicable, the amounts converted into Euros at the exchange rate in effect at 31 December 2006 is as follows:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Cash in foreign currency converted at the exchange rate at 31.12 (USD) | — | 1 |
| Cash in foreign currency converted at the exchange rate at 31.12 (GBP) | — | 1 |
| Cash in foreign currency converted at the exchange rate at 31.12 (YEN) | 2 | — |
| Cheques | — | — |
| Cash | 2 | 2 |
| **Total** | **4** | **4** |

A more detailed analysis of the changes that occurred in the net financial position is provided in the cash flow statement.

### D) Prepayments and accrued income

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Prepayments | 164 | 134 |
| Accrued income | 126 | — |
| **Total** | **290** | **134** |

Prepayments reflect expenses relating to periods after their documented date. They are recognised regardless of the payment date and relate to two or more periods, allocated over time.

At 31 December 2006 there are no accrued income or prepayments relating to periods after five years. The amounts recognised are entirely due within one year.

Prepayments may be broken down as follows:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Prepaid e-sourcing and IT support services | — | 21 |
| Prepaid software licensing fees | 32 | 21 |
| Prepaid photography services for the Spring/Summer 07 season | 30 | — |
| Other prepayments | 102 | 93 |
| **Total** | **164** | **134** |

Accrued income may be broken down as follows:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Accrued insurance reimbursements | 1 | — |
| Accrued set-up income for commercial project | 115 | — |
| Accrued income in relations to audit | 10 | — |
| **Total** | **126** | **—** |

The accrued income of Euro 115 thousand relates to the portion of the fee accrued in 2006 for the commercial project commenced in the year in collaboration with a leading Italian fashion label.

**Liabilities and equity**

**A) Equity**

This consolidated financial statements provides a statement of changes in consolidated shareholders' equity and reserves.

**Stock option plans**

**Granting of available stock options**

With regard to the stock option plans approved in previous years, which provided for stock options corresponding to a total of 134,732 shares reserved for employees, consultants and Directors of the group, the following stock options had been granted as of 31 December 2006:

- 21,463 options out of a total of 21,463 options, which the shareholders approved at their extraordinary meeting on 22 March 2000 by a resolution amended subsequently at the extraordinary meetings on 25 October 2000, 26 February 2002 and 7 May 2003;
    - at the end of 2005, 2,038 of the abovementioned options had not been exercised within the stipulated deadline and had expired, while 925 stock options were exercised by their holders, who issued a corresponding number of the parent company's common shares;
- 27,878 options out of a total of 28,537 options, which the shareholders approved at the extraordinary meeting on 31 July 2000 by a resolution amended subsequently at the extraordinary meetings on 26 February 2002 and 7 May 2003;
    - at the end of 2005, 5,288 of the abovementioned options had not been exercised within the stipulated deadline and had expired, while 659 stock options were not awarded and expired;
- 33,760 options out of a total of 33,760 options, which the shareholders approved at the extraordinary meeting on 18 July 2002 by a resolution amended subsequently at the extraordinary meeting on 2 December 2005;
- 19,669 options out of a total of 19,669 options, which the shareholders approved at the extraordinary meeting on 10 December 2003 by a resolution amended subsequently by the extraordinary meeting on 2 December 2005;
- 7,790 options out of a total of 31,303 options approved by the shareholders at the extraordinary meeting on 2 December 2005.

The stock options approved by the shareholders at the meetings held on 22 March 2000 and 31 July 2000 are exercisable beginning on 1 January 2004; those approved at the meeting on 18 July 2002 are exercisable beginning on 1 January 2006; those approved at the meeting on 10 December 2003 are exercisable beginning on 1 January 2007; those approved at the meeting on 2 December 2005 are exercisable beginning on 1 January 2008.

As provided for in the aforementioned resolutions, these stock option plans will be finalised with share capital increases against consideration with the exercise of the rights granted to beneficiaries. Accordingly, no cost has been accrued at 31 December 2006 for these stock option plans.

**Share capital increases for the stock option plans**

On 31 January 2005, as set forth in an instrument drawn up by Notary Zabban in Milan, the parent company's Board of Directors approved a resolution agreeing to do the following:

- in implementation of a resolution approved by the shareholders at the extraordinary meeting held on 22 March 2000, as amended by resolutions approved at the extraordinary meetings on 25 October 2000, 26 February 2002 and 7 May 2003, to carry out a share capital increase, reserved for the exercise of stock options, for a nominal value of up to Euro 11,160.76 through the issuance of up to 21,463 new shares, nominal value of Euro 0.52 each, plus additional paid-in capital of Euro 15.39 per new share, regular ranking for dividends. Pursuant to Article 2439.2 of the Italian Civil Code, the deadline for the exercise of the options was set at 31 December 2010, it being understood that if the entire capital increase is not fully subscribed by the abovementioned deadline, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received;
- in implementation of a resolution approved by the shareholders at the extraordinary meeting held on 31 July 2000, as amended by resolutions approved at the extraordinary meetings on 25 October 2000, 26 February 2002 and 7 May 2003, to carry out, pursuant Article 2443 of the Italian Civil Code, a share capital increase, reserved for the exercise of stock options, for a nominal value of up to Euro 14,839.24 through the issuance of up to 28,537 new shares, nominal value of Euro 0.52 each, plus additional paid-in capital of Euro 45.96 per new share, regular ranking for dividends. Pursuant to Article 2439.2 of the Italian Civil Code, the deadline for the exercise of the options was set at 31 December 2010, it being understood that if the entire capital increase is not fully subscribed by the abovementioned deadline, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received;
- to reserve for the jurisdiction of the Board of Directors any other action concerning the implementation of the approved stock option plans strictly in accordance with the foregoing instructions and consistent with the provisions of the stock option plans, with the Board of Directors being authorised, following the subscriptions of the abovementioned capital increases, to file amended Bylaws updated as to the amount of the parent company's share capital and number of shares, making any appropriate amendment to and/or deletion of applicable transitory provisions, all of the above being subject to the issuance of the certifications required pursuant to Article 2444 of the Italian Civil Code.

**Adoption of and amendments to the stock option plans**

The abovementioned actions were taken in accordance with the resolutions approved by the extraordinary shareholders' meeting held on 2 December 2005 at the offices of Notary Zabban in Milan. In particular, the shareholders approved resolutions agreeing to:

- Revoke in part, specifically limited to the section concerning options not awarded, the following:
  - the resolution approved by the shareholders at the extraordinary meeting held on 18 July 2002 (concerning the granting to the Board of Directors, pursuant to article 2443 of the Italian Civil Code, the power to carry out, in one or more instalments within five years from the date of the applicable resolutions, a contributory capital increase, at a price that includes additional paid-in capital, reserved for the implementation of stock option plans corresponding to a nominal value of Euro 18,096) only insofar as it applies to Euro 540.80 in nominal value, equal to 1,040 shares. Consequently, the resolution will remain in effect limited to Euro 17,555.20 in nominal value, equal to 33,760 shares, all other terms of the abovementioned resolution remaining in effect.

- the resolution approved by the shareholders at the extraordinary meeting held on 10 December 2003 (concerning the granting to the Board of Directors, pursuant to article 2443 of the Italian Civil Code, the power to carry out, in one or more instalments within five years from the date of the applicable resolutions, a contributory capital increase, at a price that includes additional paid-in capital, reserved for the implementation of stock option plans corresponding to a nominal value of Euro 21,812.44) only insofar as it applies to Euro 11,584.56 in nominal value, equal to 22,278 shares. Consequently, the resolution will remain in effect limited to Euro 10,227.88 in nominal value, equal to 19,669 shares, all other terms of the abovementioned resolution remaining in effect;

- Grant the Board of Directors, pursuant to article 2443 of the Italian Civil Code, the power to carry out, in one or more instalments within five years from the date of the applicable resolution, a capital increase through the issuance of up to 31,303 new common shares with the same characteristics as the shares already outstanding and a nominal value of Euro 0.52 each, with additional paid-in capital that shall not be less than Euro 58.65 per share, for a maximum total nominal value of Euro 16,227.56 and maximum total additional paid-in capital that shall not be less than Euro 1,835,920.95, amending the Bylaws accordingly. The new shares shall have the same ranking for dividends as the shares outstanding at the time the new shares are subscribed. The capital increase is reserved for the implementation of incentive plans that benefit:
  - employees of the parent company or its subsidiaries selected by the Board of Directors, the pre-emptive rights of other shareholders under Article 2441.8 of the Italian Civil Code being suspended, with regard to 22,346 shares, nominal value of Euro 0.52 each, plus additional paid-in capital per share that shall not be less than Euro 58.65 per share, for a total nominal value of Euro 11,619.92 and total additional paid-in capital that shall not be less than Euro 1,310,592.90;
  - directors and/or contract workers and or consultants of the parent company and/or its subsidiaries, the pre-emptive rights of other shareholders under Article 2441.5 of the Italian Civil Code being suspended, with regard to 8,957 shares, nominal value of Euro 0.52 each, plus additional paid-in capital per share that shall not be less than Euro 58.65 per share, for a total nominal value of Euro 4,657.64 and total additional paid-in capital that shall not be less than Euro 525,328.05.

**Reserves incorporated into the share capital**

There are no reserves or other provisions that, if distributed, would be included in the group's taxable income irrespective of the period when they were established, in connection with non-contributory capital increases carried out by utilising such reserve.

**B) Provisions for risks and charges**

| Description | Balance as of 31/12/2005 | Increase | Decrease | Balance as of 31/12/2006 |
|---|---|---|---|---|
| Provision for fraud | 37 | 55 | 37 | 55 |
| Provision for disputes | — | 43 | — | 43 |
| **Total** | **37** | **98** | **37** | **98** |

In 2006, an additional accrual was made to the provision for fraud to cover fraud in connection with online sales paid by credit card. This provision for risks and charges is calculated based on historical percentages representing the ratio of fraudulent transactions to the amount of sales. In addition, a provision for disputes was set up to cover risks of disputes with third parties.

**C) Employees' leaving entitlement**

| Description | Balance as of 31/12/2005 | Increase | Decrease | Balance as of 31/12/2006 |
|---|---|---|---|---|
| Employees' leaving entitlement | 328 | 240 | 103 | 465 |
| **Total** | **328** | **240** | **103** | **465** |

The amount reflects the parent company's actual payable at December 2006 to employees in service at that date, in accordance with current regulations.

### D) Payables

Payables total Euro 14,565,184, stated at nominal value, which is considered indicative of their settlement amount.

As required by Article 2427.1.6 of the Italian Civil Code, the table below provides a breakdown of payables by geographic region:

| Description | Europe | North America | Japan | Total |
|---|---|---|---|---|
| Due to banks | 3,180 | — | — | 3,180 |
| Trade payables | 8,365 | 425 | 133 | 8,923 |
| Tax payables | 1,011 | 2 | 19 | 1,031 |
| Due to social security institutions | 267 | — | — | 267 |
| Other payables | 1,413 | 265 | 25 | 1,703 |
| **Total** | **14,236** | **692** | **176** | **15,104** |

| Description | Europe | North America | Japan | Total |
|---|---|---|---|---|
| Trade payables | 6,911 | 369 | 161 | 7,443 |
| Tax payables | 790 | — | 9 | 800 |
| Due to social security institutions | 260 | — | — | 260 |
| Other payables | 1,105 | 361 | 44 | 1,511 |
| **Total** | **9,066** | **731** | **216** | **10,013** |

Payables may be broken down by due date as follows:

| Description | Within one year | After one year | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|---|---|
| Due to banks | 3,039 | 141 | 3,180 | — |
| Trade payables | 8,923 | — | 8,923 | 7,443 |
| Tax payables | 1,031 | — | 1,031 | 800 |
| Due to social security institutions | 267 | — | 267 | 260 |
| Other payables | 1,703 | — | 1,703 | 1,511 |
| **Total** | **14,963** | **141** | **15,104** | **10,013** |

Due to other providers of finance may be broken down as follows:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Banca Popolare Emilia Romagna checking account | 291 | — |
| Fortis Bank checking account | 248 | — |
| Simest loan | 141 | — |
| Fortis Bank hot money loan | 500 | — |
| Unicredit stand-by loan | 2,000 | — |
| **Total** | **3,180** | **—** |

All payables are due within one year, except for the Simest loan which is due after five years.

Trade payables are recognised at nominal value, net of commercial discounts.

They may be broken down as follows:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Due to suppliers | 8,333 | 6,634 |
| Credit notes to be received from suppliers | (77) | (96) |
| Invoices to be received from suppliers | 661 | 897 |
| Due to credit card operators | 5 | 7 |
| **Total** | **8,923** | **7,443** |

As required by Article 2427.6-bis) of the Italian Civil Code, the group discloses that no events that produced significant changes in the amount of payables denominated in foreign currencies occurred between the end of the year and the date when these financial statements were prepared.

Tax payables reflect the known and calculated liability to the tax authorities.

The group had no liability for taxes that were probable or the amount or date of occurrence of which was uncertain or for deferred taxes.

A breakdown of tax payables is provided below:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Withholding taxes payables | 245 | 171 |
| VAT payable to tax representatives | 706 | 523 |
| Other tax payables | — | 7 |
| Payables for income taxes of the year | 80 | 98 |
| **Total** | **1,031** | **800** |

In sixteen countries in Europe, the group's sales exceed the ceiling set forth in Article 41.1.b), of Legislative Decree No. 331/93, which entails the obligation to pay VAT in the countries where goods are delivered. To comply with this obligation, the group established VAT accounts in each of those countries.

A breakdown of social security charges payable is as follows:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| INPS contributions payable | 258 | 251 |
| Pension and health contributions for managers | 2 | 4 |
| INAIL contributions payable | 6 | 4 |
| **Total** | **267** | **260** |

The payables listed above refer to contributions due to social security institutions mainly on the payroll amounts recognised to employees at year end.

A breakdown of other payables is provided below:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Other payables | 112 | 72 |
| Wages and salaries payable | 522 | 460 |
| Credit notes to be issued to customers | 1,069 | 978 |
| **Total** | **1,703** | **1,511** |

Credit notes to be issued to customers are shown under other payables because they reflect payables for returns of items sold in 2006. Other payables include amounts due to consultants and directors' fees.

### E) Accrued expenses and deferred income

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Accrued expenses | 6 | 5 |
| Deferred income | 129 | — |
| **Total** | **135** | **5** |

Deferred income includes the consideration collected in the year for the set-up of a business project with a leading Italian fashion label, which pertains to future years.

### Memorandum accounts

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Third party assets held by the group | 5,900 | 3,196 |
| Group assets held by third parties | 2,216 | 1,795 |
| Sureties given to others | 317 | 287 |
| Commitments under forward hedging contracts | 306 | 3,586 |
| **Total** | **8,740** | **8,864** |

Third party assets held by the group include goods received from YOOX's commercial partners. These are measured, where possible, on an actual cost basis. Otherwise, they are measured at the average cost of groups of goods.

Sureties provided refer to the following contracts:

- a six-year contract signed by the group with effect from 30 June 2002 to rent a building classified as "corporate premises" at Galleria Cavour 8, in Bologna, which it uses as showcase offices. The surety provided in this case amounts to Euro 4,650;
- a tax representative contract in Spain with Claramonte Fortuno Asesores c/Mayor San Jaime 12, Villarreal (Castellon) involving a surety of Euro 35,000 to secure the performance of VAT obligations;
- a six-year contract, renewable for six more years, that the group signed with effect from 1 February 2004 to rent a building at Via Nannetti 1, in Zola Predosa. The surety provided amounts to Euro 114,139;
- a tax representative contract in Portugal with M. Corporate Contabilidade e Assessoria Empresarial Lda, Avenida da Repubblica 32/4, ESP Lisbon, Portugal, involving a surety of Euro 5,000 to secure the performance of VAT obligations.
- a six-year contract signed by the group with effect from 16 February 2003 to rent offices located at Via Autari 27 in Milan. The surety provided amounts to Euro 28,500;
- a three-year contract for the provision of integrated logistics services signed by the group with ND Logistics Italia S.p.A. effective as of 22 December 2003 and expiring on 31 December 2009. The surety provided amounts to Euro 100,000;
- a six-year commercial lease signed by the group with effect from 1 June 2006 with Messrs. Fabrizio Fregni, Federica Fregni and Gabriella Govoni to rent a warehouse at via G. Pastore 21 in Crespellano (Bologna). The surety provided amounts to Euro 30,000.

Hedging contracts refer to forward sales of U.S. dollars by the parent company to hedge the current risk associated with expected sales in the American market, the total amount of which was USD 380 thousand at the balance sheet date, which was translated into Euros at the exchange ruling at the balance sheet date.

### Income statement

### A) Production net revenues

A breakdown of production net revenues, which totalled Euro 49,969,111 in 2006, is as follows:

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Net Revenues from sales and services | 66,938 | 50,503 |
| Transport cost recovery | 2,038 | 1,666 |
| Sales returns | (18,729) | (14,138) |
| Discounts and allowances | (1,009) | (462) |
| Internal work capitalized | 256 | — |
| Other revenues and income | 477 | 202 |
| **Total** | **49,969** | **37,771** |

For additional details on the analysis of sales, reference should be made to the Report on Operations.

A breakdown of revenues from sales and services, net of returns, by geographic region is provided below:

| Description | 2006 | % contribution 2006 | % contribution 2005 |
|---|---|---|---|
| Sales net revenues in Italy | 14,475 | 30 | 30 |
| Sales net revenues in the UK | 3,333 | 7 | 9 |
| Sales net revenues in Germany | 4,526 | 9 | 10 |
| Sales net revenues in other countries | 14,264 | 30 | 27 |
| Sales net revenues in the US | 8,949 | 19 | 19 |
| Sales net revenues in Japan | 2,659 | 5 | 5 |
| **Total** | **48,208** | **100** | **100** |

Sales net revenues in the US are comprised of Yoox Corporation's sales, while sales net revenues in Japan relate to Yoox Japan's sales.

Sales net revenues in other countries include sales in other countries in which the group operates. The most significant countries were: France (Euro 4,762 thousand), Spain (Euro 1,914 thousand), and the Netherlands (Euro 1,025 thousand).

Internal work capitalised relates to internal work to carry out an important commercial project with an Italian fashion label.

Sales returns are an inherent part of the group's business due to the special nature of the products it sells and the protection provided under current legislation to consumers whose purchases are not made at the retailer's premises.

Other revenues and income include the following:

| Description | 2006 | 2005 |
|---|---|---|
| Recharge of handling costs | 102 | 81 |
| Other income | 375 | 122 |
| **Total** | **477** | **202** |

Recharge of handling costs are generated by the contribution on returns required by the US market.

Other income includes insurance settlements relating to fraud in 2006, totalling Euro 67,856.

### B) Production cost

| Description | 2006 | 2005 |
|---|---|---|
| Raw materials, consumables, supplies and goods | 31,676 | 24,399 |
| Services | 15,326 | 12,395 |
| Use of third party assets | 707 | 508 |
| Wages and salaries | 3,769 | 2,639 |
| Social security charges | 1,000 | 824 |
| Employee' leaving entitlement | 240 | 160 |
| Other personnel costs | 4 | 4 |
| Amortisation of intangible fixed assets | 625 | 325 |
| Depreciation of tangible fixed assets | 502 | 449 |
| Provision for doubtful accounts | 123 | 67 |
| Change in inventories (gross of the provision for inventory obsolescence) | (5,070) | (4,767) |
| Provision for inventory obsolescence | 274 | 412 |
| Provision for risks and charges | 99 | 18 |
| Other operating expenses | 655 | 475 |
| **Total** | **49,933** | **37,910** |

### Raw materials, consumables, supplies and goods

The costs included in this item consist mainly of the costs incurred to purchase products held for resale and their amount is directly related to the volumes of items sold.

This item also includes the cost of materials and components used in connection with storing and packaging products for delivery to customers, transport costs and customs duties on purchases.

### Services

A breakdown of the cost items included in services is as follows:

| Description | 2006 | 2005 |
|---|---|---|
| Advertising and marketing | 1,882 | 1,943 |
| Transport costs | 4,823 | 4,081 |
| Handling costs | 1,701 | 1,010 |
| Directors' fees | 344 | 337 |
| IT services (including e-sourcing) | 455 | 346 |
| Contract and temporary workers | 635 | 477 |
| Travel expenses | 516 | 364 |
| External consultancy | 1,272 | 1,256 |
| Insurance | 120 | 171 |
| Bank services and credit card commissions | 1,000 | 815 |
| Statutory Auditors' fees | 31 | 39 |
| Porterage and materials movement | 1,056 | 539 |
| Recruiting and training | 107 | 45 |
| Call centre services | 379 | 272 |
| Other costs | 1,006 | 700 |
| **Total** | **15,327** | **12,395** |

The main service costs are advertising investments to consolidate the group's position on the domestic market and expand to international markets, transport costs paid to carriers to deliver products to customers and product handling costs with logistics partners as a result of the outsourcing of outbound logistics.

### Use of third party assets

This item may be broken down as follows:

| Description | 2006 | 2005 |
|---|---|---|
| Rental of premises | 598 | 461 |
| Other costs | 109 | 48 |
| **Total** | **707** | **508** |

At year end, the group is a party to the following building leases:

- lease for public offices in Milan, Via Autari 27;
- registered office in Zola Predosa, Via Nannetti 1;
- warehouse in Zola Predosa, Via Nannetti 3;
- warehouse in Crespellano, Via G. Pastore 21;
- office in Hoboken (NJ) — USA.

### Personnel expenses

The amount shown reflects all of the personnel expenses incurred, including the impact of merit raises, job promotions, cost-of-living adjustments, variable compensation attributable to 2006, untaken holidays, benefits provided pursuant to law and collective payroll agreements and the employees' leaving entitlements that accrued during the year.

### Depreciation and amortisation

Depreciation and amortisation are calculated based on the useful lives of the assets and the length of the period during which they are expected to produce economic benefits. The depreciation and amortisation rates used are explained in the start of these notes.

### Provisions for risks and charges

As explained in the Notes to the balance sheet, the group made the prudent conservative decision of accruing Euro 43 thousand to the provisions for risks.

### Other provisions

In keeping with a prudent approach, the group added Euro 55 thousand to the provision for risks that covers fraudulent credit card transactions.

### Other operating expenses

A breakdown of other operating expenses is as follows:

| Description | 2006 | 2005 |
|---|---|---|
| Miscellaneus taxes | 39 | 26 |
| Miscellaneus administrative expenses | 21 | 24 |
| Donations and similar costs | 23 | 1 |
| Fraud losses | 283 | 165 |
| Credit losses not covered by the provisions | 7 | — |
| Theft or losses | 159 | 149 |
| Other costs | 123 | 111 |
| **Total** | **655** | **475** |

## C) Financial income and expense

| Description | 2006 | 2005 |
|---|---|---|
| Other financial income | 16 | 14 |
| Interest and other financial expense | (104) | (40) |
| Exchange rate gains and losses | (263) | 208 |
| **Total** | **(350)** | **183** |

Total financial income and expense may be broken down as follows:

### Other financial income

| Description | 2006 | 2005 |
|---|---|---|
| Bank interest | 16 | 14 |
| Other financial income | — | — |
| **Total** | **16** | **14** |

### Interest and other financial expense

| Description | 2006 | 2005 |
|---|---|---|
| Bank interest | (14) | (9) |
| Loan interest expense | (84) | (26) |
| Other financial expense | (6) | (4) |
| **Total** | **(104)** | **(40)** |

### Exchange rate gains (losses)

| Description | 2006 | 2005 |
|---|---|---|
| Exchange rate gains | 2 | 259 |
| Exchange rate losses | (110) | (51) |
| Unrealised exchange gains (losses) | (155) | — |
| **Total** | **(263)** | **208** |

Net exchange rate losses, totalling Euro 262,591, may be broken down as follows:

- exchange rate gains and losses realised at the date of payment/collection of certain payables/receivables in foreign currency;
- exchange rate losses accrued but not yet realised totalling Euro 154 thousand, arising on the recognition of assets in foreign currency at the exchange rate ruling on the last day of the year, taken to the income statement under article 2426 of the Italian Civil Code.

### D) Adjustments to financial assets

There were no adjustments to financial assets

### E) Extraordinary income and expense

No extraordinary income and expense were recognised in the year.

### Income taxes for the year

This item represents IRAP of approximately Euro 252 thousand, calculated on the net profit for 2006, and income taxes of the subsidiary Yoox Corporation (roughly Euro 1 thousand) and the subsidiary Yoox Japan (approximately Euro 500). With respect to corporate income tax (IRES), given the parent company's significant losses of previous years, a portion of tax-loss carryforwards can be used for 2006 (around Euro 461 thousand).

Considering the above, the parent company's separate financial statements show deferred tax assets totalling Euro 526 thousand, recognised on the tax-deductible prior year losses that can be carried forward. The balance was calculated on the basis of estimated profit for 2007.

Reference should be made to the schedule in the notes to the parent company's separate financial statements for a reconciliation of the theoretical tax charge to the actual tax charge, as that schedule is considered indicative of the tax burden for the group.

Tax-loss carryforwards at 31 December 2006 amount to roughly Euro 7,021 thousand and can be used in their entirety with no deadline.

Accordingly, when the tax-loss carryforwards become fully recoverable, the resulting tax benefit, which was not recognised at 31 December 2006 given the group's prudent approach, would amount to Euro 2,317 thousand.

### Other information

As required by law, the table below shows total fees due to the directors and members of the board of statutory auditors.

| Description | Balance as of 31/12/2006 | Balance as of 31/12/2005 |
|---|---|---|
| Directors | 344 | 337 |
| Statutory auditors | 31 | 39 |

**Closing remarks**

Subsequent to 31 December 2006, no events occurred that caused the group's financial position to differ from the information provided in the balance sheet at 31 December 2006 or that would require the inclusion of restatements or supplemental disclosures in the financial statements.

Reference should be made to the report on operations for significant events after the year end.

## ANNEX 1

## STATEMENT OF CHANGES IN INTANGIBLE FIXED ASSETS AND ACCUMULATED AMORTISATION

| Description | Historical cost as of 31/12/2005 | Increases | Decreases | Reclassifica-tions | Historical cost as of 31/12/2006 | Acc. Amort. as of 31/12/2005 | Amorti-sation | Utiliza-tions | Other movements | Acc. Amort. as of 31/12/2006 | Net carrying amount as of 31/12/2006 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **1) Start-up and capital costs** | **81** | **—** | **—** | | **81** | **72** | **4** | **—** | **—** | **76** | **5** |
| **3) Industrial patents and intellectual property rights** | **915** | **220** | **—** | **—** | **1,135** | **689** | **232** | **—** | **—** | **921** | **214** |
| **4) Concessions, licenses, trademarke and similar rights** | **441** | **64** | **—** | **—** | **505** | **409** | **10** | **—** | **—** | **419** | **86** |
| — Trademarks and patents | 441 | 64 | — | — | 505 | 409 | 10 | — | — | 419 | 86 |
| **6) Assets under development and payments on account** | **135** | | **—** | **(135)** | **135** | **—** | **—** | **—** | **—** | **—** | **135** |
| **7) Other** | **721** | **687** | **—** | **135** | **1,408** | **351** | **375** | **—** | **—** | **726** | **682** |
| — Leasehold improvements | 436 | 76 | — | 135 | 512 | 210 | 110 | — | — | 320 | 192 |
| — Capitalised costs | 285 | 611 | | | 896 | 141 | 265 | | | 406 | 490 |
| **Total** | **2.293** | **971** | **—** | **—** | **3,264** | **1,521** | **621** | **—** | **—** | **2,142** | **1,122** |

| Description | Historical cost as of 31/12/2005 | Increases | Decreases | Other changes | Historical cost as of 31/12/2006 | Acc. Amort. as of 31/12/2005 | Depreciation | Utilizations | Other changes as of 31/12/2006 | Acc. Depr.. | Net carrying amount as of 31/12/2006 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2) Plant and machinery** | **534** | **9** | **—** | **—** | **543** | **175** | **79** | **—** | **—** | **254** | **289** |
| **3) Industrial and commercial equipment** | **972** | **171** | **64** | **—** | **1,079** | **286** | **136** | **4** | **—** | **418** | **661** |
| **4) Other assets** | **1,666** | **275** | **38** | **—** | **1,903** | **719** | **288** | **30** | **—** | **977** | **926** |
| Forniture and furnishings | 326 | 48 | — | — | 374 | 120 | 51 | — | — | 171 | 203 |
| Electronic office equipment | 1,275 | 224 | 38 | — | 1,461 | 581 | 225 | 30 | — | 776 | 685 |
| Motor vehicles and automobiles | 3 | — | — | — | 3 | 1 | 1 | — | — | 2 | 1 |
| Cellular phones | 18 | 3 | — | — | 21 | 2 | 4 | — | — | 6 | 15 |
| Assets valued at less than Euro 516 | 9 | — | — | — | 9 | 9 | — | — | — | 9 | — |
| Other tangible fixed assets | 35 | — | — | — | 35 | 6 | 7 | — | — | 13 | 22 |
| **5) Assets under construction and payments on account** | **31** | | **31** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Total** | **3,203** | **455** | **133** | **—** | **3,525** | **1,180** | **503** | **34** | **—** | **1,649** | **1,876** |

# APPENDIX A-1

## TRADEMARKS HELD BY THE ISSUER

| Trademarks | Country(ies) | Class(es) | Deposit Date | Expiry Date | Status[1] |
|---|---|---|---|---|---|
| **YOOX (verbal)** | Italy | 3, 9, 18, 24, 25, 26 | May 18, 2000 | May18, 2010 | Registered |
| **-50% FOREVER** | Italy | 18, 25 | September 7, 2000 | September 7, 2010 | Registered |
| **PULP FASHION** | Italy | 18, 25 | September 7, 2000 | September 7, 2010 | Registered |
| **SATISFASHION** | Italy | 18, 25 | September 7, 2000 | September 7, 2010 | Registered |
| **FASHION VICTIMS WELCOME HOME** | Italy | 18, 25 | September 7, 2000 | September 7, 2010 | Registered |
| **50% PER SEMPRE** | Italy | 18, 25 | October 26, 2000 | October 26, 2010 | Registered |
| **FASHION WITHOUT VICTIMS** | Italy | 18, 25 | December 21, 2000 | December 21, 2010 | Registered |
| **GEORGE J. LOVE** | Italy | 9, 14, 18, 25 | May 28, 2002 | May 28, 2012 | Registered |
| **YOOX** | Italy | 3, 9, 14, 16, 18, 20, 24, 25, 35 | April 1, 2004 | April 1, 2014 | Registered |
| **E-CONCEPT STORE** | Italy | 18, 25, 35 | August 31, 2004 | August 31, 2014 | Registered |
| **THE NEVERENDING STORE** | Italy | 18, 25, 35 | April 15, 2005 | April 15, 2015 | Registered |
| **STRAMBO** | Italy | 18 | July 26, 2005 | July 26, 2015 | Registered |
| **Y (logo)** | Italy | 3, 9, 14, 16, 18, 20, 24, 25, 35 | December 15, 2005 | December 15, 2015 | Registered |
| **YOOXING (verbal)** | Italy | 3, 9, 14, 18, 25, 35 | March 7, 2006 | March 7, 2016 | Pending |
| **TO YOOX (verbal)** | Italy | 3, 9, 14, 18, 25, 35 | March 7, 2006 | March 7, 2016 | Pending |
| **8 (figurative)** | Italy | 9, 14, 18, 25 | May 14, 2002 | May 14, 2012 | Registered |
| **FASHIONLIFE** | Italy | 25, 35 | July 6, 2007 | — | Pending |
| **POSHSHOP (verbal)** | Italy | 18, 25, 35 | November 15, 2007 | November 15, 2017 | Pending |
| **Composizione Geometrica Angolo Retto** | Italy | 18, 25, 35 | January 29, 2008 | January 29, 2018 | Pending |
| **THECORNER.COM (figurative)** | Italy | 18, 25, 35 | January 29, 2008 | January 29, 2018 | Pending |
| **THECORNER (verbal)** | Italy | 18, 25, 35 | November 15, 2007 | November 15, 2017 | Pending |
| **PIERRE DARRE'** | Italy | 18, 25 | September 24, 2008 | September 24, 2018 | Pending |
| **YOOX** | Italy | 41 | April 8, 2009 | April 8, 2019 | Pending |
| **Y FIGURATIVO CON TRE FOGLIE** | Italy | 18, 25, 35 | April 7, 2009 | April 07, 2019 | Pending |
| **YOOXYGEN** | Italy | 18, 25, 35 | April 7, 2009 | April 7, 2019 | Pending |
| **YOOXER** | Italy | 9, 16, 35, 38, 41 | July 3, 2009 | July 3, 2019 | Pending |
| **MASTE E-FASHION** | Italy | 9, 16, 41 | July 17, 2009 | July 17, 2019 | Pending |
| **YOOX** | Italy | 7, 18, 19, 20, 21 | July 28, 2009 | July 27, 2019 | Pending |
| **ECO-MMERCE** | Italy | 18, 25, 35 | July 28, 2009 | July 28, 2019 | Pending |
| **THE BEST IS YET TO.COM** | Italy | 18,25,35 | October 20, 2009 | October 20, 2019 | Pending |

| Trademarks | Country(ies) | Class(es) | Deposit Date | Expiry Date | Status[1] |
|---|---|---|---|---|---|
| **YOOX (trademark IR)** | Bulgaria, Switzerland, China, Egypt, Croatia, Liechtenstein, Morocco, Monaco, Romania, Russian Federation, San Marino, Ukraine, Vietnam, Serbia, Australia, European Union, Georgia, Norway, Turkey. | 18, 25, 35 | April 27, 2005 | April 27, 2015 | Registered |
| **YOOX (trademark IR)** | Korea, Iceland, Singapore. | 25, 35 | April 27, 2005 | April 27, 2015 | Registered |
| **YOOX (trademark IR)** | Benelux, Switzerland, China, Cyprus, Czech Republic, Germany, Spain, France, Croatia, Korea, Liechtenstein, Latvia, Monaco, Poland, Portugal, Romania, Serbia, Russian Federation, Slovenia, Slovakia, San Marino, Australia, Denmark, Estonia, Finland, Greece, Ireland, Iceland, Korea, Lithuania, Norway, Singapore, Turkey, Austria. | 18, 25 | October 11, 2000 | October 11, 2010 | Registered |
| **THE NEVERENDING STORE (trademark IR)** | Switzerland, Liechtenstein, Monaco, San Marino, European Union, Japan, USA. | 18, 25, 35 | September 7, 2005 | September 7, 2015 | Registered |
| **YOOX (trademark IR)** | Bulgaria, Switzerland, China, Egypt, Croatia, Korea, Liechtenstein, Morocco, Monaco, Romania, Serbia, Russian Federation, San Marino, Ukraine, Vietnam, Australia, European Union, Georgia, Iceland, Korea, Norway, Singapore, Turkey, USA. | 3, 9, 14 | September 6, 2005 | September 6, 2015 | Registered |
| **FASHION WITHOUT VICTIMS (trademark IR)** | Benelux | 18, 25 | February 23, 2001 | February 23, 2011 | Registered |
| **SATISFASHION (trademark IR)** | Benelux | 18, 25 | December 12, 2000 | December 12, 2010 | Registered |
| **FASHION VICTIMS WELCOME HOME (trademark IR)** | Benelux, Germany | 18, 25 | December 12, 2000 | December 12, 2010 | Registered |
| **8 (trademark IR)** | Germany, Great Britain | 9, 14, 18, 25 | September 6, 2002 | September 6, 2012 | Registered |
| **50% FOREVER (trademark IR)** | Benelux | 18, 25 | December 12, 2000 | December 12, 2010 | Registered |

| Trademarks | Country(ies) | Class(es) | Deposit Date | Expiry Date | Status[1] |
|---|---|---|---|---|---|
| **PULP FASHION (trademark IR)** | Benelux, Germany | 18, 25 | December 12, 2000 | December 12, 2010 | Registered |
| **Y (trademark IR)** | European Union | 18, 25, 35 | July 13, 2007 | July 13, 2017 | Registered |
| **Y (trademark IR)** | USA | 25, 35 | July 13, 2007 | July 13, 2017 | Registered |
| **THECORNER.COM (figurative) (trademark IR)** | European Union, Japan, USA | 18, 25, 35 | February 29, 2008 | February 29, 2018 | Registered |
| **THECORNER.COM (figurative) (DES.POST)** | Australia, Switzerland, China, Egypt, Georgia, Croatia, Iceland, North Korea, South Korea, Liechtenstein, Morocco, Monaco, Norway, Serbia, Singapore, San Marino, Turkey, Ukraine, Vietnam | 18, 25, 35 | May 12, 2009 | February 28, 2018 | Registered |
| **Right-angle geometric design (DES.POST.)** | China, Egypt, Georgia, Croatia, Iceland, North Korea, South Korea, Liechtenstein, Morocco, Monaco, Norway, Serbia, Singapore, San Marino, Turkey, Ukraine, Vietnam | 18, 25, 35 | May 12, 2009 | / | Pending |
| **Right-angle geometric design (DES.POST.)** | USA | 25 | April 21, 2009 | / | Pending |
| **Right-angle geometric design (DES.POST.)** | European Union, USA | 18, 25, 35 | February 29, 2008 | February 28, 2018 | Registered |
| **Right-angle geometric design (DES.POST.)** | Japan | 18, 25, 35 | February 29, 2008 | February 28, 2018 | Pending |
| **Y FIGURATIVO CON 3 FOGLIE** | European Union, USA | 18, 25, 35 | April 30, 2009 | April 30, 2009 | Pending |
| **YOOXYGEN (verbal)** | European Union, USA | 18, 25, 35 | April 30, 2009 | April 30, 2009 | Pending |
| **YOOX** | England | 18, 25 | July 3, 2000 | July 3, 2010 | Registered |
| **YOOX.ES** | Spain | 38 | February 27, 2003 | February 26, 2013 | Registered |
| **FASHION VICTIMS** | England | 18, 25 | October 25, 2000 | October 25, 2010 | Registered |
| **SATISFACTION** | England | 18, 25 | October 25, 2000 | October 25, 2010 | Registered |
| **YOOX** | USA | 18, 25 | July 6, 2001 | July 1, 2001 | Registered |
| **YOOX** | USA | 35 | February 14, 2003 | April 20, 2014 | Registered |
| **YOOX** | Japan | 18, 25 | June 22, 2004 | January 7, 2015 | Registered |
| **YOOX** | Japan | 35 | November 26, 2007 | — | Pending |
| **YOOX** | Japan | 14 | July 23, 2004 | January 21, 2015 | Registered |
| **YOOX** | Hong Kong | 18, 25, 35 | April 29, 2005 | April 28, 2015 | Registered |
| **YOOX** | India | 35 | July 19, 2005 | July 19, 2015 | Registered |
| **YOOX** | India | 18 | July 19, 2005 | July 19, 2015 | Registered |
| **YOOX** | India | 25 | July 19, 2005 | July 19, 2015 | Registered |
| **YOOX** | India | 3 | January 27, 2006 | January 27, 2016 | Registered |
| **YOOX** | India | 14 | January 27, 2006 | January 27, 2016 | Registered |
| **YOOX** | India | 9 | January 27, 2006 | January 27, 2016 | Registered |
| **YOOX** | Israel | 9 | February 1, 2006 | February 1, 2016 | Registered |
| **YOOX** | Israel | 3 | February 1, 2006 | February 1, 2016 | Registered |
| **YOOX** | Israel | 18 | February 1, 2006 | February 1, 2016 | Registered |
| **YOOX** | Israel | 25 | February 1, 2006 | February 1, 2016 | Registered |
| **YOOX** | Israel | 35 | February 1, 2006 | February 1, 2016 | Registered |
| **YOOX** | Israel | 14 | February 1, 2006 | February 1, 2016 | Registered |

| Trademarks | Country(ies) | Class(es) | Deposit Date | Expiry Date | Status[1] |
|---|---|---|---|---|---|
| **YOOX** | Hong Kong | 3, 9, 14 | February 2, 2006 | February 2, 2016 | Registered |
| **YOOX** | Tunisia | 3, 9, 14, 18 | February 1, 2006 | February 1, 2016 | Registered |
| **YOOX** | Malaysia | 14 | February 13, 2006 | February 13, 2016 | Registered |
| **YOOX** | Malaysia | 25 | February 13, 2006 | February 13, 2016 | Registered |
| **YOOX** | Thailand | 25 | February 22, 2006 | February 21, 2016 | Registered |
| **YOOX** | Thailand | 3 | February 22, 2006 | February 21, 2016 | Registered |
| **YOOX** | Thailand | 14 | February 23, 2006 | February 22, 2016 | Registered |
| **YOOX** | Chile | 3, 9, 14, 18 | March 3, 2006 | July 6, 2016 | Registered |
| **YOOX** | Chile | 35 | March 3, 2006 | August 14, 2016 | Registered |
| **YOOX** | Colombia | 3 | February 2, 2006 | August 31, 2016 | Registered |
| **YOOX** | Colombia | 14 | February 2, 2006 | August 31, 2016 | Registered |
| **YOOX** | Colombia | 35 | February 2, 2006 | August 31, 2016 | Registered |
| **YOOX** | Taiwan | 3, 9, 14, 18 | February 23, 2006 | September 1, 2016 | Registered |
| **YOOX** | Colombia | 18 | February 2, 2006 | September 8, 2016 | Registered |
| **YOOX** | Colombia | 9 | February 2, 2006 | September 8, 2016 | Registered |
| **YOOX** | Colombia | 25 | September 2, 2006 | September 8, 2016 | Registered |
| **YOOX** | Mexico | 3 | October 27, 2006 | October 27, 2016 | Registered |
| **YOOX** | Mexico | 25 | October 27, 2006 | October 27, 2016 | Registered |
| **YOOX** | Mexico | 35 | October 27, 2006 | October 27, 2016 | Registered |
| **YOOX** | Philippines | 3, 9, 14, 18 | February 15, 2006 | January 15, 2017 | Registered |
| **YOOX** | New Zealand | 3, 9, 14, 18 | April 20, 2007 | April 20, 2017 | Registered |
| **YOOX** | Argentina | 25 | February 1, 2006 | April 20, 2017 | Registered |
| **YOOX** | Argentina | 35 | February 1, 2006 | April 20, 2017 | Registered |
| **YOOX** | USA | 35 | April 24, 2006 | November 6, 2017 | Registered |
| **YOOX** | Brazil | 18 | October 1, 2004 | October 8, 2018 | Registered |
| **YOOX** | Brazil | 35 | October 1, 2004 | — | Pending |
| **YOOX** | Thailand | 35 | February 22, 2006 | February 22, 2016 | Registered |
| **YOOX** | Indonesia | 25 | February 24, 2006 | — | Pending |
| **YOOX** | Indonesia | 14 | February 24, 2006 | — | Pending |
| **YOOX** | Indonesia | 9 | February 24, 2006 | — | Pending |
| **YOOX** | Indonesia | 35 | February 24, 2006 | — | Pending |
| **YOOX** | Indonesia | 3 | February 24, 2006 | — | Pending |
| **YOOX** | Indonesia | 18 | February 24, 2006 | — | Pending |
| **YOOX** | Macau | 18 | July 23, 2009 | — | Pending |
| **YOOX** | Macau | 35 | July 23, 2009 | — | Pending |
| **YOOX** | Macau | 25 | July 23, 2009 | — | Pending |
| **YOOX** | Malaysia | 35 | February 13, 2006 | — | Pending |
| **YOOX** | Malaysia | 25 | February 13, 2006 | February 13, 2016 | Registered |
| **YOOX** | Malaysia | 18 | February 13, 2006 | — | Pending |
| **YOOX** | Malaysia | 9 | February 13, 2006 | February 13, 2016 | Registered |
| **YOOX** | Argentina | 3 | February 1, 2006 | April 20, 2017 | Registered |
| **YOOX** | Argentina | 9 | February 1, 2006 | July 17, 2017 | Registered |
| **YOOX** | Argentina | 14 | February 1, 2006 | April 20, 2017 | Registered |
| **YOOX** | Argentina | 18 | February 1, 2006 | April 20, 2017 | Registered |
| **YOOX** | Brazil | 25 | October 1, 2004 | — | Pending |
| **YOOX** | Brazil | 3 | April 19, 2006 | — | Pending |
| **YOOX** | Brazil | 9 | April 19, 2006 | — | Pending |
| **YOOX** | Panama | 18 | December 23, 2008 | — | Pending |
| **YOOX** | Panama | 25 | December 23, 2008 | — | Pending |
| **YOOX** | Panama | 35 | December 23, 2008 | — | Pending |
| **YOOX** | South Africa | 35 | January 26, 2006 | January 26, 2016 | Registered |
| **YOOX** | South Africa | 9 | January 26, 2006 | January 26, 2016 | Registered |
| **YOOX** | South Africa | 25 | January 26, 2006 | January 26, 2016 | Registered |
| **YOOX** | South-Africa | 18 | January 26, 2006 | January 26, 2016 | Registered |
| **YOOX** | South Africa | 14 | January 26, 2006 | January 26, 2016 | Registered |
| **YOOX** | South Africa | 3 | January 26, 2006 | January 26, 2016 | Registered |
| **YOOX** | Venezuela | 35 | February 1, 2006 | — | Pending |
| **YOOX** | Venezuela | 25 | February 1, 2006 | — | Pending |
| **YOOX** | Venezuela | 3 | February 1, 2006 | — | Pending |
| **YOOX** | Venezuela | 9 | February 1, 2006 | — | Pending |
| **YOOX** | Venezuela | 14 | February 1, 2006 | — | Pending |
| **YOOX** | Venezuela | 18 | February, 1 2006 | — | Pending |
| **YOOX** | Thailand | 18 | February 22, 2006 | February 22, 2016 | Registered |
| **YOOX.ES** | Spain | 35 | February 27, 2003 | February 26, 2013 | Registered |

| Trademarks | Country(ies) | Class(es) | Deposit Date | Expiry Date | Status[1] |
|---|---|---|---|---|---|
| **YOOX** | Canada | 3, 9, 14, 16, 18, 20, 24, 25, 35, 37, 38,42 | July 21, 2005 | — | Pending |
| **YOOX** | United Arab Emirates | 18 | | — | Pending |
| **YOOX** | United Arab Emirates | 25 | | — | Pending |
| **YOOX** | United Arab Emirates | 35 | | — | Pending |
| **YOOX Chinese characters** | Taiwan | 18, 25, 35 | September 14, 2009 | | Pending |
| **YOOX Chinese characters** | Hong Kong | 18, 25, 35 | September 9, 2009 | | Pending |
| **YOOX Chinese characters** | Macau | 18 | September 24, 2009 | | Pending |
| **YOOX Chinese characters** | Macau | 25 | September 24, 2009 | | Pending |
| **YOOX Chinese characters** | Macau | 35 | September 24, 2009 | | Pending |
| **THECORNER.COM** | United Arab Emirates | 35 | June 9, 2009 | — | Pending |
| **THECORNER LOGO** | United Arab Emirates | 35 | June 9, 2009 | — | Pending |
| **THECORNER.COM** | Hong Kong | 18, 25, 35 | September 10, 2009 | — | Pending |
| **THECORNER LOGO** | Hong Kong | 18, 25, 35 | September 10, 2009 | — | Pending |
| **THECORNER.COM** | India | 18, 25, 35 | June 1, 2009 | — | Pending |
| **THECORNER LOGO** | India | 18, 25, 35 | June 1, 2009 | — | Pending |
| **YOOX Chinese characters** | Cina | 35 | October 10, 2009 | — | Pending |
| **YOOX Chinese characters** | Cina | 18 | October 10, 2009 | — | Pending |
| **YOOX Chinese characters** | Cina | 25 | October 10, 2009 | — | Pending |

*(1) With respect to trademarks marked as pending, we may not give a uniform extimate of time required for their registration, since it may vary depending on countries, legislation and the nature of the trademark (national or international trademark).*

The following list summarizes the classes of goods and services listed above, as identified pursuant to the Nice Agreement of June 15, 1957, ninth edition (in force since January 1, 2007).

**Class 03:**..... Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices.

**Class 09:**..... Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signaling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire-extinguishing apparatus.

**Class 14:**..... Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewelry, precious stones; orological and chronometric instruments.

**Class 16:**..... Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks.

**Class 18:**..... Leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery.

**Class 20:**..... Furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics.

**Class 24:**..... Textiles and textile goods, not included in other classes; bed and table covers.

**Class 25:**..... Clothing, footwear, headgear.

**Class 26:**..... Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers.

**Class 35:**..... Advertising; business management; business administration; office functions.

**Class 38:**..... Telecommunications.

**Class 41:**..... Education; providing of training; entertainment; sporting and cultural activities.

# APPENDIX A-2

## INTERNET DOMAIN NAMES OWNED BY THE ISSUER

| Internet Domains | Owner |
|---|---|
| babyoox.com | YOOX |
| invisibleshop.com | YOOX |
| myoox.it | YOOX |
| myoox.net | YOOX |
| myoox.org | YOOX |
| playoox.com | YOOX |
| playoox.net | YOOX |
| raretowear.com | YOOX |
| rare-to-wear.com | YOOX |
| strambo.it | YOOX |
| thecorner.com | YOOX |
| thenewyooxer.com | YOOX |
| thenewyooxer.net | YOOX |
| yoox.cz | YOOX |
| yoox.ae | YOOX |
| yoox.asia | YOOX |
| yoox.at | YOOX |
| yoox.bo | YOOX |
| yoox.ch | YOOX |
| yoox.co.cr | YOOX |
| yoox.co.il | YOOX |
| yoox.co.jp | YOOX |
| yoox.co.nz | YOOX |
| yoox.co.ve | YOOX |
| yoox.co.za | YOOX |
| yoox.com | YOOX |
| yoox.dm | YOOX |
| yoox.gl | YOOX |
| yoox.hk | YOOX |
| yoox.hu | YOOX |
| yoox.ie | YOOX |
| yoox.in | YOOX |
| yoox.it | YOOX |
| yoox.jp | YOOX |
| yoox.li | YOOX |
| yoox.lt | YOOX |
| yoox.lu | YOOX |
| yoox.lv | YOOX |
| yoox.md | YOOX |
| yoox.mobi | YOOX |
| yoox.ph | YOOX |
| yoox.pk | YOOX |
| yoox.pl | YOOX |
| yoox.ro | YOOX |
| yoox.ru | YOOX |
| yoox.sg | YOOX |
| yoox.sm | YOOX |
| yoox.tw | YOOX |
| yoox.com.au | YOOX |
| yoox.com.bo | YOOX |
| yoox.com.do | YOOX |
| yoox.com.es | YOOX |
| yoox.com.mx | YOOX |
| yoox.com.pe | YOOX |
| yoox.com.pl | YOOX |
| yoox.com.pt | YOOX |
| yoox.com.sg | YOOX |
| yoox.com.tr | YOOX |

| Internet Domains | Owner |
|---|---|
| yoox.com.ve | YOOX |
| yoox.biz | YOOX |
| yoox.com | YOOX |
| yoox.net | YOOX |
| yoox.org | YOOX |
| yoox.tel | YOOX |
| yoox.us | YOOX |
| yooxdesign.com | YOOX |
| yooxgroup.com | YOOX |
| yooxgroup.net | YOOX |
| yooxgroup.org | YOOX |
| yooxygen.com | YOOX |
| yooxygen.net | YOOX |
| yservices.net | YOOX |

## THE COMPANY

**YOOX S.p.A.**
Via Nannetti, 1
40069 Zola Pedrosa, Italy

## THE SELLING SHAREHOLDERS

**Balderton Capital I, L.P.; Massimiliano Benedetti; Alberto Gaspare Biagetti; Federico Bonadeo; Fabio Cesari; Alberto Giuliani; Alberto Grignolo; Gennaro Grosso; Giuseppe Guillot; Kiwi I Ventura Serviços S.A. Em Liquidação; Kiwi II Ventura Serviços de Consultadoria S.A.; Federico Marchetti; Andrea Moretti; Nestor 2000 S.p.r.l.; Alessandra Rossi; Nadia Sarti; and Gabriele Tazzari**

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United Kingdom

**Mediobanca — Banca di Credito Finanziario S.p.A.**

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