

LA PERLA

FASHION HOLDING N.V.

La Perla Fashion Holding N.V.

with a share capital of EUR 1,051,111.12

Registered office: Schiphol Boulevard 127, G4.02, 1118 BG Schiphol, the Netherlands

INFORMATION DOCUMENT

ADMISSION OF SHARES TO TRADING ON EURONEXT GROWTH PARIS FOLLOWING A PRIVATE PLACEMENT

September 4, 2019

The proposed transaction does not require a visa from the Autorité des marchés financiers (the “AMF”). This document was therefore not approved by the AMF.

L'opération proposée ne nécessite pas de visa de l'Autorité des marchés financiers (“l'AMF”). Ce document n'a donc pas été soumis au visa de l'AMF.

Copies of this Information Document are available free of charge from La Perla Fashion Holding N.V. and Invest Corporate Finance. This Information Document is also available as an electronic version on the website of La Perla Fashion Holding N.V.

Des exemplaires de ce Document d'Information sont disponibles sans frais auprès de La Perla Fashion Holding N.V. et Invest Corporate Finance. Ce document est aussi disponible en version électronique sur le site de La Perla Fashion Holding N.V.

(laperlafashionholding.com)



Advisor and Listing Sponsor

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*In this information document (the “**Information Document**”), La Perla Fashion Holding N.V. is referred to as the “**Company**”, “**we**”, “**us**” or “**our**” and together with its consolidated subsidiaries, the “**Group**”.*

This Information Document contains forward-looking statements, i.e., statements that do not relate to historical facts or events as of the date of this Information Document. Such statements may be identified by words such as “aim”, “anticipate”, “believe”, “consider”, “could”, “envisage”, “estimate”, “expect”, “forecast”, “foresee”, “guidance”, “intend”, “may”, “ongoing”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “target”, “understand”, “will”, “wishes”, or, if applicable, the negative form of these terms, or any other variants or similar terminology. By their nature, forward-looking statements involve known and unknown risks and uncertainties, both general and specific. The Company bases these statements on its current plans, estimates, projections and expectations and they relate to events and are based on current assumptions that may not occur in the future. These forward-looking statements may not be indicative of future performance; the actual outcome of the Group’s financial condition and results of operations, and the development of economic conditions, may differ materially from, in particular be more negative than, those conditions expressly or implicitly assumed or described in such statements. Even if the actual results of the Company or the Group, including the financial condition, results of operations and economic conditions, develop in line with the forward-looking statements contained in this Information Document, there can be no assurance that this will be the case in the future.

Also, the realization of any of the various risks described under “Risk Factors”, may have a material adverse effect on the Group’s business, results of operations and financial condition. Moreover, the realization of risks not yet identified by the Company or considered to be insignificant for the Group, may also result in similar adverse effects.

This Information Document contains information on the Group’s business and the markets in which it operates and competes. The Company has not verified this information and thus cannot guarantee its accuracy or completeness and does not accept responsibility regarding the accuracy of such information. Similarly, the Company cannot guarantee that a third party using different methods to combine, analyze or calculate data would obtain the same results. The Company is not obligated to publish updates of this information.

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1. INFORMATION ON THE COMPANY

1.1 Responsibility statement

1.1.1 Person responsible for this Information Document

Imran Khan
Managing Director
La Perla Fashion Holding N.V.
Email: Imran.Khan@tennor.com

1.1.2 Declaration of the person responsible for this Information Document

“I declare that, to the best of my knowledge, the information provided in this Information Document is accurate and that, to the best of my knowledge, this Information Document is not subject to any material omissions, and that all relevant information is included in this Information Document.”

Imran Khan, Managing Director of La Perla Fashion Holding N.V.

1.2 Statutory auditors

As of the date of this Information Document, the statutory auditor for the Company is FSV Accountants + Adviseurs B.V., Hogeweg 43, Postbus 128, 5300 AC Zaltbommel, the Netherlands (“**FSV**”).

1.3 Selected financial information

The consolidated financial statements of the Company as of and for the financial year ended December 31, 2018 (the “**Consolidated Financial Statements**”) and the unconsolidated financial statements of the Company as of and for the financial year ended December 31, 2017 (the “**Company’s Financial Statements**”) were prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (“**IFRS**”) and were audited by FSV, which issued an unqualified auditor’s report with respect to the Company’s Financial Statements.

On February 25, 2018, Tennor Holding B.V. (“**Tennor**”) (being an indirect shareholder of the Company as further described in “—*Shareholder Information*”) acquired 100% of the shares in La Perla Global Management (UK) Limited (“**La Perla Global Management**”) and together with its consolidated subsidiaries, the “**Operating La Perla Group**”), which is the operational holding of the Group. On May 31, 2018, La Perla Fashion Finance B.V. (“**La Perla Fashion Finance**”) (being a wholly-owned indirect subsidiary of Tennor) acquired 100% of the shares in the Company. On the same date, the Company acquired 100% of the shares in La Perla Global Management from Tennor. In order to (i) enable a comparison between the financial year ended December 31, 2018 and the financial year ended December 31, 2017, and (ii) provide financial information for the Group (including La Perla Global Management) for the entire financial year ended December 31, 2018, *i.e.*, including the period between January 1, 2018 and February 24, 2018, this Information Document contains a presentation of certain combined financial information, which combines specific line items of the Company’s Financial Statements and the audited consolidated financial statements of La Perla Global Management, which were prepared in accordance with IFRS (the “**Combined Financial Information**”). This Combined Financial Information is unaudited and prepared on the basis as if the Company had already acquired La Perla Global Management as of January 1, 2017.

The following table sets forth the Company’s Financial Statements and the Combined Financial Information:

	Company's Financial Statements	Consolidated Financial Statements	Combined Financial Information	
	As of and for the financial year ended December 31,			
	2017	2018	2017	2018
	in EUR thousand			
	(audited)		(unaudited)	
Summary income statement				
Revenue	0	85,650	133,931	106,240
Operating profit / (loss).....	(89)	(71,340)	(178,812)	(91,316)
Profit / (loss) before tax	(76)	5,202	(184,127)	(50,729)
Profit / (loss) for the year	(76)	4,540	(187,850)	(50,067)
Summary balance sheet				
Brand and other intangible assets.....	0	32,061	36,644	—
Properties, plant and equipment	0	15,267	19,452	—
Other non-current assets.....	675	10,617	10,639	—
Inventories and work in progress	0	44,352	81,273	—
Trade receivables	0	6,548	11,029	—
Other current assets.....	13	11,565	15,223	—
Cash and cash equivalents.....	196	32,505	17,459	—
Total assets	884	152,915	191,719	—
Non-current liabilities	0	110,806	159,824	—
Current liabilities	3	39,910	76,555	—
Equity.....	881	2,199	(44,660)	—
Total equity and liabilities.....	884	152,915	191,719	—
Summary cash flows statement				
Cash and cash equivalent at the beginning of the year	961	196	—	—
Net cash generated from operating activities.....	(90)	(6,679)	—	—
Net cash used in investing activities.....	(675)	(62,596)	—	—
Net cash generated from financing activities	0	103,118	—	—
Cash and cash equivalents at end of year ...	196	32,505	—	—

For further details regarding the Group's ability to meet its payment obligations that become due within at least the next twelve months from the date of this Information Document, please see *“Risk Factors—The Company may not succeed in financing or refinancing its capital requirements in due time and to the extent necessary, or at all, or it may finance or refinance on terms unfavorable to it”* and *“Review of the Company's financial situation —Information on the Group's cash flow”*.

1.4 Risk factors

Prospective investors should carefully review and consider the following risks as well as other information contained in this information document (**“Information Document”**). The order in which the following risks are presented is not an indication of the likelihood of such risk actually materializing, its potential significance or the scope of its potential harm to our business, results of operations, cash flows, financial condition and prospects. The risks mentioned herein may materialize individually or cumulatively.

The risk factors are based on assumptions that may prove to be incorrect. The occurrence of any of the events or circumstances described in these risk factors, individually or cumulatively with other circumstances, uncertainties not currently known to us or that we may currently deem immaterial, could have a material adverse effect on the business, results of operations, cash flows and financial condition of the Group (as defined below). The market price of the shares of La Perla Fashion Holding N.V. (the **“Company”**, **“we”**, **“us”** or **“our”** and together with

its consolidated subsidiaries, the “**Group**”) could fall if any of these risks were to materialize, in which case investors could lose a part or all of their investment.

The Company considers that as of the date of this Information Document, there are no significant risks other than those presented in this section. Investors should note, however, that the list of risks and uncertainties described below is not exhaustive. Risks or uncertainties that are unknown or whose realization is not considered likely to have a material adverse effect on the Group, its business, results of operations, cash flows, financial condition or prospects, as of the date of this Information Document, may exist or become significant factors that could have such a material adverse effect.

1.4.1 Risks related to our markets and business

We may fail to implement our current restructuring strategy and any future strategy targeted towards increasing profitability

We are currently implementing a restructuring program, which is focused on, among other things, redesigning and simplifying the product offering, simplifying and resizing the Group’s organizational structure, including rationalizing the Group’s workforce, streamlining the Group’s network of points of sale as well as improving cash and inventory management. There is no assurance that we will be able to implement our present restructuring strategy or any future restructuring measures as planned or at all. Moreover, the implementation of any cost-saving initiatives requires significant management attention as well as capital expenditure. This may negatively impact the Group’s ability to continue as a going concern, as the Group may be unable to fully realize its assets and discharge its liabilities in the normal course of business. Regarding the Group’s ability to continue as a going concern, see also “—*The Company may not succeed in financing or refinancing its capital requirements in due time and to the extent necessary, or at all, or it may finance or refinance on unfavorable terms and conditions*”.

Furthermore, the implementation of any restructuring strategy, including, for example, the implementation of our current redundancy plan in relation to our Italian operations as well as the closing of loss-making outlet stores, may be delayed, may need to be aligned or may be prevented due to the Group’s obligations under any collective bargaining agreements. Similarly, such restructuring measures may cause unrest within the Group’s workforce and could lead to strikes, especially where the workforce is unionized, as is the case with our Italian subsidiaries. See also “—*We are dependent on good relationships with our specialized employees, their trade unions as well as employee representative bodies and stakeholders and are party to a number of collective agreements, some of which impose obligations and restrictions on the Group in connection with reorganizations, restructurings or similar corporate actions*”.

In connection with the current and any future restructurings, we may not be able to procure further external financing for our business operations on commercially favorable terms or at all. Our failure to implement our restructuring strategy as planned as well as any adverse effects from implementing such restructuring strategy could have a material adverse effect on the Group’s business, results of operations and financial condition.

Our business depends on a strong brand image and reputation, which we might not be able to maintain or enhance, and unfavorable customer feedback or negative publicity could adversely affect our brand

We believe that the strong awareness of the “La Perla” brand has contributed significantly to the success and growth of our business. The strength of our brand has particularly helped us to establish strong relationships with customers and suppliers who want to associate with strong, reputable brands. However, there is no assurance that we will be able to maintain or expand these strong relationships in the future. Conversely, these relationships have suffered in light of

the Group's current financial difficulties. This may eventually result in the loss of customers or suppliers, which we may not be able to recover.

In addition, customer complaints or negative publicity about, among other things, products, delivery times, returns process, the working conditions of our employees (or those of the employees of any of our subcontractors or suppliers), customer data handling and security practices, or customer support, including on online platforms such as blogs, online ratings, review services and social media websites, could have a significant negative impact on our reputation.

Furthermore, the image and reputation of our brand is influenced by various factors, many of which are outside of our control. For example, factors influencing the image and reputation of our brand include: (i) the actual and perceived quality, style and design of our products; (ii) our global brand awareness and (iii) our communication, marketing activities and strategic positioning. In addition, we currently seek to reposition La Perla's brand image from a pure-play luxury lingerie brand that only offers products for special occasions to that of a luxury lingerie brand with a broad product offering that also includes lingerie for everyday use. If we are unable to reposition our brand image, maintain or enhance our positive brand awareness, or, if, as a result of the above factors, the "La Perla" brand becomes tarnished, consumers and suppliers may want to distance themselves from the "La Perla" brand and this could have a material adverse effect on the Group's business, results of operations and financial condition.

We depend on good relationships with our specialized employees, their trade unions as well as employee representative bodies and are party to a number of collective bargaining agreements, some of which impose obligations and restrictions in relation to reorganizations, restructurings or similar corporate actions

The Group's operations and its financial success depend on its ability to maintain uninterrupted business operations, including continuing operations at its manufacturing facility in Bologna, Italy (the "**Italian Manufacturing Facility**"). In this regard, we depend on good relationships with our employees, trade unions, employee representative bodies, such as *Rappresentanza sindacale unitaria* in Italy, to successfully operate our business. Personnel expenses make up a significant portion of the Group's costs and the Group is obligated to comply with various collective bargaining agreements. Employees at the Italian Manufacturing Facility and at a number of foreign subsidiaries have historically been unionized and members of the Group regularly conduct, or are involved in, negotiations with the relevant trade unions and employee representative bodies. Any deterioration of these relationships could adversely impact the Group's business operations. The Group could face strikes or other types of conflicts with trade unions or its employees in the future as the Group has experienced such conflicts in past years.

When current collective bargaining agreements expire or agreements must be renegotiated, the Group may not be able to conclude new agreements on terms and conditions that it considers to be reasonable. In addition, failed negotiations may result in work stoppages, strikes or similar industrial action. Any such action may disrupt the Group's production and sales activities, damage its reputation, impair its ability to provide products within production schedules to its points of sale and/or consumers and adversely affect its customer relations.

Moreover, a number of collective bargaining agreements which concern the Group impose certain obligations and restrictions on the Group that may adversely affect its flexibility to undertake adjustments to its workforce, restructurings, reorganizations and similar corporate actions, even where the Group's management has concluded that such actions are necessary in light of economic conditions or market developments. For example, in addition to the protections which its employees generally have under applicable employment laws, a significant number of the Group's employees enjoy some form of special protection against dismissal, including under commitments contained in collective agreements, which means that

ordinary dismissals of these employees are in general not possible or, depending on the scope of the additional protection, are subject to stringent requirements.

Moreover, any restructuring or reorganizational measures that the Group undertakes may result in significant redundancy payments, one-off costs and strained relationships with employees and their representatives. This may in turn make it more difficult for the Group to subsequently negotiate, renew or extend collective agreements in a favorable and timely manner. The Group may also become subject to new collective agreements, which may increase the Group's operating costs.

All of these factors may have a material adverse effect on the Group's business, results of operations and financial condition.

We depend on our points of sale for the distribution and sale of our products

The Group operates globally and relies on both retail and wholesale sales of its products. Retail sales are sales of products directly to consumers through points of sale operated by the Group. Wholesale sales are sales of products to a commercial third party that on-sells these products to consumers utilizing its point(s) of sale. As of June 30, 2019, our global points of sale consisted of 70 boutiques, of which 44 were operated by the Group (group-operated boutiques, "**GOB**") and 26 were operated by third parties (partner-operated boutiques, "**POB**"), 36 department stores that include shop-in-shops operated by the Group and wholesale concessions operated by the department store (together, the "**Concessions**"), 24 outlet stores operated by the Group and a digital sales platform (collectively, the "**POS**").

The Company is dependent on the success of its POS, especially its highest-earning boutiques (e.g., Rodeo Drive, Los Angeles, Montenapoleone, Milan, Faubourg St. Honoré, Paris, and Harrods, London), as a source of revenue and for the distribution and sale of the Group's products. Therefore, the closure or reduced sales output of any one of these POS could have an adverse impact on the overall revenue of the Group. Furthermore, certain of our POS are currently not operating on a profitable basis. In particular, we are currently selling our product offering at significant discounts in various outlet stores, which results in certain of such outlet stores not operating on a profitable basis. If we are unable to increase profitability of our POS, especially the GOB, or close unprofitable POS this may lead to decreased profits.

Any decision to open new POS is associated with significant capital expenditure, including design, furniture and equipment costs, construction costs and provisions for agents. Furthermore, our POS are subject to ongoing fixed costs, such as costs for personnel, lease expenses and maintenance. Any inaccurate assessment of the revenue generation of a POS, the attractiveness of its location, the frequency of potential consumers visits, the future development of the area and/or the city where such POS is located and the impact of changing consumer shopping habits may lead to revenue that is lower than expected. Furthermore, if POS have to be shut down, the Company may incur material costs when terminating employment contracts.

In addition, our boutiques are all located in properties/locations that we lease from third parties. There is significant competition among luxury retailers to obtain commercial spaces located in the most prestigious locations in the world. Therefore, we may have to compete with competitors, who may have more bargaining power than us, when entering into leases for new boutiques or renewing or replacing expiring lease agreements. If we are unable to renew existing contracts on commercially favorable terms or in a timely manner, this may lead to a decrease in revenues or additional costs, which could have an adverse effect on our financial position.

We are subject to distribution risks, depend on our distribution partners and are subject to risks arising from third-party-operated POS

Due to certain factors including delays due to strikes, an increase in cost of materials, the shortage or faultiness of raw materials, we may be unable to distribute our products to our POS in a timely matter or at all. The Group may also be exposed to distribution risks, *e.g.*, delays in shipments, unforeseen loss of products and potential increases in the cost of materials. We are therefore dependent on successful order management and delivery of our products. If we are unable to supply our products to our POS as expected, it could have a material adverse effect on the Group's business, results of operations or financial condition.

We are dependent on good relationships with various suppliers

The Group is dependent on third-party suppliers for the timely delivery of materials for its production. The Group generally sources materials from several suppliers; however, in some cases, the Group relies on one or a small number of suppliers and it may be more difficult to find alternative suppliers. For example, one of our key suppliers for a specific type of lace used in some of our products, Noyon Dentelle S.A.S. (in which we hold a minority interest), has in the past faced financial distress and may face such difficulties again in the future. In case we do not find an alternative supplier, we may be forced to provide financing to such a supplier in order to ensure an uninterrupted supply. If we cannot ensure such uninterrupted supply, the Group faces the risk of production downtime and inventory backlogs if one or more of its suppliers are unable or unwilling to fulfill their delivery obligations, for example due to supply shortages, labor strikes, capacity allocation to other customers, or financial distress of the supplier.

Furthermore, some of our relationships with third-party suppliers are not formalized by entering into long-term framework agreements and none of them are exclusive. Instead, we commonly place individual orders with workshops and craftsmen with whom we have long-standing relationships. These suppliers may, in the future, fail to perform or may discontinue their collaboration with the Group, without prior notice and/or despite obligations undertaken vis-à-vis the Group.

Suppliers may discontinue certain materials or products that the Group relies on or may be unable or unwilling to fulfill delivery obligations for other reasons. In this event, the Group would need to find alternative suppliers or materials, which may be more costly or less appropriate than the previous materials, may take longer to produce and/or require costly adjustments to the Group's products. In addition to the risk of supply interruptions, which are exacerbated in the case of single-source suppliers, the exclusive supplier of a key component potentially could exert significant bargaining power over price, quality warranty claims or other terms relating to the component.

In addition, while we have established policies to prevent the sale of products bearing the "La Perla" name or brand by the workshops which produce merchandise for us, we cannot ensure that such policies will successfully prevent the unauthorized sale of our products to third parties; if such event were to occur, our image or the reputation of our brand could be adversely affected, which could have a material adverse effect on the Group's business, results of operations or financial condition.

See also "*—The Group depends on sufficient supply of raw materials and of (semi-)finished products which is delivered on time, in the required quality and at acceptable prices*".

The Group depends on a sufficient supply of raw materials and of (semi-)finished products which is delivered on time, in the required quality and at acceptable prices

The Group currently manufactures its products at its Italian Manufacturing Facility, its manufacturing facilities in Portugal and through a closely connected network of third-party

manufacturers that is largely based in Italy. Therefore, the Group is dependent on the availability of significant quantities of raw materials and regularly purchases (semi-)finished products from third-party manufacturers. If the Group were to lose one or more of its raw material suppliers, there is a risk that we may be unable to substitute these raw supplies in a timely manner, in the required quality and/or at acceptable prices. The same applies if the Group were to lose one or more of its suppliers of (semi-)finished products. This may negatively affect the timely manufacturing and the availability of Group products. In addition, there is a risk that the availability and price of raw materials or (semi-)finished products may change in the future. The Group may be unable to pass on the increased costs to consumers if the price of raw materials and/or (semi-)finished products temporary or permanently increases significantly.

In addition, the Group's business is dependent on accurate demand and resource planning to avoid idle capacities, over-production and insufficient availability of raw materials and (semi-)finished products. There is a risk that the Group's demand and resource planning may fail, which could lead to an inability to produce the required number of products in a timely manner, in sufficient quantities and qualities, to assign the required quantities or types of finished products to the Group's different markets according to regional market demands as well as to ship the finished products to their destinations efficiently. In this event, the Group may not be able to sell its products at reasonable prices in the Group's markets and may be forced to either sell products in certain markets significantly above the estimated retail prices or to ship unsold products to different markets at additional costs. This may also lead to lost sale opportunities and may reduce the profitability of the Group.

If any of these risks materialize, this could materially adversely affect the Group's assets, financial condition and results of operations.

Our future success depends on our ability to attract, develop and retain experienced staff and skilled key personnel

The business success of the Group depends to a significant extent on its ability to attract, hire, train and retain experienced management and key personnel. The Group's management team, comprised of the Company's board of managing directors as well as its senior management, has substantial expertise and industry experience and the loss of any of its key members could adversely affect the Company's ability to implement its strategic objectives in relation to the Group. Furthermore, the Group is also dependent on key personnel that are highly skilled in producing luxury lingerie, nightwear and beachwear. The Group's success in attracting and retaining key personnel depends on a variety of factors, including compensation and benefit programs, work environment, career development opportunities and public image. Competition for key personnel in some countries in which the Group operates is intense and this may impact on the quality of personnel that the Group is able to hire. There can be no assurance that the Group will succeed in retaining key personnel in the long term or, in the event of any loss of one or several key personnel, in recruiting suitable successors on reasonable terms or at all. Any failure to recruit or retain experienced management and key personnel could have a negative impact on the Group's business.

The Group may not be successful with the development, launch and marketing of its products

It is vital for the Group to differentiate itself from its competitors through product innovation, brand development and marketing. However, Group product development and product innovations may fail or may not meet market preferences, and we may not be able to develop and launch new products in a timely manner. If competitors succeed in launching innovative products earlier than the Group, the Group's market share and sales may significantly decrease. The commercial success of the Group's product offering depends on its ability to develop new products and improve its production methods in order to respond to consumer demands in a timely and cost-effective manner. The Group's research and development efforts are closely linked to the consumers' expectations and market trends. While the Group seeks to adjust parts

of its product offering, as well as its distribution processes based on anticipated demand and consumer preferences, there can be no assurance that the Group will be successful with the marketing of its products.

In the luxury fashion industry, the quality and the design of products are not the only relevant factors for the commercial success of items such as lingerie, nightwear and beachwear. The successful marketing of such products through brand development strategies and appealing advertisement campaigns, including online campaigns via social media platforms, is key to driving sales volumes. The Group may fail to identify and apply the suitable marketing tools for promoting Group products and the Group's focus strategy on the development of its online sales may fail.

We are dependent on consumer sentiment and are affected by changes in trends in the luxury lingerie industry, consumer preferences and consumer satisfaction may adversely affect our business

The luxury fashion industry, in which the Group sells its products, is largely driven by trends and consumer sentiment. The products of the Group have to meet certain market expectations and demands in relation to colors, patterns and suitability in order to attract consumers and the Group must accurately assess the market and identify consumer demands in advance. Decisions in relation to new colors, designs or products are often made a year in advance of the products being offered to the consumer. Therefore, there is a risk that the Group may fail in estimating demand and consumer preferences in advance, which may lead to decreasing sales and revenues, increasing stocks of unsold products and pressure on the Group to sell products with significant discounts. Furthermore, insufficient quality of products may lead to losses due to product returns or may force the Group to recall certain products and to compensate consumers. Product recalls or insufficient quality may also harm the Group's brand and its market acceptance among consumers.

If existing consumers become dissatisfied with the Group's products or if they become increasingly attracted to competitors' products, the Group may fail to retain its current customer relationships. For example, social media trends have become a significant factor for the success or failure of fashion brands. If social media influencers or a large number of social media users were to show a disliking for Group products on their social media platforms, this could have a particularly negative impact on Group sales and result in the loss of current customer relationships.

In addition, local restrictions and/or measures, including restrictions on tourism or anti-corruption measures and negative macroeconomic trends, including an economic crisis, increasing unemployment rates, increasing living costs or lower salaries may have a negative effect on consumers' disposable income as well as their ability and willingness to spend money on luxury products, which may lead to lower revenues, idle capacities and increased fixed costs of the Group. Furthermore, the Group's stock of unsold available products may significantly increase. If consumer sentiment deteriorates, the Group may be forced to change its strategy in relation to certain markets or regions, to revise its product offerings, to cut productions and costs or to take other business decisions. There is, however, no assurance that we will be able to amend, in a timely manner or at all, our business strategy, product offering, production and/or costs if consumer sentiment in certain markets deteriorates.

The Group's global activities involve specific economic, legal and political risk

The Group operates globally, which exposes it to a variety of local economic, political and social conditions. As the Group operates in different legal systems, it can be subject to conflicting regulatory requirements. We may be treated differently from local businesses and may be subject to arbitrary or harmful enforcement actions by authorities. There is also an increased risk of corruption or organized crime negatively affecting business activities in certain areas. There is no guarantee that we can manage these risks effectively or at all. The

realization of any of the aforementioned risks can have a material adverse effect on the Group's business, financial condition and results of operations.

Any disruption of operations caused by information technology failures may adversely affect our performance

The integrity, reliability and operational performance of the Group's information technology ("IT") systems are critical to the Group's operations, particularly in view of the intended strategy to increase the Group's online sales in the future. The Group relies on IT systems for the purposes of marketing its products, servicing its POS, channeling its logistics, handling claims, control and quality assurance of its distribution network, recording new business, sales volumes and distribution, monitoring the Group finances, maintaining its accounting systems and as a basis for managing risks.

In relation to our online shop "laperla.com", our ability to acquire, retain and serve customers is dependent on the functioning and reliability of our IT systems, in particular our network infrastructure, which is inherently subject to various operating risks. As our customer base on our website continues to grow, we will need an increasing amount of network capacity and computing power.

Failure of the Group's IT systems, including the unsuccessful implementation of standardized processes, inadequate data protection, loss of data, hacking or cyber-security breaches and hardware or software malfunction and/or manipulation, could lead to difficulties in efficient distributor and consumer service, less effective controlling and accounting or risk management failures. Business continuity procedures, disaster recovery systems and security measures in the event of network or IT failure or disruption, protective measures to detect intrusion or other security breaches (such as sabotage, hackers, viruses, cybercrime and fraudulent activities on the Group's systems) may not be sufficient to ensure that the Group is able to carry on its business if its IT systems fail or are disrupted. Any failure of the Group's IT infrastructure, systems or protections may require the Group to divert substantial engineering, financial and marketing resources from other areas to rectify such problems. Deficiencies in the Group's IT systems may further cause direct or indirect damages or losses and may lead to significant costs and disruptions that may harm the quality of the Group's products and services and its reputation. Moreover, the Group does not maintain any insurance policy with respect to crime and cyber-security and may therefore not be able to recoup any lost revenue or incurred costs in connection with the realization of the abovementioned threats.

All of these factors may have a material adverse effect on the Group's business, results of operations and financial condition.

Our business may be adversely impacted by negative developments in the general economic environment

Our business is affected by geopolitical and macroeconomic developments in the Group's markets. Changes in economic conditions may adversely affect demand for our products, which could adversely affect the Group's business, financial condition and results of operations. For the financial year ended December 31, 2018, the Group's most important geographic markets were Europe and the Middle East, which accounted for approximately 52.8% of net sales, Asia (including Japan), which accounted for approximately 25.2% of net sales and North America, which accounted for approximately 18.2% of net sales. Economic conditions particularly in these regions may become detrimental in the future and a severe economic downturn in these regions could pose a significant challenge to the Group's revenues. General business and economic drivers that could adversely affect the Group include short-term and long-term interest rates, unemployment rates, inflation, and fluctuations in debt markets.

In addition, the United Kingdom's decision to exit from the European Union ("Brexit"), the trade dispute between the United States and China and increasing uncertainty with regard to

global trade and tariff accords may have a negative economic impact, particularly on consumer spending and capital investments, as well as increasing market volatility. These events could have a number of effects on the Group's business, including the insolvency of suppliers of the Group, resulting in a lack of or delays in the supply of materials or increased provisions for credit losses, and a reduced consumer demand for the Group's products, including order delays or cancellations and counterparty failures negatively affecting the Group's operations.

In addition, detrimental global economic conditions and market instabilities could make it more difficult for the Group and its suppliers to accurately forecast product demand, which could cause the Group to manufacture excess products that would increase its inventory carrying costs. In addition, any difficulty to forecast product demand accurately could cause a shortage of raw materials that could lead to the Group being unable to satisfy product demand.

1.4.2 Legal, regulatory and tax risks

The Group is subject to increasingly stringent laws and regulations

The Group is subject to increasingly stringent laws, regulations and standards that relate to, among other things, product liability, consumer protection, environmental, health and safety, water and waste disposal, protection of personal data, advertising, working hours, Sunday and evening working, human trafficking and sales and stock liquidation. For example, the Modern Slavery Act 2015, enacted in the United Kingdom on March 26, 2015, requires the Company to publish an annual statement confirming steps taken to ensure that slavery and human trafficking are not taking place or declare that no steps to confirm the existence of slavery or trafficking have been taken. The Group has to observe all laws and regulations applicable in its countries of operations. The Group may be forced to deploy significant capital and other expenditures to comply with these laws and regulations. Furthermore, it may be subject to significant fines or penalties in the event that it fails to comply with the relevant laws and regulation, and may, in such event, also be required to shut down its operations/productions facilities due to non-compliance.

For example, the Company could be liable for causing or being otherwise responsible (including by way of mere ownership) for soil or groundwater contamination caused by the use of chemical products in the production process. As operator of various production facilities, the Company is also liable for non-compliance with certain public regulations and any resulting damages or losses. Should any of the foregoing materialize, this could have a material adverse effect on the Company's assets, financial condition and results of operations.

In addition, data protection laws and privacy-related regulation impose additional restrictions on the Group's operations, including the collection and use of personal information. In the United States, a variety of federal and state laws and regulations govern the collection, use, retention, sharing, transfer and security of customer data. In the European Union ("EU"), Regulation 2016/679/EU of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**General Data Protection Regulation**") imposes strict conditions and limitations on the processing, use and transmission of personal data and provides for an opt-in regime requiring the informed consent of the website user for the use of cookies. The Group must comply with all privacy-related regulations in the EU as well as in other countries where the Group does business. Although the Group strives to comply with all applicable laws, regulations, self-regulatory requirements, policies and legal obligations relating to privacy, data usage, and data protection, it is possible that these laws, regulations and other obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and which may conflict with other rules or requirements or the Group's practices. There is no assurance that the Group's practices have complied, comply, or will comply fully with all such laws, regulations, requirements and obligations. Any non-compliance with applicable regulations could lead to fines and other sanctions.

Additional legal obligations may be introduced in the future that may further increase the costs of compliance. New regulations may require the Company to make expensive purchases, to refurbish or remodel existing properties or to incur other significant expenses. Furthermore, it cannot be excluded that the Company might fail to maintain a compliance management system that ensures compliance with all laws and regulations applicable to it.

Non-compliance with existing or future laws, regulations or standards could result in damages or penalties and could adversely affect the Company's reputation. Should the Company fail to comply with any applicable laws, regulations or standards or be required to incur additional expenses to ensure continued compliance, its business, results of operations and financial condition may be adversely affected.

The Group is exposed to tax risks, which in particular could arise as a result of tax audits and changes in tax laws or regulations

Due to the global nature of its business, the Group is subject to income and other taxes in multiple jurisdictions. Over recent years, tax laws applicable in various countries have become increasingly complex, particularly with respect to cross-border taxation. Significant judgment and estimation is required in determining the Group's provision for income, sales, value-add and other taxes, including withholding taxes. In the ordinary course of the Group's business, there are various transactions and calculations, including, for example, intercompany transactions and cross-jurisdictional transfer pricing and transactions with specific documentation requirements, for which the ultimate tax determination or the timing of the tax effect is uncertain.

Any dividends or other distributions that Group companies make to their parent companies and, ultimately, the Company will, in principle, be subject to withholding tax, including at its Italian Manufacturing Facility. As a result, certain Group companies may be subject to withholding tax in respect of dividends or other distributions. Such taxes would increase the Group's overall tax burden and thus have a material adverse effect on its profitability.

Tax authorities are also increasingly scrutinizing the allocation of income between associated enterprises belonging to multinational groups (and thus between the different jurisdictions in which such groups operate). Changes in (the interpretation of) local tax laws or regulations may affect the Group's tax liabilities as well as the Group's strategic decisions. Significant changes in the tax regimes of countries in which the Group operates may therefore have a material adverse effect on the Group's business, financial condition and results of operations.

Moreover, our Group companies face an increased likelihood of tax audits, regarding, among others, (a) tax residence, (b) permanent establishment, and (c) transfer pricing. Any tax audit could, depending on the specific circumstances, could result in tax liabilities, fines and penalties of a significant amount, far in excess of amounts we provide for in our financial statements for tax liabilities as well as subsequent litigation. In the course of a tax audit, fiscal authorities may contest the factual basis of our tax returns or may take views that are different from those reflected in such returns and the ultimate tax outcome may differ from the amounts recorded in the Group's financial statements and may materially affect its financial results in the periods for which such determination is made. Similarly, social security authorities could charge supplementary social security contributions, e.g., if they impose payroll taxes on compensatory payments which were tax-free prior to a change of the authorities' interpretation. Therefore, the Group could be subject to additional taxes or incurred social security contributions.

We are dependent on the protection of our intellectual property rights

We believe that our intellectual property, especially our brand, is essential to the success of our products and to our competitive position. We aim to protect our intellectual property assets in the jurisdictions in which we operate pursuant to applicable intellectual property laws and

regulations, which protect rights related to designs, production processes and technologies, utility patents and trademarks and other distinctive marks.

In this respect, we submit applications for the registration of our intellectual property in the countries in which we operate. There can be no assurance, however, that we will succeed in protecting our intellectual property rights.

In particular, patent rights do not prevent our competitors from developing products that are substantially equivalent to or better than our products, while not infringing our intellectual property rights. Moreover, any actions we take to establish and protect our patents, trademarks and other intellectual property rights may not be adequate to prevent counterfeiting, imitation of our products by competitors or other third parties or to prevent others from asserting rights in, or ownership of, our brand trademarks and other intellectual property rights. We may therefore be forced to spend significant resources to protect our intellectual property from infringement or from third-party claims. In addition, should third parties register intellectual property rights that overlap with ours, or should we attempt to enter new markets where third parties have registered intellectual property rights that are similar to those that we would wish to register, we may be constrained from developing our business in such markets. Moreover, changes in law or adverse judicial or administrative judgments could deprive us of the ownership or use of one or more of our intellectual property rights, which could require us to grant licenses to or to obtain licenses from third parties, to pay damages and/or to cease production of certain merchandise benefiting from such rights.

The Group's internal controls may be inadequate to prevent corruption or other illegal or unethical practices

There is a risk that the Group's structure and internal control mechanisms for the prevention of, among other things, corruption and illegal or unethical business practices may be inadequate to prevent the Group's employees from engaging in illegal or unethical business practices. More specifically, members of the Group's governing bodies, senior management, employees, authorized representatives or agents may intentionally or unintentionally violate applicable laws and internal standards and procedures. However, there can be no assurance that the Group's internal controls, procedures, compliance systems and risk management systems will be sufficient to identify such violations, ensure that they are reported in a timely manner, evaluate them correctly or take the appropriate countermeasures and that they will be adequate for an enterprise of the Group's scale and complexity. Should any corruption or other illegal or unethical actions on the part of Group's employees be discovered, this could significantly damage the Group's reputation and/or result in penalties or criminal liability for the Group and its employees, all of which could have a material adverse effect on the Group's assets, financial condition and results of operations.

1.4.3 Risk related to our Shares and shareholder structure

Tennor Holding B.V. ("Tennor") controls and will continue to control the Company after listing of its Shares on the Euronext Growth market of Euronext Paris (the "Listing"). Tennor may act in its own interests, which could significantly differ from the interests of the Company or of the Company's other shareholders, who may lack representation

Tennor is the indirect majority shareholder of the Company and, as of the date of this Information Document indirectly holds 72.0% of the Company's shares (the "**Shares**"). Tennor is able to exercise significant influence with respect to major decisions affecting the Company, including amendments to the Company's articles of association (the "**Articles of Association**"), increases of the Company's share capital and the issuance of convertible bonds, profit participation bonds and profit sharing instruments, exclusion of subscription rights of existing shareholders, appointments to the Company's board of supervisory directors (the "**Board of Supervisory Directors**"), approval of the Company's annual financial statements, resolutions regarding the appropriation of the Company's net income and appointment of the Company's

auditor, changing the corporate purpose, mergers, spin-offs and conversions to a different form of legal entity.

Furthermore, Tennor will be able to influence the Company's dividend policy and therefore will be able to ultimately decide whether dividends will be distributed to the Company's shareholders in any given year, to the extent that distributable profits have been generated. Tennor will be able to pass resolutions requiring a simple majority of votes cast or of the share capital represented at the shareholders' general meeting of the Company (the "**General Meeting**"). Due to Tennor's controlling influence, the Company's other shareholders will not have the power to influence the Company in any meaningful way. In particular, there is no assurance that Tennor will pursue the same interests as other shareholders and will align its voting behavior with the interests of other shareholders. Furthermore, the interests of Tennor and of the Company may differ.

If Tennor, by exercising its voting rights at shareholders meetings or otherwise, were to exert influence on the Company in such a way as to conflict with the interests of the Company's other shareholders or if the interests of Tennor and of the Company in relation to the future business operations and strategy of the Company differ and Tennor would not support the Company's strategy, this could have a significant adverse effect on the Group's business, results of operations and financial condition.

The Shares have never been traded on a financial market and are subject to market fluctuations and a liquid trading market may not develop or continue

Prior to the admission to trading on the Euronext Growth market of Euronext Paris ("**Euronext Growth**"), there has been no public market for the Shares. In addition, the Company only has a limited number of shareholders, including Tennor, which indirectly holds 72.0% shares in the Company as of the date of the Information Document, and these shareholders may not sell any or any substantial portion of their Shares. Although the Company has applied for admission of its Shares to trading on Euronext Growth, the Company cannot assure investors that a liquid trading market will develop for its Shares or, if such a market develops, that it will persist. The price of the Shares was determined based on a variety of factors and is not an indication of the market price of the Shares following their admission to trading on Euronext Growth, which may vary substantially from such price.

If a liquid trading market does not develop, the liquidity and price of the Shares may be adversely affected.

The issuance of additional Shares may affect the market price of the Shares and could dilute the interests of existing shareholders

The Group may seek to raise financing to fund future acquisitions and other growth opportunities. The Company may, for these and other purposes, issue additional equity or convertible equity securities. As of the date of the Information Document, the board of directors of the Company has the authority to issue Shares or grant rights to subscribe for Shares and to limit or exclude the subscription rights of existing shareholders pertaining to such Shares. As a result, shareholders may suffer dilution in their percentage ownership or the market price of the Shares may be adversely affected.

The Company does not expect to pay any dividends in the foreseeable future

For the financial years ended December 31, 2018 and December 31, 2017, the Company has not paid any dividends to its shareholders and currently does not expect to be in a position to, nor does it intend to, pay dividends in the foreseeable future. Dividend payments may be made only if and to the extent that the Company's shareholders' equity is greater than the sum of the paid and called-up part of the issued capital and the reserves which must be maintained by virtue of the law, as evidenced by an interim statement of assets and liabilities as referred to in

Section 105 subsection 4 of Book 2 of the Dutch Civil Code. There can be no assurance that the Company will in the future be in a position to make dividend payments on this basis.

1.4.4 Risk related to our financial profile

The Company may not succeed in financing or refinancing its capital requirements in due time and to the extent necessary, or at all, or it may finance or refinance on terms unfavorable to it

We depend on our ability to obtain financing on commercially acceptable terms. The luxury fashion industry is capital-intensive and the Group is exposed to risks relating to the availability and cost of funding for its future growth and expansion. In particular, we will need additional capital to further implement any restructuring measures, increase our market penetration in our current markets, extend our geographic reach and to support the financial needs of our new POS. We therefore require periodic injections of capital to continue serving our debt, exist as a going concern and realize our growth plans.

As of the date of this Information Document, our entire financing arrangements consist of a shareholder loan dated July 13, 2018 among Tennor and La Perla Fashion Finance, as lenders, and La Perla Global Management (UK) Limited (“**La Perla Global Management**”), as borrower, in the aggregate principal amount of up to EUR 250 million. As of the date of this Information Document, La Perla Global Management has utilized approximately EUR 107.2 million of the total principal amount of this shareholder loan. There is a risk that any remaining principal amount under the shareholder loan cannot be utilized. In this case, we may need to seek financing from other sources.

The Company has concluded in its audited consolidated financial statements as of and for the financial year ended December 31, 2018 that it is reasonable to consider that the Company will continue to operate in the foreseeable future and the following judgements form the basis of this conclusion:

- In a letter from Tennor dated March 4, 2019 and addressed to La Perla Global Management (the “**Financial Support Letter**”), Tennor as the ultimate majority shareholder of La Perla Global Management confirmed its intention to provide financial support for the continuing operation of La Perla Global Management and its subsidiaries to enable them to meet their liabilities as they fall due in the 12 months as from July 18, 2019. However, there is no assurance that Tennor will honor its obligations under the Financial Support Letter.
- The Group’s net operating cash outflow for the financial year ended 2018 amounted to EUR 69.3 million, and the Company expects that the operating costs and negative operating cash flows will be reduced in the financial year ended December 31, 2019 as a result of the ongoing restructuring measures. However, there is uncertainty as to the success of these restructuring measures and whether they will improve the Group’s results and financial position. In the event that the Company will not successfully implement these restructuring measures, the Group’s results and financial position may deteriorate.

In making its assessment of the Group’s ability to operate as a going concern, the Company has considered (i) its existing cash position as of June 30, 2019, (ii) projected cash requirements for the financial years ended December 31, 2019 and 2020, (iii) the financial impact of the ongoing restructuring measures to increase revenue and reduce costs, and (iv) the Financial Support Letter. Moreover, the auditor’s report to the audited consolidated financial statements of the Company as of and for the year ended December 31, 2018 included an emphasis on uncertainty with respect to the going concern assumption and reiterated that the Group’s business operations depend on continuing financial support and funding from Tennor. There is no assurance that the Company’s assessment in relation to the Group’s ability to operate as a going concern is accurate. In particular, its judgments, assumptions and calculations in connection

with such assessment may prove to be incorrect, which could have an adverse impact on the financial condition of the Group.

We may seek financing by way of issuance of additional equity or debt securities in the domestic or international capital markets or through bank borrowings. The Company presently does not have any access to the debt capital markets, making it particularly dependent on Tennor as a source of debt financing and indirectly the financing terms on which Tennor can obtain external debt financing. Furthermore, past, current and future restructuring measures to optimize the Group's business may have an adverse effect on its ability to obtain financing. Specifically, the implementation of any current and future restructuring measures, including any unsuccessful attempts to implement such restructuring measures, may require us to obtain additional financing.

The Group's ability to obtain additional capital from Tennor or external sources in the future is subject to a variety of uncertainties, including:

- the Group's financial condition, results of operations, cash flows and prospects;
- the liquidity and volatility of the European and international capital markets;
- the credit profile of Tennor;
- any tightening of credit markets and general market conditions for debt and equity raising activities by financial institutions; and
- economic, political and social conditions in the geographical markets in which the Group operates and elsewhere.

Any of the foregoing factors could increase borrowing costs and limit the Group's access to the capital markets and commercial credit. Any difficulty that the Group encounters in securing adequate sources of short- and long-term funding could impede its ability to invest in its manufacturing capacity, develop new products and/or expand into new markets, thereby limiting the Group's growth opportunities.

The Group is exposed to risks resulting from fluctuations in interest rates, currency exchange rates and liquidity

As a result of the Group's international business activities and its refinancing needs, it is exposed to risks resulting from interest rate fluctuations and currency exchange rate fluctuations. The Company's indebtedness is denominated in euro. The Group manufactures all of its products in the Eurozone (Italy and Portugal) or purchases (semi-)finished products usually in euro but sells them globally. The Group's products are mainly sold in euro but also in, among others, US Dollar, Swiss Franc, British Pound, Japanese Yen and Hong Kong Dollar. Adverse changes of exchange rates or an increase of interest rates could lead to increased financing costs and losses of earnings. Furthermore, the Group also does not have any hedging arrangements in place to mitigate such effects.

In addition, the seasonality of certain of the Company's production –beachwear– results in seasonal financing needs due to which the Group is exposed to liquidity risks and risks of cash flow fluctuations. A sharp seasonal increase of financing or liquidity needs or a decrease of cash flows may lead to liquidity shortages and increased expenses. Especially in the current restructuring scenario, a liquidity squeeze during production peaks may have a material adverse effect on the Group's production and the ability of the Group to sell its products in the envisaged quantities and at intended price levels. Any of these factors could have a material adverse effect on the Group's assets, financial condition and results of operations.

1.5 Information about the Company and the Group

1.5.1 History and development

(a) Company's name

The Company's legal name is La Perla Fashion Holding N.V. (formerly Glow Media Group N.V.).

(b) Company's business register and registration number

The Company is registered with the business register (*Handelsregister*) of the Netherlands Chamber of Commerce (*Kamer van Koophandel*) under number 66809681.

(c) Company's date of incorporation

The Company was incorporated on September 9, 2016.

(d) Headquarters

The corporate headquarters of the Company are located at Schiphol Boulevard 127, G4.02, 1118 BG Schiphol. The Group's operational headquarters are with La Perla Global Management at 23 Savile Row, London, W1S 2ET, United Kingdom. The Group's manufacturing facility in Bologna, Italy (the "**Italian Manufacturing Facility**") is located with La Perla Manufacturing S.r.l. at Via Enrico Mattei 10, CAP 40138, Bologna, Italy.

(e) History of the Group

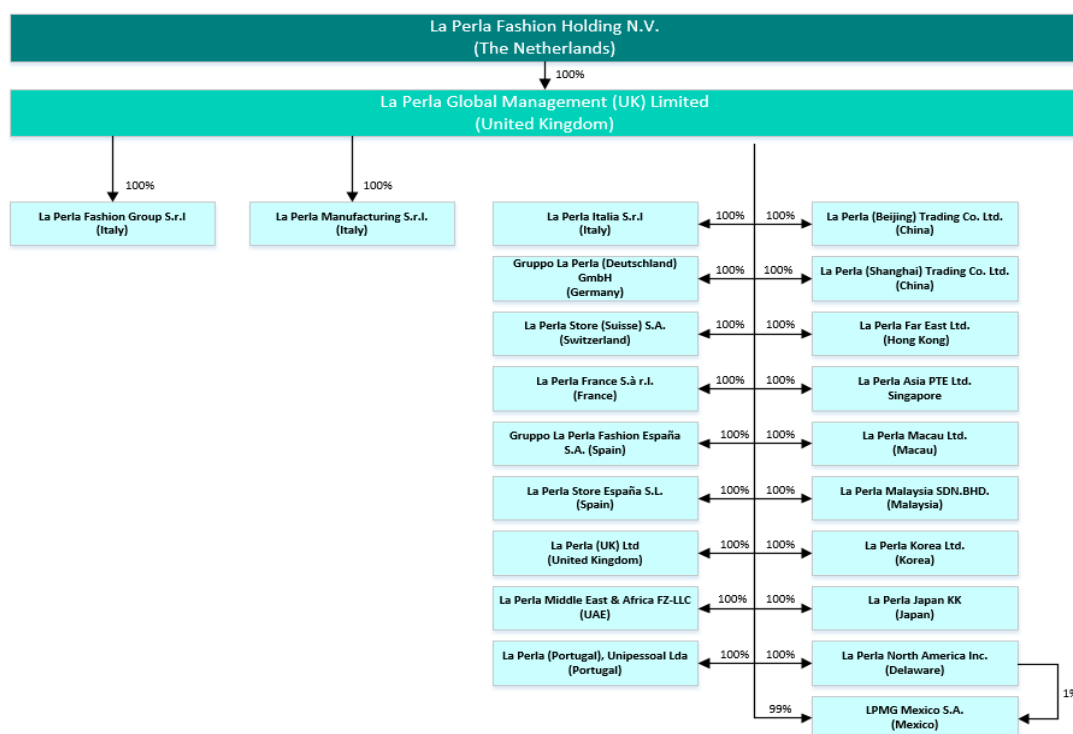
In 1954, Ada Masotti, a master corset maker, founded La Perla in Bologna, Italy. Until 1965, Ada Masotti expanded her corset expertise to different kinds of lingerie and nightwear. In 1965, she also expanded into women's beachwear launching a collection of bikinis and swimsuits. In 1981, Ada Masotti's son, Alberto Masotti, took over the management of the La Perla business. Capitalizing on the underwear boom of the 1980s, the business expanded internationally and established its reputation as an international luxury lifestyle brand. In 1985, La Perla started producing men's underwear and beachwear. One year later, La Perla also expanded into perfume with their first fragrance, named simply La Perla.

In October 2008, La Perla was acquired by JH Partners, a private equity investor focused on, among other things, luxury brands. In June 2013, Silvio Scaglia and his investment vehicle, Pacific Global Management, acquired La Perla.

On February 25, 2018, Tennor acquired 100% of the shares in La Perla Global Management. On May 31, 2018, La Perla Fashion Finance acquired 100% of the shares in the Company. On the same date, the Company acquired 100% of the shares in La Perla Global Management from Tennor.

1.5.2 Group structure

The chart below shows the structure of the La Perla Group in a simplified form as of the date of this Information Document:



The Company holds various subsidiaries through La Perla Global Management, its wholly-owned subsidiary.

As of the date of this Information Document, the Group consists of 28 subsidiaries and branches, excluding the Company, which are located in 19 countries:

- 23 subsidiaries are located in China, France, Germany, Hong Kong, Italy, Japan, Korea, Macau, Malaysia, Mexico, Portugal, Singapore, Spain, Switzerland, United Arab Emirates, United Kingdom and the United States of America; and
- 5 branches are located in Austria, Belgium, Italy, the Netherlands and Taiwan (also Portugal, Branch of Gruppo La Perla Fashion Espana).

Group products are primarily manufactured by La Perla Manufacturing S.r.l and La Perla (Portugal) Unipessoal, Lda (collectively, the “**Manufacturing Entities**”). The Manufacturing Entities ship the finished goods to La Perla Global Management in the UK or to the Italian branch of La Perla Global Management located in Bologna, Italy. La Perla Global Management distributes the finished goods to Group entities located in the United Kingdom or to Group entities or wholesalers based outside of Europe, whereas the Italian branch of La Perla Global Management distributes the finished goods to Group entities or wholesalers located in Europe.

As of the date of this Information Document, our main direct shareholder, La Perla Fashion Finance, holds 72.0% of the Shares.

1.5.3 Significant Subsidiaries

The Company believes that the following subsidiaries are significant to its business: La Perla Manufacturing S.r.l, La Perla (Portugal) Unipessoal, Lda, La Perla (Beijing) Trading Co. Ltd, La Perla (Shanghai) Trading Co. Ltd. and La Perla Global Management.

For a list of all Group entities as of December 31, 2018, see note 30 to the audited consolidated financial statements of the Company as of and for the financial year ended December 31, 2018 included under “—Financial information—Management board reports and financial statements for the financial years ended December 31, 2018 and December 31, 2017”.

1.5.4 Investments

The following table presents an overview of certain of the Group's non-current assets at net book value as of December 31, 2018 and December 31, 2017:

	Company's Financial Statements	Consolidated Financial Statements	Combined Financial Information
	As of and for the financial year ended December 31,		
	2017	2018	2017
	<i>in EUR thousand</i>		
	(audited)		(unaudited)
Brands and other intangible assets	0	32,061	36,644
<i>Thereof concessions, licenses and trademarks.....</i>	<i>0</i>	<i>28,562</i>	<i>—</i>
<i>Thereof industrial patents and software.....</i>	<i>0</i>	<i>2,103</i>	<i>—</i>
Properties, plant and equipment	0	15,267	19,452
<i>Thereof leasehold improvements.....</i>	<i>0</i>	<i>7,220</i>	<i>—</i>
<i>Thereof land and buildings</i>	<i>0</i>	<i>2,868</i>	<i>—</i>
<i>Thereof retail fixtures and fittings.....</i>	<i>0</i>	<i>2,859</i>	<i>—</i>
<i>Thereof machinery and equipment.....</i>	<i>0</i>	<i>1,561</i>	<i>—</i>
Other non-current assets	675	10,617	10,639
Guarantee deposits.....	0	9,942	—
Long term loan De capo S.r.l.....	675	675	—
Total non-current assets	675	57,945	66,735

On the basis of the Combined Financial Information:

- Non-current assets decreased from EUR 66,735 thousand as of December 31, 2017 to EUR 57,945 thousand as of December 31, 2018;
- Brands and other intangible assets decreased from EUR 36,644 thousand as of December 31, 2017 to EUR 32,061 thousand as of December 31, 2018 and mainly included concessions, licenses and trademarks in the amount of EUR 28,562 thousand as of the same date;
- Properties, plant and equipment decreased from EUR 19,452 thousand as of December 31, 2017 to EUR 15,267 thousand as of December 31, 2018 and mainly included leasehold improvements in the amount of EUR 7,220 thousand, retail fixtures and fittings in the amount of EUR 2,859 thousand and land and buildings in the amount of EUR 2,868 thousand as of the same date;
- Other non-current assets remained stable with an amount of EUR 10,639 thousand as of December 31, 2017 as compared to EUR 10,617 thousand as of December 31, 2018 and mainly included guarantee deposits for store rents and for utilities in the amount of EUR 9,942 thousand as of the same date.

The following table presents an overview of the Group's investments (recorded at cost) in non-current assets as of December 31, 2018 and December 31, 2017:

	Consolidated Financial Statements	
	As of and for the financial year ended December 31,	
	2017	2018
	<i>in EUR thousand</i>	
	(unaudited)	(audited)
Investment in property, plant and equipment	0	15,470
Acquisitions	0	1,082
<i>Thereof leasehold improvements</i>	<i>0</i>	<i>854</i>
<i>Thereof retail fixtures and fittings</i>	<i>0</i>	<i>197</i>
Acquisition of La Perla Global Management	0	14,388
<i>Thereof retail fixtures and fittings</i>	<i>0</i>	<i>5,361</i>
<i>Thereof land and buildings</i>	<i>0</i>	<i>2,990</i>
<i>Thereof leasehold improvements</i>	<i>0</i>	<i>2,740</i>
<i>Thereof machinery and equipment</i>	<i>0</i>	<i>1,787</i>
<i>Thereof fixtures and tools</i>	<i>0</i>	<i>1,365</i>
Investment in intangible assets	0	36,797
Acquisitions	0	153
<i>Asset under construction</i>	<i>0</i>	<i>153</i>
Acquisition of La Perla Global Management	0	36,644
<i>Thereof concessions, licenses and trademarks</i>	<i>0</i>	<i>29,991</i>
<i>Thereof industrial patents & software</i>	<i>0</i>	<i>2,820</i>
<i>Thereof key money</i>	<i>0</i>	<i>2,590</i>
<i>Thereof asset under construction</i>	<i>0</i>	<i>1,237</i>

The fair value of the identifiable non-current assets of La Perla Global Management are specified in the table under “*Acquisition of La Perla Global Management*”.

As of December 31, 2018, only limited investments were made and related mainly to leasehold improvements in the amount of EUR 854 thousand.

As of the date of this Information Document, the Company has not committed to any significant future investments.

1.6 Markets and Competition

1.6.1 Markets

(a) Market overview

As a global luxury lingerie, nightwear and beachwear retailer, the Group is affected by developments in the global luxury market, which grew by 5% in 2018 to an estimated EUR 1.2 trillion (source: Bain & Company—Luxury Goods Worldwide Market Study, Fall-Winter 2018). We believe that demand in the global luxury market mainly depends on certain drivers of a socio-macroeconomic nature, including:

- an increase of wealth in key geographic markets;
- an increase in the number of individuals with significant financial resources (the “**High Net Worth Individuals**” or “**HNWI**”); and
- an increase of tourist flow among countries.

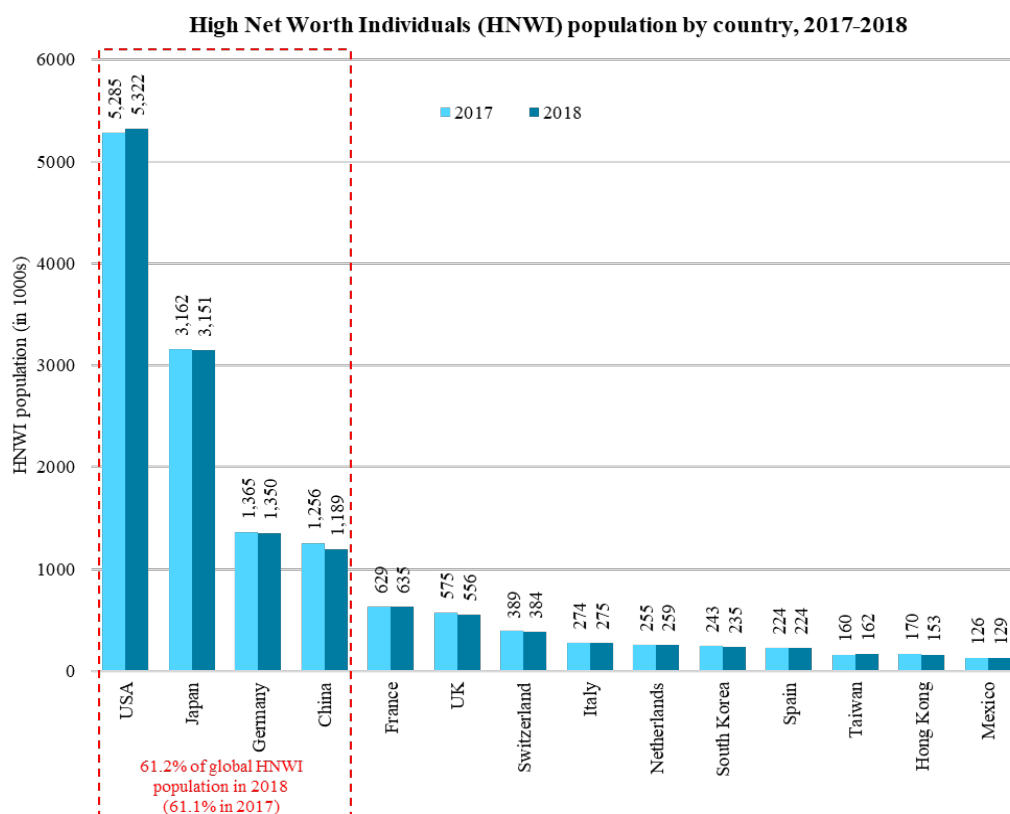
As an indication of wealth in key geographic markets, the table below presents historical growth rates of gross domestic product (“GDP”) and future growth rate estimates of GDP in certain geographic markets for the years indicated.

	For the year ended December 31,					
	2016 ⁽¹⁾	2017 ⁽¹⁾	2018 ⁽¹⁾	2019E ⁽²⁾	2020E ⁽²⁾	2021E ⁽²⁾
	(in %)					
Italy.....	1.12	1.68	0.86	0.10	0.90	0.70
France.....	1.10	2.26	1.73	1.30	1.40	1.50
Germany.....	2.24	2.16	1.43	0.80	1.40	1.50
Spain.....	3.17	2.98	2.58	2.10	1.90	1.70
United Kingdom.....	1.79	1.82	1.40	1.20	1.40	1.50
Europe.....	2.03	2.48	2.00	1.60	1.70	1.70
China.....	6.74	6.76	6.60	6.30	6.10	6.00
Japan.....	0.61	1.93	0.79	1.00	0.50	0.50
United States.....	1.57	2.22	2.86	2.30	1.90	1.80

⁽¹⁾ Source: The World Bank—GDP Growth (annual %)

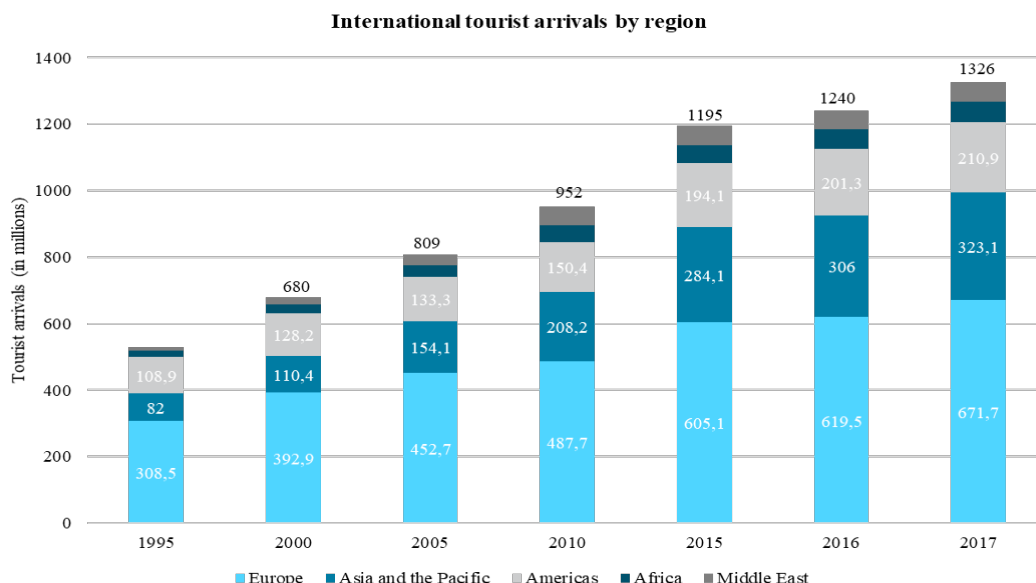
⁽²⁾ Source: IMF—Real GDP Growth, Annual Percent Change

The chart below presents the population of HNWI on a country-by-country basis in key geographic markets for the years 2017 and 2018.



(Source: Capgemini—World Wealth Report 2019)

As an indication of the increase of tourist flow among countries, the chart below presents international tourist arrivals by certain regions for the years indicated.



(Source: World Tourism Organization (UNWTO)—UNWTO Tourism Highlights 2018 Edition)

(b) Market trends

The Group’s business is affected by trends in the global luxury market, including the trends outlined below, which are of particular relevance to the Group’s business.

Growing population of HNWI and the emergence of a new luxury consumer class

The growth of the luxury market positively correlates with the increase in HNWI and their purchasing power potential. From 2016 to 2017, the number of HNWI in China grew by 11%, by 10% in the United States and by 9% in Japan (source: Deloitte—Global Powers of Luxury Goods 2019).

Moreover, there is a new emerging relevant consumer class with significant discretionary income and a high probability of becoming wealthy in the future (so-called High-Earners-Not-Rich-Yet, “HENRYs”). HENRYs earn more than US\$ 100,000 per year, have less than US\$ 1.0 million of investable assets and spend disproportionately on consumer goods (source: Deloitte—Global Powers of Luxury Goods 2019). Consequently, luxury brands are increasingly adapting their product offering and marketing to cater to and attract HENRYs.

Legacy luxury brands re-examine the brand positioning

Due to changing consumer classes and consumer preferences, in particular the growing global affluent millennial population, luxury brands rely re-focus their marketing tools when marketing their product offering to certain consumer demographic cohorts. Such cohorts, including “millennials” (birth years between 1980 and 2000), “Generation X” (birth years between 1965 and 1979) and some “baby boomers” (birth years between 1946 and 1964) put less emphasis on brand history and heritage when making purchasing decisions as opposed to other brand attributes, including customer service, design, craftsmanship and product exclusivity (source: BCG—Altagamma True-Luxury Global Consumer Insight 2019). Furthermore, new consumers in the luxury market focus more on a brand’s value-add in the last 24 hours than over the past decades. Luxury brands have begun to understand that they need to, in part, reinvent and refocus their brand, to continue being relevant for new consumers, in particular the growing global affluent millennial population (source: BCG—Altagamma True-Luxury Global Consumer Insight 2019).

Increasing consumer preference for “Made in Italy” products

Luxury goods consumers increasingly perceive Italy as the optimal country for manufacturing goods and prefer products manufactured in Italy to products manufactured in France, the United States, Switzerland, Germany, the United Kingdom or China. From 2014 to 2018, consumer preference for “Made in Italy” products increased by 11 percentage points to an overall preference of 29%, whereas preferences for products made in France increased by 3 percentage points to an overall preference of 21% and preferences for products made in the United States increased by 4 percentage points to an overall preference of 12% (source: BCG—Altagamma True-Luxury Global Consumer Insight 2019).

Luxury brands usage of social media of a part of their marketing strategy

Luxury brands are increasingly using social media platforms to attract consumers from the “millennial” and “Generation Z” demographic cohorts. Various luxury brands have started to develop social media strategies to target consumers who are seeking greater value for money, more personalization and integrated digital access to the product. Some luxury brands have begun using social media as a way to emphasize the aspirational qualities of their brand and products in order to reinforce their traditional brand values. Furthermore, luxury brands are increasingly working with social media influencers and bloggers to increase brand awareness within certain niche demographics (source: Deloitte—Global Powers of Luxury Goods 2019).

Chinese consumers’ appetite for luxury goods and their domestic spending

Chinese consumers have kept their share of global luxury spending almost stable at 32% in 2017 and 33% in 2018. Meanwhile, in the domestic markets of mainland China, luxury sales have increased by 20% to EUR 23 billion in 2018, primarily due to a continuing decrease of Chinese consumers traveling to the United States as a result of the on-going trade dispute between the United States and China and overall rising domestic demand. It is estimated that by 2025, Chinese consumers will account for 46% of spending in the global luxury market and that 50% of this spending will be domestic (source: Bain & Company—Luxury Goods Worldwide Market Study, Spring 2019; Bain & Company—Luxury Goods Worldwide Market Study, Fall-Winter 2018).

Temporary weakening of American consumers’ spending

Current ongoing changes to the U.S. tax regime have created uncertainties with U.S. consumers, which negatively affected spending on personal luxury goods in early 2019. Furthermore, shopping malls and departments stores in the United States have consistently performed below expectations as consumer traffic continued to decrease (source: Bain & Company—Luxury Goods Worldwide Market Study, Spring 2019).

Increased tourist spending on luxury goods in the Eurozone

The weakening of the Euro against major currencies increased the level of tourism in the Eurozone in the holiday season in 2018 and has resulted in spending growth in the fourth quarter of 2018. However, Brexit in the United Kingdom and socio-political turmoil in France resulted in reduced performance in these markets (source: Bain & Company—Luxury Goods Worldwide Market Study, Spring 2019).

1.6.2 Competition

(a) Competitive landscape

The luxury market is highly fragmented and is characterized by a small number of large global players and a large number of small players. These two types of market players compete in different segments both in terms of product category and geographic location.

Barriers to entry into the market for luxury products are high. They mainly relate to time and capital necessary to establish and develop a luxury brand. A luxury brand's history, heritage, craftsmanship and product quality combined with creativity, innovation, brand recognition and distribution network are key elements of success. To preserve brand integrity, it is critical to balance potential expansion opportunities with efforts to maintain the uniqueness, prestige and identity of the brand. Furthermore, the lack of an established distribution network presents another entry barrier as there is intense competition to obtain prime locations for directly-operated stores, as well as access to wholesale distribution outlets.

(b) Competitors

We believe that the following companies, all of which operate within the market for luxury lingerie, nightwear and beachwear, are our key competitors: Agent Provocateur; Carine Gilson; ERES; Myla; Wolford and Zimmermann. Although we do not compete with these companies in every regard, our product portfolio does partially overlap with certain product portfolios in terms of positioning in the luxury market and price. For example, some of our competitors do not position themselves as “classic”, whereas our brand heritage represents classic elegance. Still, we consider the aforementioned companies to be our key competitors of reference.

1.7 Business

1.7.1 Overview

We believe that the Group is a leading designer, manufacturer and seller of high-end luxury lingerie, nightwear and beachwear, as well as ready-to-wear products and accessories. Our product portfolio exhibits its exclusivity and uniqueness, by combining creativity, innovation and style with quality and craftsmanship. The Group trades under the brand “La Perla”. Its operational headquarters are located in London, United Kingdom, and its design, research and development as well as its production facilities are located predominantly at its Italian Manufacturing Facility.

We are a global company and operate across regions. Our key markets in terms of revenue are North America, EMEA (Europe, Middle East and Africa) and Asia (including Japan). Furthermore, we rely on both retail and wholesale sales of our products. Retail sales are sales of products directly to consumers through points of sale operated by the Group. Wholesale sales are sales of products to a commercial third party that on-sells these products to consumers utilizing its point(s) of sale. Retail sales are those in which products are directly sold to consumers through points of sale operated by the Group. Wholesale sales are those in which products are sold to a third-party who then sells these products to consumers utilizing its point(s) of sale. As of June 30, 2019, our global points of sale consisted of 70 boutiques, of which 44 were operated by the Group (group-operated boutiques, “**GOB**”) and 26 were operated by third parties (partner-operated boutiques, “**POB**”), 36 department stores that include shop-in-shops operated by the Group and wholesale concessions operated by the department store (together, the “**Concessions**”), 24 outlet stores operated by the Group and a digital sales platform (collectively, the “**POS**”). More specifically, as of June 30, 2019, we operated 13 boutiques/Concessions in North America (generating revenues of EUR 5,388,414 as of June 30, 2019), 41 in EMEA (generating revenues of EUR 10,712,188 as of June 30, 2019) and 28 in Asia (generating revenues of EUR 7,302,791 as of June 30, 2019).

Moreover, the Group operates its online shop at “laperla.com” and relies on various digital sales platforms, which are primarily operated by third parties. For further details, please see “— *Distribution Channels*”.

1.7.2 Our strengths

We believe we benefit from the following competitive strengths.

Our brand heritage represents classic elegance, high-quality craftsmanship, innovation and “Made in Italy” luxury

By using high-quality materials, our signature craftsmanship and product innovation, we have cultivated a reputation for producing high-quality products and have become a storied lingerie, nightwear and beachwear brand synonymous with “Made in Italy” luxury.

We believe that our brand heritage represents a key competitive advantage in the high-end luxury lingerie, nightwear and beachwear market. Consumers are increasingly focused on brands that provide high quality, craftsmanship and iconic status, all factors that we believe have to be credibly developed over time. In addition, our consumers perceive our products as “classic” which differentiates our brand from other specialist lingerie brands in the high-end luxury sector.

Our track record proves our ability to capitalize on our brand heritage and has enabled us to become one of the leading specialist high-end luxury lingerie, nightwear and beachwear brands.

We have a strong network of POS and global distribution profile

We believe we have a strong luxury distribution profile with a significant footprint in all relevant global markets. As of June 30, 2019, we operated 13 boutiques/Concessions in North America, 41 in the EMEA (Europe, Middle East and Africa) region and 28 located in Asia (including Japan). Furthermore, via our website “La Perla”, we can ship directly to 41 countries.

Our broad POS network gives us greater control over our interactions with our consumers, facilitating communication of the concepts, styles and values embodied in our collections and allowing us to respond to consumers’ expectations in a more effective and timely manner. We have been successful in securing well-located prime luxury real estate for our stores and Concessions in prominent shopping streets and department stores around the world, which align with the heritage of our brand. Our wholesale distributors include top luxury department stores and online retailers, such as Neiman Marcus, Saks Fifth Avenue, Harrods, Net-a-Porter, Lane Crawford, SKP, Setan and Shinsegae. We believe that our premium market position and our retail execution capabilities will allow us to continue to secure the most attractive prime locations, particularly if we decide to expand, which will allow us to broaden our distribution capabilities regarding our luxury products.

We have a commitment to craftsmanship and high quality

Due to the importance of fit precision and comfort, lingerie is a technical product that requires specialist expertise (e.g., in relation to size grading, fabric specifics and embellishments). From our inception, we have designed, developed and manufactured our products largely in-house using signature techniques and craftsmanship. As of the date of this Information Document, we design and develop all products at our facilities in Bologna, Italy. The split between in-house manufacturing and outsourced manufacturing is based on technical requirements: the iconic and most elaborate parts of our collection are largely produced in our in-house facilities in Italy and Portugal, while the remainder of our collection is produced by a network of closely-connected third-party manufacturers, which is predominantly based in Italy.

We believe that our commitment to craftsmanship and track record of manufacturing high quality luxury items for over 60 years sets us apart from our competitors.

Operating in a highly fragmented market with few competitors

We believe that we are in a strong position to expand our market share as a leading luxury brand in a highly fragmented, underpenetrated market due to our well-developed scale of operations and distribution capabilities. We are expecting the luxury fashion market to grow at a single-digit percentage rate in the upcoming years. Furthermore, we are of the view that our competitors will not be able to capitalize on this market growth to the same extent that we will

be able to benefit from it. Therefore, we believe that this will directly translate into the growth of our business.

We and the Operating La Perla Group are led by experienced management teams with a proven track record

We believe that the Group consists of highly-skilled and experienced management teams. On the holding level, the Company's board of managing directors (the "**Board of Managing Directors**") consists of personnel experienced in managing a holding entity.

On the operating level, the Operating La Perla Group is headed by Pascal Perrier, who has over 30 years of experience, 13 years of which he spent at Burberry, during which time he spent nine years as CEO of the Asia-Pacific region. As a director of La Perla Global Management, Pascal Perrier is part of the Company's senior management team together with Tareq Shabib and Paolo Barbieri (who are also directors of La Perla Global Management) (the "**Senior Management**").

Furthermore, Matt McEvoy was hired by the Group as a dedicated strategy consultant. Matt McEvoy has more than 25 years of experience working with global consumer brands in strategy, finance and general management. As Burberry's Chief of Strategy and Business Development for 15 years, he was instrumental in formulating and executing strategy during the brand's key transformation and growth period in which revenue grew from GBP 500 million in 2002 to GBP 2.8 billion in 2017.

We believe that the contributions of both our Board of Managing Directors and the Senior Management will be paramount in the successful implementation of the current restructuring strategy and any future business strategies.

1.7.3 Our strategy

Our strategy is to strengthen our competitive position by leveraging our creativity, classic image, fine Italian craftsmanship and our heritage to create value for shareholders. To achieve this strategy, we have adopted the following objectives in our strategic plan:

Transforming our organizational structure and increasing the Group's profitability by implementing a restructuring program

On February 25, 2018, Tennor acquired ownership of the operating business of the Group and has thereafter begun implementing a restructuring strategy to reorganize and reinvigorate the business after a challenging year 2017.

We aim to transform our organizational structure and reduce our cost base by continuing to implement our current restructuring strategy, which consists of the following measures, all of which are geared towards increasing the Group's profitability:

- redesigning and simplifying our product offering;
- simplifying and resizing our organizational structure, including rationalizing our workforce, but also attracting key personnel and creative talent that will enable us to drive our transformation;
- streamlining our POS, which includes, in particular, reducing the number of our outlets, following which we will be able to focus on the revenue generating POS;
- improving our cash and inventory management; and
- rationalizing our supplier network.

Although the restructuring program is ongoing, we believe it has already yielded positive results. We have significantly streamlined our expenses by reducing our cash usage, including

for rent expenses, marketing expenditure and tax consultant fees. Furthermore, we have created transitional products based on existing raw material, thereby reducing the cost for new raw material, which have generated incremental sales and utilized dormant raw materials.

Modernizing and refocusing our brand to expand our position in the luxury segment of the lingerie, beachwear and nightwear market

We aim to modernize our brand to attract a wider, younger and more inclusive audience and to refocus our brand to ensure that it is consistent with our heritage by highlighting the precious, hand-made style of our product offering, which in our opinion distinguishes us from our competition and drives our higher margins. We believe the following measures will contribute to this goal:

- improving and enhancing our product portfolio while expanding towards adjacent areas, such as hosiery and eyewear;
- expanding our retail network, also by joint ventures and franchise partners, particularly in high growth/high margin markets, such as Asia, the Middle East and the USA, together with thoroughly refitting the directly operated stores;
- reinstating our marketing program and extensively supporting the repositioning of our brand with a consistent and robust marketing campaign;
- modernizing our marketing content by means of worldwide fashion media coverage, supermodels as testimonials and participation in Haute Couture fashion weeks); and
- leveraging our present brand awareness to help extend our global footprint to our growth markets.

Revitalizing our product offering

We believe it is possible to increase our sales volume and operating margin by revitalizing our product offering, in particular by:

- focusing on our “core” and “iconic” products and creating everyday luxury lingerie;
- enhancing and reinvigorating our product offering through collaborations; and
- increasing product availability in our POS and the share of carryover styles.

Bringing a digital mindset to all stages of our consumer interaction

We believe that measures such as the following will contribute to this goal:

- investing in traditional marketing, but also exploring digital communication to introduce our brand to a new audiences by using social media and digital publishing; and
- further expanding the number of e-commerce channels, which are more profitable for the Group than other distribution methods, reach new consumers and drive sales.

Enhancing our retail proposition by rationalizing our distribution network to strengthen our physical retail performance

We plan to improve our retail proposition and the effectiveness of our distribution network through:

- rationalizing non-strategic boutiques and Concessions in department stores, especially in terms of profitability;

- improving the performance of our distribution network by increasing productivity and effectively managing the product categories within shops;
- focusing on retail excellence and upgrading our outlets channel; and
- increasing our focus on and continuously managing our wholesale distribution network to consolidate our presence in the most prestigious department stores in established luxury markets and obtaining joint venture and franchising partners for new POS in underserved geographies, *e.g.*, the Middle East and India.

Building operational excellence by modernizing our supply chain and investing in our organizational structure to allow us to reach our operating performance goals

We will reorganize our supply chain and organizational structure by focusing on:

- improving our production cost structures by more efficient production planning to maximize our production capacity;
- instituting stricter process coordination and oversight in order to streamline logistics along the entire supply chain to reduce our time to market; and
- increasing the capacity of our Italian Manufacturing Facility.

Investing in our people to create a capable organization and vibrant culture

- investing in current employees; and
- hiring competent personnel that will drive the Group's business forward and support the implementation of our strategies.

1.7.4 Procurement

High-end luxury fashion, especially lingerie, is a highly technical product group. For example, each of our bras consists of up to 40 different components. Therefore, we carefully have to choose our suppliers of raw materials and (semi-)finished products to ensure that we can create technically demanding yet luxurious, high-end products. For this, we have a tested framework in place to help us search for new suppliers and monitor existing ones.

We depend on our long-standing and good relationships with our suppliers of high-quality raw materials and (semi-)finished products. Moreover, we regularly search for potential new suppliers and screen them by evaluating their financial stability and manufacturing capabilities, as well as inspecting their samples, verifying their compliance with specifications and organizing supplier visits and quality audits.

As we do not entertain framework agreements with our suppliers, we negotiate on an order-by-order basis and enter into individual contracts based on standard terms of business. To the extent suppliers create bespoke materials for us upon our specific instruction, we seek to ensure that they are contractually prohibited from selling those materials to third parties. Furthermore, to ensure quality control and to prevent delivery delays due to our suppliers being located in different locations, *i.e.*, Italy, France, Switzerland and China, we communicate regularly with our suppliers concerning product development, quality of production, transportation, conformity with standards and set timelines. We also monitor our suppliers by means of periodic visits, product inspections and vendor ratings, which focus on cost, time and quality.

1.7.5 Product and manufacturing

We design, manufacture, distribute and market high-end luxury lingerie, nightwear and beachwear products. We believe that we have a broad and diversified product portfolio. As of December 31, 2018, our diversified portfolio consisted of high-end luxury lingerie (57% of our

revenues), nightwear (17% of our revenues), beachwear (10% of our revenues) as well as 'ready-to-wear' products and accessories (13% of our revenues). Based on our revenues as of December 31, 2018, 2% of our product portfolio comprised of licenses, which included trademark licenses for fragrances and beauty products, hotel amenities, children's underwear and beachwear collections, home linen collections and home fragrances.

A small part of our product portfolio relates to our 'made-to-measure' collections, which include products that are hand-crafted and made of valuable materials and thus offer our customers a highly personalized experience. Our bridal collection, which we are currently phasing out, is part of this made-to-measure offering.

(a) Product portfolio

The creative inspiration for each of our product categories is developed in-house by a team of designers, material researchers and highly specialized pattern makers. Currently we produce 5 collections per year, i.e., two pre-season collections, spring/summer, fall/winter and one carry-over collection. Our entire manufacturing process is highly artisanal and usually involves many hours of handwork from design to finished product.

Each new product is created and launched with the input of our creative team and designers, who, together with management, define the composition of new collections and individual products. In doing so, they take into account market analyses as well as seasonal fashion trends. Thereafter, the designers begin to design the model, research materials and define the color scheme for each collection and product. Prototypes and samples enable our teams to assess the aesthetics of our product. On an individual basis, we improve the products by undertaking merchandising tests. In a final step, the products and collections are completed and manufactured in the amounts required.

Our product portfolio primarily consists of lingerie, nightwear and beachwear.

(i) Lingerie and nightwear

Lingerie is the core product of our heritage brand. Its distinguishing features continue to be original design, perfect fit and the use of high-quality materials. Our lingerie product range is extensive and comprises bras, briefs, bodys, bustiers, slips, babydolls, suspender belts and shapewear. Furthermore, as an extension of our lingerie product lines and collections, we offer nightwear products, including nightdresses, pajamas, robes and silk nightwear.

We produce five iconic lingerie and nightwear collections: 'La Perla Maison', which focuses on handcrafted silk items with antique Florentine embroidery, 'La Perla Macramé', which focuses on fine threads and openwork patterns, 'Second Skin', which focuses on seamless lingerie with invisible support, 'Shapewear', which focuses on enhancing the body silhouette and 'Cotton', which focuses on minimal design and comfortable fit.

(ii) Beachwear

The beachwear product category comprises bikinis, swimsuits and cover-ups. As of the date of the Information Document, we have five beachwear collections: 'Anemone', which focusses on beachwear with floral designs, 'Aqua Drapes', which focusses on our signature draped craftsmanship, 'Aquamarine', which focusses on high-performance material, 'Mediterraneo', which focusses on stretch fabric and 'Soutache Sirens', which focusses on beachwear with soutache embroidery.

(b) Manufacturing process

We strive to succeed in our production and operations by carefully managing our value chain and applying a common organizational model to all Group activities in our various product categories. Our goal is to offer customers high-quality products that reflect our tradition of craftsmanship with exclusive design and a style that preserves our strong brand identity. We adopt this approach when selecting raw materials, when designing and manufacturing our products and when planning and designing our boutiques.

Once raw materials and (semi-)finished products have been sourced from our suppliers, manufacturing and prototyping begins. Our manufacturing takes place in Italy, Portugal and France, with a small part being carried out in China.

The manufacturing cycle is structured in four main stages:

- Production planning, in which we assess the manufacturing capacities required to meet the delivery timeline;
- Allocation of work orders, in which we distribute work orders to our manufacturers following an assessment of the required technical and production capabilities;
- Launch of production, in which we send materials (*e.g.*, fabrics, liners, embroidery, coupled fabrics, lace) and documents (*e.g.*, production notes, labels) necessary for manufacturing the assigned products to the respective manufacturers; and
- Production and delivery of our finished products, in which we conduct quality checks of our finished products and then deliver our products for distribution either to the UK headquarters of La Perla Global Management or its Italian branch.

1.7.6 Distribution channels

The Group operates globally, has various POS, including GOB, POB, Concessions for department stores, outlets and digital sales platforms.

(a) GOB

GOB are boutiques that are directly operated by the Group. Before opening a GOB, we plan its look and customer experience. Once opened, interior professionals maintain and restyle our GOB as required. Our sales staff has dedicated product knowledge and is experienced with customer service. New personnel is specifically trained for the task. Further ongoing trainings ensure that our existing staff is familiar with any new products or collections arriving for sale.

The highest earning GOB (*e.g.*, Rodeo Drive, Los Angeles; Montenapoleone, Milan; Faubourg St. Honoré, Paris) contribute significantly to the Group's overall revenue. Therefore, the Company is dependent on the success of the GOB as they play a significant role in stabilizing the Group's cash flows. We are also in the process of implementing various measures to increase the profitability of the GOB.

(b) POB

POB are boutiques that are not operated by the Group, but by a third party (*e.g.*, Galeries Lafayette, Jakarta; GUM, Moscow; Zoi Bartzioti, Namos Village Mykonos). The POB may use the "La Perla" trademark and know-how provided by the Group, *e.g.*, how to set up a boutique in line with our GOB and other useful sales and brand

know-how. The rights conferred to the POB are always non-exclusive. The POB have full discretion over the price for which the products are sold and do not have to pay royalties to the Group, but have certain marketing obligations and buy a pre-determined quantity of the Group's products.

(c) Concessions

In relation to our Concessions, we cooperate with a number of prestigious department stores and specialty stores on a long-term basis, including Neiman Marcus, Saks Fifth Avenue, Harrods, El Corte Inglés, Lane Crawford, SKP, Setan and Shinsegae. We operate two types of Concessions: (i) wholesale-concession, which enables department stores to buy the Group's products and to sell those products on its own account, and (ii) retail- concession, which enables us to retain ownership of the Group's products and to sell them within department stores on the basis of a "shop-in-shop" concept. We carefully manage our Concession on the basis of purchase orders, generated revenue, reputation and other factors. Our goal is to provide a range of our products via department stores while maintaining an exclusive brand image.

(d) Outlets

We operate 24 outlet stores in 10 countries, including Austria, China, Germany, Italy, Portugal, Spain, the Netherlands, South Korea, Switzerland and the United States. In our outlets, unsold products of previous collections are offered in a store environment that is consistent with the heritage image of our brand.

(e) Digital sales platforms

We operate the online shop "laperla.com" and our products are also available at several other e-commerce platforms, including in the United States and Hong Kong. Our online shop is available in various languages, including German, English and French. As of the date of this Information Document, our online shop supports sales in 41 countries: Austria, Belgium, Bulgaria, Canada, China, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Macau, Malta, Mexico, Netherlands, Norway, Poland, Portugal, Romania, Russia, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Taiwan, United Kingdom and the United States.

1.7.7 Marketing

Marketing, which includes both advertising and promotions, is a crucial tool for luxury fashion enterprises, including the Company, and allows us to influence purchase selection and encourage brand loyalty. We invest significant resources in advertising communication and marketing. Our Group maintains a dedicated internal team for this purpose, with specific skills in the sector.

Our marketing strategy encompasses predominately traditional channels and, to a smaller extent, digital channels. In terms of traditional marketing channels, we use general press, including newspapers and magazines, as well as catalogues and initiatives at our points of sale. In terms of digital marketing, we are currently in the process of building a so-called digital culture, which includes a dedicated social marketing team using social media accounts, including on Instagram and Facebook, to market our products.

Our advertising seeks to present a coherent image across many media through campaigns and events. Our advertisements are frequently shot by prestigious photographers and our campaigns seek to highlight the sophistication of our brand and our high-end craftsmanship. In the future, we are planning on expanding non-traditional forms of marketing campaigns, such as using transgressive marketing techniques and creating a new form of imagery around our "La Perla" brand.

1.7.8 Significant contract

On July 13, 2018, La Perla Global Management, as borrower, entered into a shareholder loan with Tennor and La Perla Fashion Finance, as lenders, in the principal amount of up to EUR 250 million. As of the date of this Information Document, La Perla Global Management has utilized approximately EUR 107.2 million of the total principal amount of the shareholder loan and has bi-annual interest payment obligations at a rate of 7.25% per annum.

1.7.9 Insurance

We maintain a range of insurance coverage in relation to our business that is customary for our industry, including carriage of goods, property damage and business interruption insurance, insurance covering our business against commercial and political risks, product liability insurance and employee personal accident insurance. Our policies are primarily for the benefit of the Italian branch of La Perla Global Management, certain Italian subsidiaries and La Perla Portugal Unipessoal, respectively.

All of our insurance policies are underwritten with reputable insurance providers, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles.

As of the date of this Information Document, we have not been the subject of any material insurance claims.

Notwithstanding the above, the Group is exposed to certain risks from insufficient insurance coverage, in particular in relation to cyber-security (see *“Risk Factors—Any disruption of operations caused by information technology failures may adversely affect our performance”*).

1.7.10 Intellectual property

(a) Patents

As of the date of this Information Document, we hold one patent for an adjustable coupling device which connects two edges of clothing, such as a bra (the **“Coupling Device”**). The Coupling Device was awarded a registered patent from the Italian Ministry of Trade and Industry on September 24, 2015. The patent must be renewed by September 24, 2019 and on an annual basis thereafter.

(b) Trademarks

The trademark “La Perla” is essential to our business. We hold the word trademark, as well as related figurative marks, in Europe and a number of other countries, including the United States and China.

(c) Domains

We own the internet domain “laperla.com”, which we consider to be material to our business. In addition, we have registered domain names for various other international top-level domains, which automatically forward to our domain “laperla.com”.

1.7.11 Litigation and arbitration

From time to time companies of our Group are involved in legal disputes and administrative proceedings as part of their ordinary business activities.

As of the date of this Information Document, our Group companies are not and have not been party to any governmental, legal or arbitration proceedings (including any pending or threatened proceedings of which the Company is aware) during the past twelve months, which

may have, or have had in the recent past, significant effects on the relevant company's or the Group's financial position or profitability.

1.7.12 Employees

As of June 30, 2019, the Group employed 1,254 full-time equivalent employees (“FTE”) (December 31, 2018: 1,315; December 31, 2017: 1,582). The Company itself does not employ any employees other than the members of the Board of Managing Directors.

On June 28, 2019, the Group announced that it is implementing a redundancy plan in relation to its Italian operations. The plan is expected to affect up to 126 employees (FTE) in line with the Group's current restructuring strategy to increase efficiency and profitability, see also “— *Our strategy— Transforming our organizational structure and our profitability by implementing a restructuring program*”.

Other than in relation to the planned redundancies, there has been no material change in the number of employees as of the date of this Information Document.

1.7.13 Real estate

The lease for our Italian Manufacturing Facility is held by Mr. Masotti, a member of the founding family and a previous owner of the La Perla business. This lease agreement was automatically renewed on July 31, 2019 for a period of five years. The Company intends to renegotiate this lease agreement to achieve more favorable terms.

The Company does not own any real estate as of the date of this Information Document.

1.8 Recent developments and outlook

1.8.1 Recent developments

On April 25, 2019, the General Meeting resolved on the increase of the Company's share capital by 5,111,112 new Shares to 105,111,112 Shares. On May 24, 2019, five investors agreed to subscribe for in aggregate 5,111,112 new Shares in the Company at an issue price of EUR 4.50 per Share (the “**Private Placement**”). On May 31, 2019, the first tranche of the capital increase in the amount of 2,555,556 new Shares was registered with the business register (*Handelsregister*) of the Netherlands Chamber of Commerce (*Kamer van Koophandel*). The remaining new Shares were registered with the Dutch commercial register on August 26, 2019. The Private Placement was entered into as part of the Group's reorganization program and efforts to improve the efficiency of the Group's operations and to expand the Company's shareholder base in view of the Listing.

1.8.2 Outlook

(a) Targets

The Company is targeting the Group to have sales exceeding EUR 130 million in 2020, a positive EBITDA in 2020 and sales of around EUR 200 million in 2022.

These targets have not been reviewed, audited or subjected to any testing by any third party. A wide range of factors, many of which are outside of our control, may affect our actual results, including those described under “*Risk Factors*”, including general economic conditions, industry-specific factors and competition. Therefore, the realization of our outlook may substantially deviate from the targets described above.

(b) Future acquisitions

As a holding company that is currently active in the luxury fashion industry, we may, in the future, seize opportunities to grow our business and, in particular, acquire luxury

fashion companies or stakes in such companies as well as expand our current business into the beauty market. Any acquisition will have to be aligned with the Company's strategic objectives. We may adjust our Group structure in connection with such potential future acquisitions.

(c) Potential private placements

The Company is continuously evaluating debt financing costs and is committed to improving the overall financing structure of the Group. In this regard, the Company is considering to implement further equity financings in the short term.

1.9 Taxation in the Netherlands

1.9.1 General

The information set out below is a general summary of the material Dutch tax consequences in connection with the acquisition, ownership and transfer of the Shares. The summary does not purport to be a comprehensive description of all the Dutch tax considerations that may be relevant for a particular holder of Shares, who may be subject to special tax treatment under any applicable law, and this summary is not intended to be applicable in respect of all categories of holders of the Shares.

In particular, this summary is not applicable to:

- (a) corporate entities holding such quantity of Shares that such Shares qualify for the participation exemption (*deelnemingsvrijstelling*) or would qualify for the participation exemption had such corporate holder of Shares been tax resident in the Netherlands. Generally speaking, a shareholding is considered to qualify for the participation exemption if it represents an interest of 5% or more of the nominal paid-up share capital in the Company; or
- (b) any holder of Shares that holds, alone or together with his partner, whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) in the Company, or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) in the Company or the ownership of, or certain other rights over, profit participating certificates that relate to 5% or more of the annual profit and/or to 5% or more of the liquidation proceeds of the Company. Such interest in the Shares is further referred to as a Substantial Interest (*aanmerkelijk belang*).

This summary is based upon the tax laws of the Netherlands as in effect on the date of this Information Document, as well as regulations, rulings and decisions of the Netherlands and its (tax) authorities available on or before such date and now in effect. All references in this summary to the Netherlands and Netherlands law are to the European part of the Kingdom of the Netherlands and its current law only. All of the foregoing is subject to change, which could apply retroactively and could affect the continuing validity of this summary. As this is a general summary, we recommend that investors or shareholders consult with their own tax advisors as to the Dutch or other tax consequences of the acquisition, ownership and transfer of the Shares, including, in particular, the application to their particular situations of the tax considerations discussed below.

The following summary does not address the tax consequences arising in any jurisdiction other than the Netherlands in connection with the acquisition, ownership and transfer of the Shares.

The Company currently takes the view that it is a resident of the Netherlands for tax purposes, including for purposes of tax treaties concluded by the Netherlands, and this summary so

assumes. This summary further assumes that holders of Shares will be treated for Dutch tax purposes as the absolute beneficial owners of the Shares and any dividends (as defined below) received or realized with respect to such Shares.

1.9.2 Dividend withholding tax

Dividends paid on Shares to a holder of Shares are generally subject to Dutch dividend withholding tax at a rate of 15%. The term “**dividends**” for this purpose includes, but is not limited to:

- (a) distributions in cash or in kind, deemed and constructive distributions, and repayments of paid in capital not recognized for Dutch dividend withholding tax purposes;
- (b) liquidation proceeds, proceeds of redemption of shares or, generally, consideration for the repurchase of Shares in excess of the average paid in capital recognized for Dutch dividend withholding tax purposes;
- (c) the par value of Shares issued to a shareholder or an increase of the par value of Shares, as the case may be, to the extent that it does not appear that a contribution to the capital recognized for Dutch dividend withholding tax purposes was made or will be made; and
- (d) partial repayment of paid in capital, recognized for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (*zuivere winst*), within the meaning of the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*), unless certain formal steps are executed.

Generally, the Company is responsible for the withholding of taxes at source and the remittance of the amounts withheld to the Dutch tax authorities; the dividend withholding tax will not be for our account.

1.9.3 Non-residents of the Netherlands

The following is a description of the material Dutch tax consequences of holders of Shares who under certain circumstances may not be subject to the above described 15% Dutch dividend withholding tax.

Entities (i) that are resident in another European Union (“EU”) Member State, in a State of the European Economic Area (the “EEA”) i.e. Iceland, Norway and Liechtenstein, or a country outside the EU/EEA which has an arrangement for the exchange of tax information with the Netherlands; and (ii) that are not subject to taxation by reference to profits in such State, in principle have the possibility to obtain a full refund of Dutch dividend withholding tax, provided such entities would not have been subject to Dutch corporate income tax either had they been resident within the Netherlands, and provided further that such entities do not perform a similar function to that of a tax exempt investment institution or fiscal investment institution as referred to in the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*), and with respect to entities resident in a country outside the EU/EEA which has an arrangement for the exchange of tax information with the Netherlands, provided such entities hold the Shares as a portfolio investment.

Furthermore, a holder of Shares who is resident in another EU Member State or in a State of the EEA i.e. Iceland, Norway and Liechtenstein, in principle has the possibility to obtain a refund of Dutch dividend withholding tax, provided that (i) such dividends are not taxable with the holder Shares for personal income tax purposes or corporate income tax purposes and (ii) insofar the Dutch dividend withholding tax exceeds the amount of personal income tax or corporate income tax that would have been due had the holder of Shares been resident in the Netherlands, and with respect to a holder of Shares resident in a country outside the EU/EEA

which has an arrangement for the exchange of tax information with the Netherlands, provided the Shares are held by such holder as a portfolio investment.

1.9.4 Taxes on income and capital gains

The description of taxation set out in this section of this Information document is not intended for any holder of Shares who is:

- (a) an individual for whom the income or capital gains derived from the Shares are attributable to employment activities the income from which is taxable in the Netherlands; or
- (b) an individual who, or a corporate entity which, holds, or is deemed to hold, a Substantial Interest in the Company (as defined above).

1.9.5 Residents of the Netherlands

A corporate entity holding Shares which is (deemed to be) tax resident in the Netherlands and which is not tax exempt, will generally be subject to corporate income tax in the Netherlands in respect of income or a capital gain derived from such Shares at the prevailing statutory rates (up to 25% in 2019).

An individual holding Shares who is (deemed to be) tax resident in the Netherlands will be subject to personal income tax in the Netherlands in respect of income or a capital gain derived from such Shares at progressive rates up to 51.75% (2019) if:

- (a) such income or capital gain is attributable to an enterprise from which the holder of Shares derives profits (other than as a shareholder); or
- (b) such income or capital gain qualifies as income from employment or from “other miscellaneous activities” (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Dutch Income Tax Act 2001, including, without limitation, activities that exceed ordinary active asset management (*normaal vermogensbeheer*).

If neither condition a) nor b) applies, such individual will be subject to Dutch personal income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from Shares. The deemed return is adjusted each calendar year and is estimated for 2019 to range between 1.94% to 5.60% of the total value of the individual holder of Shares’ net assets on 1 January of the relevant tax reporting year. Subject to application of certain allowances, the deemed return is taxable at a flat rate of 30%.

1.9.6 Non-residents of the Netherlands

A non-resident of the Netherlands who holds Shares is generally not subject to Dutch income or corporate income tax (other than dividend withholding tax described above) on the income and capital gains derived from the Shares, provided that:

- (a) such non-resident of the Netherlands does not derive profits from an enterprise or a deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands or effectively managed in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Shares are attributable or deemed attributable;
- (b) In the case of a non-resident of the Netherlands who is an individual, (a) such individual does not carry out any activities in the Netherlands with respect to the Shares that exceed ordinary active asset management, (b) the benefits derived from such Shares are not intended as remuneration for activities performed by a holder of Shares or by a

person connected to such holder as meant by article 3.92b paragraph 5 of the Dutch Income Tax Act 2001 and (c) such individual does not derive income or capital gains from Shares that are taxable as benefits from “other miscellaneous activities” in the Netherlands;

- (c) in the case of a non -resident of the Netherlands which is a corporate entity, it is neither entitled to a share in the profits of an enterprise effectively managed in the Netherlands, nor co entitled to the net worth of such enterprise, other than by way of the holding of securities, to which enterprise the Shares or payments in respect of the Shares are attributable; and
- (d) in the case of a non-resident of the Netherlands who is an individual, such individual is not entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or, through an employment contract, to which enterprise the Shares or payments in respect of Shares are attributable.

1.9.7 Other taxes and duties

There is no Dutch registration tax, capital tax, customs duty, stamp duty or any other similar documentary tax or duty other than court fees payable in the Netherlands by a holder of Shares in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Shares.

1.9.8 Residence

Other than as set forth above, a holder of Shares will not become or be deemed to become a resident of the Netherlands, nor will a holder of Shares otherwise become subject to taxation in the Netherlands, solely by reason of holding the Shares.

1.10 Review of the Company’s financial situation

On February 25, 2018, Tennor acquired 100% of the shares in La Perla Global Management. On May 31, 2018, La Perla Fashion Finance acquired 100% of the shares in the Company. On the same date, the Company acquired 100% of the shares in La Perla Global Management from Tennor.

In order to (i) enable a comparison between the financial year ended December 31, 2018 and the financial year ended December 31, 2017, and (ii) provide financial information for the Group for the entire financial year ended December 31, 2018, including the period between January 1, 2018 and February 24, 2018, we are including the Combined Financial Information, which is unaudited and prepared on the basis as if the Company had already acquired La Perla Global Management as of January 1, 2017.

1.10.1 Information on the Group’s comprehensive income

The following table presents the comprehensive income for the periods indicated:

	<u>Company's Financial Statements</u>	<u>Consolidated Financial Statements</u>	<u>Combined Financial Information</u>	
		For the financial year ended December 31,		
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
		<i>in EUR thousand</i>		
	(audited)		(unaudited)	
Revenue	0	85,650	133,931	106,240
Cost of goods sold.....	0	(47,242)	—	—
Gross margin.....	0	38,408	—	—

	Company's Financial Statements	Consolidated Financial Statements	Combined Financial Information	
	For the financial year ended December 31,			
	2017	2018	2017	2018
	in EUR thousand			
	(audited)		(unaudited)	
Marketing and selling expenses	0	(68,669)	—	—
General and administrative expenses	(88)	(35,753)	—	—
Operating loss before amortization and depreciation.....	(88)	(66,014)	—	—
Amortization, depreciation & write off	0	(5,326)	—	—
Operating profit/(loss)	(88)	(71,340)	(178,812)	(91,316)
Financial income/(expenses)	13	74,911	—	—
Other income and expenses.....	0	1,631	—	—
Profit / (loss) before tax	(76)	5,202	(184,127)	50,729
Tax	0	(662)	—	—
Profit/(loss) for the year	(76)	4,540	(187,850)	50,067
Items that will not be reclassified subsequently to the profit and loss				
Actuarial gains/(losses)	0	120	—	—
Deferred taxes on actuarial (losses)	0	(29)	—	—
Items that may be reclassified subsequently to the profit and loss	0	91	—	—
Exchange differences on translation of operations in foreign currencies	0	(3,313)	—	—
Total other gains/(losses) net of tax effect	0	(3,313)	—	—
Total comprehensive profit/(loss) for the year	(76)	1,318	—	—

(a) Revenues

The following table presents revenues for the periods indicated:

	Company's Financial Statements		Consolidated Financial Statements		Combined Financial Information			
	For the financial year ended December 31,							
	2017		2018		2017		2018	
	<i>in EUR thousand</i>	<i>in %</i>	<i>in EUR thousand</i>	<i>in %</i>	<i>in EUR thousand</i>	<i>in %</i>	<i>in EUR thousand</i>	<i>in %</i>
	(audited)				(unaudited)			
Net Sales.....	0	0	84,503	99	131,915	98	104,864	99
Net sales from retail	—	—	—	—	112,044	84	94,876	89
Net sales boutique	—	—	—	—	82,776	62	61,953	58
Net sales outlet.....	—	—	—	—	17,813	13	21,096	20
Net sales online.....	—	—	—	—	11,455	9	11,827	11
Net sales from wholesale....	—	—	—	—	16,807	13	7,725	7
Net sales stock	—	—	—	—	3,064	2	2,263	2
Royalties and other income .	0	0	1,147	1	2,016	2	1,376	1
Total revenues.....	0	0	85,650	100	133,931	100	106,240	100

On the basis of the Combined Financial Information:

- Total revenues decreased from EUR 133,931 thousand as of December 31, 2017 by 20.7% to EUR 106,240 thousand as of December 31, 2018 primarily due to the decreased availability of new products during the implementation of the Group's restructuring strategy;

- Net sales from retail decreased from EUR 112,044 thousand (representing 84% of total revenues) as of December 31, 2017 to EUR 94,876 thousand (representing 89% of total revenues) as of December 31, 2018, primarily due to net sales from boutiques decreasing from EUR 82,776 thousand as of December 31, 2017 to EUR 61,953 thousand as of December 31, 2018.
- Net sales from wholesale decreased from EUR 16,807 thousand (representing 13% of total revenues) as of December 31, 2017 by 54% to EUR 7,725 thousand (representing 7% of total revenues) as of December 31, 2018, primarily due to delays and the decreased availability of new products during the implementation of the Group's restructuring strategy, which had a more significant impact on net sales from wholesale as compared to net sales from retail.

(b) Operating result

On the basis of the Combined Financial Information, operating result improved from an operating loss in the amount of EUR 178,812 thousand as of December 31, 2017 by EUR 87,496 thousand to an operating loss of EUR 91,316 thousand as of December 31, 2018. This was primarily due to the Group's restructuring strategy, which included measures such as destocking, concentrating on core products as well as decreasing marketing and selling expenses and the cost of goods sold.

(c) Profit before tax

On the basis of the Combined Financial Information, profit before tax improved from a loss before tax in the amount of EUR 184,127 thousand as of December 31, 2017 by EUR 234,856 thousand to a profit before tax in the amount of EUR 50,729 thousand as of December 31, 2018. This is primarily due to the previous shareholder waiving his outstanding loan receivable in the amount of EUR 142,623 thousand in February 2018 as well as an increase in the operating result in the amount of EUR 87,496 thousand.

(d) Profit for the year

On the basis of the Combined Financial Information, profit of the year improved from a loss for the year in the amount of EUR 187,850 thousand as of December 31, 2017 by EUR 237,917 thousand to a profit for the year in the amount of EUR 50,067 thousand as of December 31, 2018.

1.10.2 Information on the Group's financial position

The following table presents balance sheet for the periods indicated:

	Company's Financial Statements	Consolidated Financial Statements	Combined Financial Information
	As of December 31,		
	2017	2018	2017
	<i>in EUR thousand</i>		
	(audited)		(unaudited)
Brands and other intangible assets	0	32,061	36,644
Properties, plant and equipment	0	15,267	19,452
Other non-current assets	675	10,617	10,639
Total non-current assets	675	57,945	66,735
Inventories and work in progress	0	44,352	81,273
Trade receivables	0	6,548	11,029
Other current assets	13	11,565	15,223
Cash and cash equivalents	196	32,505	17,459
Total current assets	209	94,970	124,984

	Company's Financial Statements	Consolidated Financial Statements	Combined Financial Information
	As of December 31,		
	2017	2018	2017
		<i>in EUR thousand</i>	
Long term borrowings.....	0	103,098	151,976
Provisions	0	2,707	—
Deferred tax liabilities.....	0	84	—
Other non-current liabilities	0	4,917	—
Total non-current liabilities	0	110,806	159,824
Short term borrowings	0	20	10,296
Trade payables	3	17,195	—
Provisions	0	1,249	—
Other current liabilities	0	21,446	—
Total current liabilities	3	39,910	76,556
Share capital.....	1,000	1,000	—
Cumulative translation adjustment.....	0	2,290	—
Retained earnings.....	(119)	(1,091)	—
Equity	881	2,199	(44,661)

(a) Working capital elements

On the basis of the Combined Financial Information and the Consolidated Financial Statements:

- Inventories and work in progress decreased from EUR 81,273 thousand as of December 31, 2017 to EUR 44,352 thousand as of December 31, 2018. As of the same date, inventories and work in progress mainly comprised finished goods available for sale (EUR 35,036 thousand or 79% of total inventories and work in progress) and raw materials and consumables (EUR 8,605 thousand or 19% of total inventories and work in progress). The total amount of inventories and work in progress as of December 31, 2018 included a reserve for obsolescence risk in the amount of EUR 38,926 thousand, of which EUR 8,005 thousand are allocated to raw materials and the remainder to finished goods.
- Trade receivables decreased from EUR 11,029 thousand as of December 31, 2017 to EUR 6,548 thousand as of December 31, 2018. As of the same date, trade receivables were calculated by subtracting accrual for bad debt provision in the amount of EUR 1,725 thousand from trade receivables at a nominal amount of EUR 8,273 thousand.
- Other current assets decreased from EUR 15,223 thousand as of December 31, 2017 to EUR 11,565 thousand as of December 31, 2018. As of the same date, other current liabilities comprised VAT receivables in the amount of EUR 7,856 thousand and accrued income and prepaid expenses, primarily related to the Group's boutique's lease agreement in the amount of EUR 1,989 thousand.
- Other non-current liabilities amounted to EUR 4,917 thousand as of December 31, 2018. As of the same date, they comprised other employee termination benefits granted to the Group's employees in Europe, including the Italian *trattamento di fine rapporto* (TFR) in the amount of EUR 4,867 thousand and French severance indemnities.
- Trade payables amounted to EUR 17,195 thousand as of December 31, 2018. As of the same date, the average credit period on purchased of goods and services for

the Group amounted to a time period between 60 and 90 days. The lower amount of accounts payable as of December 31, 2018, was related to a strong effort by management to significantly decrease all overdue amounts due to operational suppliers in order to obtain support for the Group's new business strategy and re-strengthen the relationship with the Group's suppliers.

- Other current liabilities amounted to EUR 21,446 thousand as of December 31, 2018 and primarily comprised accrued expenses and deferred income in the amount of EUR 11,062 thousand and other payables in the amount of EUR 5,362 thousand. As of the same date, accrued expenses primarily comprised rental amounts of which payment, based on agreements, was deferred to future periods and other payables mainly comprised wages and salaries to be paid to Group personnel in 2019.

(b) Equity

On the basis of the Combined Financial Information and the Consolidated Financial Statements:

- Total equity increased from EUR -44,661 thousand as of December 31, 2017 to EUR 2,199 thousand as of December 31, 2018.
- Share capital amounted to EUR 1,000 thousand as of December 31, 2018 and consisted of 100,000,000 shares with a par value of EUR 0.01 per share that were issued and fully paid up.
- As of December 31, 2018, cumulative translation adjustment and other reserves comprised (i) the exchange impact of the translation of the operation occurred in foreign currency and (ii) the cumulated effect of actuarial gain and loss generated by the application of IAS 19.

(c) Provisions

On the basis of the Consolidated Financial Statements, provisions amounted to EUR 3,956 thousand as of December 31, 2018, including current provisions in the amount of EUR 2,707 thousand and non-current provisions in the amount of EUR 1,249 thousand. As of the same date, current provisions mainly comprised layoff, restructuring and other charges in the amount of EUR 1,957 thousand and litigation with agents in the amount of EUR 550 thousand and non-current provisions comprised allowance for sales return in the amount of EUR 800 thousand and litigation with employees in the amount of EUR 449 thousand. The provision for layoffs and restructuring mainly relates to the restructuring of the Group's subsidiaries in Dubai and to potential charges of the Chinese subsidiaries and the provision for sales returns refers to the expected amount of returns from clients related to goods supplied by the Group in the last two months of the financial year ended December 31, 2018.

(d) Net financial indebtedness

The following table presents net financial indebtedness for the periods indicated:

	Company's Financial Statements	Consolidated Financial Statements	Combined Financial Information
	As of December 31,		
	2017	2018	2017
		<i>in EUR thousand</i>	
	(audited)		(unaudited)
Financial indebtedness.....	0	103,118	162,272
Long term borrowings	0	103,098	151,976
Short term borrowings.....	0	20	10,296
Cash and cash equivalents.....	(196)	(32,505)	(17,459)
Net financial indebtedness	(196)	70,613	144,813

On the basis of the Combined Financial Information and the Consolidated Financial Information, financial indebtedness decreased from EUR 162,272 thousand, including EUR 151,976 thousand of long-term borrowings primarily due to a loan from the previous controlling shareholder, of which EUR 142,623 thousand were waived in February 2018, as of December 31, 2017 to EUR 103,118 thousand, including EUR 103,098 thousand of long-term borrowings, including EUR 98,650 thousand of loan advances during the financial year from Tennor in accordance with a shareholder loan, as of December 31, 2018.

On July 13, 2018, La Perla Global Management, as borrower, entered into a shareholder loan with Tennor and La Perla Fashion Finance, as lenders, in the principal amount of up to EUR 250 million. As of the date of this Information Document, La Perla Global Management has utilized approximately EUR 107.2 million of the total principal amount of the shareholder loan and has bi-annual interest payment obligations at a rate of 7.25% per annum. In addition to this shareholder loan, the Group does not have any long-term borrowings as of the date of this Information Document.

1.10.3 Off-balance sheet items

As of December 31, 2018, the Group had provided bank guarantees in the amount of EUR 386 thousand. In March 2019, the Group, through its subsidiary La Perla Italia, obtained an additional bank guarantee in the amount of EUR 2,115 thousand related to the guarantee due to the lessor of a GOB in Milan.

The following charts reflects future lease commitments relating to operating leases (rentals) as of December 31, 2018:

	Consolidated Financial Statements
	As of December 31, 2018
	<i>in EUR thousand</i>
	(audited)
Expiry date	
within 12 months	32,943
2-5 years.....	47,119
after five years	10,821
Total future lease commitments.....	90,883

Regarding costs incurred in relation to the Company's restructuring plan, see note 28 to the Company's audited consolidated financial statements as of and for the financial year ended December 31, 2018.

1.10.4 Information on the Group's cash flow

The following table presents cash flow for the periods indicated:

	Company's Financial Statements	Consolidated Financial Statements
	For the financial year ended December 31,	
	2017	2018
	<i>in EUR thousand</i>	
	(audited)	
Cash and cash equivalent at the beginning of the year	961	196
Net income / (loss) of the year	(76)	4,540
Depreciation and amortization	0	5,326
(Increase) / decrease in inventories	0	(44,352)
(Increase) / decrease in receivables	(12)	(18,100)
(Increase) / decrease in payables	(2)	38,638
(Increase) / decrease in provision	0	3,956
Other working capital variation	0	3,313
Net cash generated from operating activities	(90)	(6,679)
Investment in other non-current assets	(675)	(9,942)
Investment in property, plant and equipment	0	(20,593)
Investment in intangible assets	0	(32,061)
Net cash used in investing activities	(675)	(62,596)
Short term borrowing	0	20
Long term borrowing	0	103,098
Net cash generated from financing activities	0	103,118
Effect of forex on cash	0	(1,534)
Cash and cash equivalents at end of year	196	32,505

Net operating cash flow increased from a cash outflow in the amount of EUR 98.3 million in the financial year ended December 31, 2017 on a like for like basis to a cash outflow in the amount of EUR 69.3 million in the financial year December 31, 2018 based on the Company's audited consolidated financial statements for the financial year ended December 31, 2018.

On July 13, 2018, La Perla Global Management, as borrower, entered into a shareholder loan with Tennor and La Perla Fashion Finance, as lenders, in the principal amount of up to EUR 250 million. As of the date of this Information Document, La Perla Global Management has utilized approximately EUR 107.2 million of the total principal amount of the shareholder loan.

Moreover, in a letter from Tennor dated March 4, 2019 and addressed to La Perla Global Management (the "**Financial Support Letter**"), Tennor as the ultimate majority shareholder of La Perla Global Management confirmed its intention to provide financial support for the continuing operation of La Perla Global Management and its subsidiaries to enable them to meet their liabilities as they fall due in the 12 months as from July 18, 2019.

In making its assessment of the Group's ability to operate as a going concern, the Company has considered (i) its existing cash position as of June 30, 2019, (ii) projected cash requirements for the financial years ended December 31, 2019 and 2020, (iii) the financial impact of the ongoing restructuring measures to increase revenue and reduce costs, and (iv) the Financial Support Letter. Subject to the above factors, the Company is of the opinion that the Group is in a position to meet the payment obligations that become due within at least the next twelve months from the date of this Information Document.

1.11 Corporate bodies

1.11.1 Administrative, executive and supervisory bodies

The Company is a public limited liability company (*naamloze vennootschap*) under Dutch law. In accordance with the Company's articles of association (the "**Articles of Association**"), its governing bodies consist of the Board of Managing Directors, the Company's board of supervisory directors (the "**Board of Supervisory Directors**") and the shareholders' general meeting of the Company (the "**General Meeting**").

As the Company is a holding company, the directors and officers of its operational entities, including the Operating La Perla Group, constitute key senior management from the Company's perspective. As of the date of this Information Document, the Senior Management solely comprises the board of directors of La Perla Global Management.

(a) Board of Managing Directors

As of the date of this Information Document, the Board of Managing Directors consists of two directors:

<u>Name</u>	<u>Age</u>	<u>Function</u>
Imran Khan	41	Managing Director
Sheena Vickers	50	Managing Director

Imran Khan

Imran Khan is a managing director as of August 23, 2019. Moreover, he is the CFO of Tennor. Prior to joining Tennor in 2014, Imran Khan held senior accounting and controller roles with financial and investment firms, including Deutsche Bank, Pantheon Ventures, Valiance Advisors, DAM Capital Management and St Paul Travelers. Imran Khan is a member of ACCA, a professional accounting designation, and obtained his B.A. (Honours) in Accounting and Finance from the University of East London.

Sheena Vickers

Sheena Vickers is a managing director as of August 23, 2019. Moreover, she is Group Accountant at Tennor. Prior to joining Tennor in 2014, she held various senior accounting roles at other companies, such as KPMG and Albumprinter, for over 10 years. Sheena Vickers studied administration at MBO Katwijk and accountancy at HBO Leiden.

Imran Khan and Sheena Vickers have been solely appointed as directors of the Company and do not hold any operative positions in the Company.

(b) Senior Management

As of the date of this Information Document, the Senior Management consists of the three directors of La Perla Global Management.

<u>Name</u>	<u>Age</u>	<u>Function</u>
Pascal Perrier.....	53	Director of La Perla Global Management
Paolo Barbieri	56	Director of La Perla Global Management
Tareq Shabib	48	Director of La Perla Global Management

Pascal Perrier

Pascal Perrier is a director of La Perla Global Management as of January 25, 2019. Prior to this, he held various positions at Burberry. From 2009 to 2018, Pascal Perrier was the CEO of Burberry's Asia Pacific business and from 2005 to 2009, he was Executive Vice President of Business Development. Before 2005, he was a senior manager at various other leading luxury fashion houses, including Kering and LVMH. Pascal Perrier studied international marketing at HEC business school in Paris.

Paolo Barbieri

Paolo Barbieri is a director of La Perla Global Management as of November 29, 2013 and the Deputy Chairman of Elite Model World as well as the CEO of Pacific Capital. Prior to this, he was the CFO at mondoBIOTECH Holding AG and held various positions at Pioneer Alternative Investments (now part of Amundi asset management group), including Deputy CEO and CIO. In addition, he was the founder, CEO and CIO of Akros HFR Alternative Investments. Paolo Barbieri holds an M.A. in Business and Economics from the Università degli Studi di Napoli Federico II.

Tareq Shabib

Tareq Shabib is a director of La Perla Global Management as of February 25, 2018 and the CIO of Tennor. Prior to joining Tennor in 2015, he was Head of Structured Finance at Arab Banking Corporation and Managing Director and Head of Strategic Investments at Qatar First Bank. Mr. Shabib holds an M.Sc. in Finance from London Business School, as well as an MBA and a B.Eng. from Imperial College, University of London.

(c) Board of Supervisory Directors

As of the date of this Information Document, the Board of Supervisory Directors consists of three directors:

Name	Age	Function
Robin Bagchi.....	48	Supervisory Director
Filippos Kodellas de la Morena	31	Supervisory Director
Robert Salem	41	Supervisory Director

Robin Bagchi

Robin Bagchi is a Supervisory Director as of August 23, 2019 and the CEO of Tennor. Robin Bagchi has 25 years of experience in investment banking having worked in New York and London, where in 1993, he started his career at Goldman Sachs. He joined Tennor in 2015 and was promoted to Deputy CEO in 2018. Robin Bagchi received his LL.B. from the London School of Economics and his LL.M. from Harvard Law School. He also holds the Chartered Financial Analyst designation, which he received in 1999.

Filippos Kodellas de la Morena

Filippos Kodellas de la Morena is a Supervisory Director as of August 23, 2019 and a senior managing director at Tennor. Before he joined Tennor, he was part of KKR's Special Situations team in London. Previously, Fillippos Kodellas de la Morena was part of the distressed opportunities and non-performing loan team at Bain Capital Credit in London. He holds a Bachelor of Business Administration from Universidad Pontificia Comillas.

Robert Salem

Robert Salem is a Supervisory Director as of August 23, 2019 and Chairman, CEO and Founder of Duration AM Limited. He previously held positions with Asset

Management at Mount Capital and with Equity Derivatives at HSBC and Bank Safra. Robert Salem holds a B.A. in Business from the American College in London.

1.11.2 Responsibilities

The main responsibility of the Board of Managing Directors is to manage the Company, to determine the general policy of the Company, and to carry out its day-to-day operations. The duties of the members of the Board of Managing Directors are collective, but to a certain extent, the members of the Board of Managing Directors may allocate these tasks between them, based on the Articles of Association of the Company or board rules.

The main responsibility of the Senior Management is the daily management of the Operating La Perla Group.

The main responsibility of the Board of Supervisory Directors is to supervise the policy of the Board of Managing Directors and the general course of business of the Company, as well as to provide advice to the Board of Managing Directors.

1.11.3 Compensation and benefits

The members of the Board of Managing Directors do not receive any compensation for their role. Both managing directors are employed by Tennor and receive compensation under their respective agreements with Tennor.

The members of the Board of Supervisory Directors do not receive any compensation for their role. Robin Bagchi and Filippas Kodellas de la Morena are employed by Tennor and receive compensation under their respective agreements with Tennor. In addition, Robert Salem receives a fee under an agreement with Tennor.

With the exception of Pascal Perrier and Paolo Barbieri, the members of the Senior Management do not receive any remuneration for their role.

Pascal Perrier's compensation is set forth in his employment agreement with La Perla Global Management. The overall compensation consists of a fixed and a variable component as well as additional benefits, such as medical cover, a life assurance scheme and long-term disability insurance. Furthermore, the Company has enrolled Pascal Perrier in the Company's registered pension plan.

The fixed compensation component consists of an annual base salary (the "**Salary**"). For the first year of employment, which commenced on September 15, 2018 and ends on September 14, 2019, the Salary will amount to EUR 116 thousand and GBP 116 thousand. Beginning with the second year of employment, as of September 14, 2019, the Salary will amount to EUR 250 thousand and GBP 250 thousand. In addition, a non-recurring guaranteed bonus will be paid during the first year of his employment (the "**Guaranteed Bonus**"). The Guaranteed Bonus is payable in two instalments, the first instalment in the amounts of EUR 75 thousand and GBP 75 thousand was payable after the first six months of employment and the second instalment in amounts of EUR 75 thousand and GBP 75 thousand will be payable after the first 12 months of employment.

The variable compensation consists of a performance-based cash compensation in the form of a discretionary bonus that can be awarded starting with the second year of employment (the "**Discretionary Bonus**"). The Discretionary Bonus is determined by the board of directors of La Perla Global Management at its absolute discretion for each employment year and may be payable up to an amount of 100% of the Salary.

In addition, the variable compensation may also include a share-based compensation (the "**LTI**"). The Company and La Perla Fashion Finance B.V. intend to enter into a long term incentive agreement with Pascal Perrier shortly after the Listing. The LTI is expected to consist

of a conditional share award of up to 3,000,000 Shares to be issued to Pascal Perrier in six tranches on certain dates until September 15, 2021 (the “**Conditional Share Award**”). No consideration shall be payable by Pascal Perrier in relation to the Shares issued in connection with the Conditional Share Award. In addition, the LTI is expected to consist of an option to purchase up to 3,678,889 shares at an exercise price of EUR 0.95 per new share (the “**Option Grant**”). In the event that the Option Grant is exercised, up to 3,678,889 additional Shares shall be issued to Pascal Perrier for no consideration (the “**Additional Conditional Share Award**”). The number of Shares issued under Additional Conditional Share Award shall correspond to the number of Shares purchased under the Option Grant.

The Company intends to settle any tax liabilities of Pascal Perrier resulting from any share award under the Conditional Share Award, the Option Grant or the Additional Conditional Share Award on behalf of Pascal Perrier. Any share award under the Conditional Share Award, the Option Grant or the Additional Conditional Share Award shall therefore be settled net of such tax liabilities (i.e., only a reduced number of Shares shall be delivered to Pascal Perrier).

Paolo Barbieri’s compensation is set forth in his employment agreement with La Perla Global Management. The compensation consists of an annual base salary in the amount of EUR 55 thousand. Going forward, La Perla Global Management may agree with Paolo Barbieri to expand its current responsibilities, in which case his current employment agreement may be amended and his compensation increased.

The other member of the Senior Management, Tareq Shabib, does not receive any compensation for his role, but receives compensation under his consultancy agreement with Tennor.

1.11.4 D&O Insurance

The D&O liability insurance taken out by Tennor Holding B.V. covers the present and future members of the Board of Managing Directors and the Board of Supervisory Directors. The liability limit is EUR 5 million in aggregate per year. Furthermore, the insurance stipulates sub-limits, including for loss mitigation expense, emergency costs and US pollution costs, each at 10% of the liability limit. The insurance stipulates no deductible. The insurance policy is subject to further customary exclusions and limits.

Moreover, the members of the Senior Management are covered under a D&O liability insurance currently maintained by La Perla Global Management Limited. Such insurance provides coverage for all directors, executives and employees with managerial functions of Perla Global Management Limited and its consolidated subsidiaries. The maximum insurance coverage is EUR 20 million for claims by third-parties and EUR 0.5 million for claims by La Perla Global Management Limited and for all claims per year. The insurance policy is subject to customary exclusions and limits.

Going forward, the Company intends to implement a D&O liability insurance at level of the Company that covers the Group and replace the existing insurance with La Perla Global Management.

1.11.5 Certain information regarding the members of Board of Managing Directors, Board of Supervisory Directors and Senior Management

In the last five years, no member of the Board of Managing Directors, Board of Supervisory Directors or Senior Management was convicted of fraudulent offenses.

In the last five years, no member of the Board of Managing Directors, Board of Supervisory Directors or Senior Management was associated with any bankruptcy, receivership or liquidation acting in its capacity as a member of any administrative, management or supervisory body or as a senior manager.

In the last five years, no official public incriminations and/or sanctions have been made by statutory or legal authorities (including designated professional bodies) against any of the members of the Board of Managing Directors, Board of Supervisory Directors or Senior Management, nor have sanctions been imposed by the aforementioned authorities.

No court has ever disqualified any of the members of the Board of Managing Directors, Board of Supervisory Directors or Senior Management from acting as a member of the administrative, management or supervisory body or as a senior manager, or from acting in the management or conduct the affairs of any issuer in the last five years.

1.12 Shareholder information

1.12.1 Shareholder structure

As of the date of this Information Document and based on the shareholders' register as well as on other information available to the Company, the following direct shareholders hold 3% or more of the Shares:

Shareholder	Shares	%
La Perla Fashion Finance B.V. ⁽¹⁾	75,688,888	72.0
H2O Asset Management LLP	10,000,000	9.5
Heritage Travel and Tourism Ltd	15,366,668	14.6
Other.....	4,055,556	3.6
Total.....	105,111,112	100

⁽¹⁾ La Perla Fashion Finance B.V. is an indirect wholly-owned subsidiary of Tennor Holding B.V., which is a 72.6% indirect subsidiary of Allto Trust (Jersey), an irrevocable discretionary trust established in Jersey on August 3, 2018. The legal owner of the trust is Zuglex Trustee AG (Switzerland) as the trustee, which is controlled by Mr. Sébastien Bernard Joel Moerman.

Following the Listing, Pascal Perrier may become a shareholder of the Company after receiving shares under the LTI. For further details, please see “—*Compensation and Benefits*”.

1.12.2 Information regarding the control of the Company

Tennor indirectly holds 100% of the share capital in La Perla Fashion Finance, the majority shareholder of the Company, through La Perla Fashion Investment B.V.

1.12.3 Shareholders' agreements

As of the date of this Information Document, the Company is not aware of any shareholders' agreements.

1.12.4 Agreements that may result in a change of control

As of the date of this Information Document, the Company is not aware of any agreement whose implementation may result in a change of the Company's control structure.

1.12.5 Information on thresholds crossed

The Company intends to apply for admission to trading on the Euronext Growth market of Euronext Paris (“**Euronext Growth**”). Application for admission to trading on a regulated market is not intended in connection with the Listing. Thus, as of the date of this Information Document, shareholders of the Company are not subject to the provisions of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) governing disclosure requirements for significant shareholdings.

1.13 Related-party transactions

Other than the shareholder loan among La Perla Global Management, as borrower, and Tennor and La Perla Fashion Finance, as lenders (see “—*Significant contracts*”), the Group has not entered into any related-party transactions.

1.14 Financial information

- 1.14.1 Management board reports and financial statements for the financial years ended December 31, 2018 and December 31, 2017

**Management board report and audited consolidated financial statements
of La Perla Fashion Holding N.V.
for the financial year ended December 31, 2018**

Three year summary

Like for like combination of the La Perla Fashion Holding N.V. Group as of 1 January 2016

	Combined La Perla Fashion Holding N.V. and La Perla Global Management Ltd. 2018	Combined La Perla Fashion Holding N.V. and La Perla Global Management Ltd. 2017	Combined La Perla Fashion Holding N.V. and La Perla Global Management Ltd. 2016
	€ 000	€ 000	€ 000
Income statement in summary			
Revenue	106,240	133,931	138,096
Operating profit/(loss)	(91,316)	(178,812)	(69,081)
Profit/(loss) before tax	50,729	(184,127)	(72,676)
Profit/(loss) for the year	50,067	(187,850)	(72,924)
Balance sheet in summary			
Brand and other intangible assets	32,061	36,644	60,552
Properties, plant and equipment	15,267	19,452	55,219
Other non-current assets	10,617	10,639	15,973
Inventories and work in progress	44,352	81,273	88,045
Trade receivables	6,548	11,029	14,650
Other current assets	11,565	15,223	17,736
Cash and cash equivalents	32,505	17,459	13,186
Total assets	152,915	191,719	265,361
Non-current liabilities	110,806	159,824	303,826
Current liabilities	39,910	76,556	75,705
Equity	2,199	(44,661)	(114,170)
Total equity and liabilities	152,915	191,719	265,361
Key ratios			
Gross profit margin	0.41	0.42	0.50
Operating profit margin	(0.86)	(1.34)	(0.50)
Average number of employees in FTE	1,370	1,616	1,613
Earnings per share in €	0.5007	(1.8785)	(0.7292)
Number of shares	100,000,000	100,000,000	100,000,000

Note:

To analyse the business straight forward the three year summary is presented like for like as if La Perla Fashion Holding N.V. already existed and owned the La Perla UK as of 1 January 2016. This means that the overview above is not a consolidated overview but a combined overview. The separate entities La Perla Fashion N.V. and La Perla Management Limited UK are audited in 2018 and 2017. The three year summary is the combination of these numbers. The balance sheet numbers and income statement numbers used during the purchase price allocation of the business combination is based on the same audited information as in the three year overview.

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Management board report

Principal activities

La Perla Fashion Holding N.V. ("the Company") is a public company with limited liability, incorporated under the laws of The Netherlands on 9 September 2016. As of 31 May 2018 the Company changed her name from Glow Media N.V. to La Perla Fashion Holding N.V. The Company's registered office is Schiphol Boulevard 127 1118 BG Schiphol, the Netherlands. The company is registered at the Chamber of Commerce at 66809681.

Per date of authorization of the financial statements, 17 July 2019, the ultimate parent company is Tennor Holding B.V. which controlled 90% of the Company through La Perla Fashion Finance B.V.

Tennor Holding B.V. is a privately-owned Principal Investment holding company, focused on special situation investment opportunities across continental Europe, Africa, Middle-East and Asia. It was formed in 2009 by a select number of entrepreneurs and prominent high-net-worth families seeking exposure to investment opportunities in special situations.

La Perla Fashion Holding N.V. and its Subsidiaries (hereinafter the "Group") operate in the markets of luxury women's and men's underwear and swimwear (hereinafter the "Business"). The activities of design, production and sale (through retail and wholesale channels) are performed by the Group through its network of subsidiaries. The direct subsidiary La Perla Global Management (UK) is the Principal in all intercompany transactions, purchasing goods from the manufacturing entity of the Group and reselling those to the distributors and the commercial subsidiaries.

The addresses of its registered office and principal place of business are disclosed in the Company Information.

Principal risks and uncertainties

The Group's activities expose it to a number of financial risks including liquidity risk, currency risk, credit risk and interest rate risk.

Liquidity risk

The Group's activities expose it to the risk that the company will not be able to meet its financial obligations as they fall due.

Further details of the Group's going concern position are disclosed in Note 1(b) to the financial statements.

Currency risk

The Group is exposed to transactional foreign currency risk in relation to trade in foreign currencies and purchases (from third parties), whilst borrowings are mainly denominated in Euros. The directors review currency risk on an ongoing basis.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty fails to meet its contractual obligations.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk can be considered limited as the Group adopts restrictive credit policies and regularly monitors the exposure with each single client. The receivables' credit risk is fragmented over its retail and trade customers.

The credit risk on liquid funds is limited as the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Interest rate risk

The Group's borrowings from related parties are issued at variable rates that expose the Group to interest rate risk. At year-end, if interest rates had been 50 basis point higher/lower with all other variables held constant, pre-tax losses for the year would have been about Euro 493 thousand higher/lower.

Business review

On February 25, 2018 the Company acquired 100% of the voting shares of La Perla Global Management (UK) Ltd, a non-listed company based in the United Kingdom. La Perla operates in the markets of luxury women's and men's underwear and swimwear. The total identifiable net assets at fair value assumed as at the date of the acquisition is € 76.6 million. The purchase price for the group was € 1.00 resulting in a gain from a bargain purchase € 76.6 million.

To analyse the business straight forward the business review and the three year summary is presented like for like as if the Company already owned the business combination as of 1 January 2016.

In 2016-2017 the strategy was focused on deploying through the fine tuning to the store network (150 directly operated stores by the end of 2016, 5 new opening and 17 closures) and a further enlargement of the product offer (mainly in ready-to-wear and accessories). There was also a heavy impact in terms of costs, structure and investments, and also an impact on performance due to the learning curve experienced in the new business model, together with delays in production and consequently in deliveries.

2018 was the first year under new ownership. The re-organisational strategy has been focused mainly on the destocking and product concentration going back to core offer.

In 2018 like for like revenues amounted to € 106.2 million (2017: € 133.9 million), a 20.7% reported decrease compared with the prior year and comprise sales from following channels:

	2018		2017	
	€ 000	%	€ 000	%
Continuing operations				
Net sales Boutique	61,953	58%	82,776	62%
Net sales Wholesale	7,725	7%	16,807	12%
Net sales Outlet	21,096	20%	17,813	13%
Net sales Online	11,827	11%	11,455	9%
Net sales Stock	2,263	2%	3,064	2%
Royalties and other income	1,376	1%	2,016	2%
	106,240		133,931	

The general shortfall in sales is basically due to the lack of new production during the implementation of the new strategy.

Retail revenues like for like represented 89% of total revenues (2017: 84%). This increase in retail sales is mainly due to Outlet channel (+7%). In absolute terms, retail revenues decreased of by € 17,2 million a decrease of 15.3%.

Wholesale revenues, representing by 54% compared with the previous year, and have been affected by delays and also by a reduction in new products during the implementation of the new strategy.

Retail revenues suffered less following the destocking strategy in place during the first phase under the new ownership.

Group net debt as at 31 December 2018 amounted to € 70,6 million. Compared with the group in a like for like situation for 2017 is € 144,8 million:

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	31 December 2018	31 December 2017
	<i>La Perla Fashion Holding N.V.</i>	<i>La Perla Fashion like for like</i>
	€ 000	€ 000
Long term borrowings	103,098	151,976
Short term borrowings	20	10,296
Cash and cash equivalents	(32,505)	(17,459)
	70,613	144,813

All long-term borrowings at the balance sheet date are from Tennor Holding B.V. The amount was issued in 24 different tranches starting from 26 February 2018 in order to support the Group reorganisation.

In particular at the end of 2018 the treasury strategy was focused to decrease significantly all the overdue amounts due to the suppliers in order to support the new strategy.

The decrease from 2017 is due to the fact that on 24 February 2018, Pacific Capital S.a.r.l. and Elite World S.A. (the former shareholders of La Perla Global Management (UK)) waived the loan amount for € 142.5 million.

Going concern

The director has considered the going concern assumption given the current trading of the Company and Group and the funding considerations of the Group and has formed the conclusion that it is appropriate to consider that the Company will continue to operate in the foreseeable future. The Group has received a financial commitment from the parent company in writing, that the parent company will provide financial support to enable the Group to meet its financial obligations as they fall due.

In forming the judgment, the director has also considered the following matters:

i) During 2018 and 2019, the Company received a letter of financial support from the shareholder, Tennor Holding B.V. and on 13 July 2018, Tennor Holding B.V. secured a new debt facility up to € 250 million. As a result, the consolidated entity will have a sufficient funding to enable it to meet its objectives and financial obligations. At the date of signing Tennor Holding B.V. has paid € 128.7 million and the Director is confident that Tennor has the ability to provide all the necessary financial support to the Group in order to reach the result as showed in financial projections.

ii) The consolidated entity used a net operating cash out flow for the financial year ended 31 December 2018 of € 69,3 million (2017 like for like: € 98,3 million). Management expect that the operating costs will be reduced in the subsequent financial year as a result of restructuring its operations, which will reduce the negative operating cash flows.

Although the restructuring is still ongoing, management is confident that the reorganisation process will provide positive results in a short period of time allowing the Group to operate in the foreseeable future.

Research and development

Research and development is not applicable for the company.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factor affecting the performance of the Group and the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Governance

The governance of the company consists of one director, La Perla Fashion Finance B.V.

Management expectations of future operations

The director is confident that the proper execution of the strategic plan will allow the Group to break-even in the mid-term.

Responsibility Statement

The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director(s) is (are) required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU). Under company law the Directors must not approve the annual report unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.
- The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the applicable Accounting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

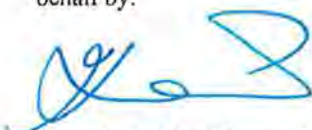
The Directors are responsible for the maintenance and integrity of the corporate and financial information included in this report. Legislation in the Netherlands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement

We as director confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The Annual Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The Annual Report and Financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

This Responsibility Statement was approved by the Board of Directors on 17 July 2019 and is signed on its behalf by:



La Perla Fashion Finance B.V.

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Consolidated financial statements 2018

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Consolidated statement of comprehensive income

For the year ended 31 December 2018

	Notes	2018	2017
		€ 000	€ 000
Revenue	5	85,650	-
Cost of good sold	6	(47,242)	-
Gross margin		38,408	-
Marketing and selling expenses		(68,669)	-
General and administrative expenses		(35,753)	(89)
Operating loss before amortisation and depreciation		(66,014)	(89)
Amortisation, depreciation & write off		(5,326)	-
Operating profit/(loss)		(71,340)	(89)
Financial income/(expenses)	9	74,911	13
Other income and expenses		1,631	-
Profit/(loss) before tax		5,202	(76)
Income taxes	10	(662)	-
Profit/(Loss) for the year		4,540	(76)
Items that will not be reclassified subsequently to the profit and loss			
Actuarial gains/(losses)		120	-
Deferred taxes on actuarial gains/(losses)		(29)	-
Items that may be reclassified subsequently to the profit and loss		91	-
Exchange differences on translation of operations in foreign currencies		(3,313)	-
Total other gains/(losses) net of tax effect		(3,313)	-
Total comprehensive profit/(loss) for the year		1,318	(76)

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— ACCOUNTANTS & ASSURANCE

Consolidated statement of financial position

For the year ended 31 December 2018

		31 December 2018	31 December 2017
	Notes	€ 000	€ 000
Non-current assets			
Brand and other intangible assets	11	32,061	-
Properties, plant and equipment	12	15,267	-
Other non-current assets	13	10,617	675
Total non current assets		57,945	675
Current Assets			
Inventories and work in progress	14	44,352	-
Trade receivables	15	6,548	-
Other current assets	16	11,565	13
Cash and cash equivalents	17	32,505	196
Total current assets		94,970	209
Non-current liabilities			
Long term borrowings	19	103,098	-
Provisions	20	2,707	-
Deferred tax liabilities	21	84	-
Other non-current liabilities	22	4,917	-
Total non current liabilities		110,806	-
Current liabilities			
Short term borrowings	19	20	-
Trade payables	23	17,195	3
Provisions	20	1,249	-
Other current liabilities	21	21,446	-
Total current liabilities		39,910	3
Net assets/(liabilities)		2,199	881
Equity	18		
Share capital		1,000	1,000
Cumulative translation adjustment		2,290	-
Retained earnings		(1,091)	(119)
Total Equity		2,199	881

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Consolidated statement of changes in shareholder's equity

For the year ended 31 December 2018

	Share capital	Cumulative translation adjustment	Retained earnings	Total share- holders' equity
	€ 000	€ 000	€ 000	€ 000
Balance at 1 January 2017	1,000	-	(43)	957
Total comprehensive income/(expense) during the period	-	-	(76)	(76)
Balance at 31 December 2017	1,000	-	(119)	881
Total comprehensive income/(expense) during the period	-	2,290	(972)	1,318
Balance at 31 December 2018	1,000	2,290	(1,091)	2,199

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Consolidated cash flow statement

For the year ended 31 December 2018

	2018	2017
	€ 000	€ 000
Cash and cash equivalent at the beginning of the year	196	961
<u>Cash flows from operating activities</u>		
Net income/(loss) of the year	4,540	(76)
Depreciation and amortisation	5,326	-
(Increase)/Decrease in inventories	(44,352)	-
(Increase)/Decrease in receivables	(18,100)	(12)
Increase/(Decrease) in payables	38,638	(2)
Increase/(Decrease) in provision	3,956	-
Other working capital variation	3,313	-
Net cash generated from operating activities	(6,679)	(90)
<u>Cash flow from investing activities</u>		
Investment in other non-current assets	(9,942)	(675)
Investment in property, plant and equipment	(20,593)	-
Investment in intangible assets	(32,061)	-
Net cash used in investing activities	(62,596)	(675)
<u>Cash flow from financing activities</u>		
Short term borrowing	20	-
Long term borrowing	103,098	-
Net cash generated from financing activities	103,118	-
Effect of forex on cash	(1,534)	-
Cash and cash equivalent at the end of the year	32,505	196
<u>Analysis of Net Cash</u>		
	2018	2017
Cash and cash equivalents as per Balance Sheet	32,505	196
Bank overdrafts	(20)	-
Net Cash	32,485	196

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Notes to the consolidated financial statements

For the year ended 31 December 2018

1. Corporate information

Principal activities

La Perla Fashion Holding N.V. ("the Company") is a public company with limited liability, incorporated under the laws of The Netherlands on 9 September 2016. As of 31 May 2018 the Company changed her name from Glow Media N.V. to La Perla Fashion Holding N.V. The Company's registered office is Schiphol Boulevard 127 1118 BG Schiphol, the Netherlands. The company is registered at the Chamber of Commerce at 66809681.

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La Perla Fashion Holding N.V. and its Subsidiaries (hereinafter the "Group") operate in the markets of luxury women's and men's underwear and swimwear (hereinafter the "Business"). The activities of design, production and sale (through retail and wholesale channels) are performed by the Group through its network of subsidiaries. The direct subsidiary La Perla Global Management (UK) is the Principal in all intercompany transactions, purchasing goods from the manufacturing entity of the Group and reselling those to the distributors and the commercial subsidiaries.

The addresses of its registered office and principal place of business are disclosed in the Company Information.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied with those applied by the Group's trading entities.

(a) Structure of the financial statements and basis of preparation

The Group and company financial statements are expressed in thousands of euro's (rounded to the nearest thousand) unless otherwise stated.

The consolidated and company financial statements for the year ended 31 December 2018 have been prepared and approved by the Directors and drawn up in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the EU and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code.

The Group and company financial statements have been prepared on the historical cost basis except for certain intangible assets that are measured at fair values at the end of the reporting period, as explained in the accounting policies below.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The cash flow statement was prepared applying the indirect method.

(b) Going concern

The director has considered the going concern assumption given the current trading of the Company and Group and the funding considerations of the Group and has formed the conclusion that it is appropriate to consider that the Company will continue to operate in the foreseeable future. The Group has received a financial commitment from the shareholder in writing, that the shareholder will provide financial support to enable the Group to meet its financial obligations as they fall due.

In forming the judgment, the director has also considered the following matters:

i) During 2018 and 2019, the Company received a letter of financial support from the indirect shareholder, Tennor Holding B.V. and on 13 July 2018, Tennor Holding B.V. secured a new debt facility up to € 250 million. As a result, the consolidated entity will have a sufficient funding to enable it to meet its objectives and financial obligations. At the date of signing Tennor Holding B.V. has paid € 128.7 million and the Director is confident that Tennor has the ability to provide all the necessary financial support to the Group in order to reach the result as showed in financial projections.

ii) The consolidated entity used a net operating cash out flow for the financial year ended 31 December 2018 of € 69,3 million (2017 like for like: € 98,3 million). Management expect that the operating costs will be reduced in the subsequent financial year as a result of restructuring its operations, which will reduce the negative operating cash flows.

Although the restructuring is still ongoing and therefore included uncertainties surrounding its implementation, management is confident that the reorganisation process will provide positive results in a short period of time allowing the Group to operate in the foreseeable future.

(c) Application of new and revised International Financial Reporting Standards (IFRSs)

The application of relevant new IFRSs, International Accounting Standards ("IAS") or amendments to existing standards, which required implementation by the Group in the year ended 31 December 2018.

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 December 2018 and have had no material impact and changes in classification on financial instruments. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 that have had a material impact on the Group and the company.

The Group is assessing the impact of the amendments to accounting standards that have been issued but not yet in force. Below are listed the standards and interpretations that were not yet in force at the date of preparation of the Group's consolidated financial statements, even if issued and not adopted by the Group:

IFRS 16 – Leases

IFRS 16 was published in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether and arrangement contains a lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the substance of transactions in the legal form of a lease.

IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise all leases on the balance sheet on the basis of a single model similar to the one used to account for finance leases under IAS 17. The standard will come into force for financial years beginning on or after 1 January 2019. The Group has elected to adopt IFRS 16 under the Modified Retrospective approach and as such prior-year comparatives will not be restated.

The Group is finalising the implementation and assessment of the impact of the adoption of the standard on the Consolidated Financial Statements. Based on current information, the estimated impact of the standard on the Group's Consolidated Statement of Financial Position at January 1, 2019, is an increase in both the right-of-use assets and the lease liabilities of approximately € 182 million.

(d) Foreign currencies

The Group and company financial statements are presented in Euro, which is the Group and company's presentational and functional currency. Each Group company determines the functional currency to be used to value the accounts in the financial statements. Transactions in foreign currency are initially recorded at the exchange rate (referred to the functional currency) at the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate at the balance sheet date. All exchange differences are recognised in the income statement. Non-monetary items valued at historical cost in foreign currency are translated by using the exchange rates in effect on the date the transaction was first recorded. Non-monetary items recorded at fair market value in foreign currency are translated by using the exchange rate on the date the value was calculated.

At the closing date of each subsidiary's financial statements, assets and liabilities were translated into the currency in which Group presents its financial statements (the Euro) at the exchange rate in effect on such date, and the income statement was translated by using the average exchange rate for the year. Exchange differences deriving from translation are charged directly to equity and are recorded in a specific equity reserve.

Goodwill and fair value adjustments generated at the time of allocation of acquisition cost of a foreign company are recorded in the appropriate currency and translated by using the exchange rate at year-end.

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group and company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(f) Property, plant and equipment

Land and buildings held for use in the production are stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land is not depreciated. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of property, plant and equipment is calculated to write off the cost or deemed cost, less residual value, of the assets in equal annual instalments over their estimated useful lives at the following rates:

Type of asset	Category of property, plant and equipment	Useful life
- Land	Freehold land and buildings	Not depreciated
- Freehold buildings	Freehold land and buildings	Up to 50 years
- Plant, machinery, fixtures and fittings	Fixtures, fittings and equipment	3 – 8 years
- Retail fixtures and fittings	Fixtures, fittings and equipment	2 – 5 years
- Office equipment	Fixtures, fittings and equipment	3 years
- Computer equipment	Fixtures, fittings and equipment	5 years
- Assets under construction	Assets under construction	Not depreciated
- Leasehold improvements	Leasehold improvements	Term of lease

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(g) Intangible assets

Intangible assets acquired separately Intangible assets such as trademarks, licences and key money that are acquired separately are capitalised at the purchase cost and amortised on a straight-line basis over their estimated useful economic lives, which are as follows:

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Type of asset	Useful life
- Trademarks	25 years
- Licences	3 years
- Software	5 years
- Know How	2 years
- Key Money	Indefinite or life of lease

Intangible assets also include amounts paid by the Group to take over lease contracts relating to certain retail stores, defined as "key money". Key money, only in specific and identified cases based on the location and the terms of the lease contract, are considered intangible assets with indefinite useful lives. Consistent with valuations prepared by independent experts, certain specific safeguards provided by the landlord, market practice and the Group's strategy to renew leases significantly in advance of the end of the contract, together suggest that the value of certain key money may remain constant over time and should therefore not be subject to amortisation, but tested for impairment in accordance with IAS 38 and IAS 36.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses except for the key money rights, on the same basis as intangible assets that are acquired separately.

(h) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in this case the reversal of the impairment loss is treated as a revaluation increase.

(i) Leases

The Group and company is lessee of property, plant and equipment, mainly store locations. Determining whether an arrangement is or contains a lease is based on the substance of the arrangement. Leases in which substantially

all of the risks and rewards incidental to ownership of an asset are retained by the lessor are classified as operating leases. Gross rental expenditure in respect of operating leases is recognised on a straight-line basis over the period of the leases. The Group has no finance leases.

Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Raw material stock value is determined on yearly weighted average cost basis. Stock values of work-in-progress and finished goods include costs of materials, direct labour, external manufacturing labour costs and an appropriate proportion of production overheads based on normal levels of activity. Where necessary, provision is made to reduce cost to no more than net realisable value having regard to the nature and condition of inventory, as well as its anticipated saleability. Provision is made for obsolete, slow-moving or defective items where appropriate.

(k) Trade and other receivables

Trade and other receivables are stated at their cost less impairment provisions.

The Group and the company apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

No significant changes affect the current Group and company Financial Statements due to the application of IFRS 9.

(l) Trade and other payables

Trade and other payables are stated at their cost.

(m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(n) Employee benefits

Defined contribution schemes

Contributions to defined contribution pension schemes are recognised as an employee benefit expense within personnel expenses in the income statement, as incurred.

Defined benefit schemes

The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the

current and prior periods; that benefit is discounted to its present value amount and recognised in the income statement as personnel expense; a corresponding liability for all future benefits is established on the statement of financial position and the fair value of any schemes' assets is deducted.

(o) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(p) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. The Group and the company apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all loans and receivables. To measure the expected credit losses, loans and receivables have been grouped based on shared credit risk characteristics. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(q) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

(r) Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid

or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(s) Revenues

Revenue comprises the fair value of the sale of goods and services, net of value added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when performance obligations have been satisfied and for the Group this is when the goods have transferred to the customer and the customer has control of these. The Group's activities are described in detail below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- **Wholesale**

The Group manufactures and sells a range of goods in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler. The wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

No element of financing is deemed present as the sales are made with a credit term, which is consistent with market practice. The Group's obligation to accept return, to repair or replace faulty products under the agreement terms is recognised as a provision.

- **Retail**

The Group operates a chain of retail stores and the revenue from the sale of goods is recognised when the goods are sold to the customer.

Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery in store. Retail sales are usually in cash or by debit/ credit cards. It is the Group's policy to sell its products to the end customer with a right of return within 30 days. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. The Group's obligation to accept return, to repair or replace faulty products under the agreement terms is recognised as a provision.

3. Critical accounting judgments and key sources of estimation uncertainty

Preparation of the consolidated financial statements in conformity with IFRS as adopted by the EU requires that management make certain judgements, estimates and assumptions that affect the reported assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from actual circumstances, the original estimate and assumptions will be updated as appropriate in the period in which the circumstances change. Estimates and Judgements are continually evaluated and are based in historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Going concern

In making their assessment of the going concern basis of accounting, the directors have considered the company's existing cash position as of end of June 2019 and projected cash requirements for the years ending 31 December 2019 and 2020 which have been estimated by the shareholders and reviewed by the board together with the ability of the shareholders to make available sufficient funds to the company to enable it to meet its liabilities and obligations as they fall due. The directors have also considered the financial impact of the restructuring of the company's business operations by the shareholders which commenced in 2018 is expected to take place over the next few years to increase revenues and reduce costs to bring the group back into a cash-positive position. On this basis, due to the ongoing restructuring plan and uncertainties surrounding any implementation, the directors exercised their judgement to estimate the group's future cash requirements and the outcome and timing of the ongoing restructuring plan. As with all business plans actual results may therefore differ materially from expectations.

Inventory provisioning

The Group manufactures and sells luxury intimate apparel and is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of inventories and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. Whilst the Directors consider their assumptions to be realistic, the inventory provisioning is sensitive to external factors which are outside the control of the Directors and may impact the future sales strategies and the recoverability of the inventories.

Trade and other receivables

The Group is required to make an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the ageing profile of debtors as well as any specific known problems or risks. The Group and the company apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Given global economic conditions and the range of countries the Group trades in and operates, unanticipated future events may occur that could impact the appropriateness of the assessment made as to the recoverability of the Group's trade and other receivables.

Impairment of fixed assets and investments

When applying IAS 36 Impairment of Assets, the Group compares the carrying value of tangible and intangible non-current assets with the higher of their net realisable value and value-in-use to determine whether an impairment exists. Impairment testing is an area requiring management judgement.

To determine the present value of expected future cash flows, certain assumptions have to be made in respect of uncertain matters including management's expectations of (a) the discount rates reflecting the risks involved; (b) the timing and quantum of capital expenditure; (c) short and long-term growth rates; and (d) the future development of the business.

Whilst the Directors consider their assumptions to be realistic, the Group's impairment evaluation is highly sensitive to actual results and factors outside of the control of the Directors, including the ability of the Group to secure sufficient funding to be able to fulfil the financial projections and continue as a going concern, and if those differed from expectations the Group's impairment could be affected. In addition, the use of different estimates, assumptions and judgements, in particular those involved in (a) determining a value based on our current expectations of future conditions and the associated cash flows from the Group's operations, (b) our determination of the level at which groups of assets can be reasonably tested for impairment separately from other parts of the business, and (c) our treatment of centrally held assets, could each result in material differences in the carrying values of assets and assessments of impairment.

Evaluation and impairment of key money

The Group is required to state these assets at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment loss, unless there is not an active market. The fair value is based on the estimated market value of the assets. In addition the Group is required to test at least annually whether key moneys have suffered any impairment. The recoverable amounts have been determined based on management's expectations of the future development of the business.

Store leases

The Group trades through stores with lease agreements in place. The Group has reviewed the loss making position of a number of stores and the expectation going forward and, on this basis, has determined no onerous lease provisions are required at the balance sheet date.

Valuation of concessions, licences and trademarks

In order to identify the carrying value of the intangible asset "brands" acquired of € 28,560, management is required to estimate the value-in-use and either uses an appraisal from independent third party or perform an independent valuation based on relief from royalty method.

Management will continue to review the key estimates and assumptions used, against both actual experience and market data, and adjustments will be made in future periods where appropriate.

Loan and receivables toward group companies

Amounts due from group companies are stated initially at fair value and subsequently at amortised cost. Amortised cost is determined using the effective interest rate method. The Company recognises a credit loss for financial assets (such as a loan) based on an expected credit loss (ECL) which will occur in the next twelve months or, after a significant decrease in credit quality or when the simplified model can be used, based on the entire remaining loan term. Recognition of an ECL for intercompany receivables could result in differences between equity recognised in the consolidated and separate Company financial statements that would be reversed in profit and loss.

At 31 December 2018, the management booked impairment losses related to intercompany loans and receivables amounting to € 37,185. The impairment losses reflect the reduction of the realisable value of intercompany loans with respect to the carrying amount in order to restore the shareholder's deficiency of the subsidiaries.

3.2 Critical judgements in applying the Group's accounting policies

Discount rate used to determine the carrying amount of the Group's defined benefit obligation.

The Group's defined benefit obligation of € 4,917 is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

4. Business combinations

Acquisition of La Perla Global Management UK Limited.

On February 25, 2018 the Company acquired 100% of the voting shares of La Perla Global Management UK Limited, a non-listed company based in the United Kingdom. La Perla operates in the markets of luxury women's and men's underwear and swimwear. The Company acquired La Perla Global Management UK Limited because the Company see opportunities for increasing the profitability by restructuring the Company.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of La Perla Global Management UK Limited as at the date of acquisition were:

	Fair value recognised on acquisition
	€ 000
Assets	
Brands and other intangible assets	36,644
Properties, plant and equipment	14,388
Other non-current assets	12,133
Inventories and work in progress	65,490
Trade receivables	11,029
Other current assets	15,210
Cash and cash equivalents	15,197
	<u>170,091</u>
Liabilities	
Long term borrowings	(10,000)
Provisions	(3,693)
Deferred tax liabilities	(47)
Other non-current liabilities	(5,188)
Short term borrowings	(9,028)
Trade payables	(42,971)
Other current liabilities	(22,551)
	<u>(93,478)</u>
Total identifiable net assets at fair value	<u><u>76,613</u></u>

The purchase price considered is € 1.00 resulting in a gain from a bargain purchase of € 76,6 million. As part of the purchase agreement with the previous owner, a contingent consideration has been agreed that upon exiting of the new shareholder an earn out payment will be paid. This consideration does not impact the Company but will impact the figures of the parent company.

The brands and other intangible assets are disclosed in the note 11. The value of brands was defined on the acquisition of La Perla S.r.l. by the Italian subsidiary La Perla Manufacturing S.r.l. (previously named "La Perla Global Management S.r.l."), on the basis of an appraisal made by a consultant appointed by the Italian Court in June 2013. The estimated value was confirmed by an internal evaluation made in accordance with the "Relief from Royalty Method". The amount of € 35,714 refers to all the brands acquired during 2013 along with the business.

Inventories and work in progress include a reserve for obsolescence risk of € 41,8 million.

Provisions are current and non-current and relate to restructuring, litigations and allowances for sales return. The breakdown can also be found in note 20 per year end 2018 that does not material deviate from the date of control.

The deferred tax liability mainly comprises the tax effect of not realized exchange gains.

From the date of acquisition, La Perla Global Management UK Limited contributed € 85.7 million in sales and a negative € 71.4 million to profit before tax.

If the combination had taken place at the beginning of the year, revenue from continuing operations would have been € 106.2 million and profit before tax from continuing operations for the Group would have been negative € 92.4 million. This is excluding the waiver of the old shareholder loan in the acquired business combination of € 142.5 million.

5. Revenue and results for the year

Revenues from continuing operations of the year amount include sales as follow:

	2018	2017
	€ 000	€ 000
Net sales	84,503	-
Royalties and other income	1,147	-
	<u>85,650</u>	<u>-</u>

6. Cost of goods sold

	2018	2017
	€ 000	€ 000
Cost of goods sold (raw materials and manufacturing costs)	(42,486)	-
Indirect production costs	(4,756)	-
	<u>(47,242)</u>	<u>-</u>

Cost of inventories included in cost of sales amounts to € 38,195 (2017: € 0) and reversal of write-downs of inventories amounts to € 344 (2017: write-downs of inventory amounts to € 0).

7. Auditor's remuneration

	2018	2017
	€ 000	€ 000
Fees payables to the company's auditor and their associates for the audit of the company's annual accounts	(20)	(15)
Fees payables to the company's auditor and other audit firms for the audit of the company's subsidiaries	(292)	-
	<u>(312)</u>	<u>(15)</u>

The Group financial statements also include € 2 (2017: € 0) of audit fees payable to other audit companies.

8. Information regarding directors and employees

The average number of persons employed by the company including directors, during the year was as follows:

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	<u>2018</u>	<u>2017</u>
	n°.	n°.
Executive	20	-
Manager & Employees	928	-
Factory workers	422	-
	<u>1,370</u>	<u>-</u>

The aggregate payroll costs were as follows:

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
Wages and salaries	(36,447)	-
Social security costs	(8,473)	-
Other personnel costs	(5,287)	-
	<u>(50,207)</u>	<u>-</u>

9. Financial income/(expenses)

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
Interest expense on bank facilities and loans	(6)	-
Interest expense on loan from related parties and others	(4,482)	-
Other charges	(968)	-
Interest income from other non-current assets	14	13
Financial income as result of bargain purchase	76,613	-
Gain (loss) foreign exchange transaction	3,740	-
	<u>74,911</u>	<u>13</u>

The amount of € 4,482 is composed by interests and fees on the financial loan from the new shareholder in accordance the Financing Agreement in place with Tennor Holding B.V.

10. Income taxes

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
Corporation Tax		
Current year	(314)	-
Adjustments in respect of prior years	(340)	-
	<u>(654)</u>	<u>-</u>
Deferred tax	(8)	-
	<u>(662)</u>	<u>-</u>

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	Continuing operations	Continuing operations
	2018	2017
	€ 000	€ 000
Profit/(loss) before tax	5,202	(76)
Income tax at the domestic corporation tax rate of 25% (2017: 25%)	(1,301)	15
Effects of:		
Result of one off bargain purchase of the group	19,153	-
Change in unrecognised part of deferred tax assets	(17,548)	-
Write-off of tax loss carried forward	(60)	-
Effect of tax rates in overseas jurisdictions	62	-
Expenses non-deductible for tax purposes	(694)	-
Key money amortisation, permanently not tax deductible	(94)	-
Other	(141)	(15)
Tax expense for the year	(622)	-

The corporation tax rate in the Netherlands is 25%. As at 31 December 2018 the unrecognised tax assets at Group level amounted to € 84,456 (2017: € 0).

11. Intangible fixed assets

	Industrial patents & software	Concessions, licences and trademarks	Key money	Other intangibles	Asset under contruction	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Cost						
At 1 January 2017	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Currency translation	-	-	-	-	-	-
At 31 December 2017	-	-	-	-	-	-
Depreciation						
At 1 January 2017	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Currency translation	-	-	-	-	-	-
At 31 December 2017	-	-	-	-	-	-
Net book value 31 December 2017	-	-	-	-	-	-
Cost						
At 1 January 2018	-	-	-	-	-	-
Additions	-	-	-	-	153	153
Acquisition of a subsidiary	2,820	29,991	2,590	6	1,237	36,644
Disposals	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Currency translation	-	-	-	-	-	-
At 31 December 2018	2,820	29,991	2,590	6	1,390	36,797
Depreciation						
At 1 January 2018	-	-	-	-	-	-
Charge for the year	(717)	(1,429)	-	-	-	(2,146)
Disposals	-	-	(2,590)	-	-	(2,590)
Currency translation	-	-	-	-	-	-
At 31 December 2018	(717)	(1,429)	(2,590)	-	-	(4,736)
Net book value 31 December 2018	2,103	28,562	-	6	1,390	32,061

The value of brands was defined on the acquisition of La Perla S.r.l. by the Italian subsidiary La Perla Manufacturing S.r.l. (previously named "La Perla Global Management S.r.l."), on the basis of an appraisal made by a consultant appointed by the Italian Court in June 2013. The estimated value was confirmed by an internal evaluation made in accordance with the "Relief from Royalty Method". The amount of € 29,991 refers to the value of all the brands acquired during 2013 along with the business at the acquisition date of 25 February 2018 (net book value as at 31 December 2018 is € 28,562).

The carrying value of the remaining intangible fixed assets and the value-in-use of tangible fixed assets were subject to an impairment test at year-end. In accordance with IAS 36, in the analysis of the value for the impairment test the discounted cash flow method was used. This criterion is based on the general concept that the value of an enterprise ("Enterprise Value") is equal to the discounted value of the following two elements:

- cash flow that will be generated within the expected time period; and
- residual value, which is the total enterprise value deriving from the period beyond the forecasted time period.

The discount rate from the operating cash flows considered is the weighted average cost of capital ("WACC"). The WACC is the weighted average cost of own capital and debt, based on the average financial structure of comparable groups. In addition to the cash flows expected for the period 2019 to 2023, those relating to the so called Perpetuity criteria establishing the Terminal Value are considered.

The discount rate utilised, as well as the medium-long term growth rate "g", was determined based on the country risk where the Group operates. Key assumptions of the impairment test performed were as follows:

- the cash flow forecasts for the period 2019-2023 have been derived from the most recent executive plan and are based upon past performance, known changes and expectations of current market conditions (2019-2023 CAGR approx. 22,7%);
- cash flows beyond the budgeted period (2024 and beyond) have been determined using a long-term growth rate of 2.9%; and
- pre-tax discount rate = 10.3%.

Under the parameters described above, the result for the Group was positive, highlighting a differential between the value-in-use based on the parameters outlined above and the corresponding carrying value. The Plan utilised for the test reflects the results which Group Management expects to develop in the coming years from the restructuring process ongoing. The implementation of this plan, along with the ability of the Group to secure sufficient funding to be able to fulfil its financial projections will allow the Group to rebalance its capital, financial and income structure in the medium to long term. A sensitivity analysis was carried out according to various risk scenarios in the period of the plan by decreasing the Group marginality during the years of the plan for performing worse case analysis, with positive results. The situation caused by the current economic and financial crisis resulted in the need to make assumptions on a future outlook characterised by significant uncertainty, for which it cannot be excluded that results in the near future will be different from such estimates and which therefore could require adjustment. If long-term growth rate were reduced by 1%, or if the estimated discount rates applied to the cash flows were increased by 1%, there would still be headroom to support the carrying value of the assets.

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12. Properties, plant and equipment

	Land and buildings	Machinery and equipment	Fixtures and tools	Retail fixtures and fittings	Leaseholds improvements	Construction in progress	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Cost							
At 1 January 2017	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Currency translation	-	-	-	-	-	-	-
Reclasses	-	-	-	-	-	-	-
At 31 December 2017	-	-	-	-	-	-	-
Depreciation							
At 1 January 2017	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-
Disposals and write-off	-	-	-	-	-	-	-
Currency translation	-	-	-	-	-	-	-
At 31 December 2017	-	-	-	-	-	-	-
Net book value							
31 December 2017	-	-	-	-	-	-	-
Cost							
At 1 January 2018	-	-	-	-	-	-	-
Additions	1	18	1	197	854	11	1,082
Acquisition of a subsidiary	2,990	1,787	1,365	5,361	2,740	145	14,388
Disposals	-	-	-	(54)	-	-	(54)
Impairment losses	-	-	-	-	(327)	-	(327)
Reclasses	-	-	(320)	(2,569)	2,923	(34)	-
Currency translation	-	-	26	(15)	-	-	11
At 31 December 2018	2,991	1,805	1,072	2,920	6,190	122	15,100
Depreciation							
At 1 January 2018	-	-	-	-	-	-	-
Charge for the year	(123)	(247)	(733)	(589)	(1,161)	-	(2,853)
Disposals and write-off	-	3	298	528	2,191	-	3,020
At 31 December 2018	(123)	(244)	(435)	(61)	1,030	-	167
Net book value							
31 December 2018	2,868	1,561	637	2,859	7,220	122	15,267

This caption mainly includes leasehold improvements, boutique and offices' furniture and equipment used in the production process.

As described in Note 11, the value-in-use of tangible fixed assets was subject to an impairment test at year-end. The discount rate utilised, as for the medium-to long-term growth rate "g", was established based on the country risk where the Group operates. The key assumptions of impairment test performed were:

- the cash flow forecasts for the period 2019-2023 have been derived from the most recent executive plan and are based upon past performance, known changes and expectations of current market conditions (2019-2023 CAGR approx. 22,7%);
- cash flows beyond the budgeted period (2024 and beyond) have been determined using a long-term growth rate of 2.9%; and
- pre-tax discount rate = 10.3%.

The result for the Group was positive, highlighting a differential between the value-in-use based on the parameters outlined above and the corresponding value. A sensitivity analysis was carried out according to various risk scenarios in the period of the plan by decreasing the Group marginality during the years of the plan

for performing worse case analysis, with positive results. If long-term growth rate were reduced by 1%, or if the estimated discount rates applied to the cash flows were increased by 1%, there would still be headroom to support the carrying value of the assets.

The valuation is also comprehensive of the effect of the application of the financial projections that provide the non-renewal of 37 structures (boutique and offices) and the possible non-renewal of other five structures ongoing, worldwide during 2018 and 2019. The impairment losses accounted in 2018 for these closing amounts to € 327.

13. Other non-current assets

	<u>31 December 2018</u>	<u>31 December 2017</u>
	€ 000	€ 000
Long term loan Decapo S.à.r.l	675	675
Guarantee deposits	9,942	-
	<u>10,617</u>	<u>675</u>

The long term loan Decapo S.à.r.l. is for a principal amount of € 675. The loan bears interest at 2% per annum and matured for the first time at 31 December 2018. The loan was automatically renewed for a subsequent period of one year. It is not expected that the loan will be repaid within the coming year and is therefore still presented as other non-current assets.

Other non-current assets, amounting to € 9,942 (2017: € 0) includes guarantee deposits for store rents in various countries and for utilities.

14. Inventories and work in progress

	<u>31 December 2018</u>	<u>31 December 2017</u>
	€ 000	€ 000
Raw materials and consumables	8,605	-
Work in process and semi-finished goods	415	-
Finished goods	35,036	-
Advances	296	-
	<u>44,352</u>	<u>-</u>

There is no material difference between the balance sheet value of stocks and their replacement cost. The amount of inventory at the year-end includes a reserve for obsolescence risk amounting to € 38,926 of which € 8,005 for raw materials and the difference for finished goods (2017: € 0). At the year-end finished goods available for sale amount to € 35,036 or 79% of the total inventory value. Raw materials, work in progress and advances to suppliers are related to what will be available for sale in 2019.

As at 31 December 2018 total net inventory is € 44,352 (2017: € 0) and it is aligned at its fair value.

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15. Trade receivables

	<u>31 December 2018</u>	<u>31 December 2017</u>
	€ 000	€ 000
Trade receivables at nominal amount	8,273	-
Accrual for bad debt provision	(1,725)	-
	<u>6,548</u>	<u>-</u>

The carrying value of trade receivables approximates their fair value after an accrual for bad debt provision amounting € 1,725 (2017: € 0). Before accepting any new customer, the Group uses an external resource to assess the potential customer's credit quality and financial reliability.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Movement in bad debt provision:

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
At 1 January	-	-
Acquisition of a subsidiary	(2,497)	-
Uncollectible amounts written off	996	-
Increase in allowance recognised in the income statement	(224)	-
	<u>(1,725)</u>	<u>-</u>

The bad debt provision is sufficient to cover the expected credit losses.

16. Other current assets

	<u>31 December 2018</u>	<u>31 December 2017</u>
	€ 000	€ 000
Other current assets	1,720	13
Accrued income and prepaid expenses	1,989	-
VAT receivable	7,856	-
	<u>11,565</u>	<u>13</u>

Accrued income and prepaid expenses mainly related to the stores' lease agreements.

17. Cash and cash equivalents

	31 December 2018	31 December 2017
	€ 000	€ 000
Bank and postal account	32,317	196
Cash on hand	188	-
	<u>32,505</u>	<u>196</u>

Cash and cash equivalents of the Group as at 31 December 2018 amount to € 32,505 (at 31 December 2017: € 196) and are mainly composed of bank and postal accounts. The changes in liquidity are illustrated in the cash flow statement. The above amount includes € 354 (at 31 December 2017: € 0) of cash deposits that guarantees the rent obligations under lease agreements.

18. Equity

The equity of the Group as at 31 December 2018 amount to € 2.199 (at 31 December 2017: € 881).

The share capital as at 31 December 2018 amounts to € 1,000 and consists of authorised, issued and fully paid 100,000,000 shares of € 0.01 per share.

Cumulative translation adjustment and other reserves comprised:

- the exchange impact of the translation of the operation occurred in foreign currency;
- the cumulated effect of actuarial gain and loss generated by the application of IAS 19.

The changes in the shareholders' equity are illustrated in the consolidated financial statements. As at 31 December 2018 and 2017, the parent company and the companies of the Group did not hold any treasury shares.

19. Borrowings

	31 December 2018	31 December 2017
	€ 000	€ 000
<i>Unsecured at amortised cost</i>		
Loans from related parties	103,098	-
Bank overdraft	20	-
Total Borrowings	<u>103,118</u>	<u>-</u>
Non-current	103,098	-
Current	20	-
Total Borrowings	<u>103,118</u>	<u>-</u>

As at 31 December 2018, the Group presents a total financial indebtedness of € 103,118; as at 31 December 2017 the amount was € 0. Current borrowings amounted to € 20 as at 31 December 2017 the amount was € 0.

Loan from related parties refers to the facilities received from the indirect shareholder Tennor Holding B.V. and includes € 4,426 of interest and fees. The long-term borrowings is significantly increased in 2018 as consequence of the refinancing strategy to make the group profitable.

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Changes in loan amounts incurred in 2018 and 2017 are:

	2018	2017
	€ 000	€ 000
At 1 January	-	-
Acquisition of a subsidiary	10,000	-
Loans advanced during the year	98,650	-
Loan repayment to former shareholder	(10,000)	-
Financial costs incurred	4,448	-
At 31 December	103,098	-

20. Provisions

The Group as at 31 December 2018 has provisions of € 3,956 (2017: € 0), of which € 1,249 are current (2017: € 0) and € 2,707 are non-current (2017: € 0). The nature of the provisions is detailed below:

	31 December 2018	31 December 2017
	€ 000	€ 000
Provisions		
Allowance for sales return	800	-
Layoff, restructuring and other charges	1,957	-
Litigation (agents)	550	-
Litigation (employee)	449	-
Litigation (clients)	200	-
	3,956	-
Non-current	2,707	-
Current	1,249	-
	3,956	-

The amounts relating to layoff and restructuring (€ 1,957 in 2018 and € 0 in 2017) relates mainly to the restructuring of the Dubai subsidiaries and to potential charges of the Chinese subsidiaries.

The provision for sales returns (€ 800 thousand in 2018) refers to the expected amount of returns from clients related to goods supplied by the Group in the last two months of the 2018 financial year. This amount has been evaluated based on historical data.

21. Deferred tax liabilities

Deferred tax liabilities amount to € 84 and related mainly to the value of not realised exchange gains. As at 31 December 2017 the value of deferred tax liabilities was € 0.

22. Other non-current liabilities

Other non-current liabilities include other employee benefits granted to Group employees in Europe and comprise, amongst others, the Italian TFR (obligation amounting to € 4,867, € 5,138 as at 31 December 2017 if the company acquired the business combination per 31 December 2017) and the French severance indemnities. These indemnities are the residual obligation for the benefit due to employees of the Italian company until 31 December 2006 having more than 50 employees and accrued over the employee's working life and settled when an employee leaves the Group.

The main assumptions used in developing the required estimates for other post-employment benefits include the discount rate, the retirement or employee leaving rate and the mortality rates.

The main assumptions used for the purposes of the actuarial valuations were as follows:

	2018	2017
<i>Employee leaving Indemnity (Italy)</i>		
Discount rate	1.57%	1.30
Annual increase in cost of living	1.50%	1.50
Expected rate of employee turnover	2.63%	2.63
Probably of death		
- For a male aged 50 now	0.19	0.19
- For a female aged 46 now	0.09	0.09
<i>Average age (years)</i>		
Males	51.05	49.80
Females	46.86	45.17
<i>Average working seniority (years)</i>		
Males	19.44	18.30
Females	17.76	15.53

For comparison purposes the 2017 assumptions are included that were used in the acquired business combination. The discount rates used for the measurement of the Italian TFR obligation are based on yields of high-quality (AA rated) fixed income securities for which the timing and amounts of payments match the timing and amounts of the projected benefit payments. For this plan, the single weighted average discount rate that reflects the estimated timing and amount of the scheme future benefit payments for 2018 is equal to 1.57%. The average duration of the Italian TFR is approximately 10 years. Retirement or employee leaving rates are developed to reflect actual and projected Group experience and law requirements for retirement in Italy. The effect on the TFR obligation of 0.5% increase or decrease in the assumed discount rate, holding all other assumption constant, is negative € 266 and positive € 144, respectively.

For further details please refer to note 27 to the consolidated financial statements.

23. Trade payables

The average credit period on purchases of goods and services for the Group is between 60 and 90 days. The lower amount of accounts payable in 2018 is related to the strong effort from management, focused to decrease significantly all the overdue amounts due to the operational suppliers in order to support the new business strategy and the recover suppliers relationship.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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24. Other current liabilities

Below are the details of other current liabilities as at 31 December 2018:

	<u>31 December 2018</u>	<u>31 December 2017</u>
	€ 000	€ 000
Other payables	5,362	-
Payables for social security	2,064	-
Accrued expenses and deferred income	11,062	-
Prepayment	108	-
VAT payable	2,850	-
	<u>21,446</u>	<u>-</u>

The amount of other payables is mainly due to wages and salaries to pay in 2019 to the Group personnel. Accrued expenses include mainly the amounts of rentals whose payment, based on the agreement, are deferred to next years.

25. Analysis and reconciliation of net debt

	<u>31 December 2018</u>	<u>31 December 2017</u>
	€ 000	€ 000
Long term borrowings	103,098	-
Short term borrowings	20	-
Cash and cash equivalents	(32,505)	(196)
Net debt	<u>70,613</u>	<u>(196)</u>

The Group borrowings almost entirely relates to Tennor Holding B.V. For further details on borrowings please refer to Note 20 of the consolidated financial statements.

26. Financial commitments

The Group provided bank guarantees of € 386 as of 31 December 2018 (2017: € 0). In March 2019 the Group through its own subsidiary La Perla Italia obtained an additional bank guarantee of € 2,115 related to Montenapoleone Store.

The future lease commitments relating to operating leases (rentals) are summarised as follows:

	<u>31 December 2018</u>	<u>31 December 2017</u>
	€ 000	€ 000
<i>Expiry date</i>		
- within 12 months	32,943	-
- 1-5 years	47,118	-
- after five years	10,821	-
	<u>90,882</u>	<u>-</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

27. Post-employment benefits

The table below shows the composition of the employee benefits as at 31 December 2018.

	31 December 2018	31 December 2017
	€ 000	€ 000
Employee leaving Indemnity (Italy)	4,867	-
Pension and good service bonus (France)	50	-
	<u>4,917</u>	<u>-</u>

Employee Leaving Indemnity (Italy)

Employee leaving indemnity is considered a liability with specific benefits that are to be accounted for according to IAS 19, and therefore the related liability is determined using actuarial techniques.

The main assumptions used in the determination of the current value of the employee leaving indemnity are illustrated in note 22.

The annual discount rate utilised for the valuation of employee leaving indemnity as at 31 December 2018 was based on the weighted average of the iBoxx Eurozone Corporates AA 10+ rates in 2018.

Amounts recognised in income in respect of these defined benefit scheme are as follows:

	2018	2017
	€ 000	€ 000
<i>Service cost</i>		
Current service cost	1,405	-
Net interest expense	65	-
Components of defined benefit costs recognised in profit and loss	<u>1,470</u>	<u>-</u>

Of the expense (service cost) for the year € 1,405, has been mainly included in the income statement as a selling expense. The net interest expense has been included within finance costs. The re-measurement of the net defined benefit liability is included in the statement of comprehensive income.

Amount recognised in the statement of comprehensive income are as follows:

	2018	2017
	€ 000	€ 000
Actuarial gains and losses arising from changes in financial assumptions	(112)	-
Actuarial gains and losses arising from experience adjustment	(8)	-
Re measurement of the net defined benefit liability	<u>(120)</u>	<u>-</u>

Movements in the present value of defined benefit obligations in the year were as follows:

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	2018	2017
	€ 000	€ 000
Opening defined benefit obligation	-	-
Acquisition of a subsidiary	5,188	-
Current service cost	1,405	-
Interest cost	65	-
Actuarial gains and losses arising from changes in financial assumptions	(112)	-
Actuarial gains and losses arising from experience adjustment	(8)	-
Benefit paid	(1,621)	-
Closing defined benefit obligation	4,917	-

Pension and good service bonus (France)

The provision allocated by the Group's French subsidiary in applying French legislation with regards to employee severance indemnities is € 50. This provision is considered a defined benefit obligation and recognised in accordance with IAS 19.

28. Subsequent events

In application of the new strategy, the Company has announced the restructuring plan to put in place in 2019, which specifies the number of staff involved and the voluntary redundancy compensation package offered by the group, as well as amounts payable to those made redundant.

The total estimated staff restructuring costs to be incurred are around € 10 million maximum and other direct costs attributable to the restructuring are around € 1 million. The number of people involved is between 100 and 120.

These costs were fully provided in the current reporting period. On the basis of the above information, the remaining amount related to the restructuring strategy will be accrued in the 2019 Financial Statements.

29. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transaction

During the year, group entities did not enter into trading transactions with related parties that are not members of the Group.

Loans to/from related parties

The Group has not provided any loans to related parties or to its key management personnel, while it has received loans from related parties as described in note 19 Borrowings.

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30. La Perla Group companies

List of Group entities as of 31 December 2018:

Name	Country of incorporation or legislation	Ownership interest at 31 December 2018
La Perla Management UK Limited	United Kingdom	100%
La Perla Manufacturing S.r.l	Italy	100%
La Perla Italia S.r.l.	Italy	100%
La Perla Fashion Group S.r.l.	Italy	100%
Gruppo La Perla Deutschland GmbH	Germany	100%
La Perla Store France S.à r.l.	France	100%
Gruppo La Perla Fashion Espana SA	Spain	100%
La Perla Portugal LDA	Portugal	100%
La Perla Store Espana SA	Spain	100%
La Perla (UK) Ltd.	United Kingdom	100%
La Perla North America Inc.	United States	100%
La Perla Store Suisse SA	Switzerland	100%
La Perla Far East Ltd.	Hong Kong	100%
La Perla Asia Pte LTD	Singapore	100%
La Perla Beijing Trading Co. LTD	China	100%
La Perla Shanghai Trading Co. Ltd.	China	100%
La Perla Korea Ltd.	Korea	100%
La Perla Malaysia SDN. BHD.	Malaysia	100%
La Perla Macau Limited	Macau	100%
La Perla Japan KK	Japan	100%
LPGM Middle East Readymade Garments Trading LLC U. A.	Emirates	100%
La Perla Middle East & Africa FZ-LLC U. A.	Emirates	100%
La Perla Mexico S.A.	Mexico	100%

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Statement of company income

For the year ended 31 December 2018

	For the year ended 31 December 2018	For the year ended 31 December 2017
Notes	€ 000	€ 000
Result from investments after tax	(75,269)	(76)
Result from operations after tax	76,587	-
	<u>1,318</u>	<u>(76)</u>

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Statement of company financial position

For the year ended 31 December 2018

After appropriation of the result

		31 december 2018	31 december 2017
	Notes	€ 000	€ 000
Non-current assets			
Investments in subsidiaries	3	1,344	-
Other non-current assets	4	675	675
Total non current assets		2,019	675
Current Assets			
Other current assets		27	13
Cash and cash equivalents	5	196	196
Total current assets		223	209
Current liabilities			
Trade payables		4	-
Other current liabilities		39	3
Total current liabilities		43	3
Net assets/(liabilities)		2,199	881
Shareholders' equity			
Share capital	6	1,000	1,000
Cumulative translation adjustment		2,290	-
Retained earnings		(1,091)	(119)
Total shareholders' equity		2,199	881

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Notes to the company financial statements

For the year ended 31 December 2018

1. Corporate information

Principal activities

La Perla Fashion Holding N.V. ("the Company") is a public company with limited liability, incorporated under the laws of The Netherlands on 9 September 2016. As of 31 May 2018 the Company changed her name from Glow Media N.V. to La Perla Fashion Holding N.V. The Company's registered office is Schiphol Boulevard 127 1118 BG Schiphol, the Netherlands. The company is registered at the Chamber of Commerce at 66809681.

The principal business activities of the company are to act as holding company for the group companies in the La Perla Group, the group operates in the markets of luxury women's and men's underwear and swimwear (hereinafter the "Business"). The activities of design, production and sale (through retail and wholesale channels) are performed by the Group through its network of subsidiaries.

Per date of authorization of the financial statements, 17 July 2019, the ultimate parent company is Tennor Holding B.V. (previously known as Sapinda Holding B.V.) which controlled 90% of the Company through La Perla Fashion Finance B.V.

Tennor Holding B.V. is a privately-owned Principal Investment holding company, focused on special situation investment opportunities across continental Europe, Africa, Middle-East and Asia. It was formed in 2009 by a select number of entrepreneurs and prominent high-net-worth families seeking exposure to investment opportunities in special situations.

The addresses of its registered office and principal place of business are disclosed in the Company Information.

2. Basis of preparation

Date of authorisation of issue

The financial statements of La Perla Fashion Holding N.V. for the year ended 31 December 2018 were prepared by management and authorised for issue in accordance with a resolution of the Board of Directors on 17 July 2019.

The financial statements as presented in this report are subject to adoption by the Annual General Meeting of Shareholders, to be held in August 2019.

Statement of compliance

The company financial statements of La Perla Fashion Holding N.V. has been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code while applying IFRS-based accounting principles. In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these company financial statements are the same as those applied in the consolidated financial statements, except for investments in subsidiaries which are carried at net asset value. This means that the principles for recognition and measurement of assets and liabilities and determination of the result of La Perla Fashion Holding N.V. are the same as those applied for the consolidated financial statements.

Measurement basis

In the company financial statements of La Perla Fashion Holding N.V., the same accounting principles were applied as set out in the notes of the consolidated financial statements. These principles were consistently applied to all years presented. The amounts in the company financial statements are presented in thousands of euros (€) unless otherwise stated.

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FOR BUSINESS & ADMINISTRATION

As the financial data of La Perla Fashion Holding N.V. (the parent company) is included in the consolidated financial statements, the income statement in the parent company financial statements is presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

Functional and presentation currency

The Company's functional currency is the euro, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in euros. Therefore, the euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The fund's presentation currency is also the euro.

Going Concern

The director considers the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

Investments in subsidiaries

Investments in subsidiaries are accounted for using the net asset value. The net asset value of subsidiaries comprises the cost, excluding goodwill, of La Perla Fashion Holding N.V.'s share in the net assets of the subsidiary, plus the share in income or losses since acquisition, less dividends received. In case the net asset value is negative and the Company is liable for the deficit of the subsidiary, the carrying amount is presented as "provision for the net capital deficit of investments".

3. Investments in subsidiaries

Movements of the Company's investments in its only subsidiary, La Perla Global Management UK Limited, were as follows:

	2018 € 000	2017 € 000
Balance at 1 January	-	-
Investments in subsidiary	-	-
Gain from a bargain purchase	76,613	-
Result subsidiary	(75,269)	-
Balance at 31 December	1,344	-

4. Other non-current assets

A summary of the other non-current assets is included below:

	31 December 2018 € 000	31 December 2017 € 000
Long term loan Decapo S.à.r.l	675	675
Total	675	675

The long term loan Decapo S.à.r.l. is for a principal amount of € 675. The loan bears interest at 2% per annum and matured for the first time at 31 December 2018. The loan was automatically renewed for a subsequent period of one year. It is not expected that the loan will be repaid within the coming year and is therefore still presented as other non-current assets.

5. Cash and cash equivalents

There are no restrictions on the availability of cash and cash equivalents. They are at the company's free disposal.

6. Shareholders' equity

Issued and paid up share capital consists of 100,000,000 shares of € 0.01 per share. The changes in the shareholders' equity are:

	Share capital € 000	Cumulative translation adjustment € 000	Retained earnings € 000	Total share- holders' equity € 000
Balance at 1 January 2017	1,000	-	(43)	957
Total comprehensive income/(expense) during the period	-	-	(76)	(76)
Balance at 31 December 2017	1,000	-	(119)	881
Total comprehensive income/(expense) during the period	-	2,290	(972)	1,318
Balance at 31 December 2018	1,000	2,290	(1,091)	2,199

As at 31 December 2018 and 2017, the Company did not hold any treasury shares.

7. Average number of employees

During 2018 there were no employees (2017: 0).

8. Remuneration of the directors

The directors are considered to be key management and they are entitled to receive a compensation for their respective services in terms of an individual agreement. The remuneration is exempted from disclosure requirements as stated in article 383 of Part 9, Book 2 of the Dutch Civil Code. The company does not have supervisory directors.

9. Audit fees

The audit fee related to the audit of 2018 in connection with the company financial statements amounts to € 20 (2017: € 15).

10. Subsequent events

There are no subsequent events.

Approved by the Board of Directors on 17 July 2019 and is signed on its behalf by:



La Perla Fashion Finance B.V.

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ACCOUNTANTS & ADVISORS

Other information

Appropriation of result

According to the articles of association of the Company, appropriation of result for the year is at the discretion of the annual general meeting of shareholders of the Company, taking into consideration any limitations by Dutch law.

The Board of Directors proposes to add the result for the year to the retained earnings. This proposal has been reflected in the parent company financial statements.

Independent Auditor's Report

The independent auditor's report is included on the next pages.

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FINANCIAL SERVICES

**Management board report and audited unconsolidated financial statements
of La Perla Fashion Holding N.V.
for the financial year ended December 31, 2017**

Management board report

Principal activities

La Perla Fashion Holding N.V. ("the Company") is a public company with limited liability, incorporated under the laws of The Netherlands on 9 September 2016. As of 31 May 2018 the Company changed her name from Glow Media N.V. to La Perla Fashion Holding N.V. The Company's registered office is Schiphol Boulevard 127 1118 BG Schiphol, the Netherlands. The company is registered at the Chamber of Commerce at 66809681.

The principal business activities of the company are to act as holding company. Per date of authorization of the financial statements, 5 July 2019, the ultimate parent company is Tennor Holding B.V. (previously known as Sapinda Holding B.V.) which controlled 90% of the Company through La Perla Fashion Finance B.V.

Tennor Holding B.V. is a privately-owned Principal Investment holding company, focused on special situation investment opportunities across continental Europe, Africa, Middle-East and Asia. It was formed in 2009 by a select number of entrepreneurs and prominent high-net-worth families seeking exposure to investment opportunities in special situations.

The addresses of its registered office and principal place of business are disclosed in the Company Information.

Financial Results

Development of the result during the year

The result shows a loss for the year 2017. Expenditures are higher than income. During 2017 the result is negative of € 76 (2016: negative € 43).

Revenue streams and net income

There are no revenue streams for La Perla Fashion Holding N.V. in 2017.

Going Concern

This year there was a negative cash flow. This is due there are no significant revenue streams and is in line with management's expectations. The director considers the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

Financial Developments

During the year under review the Company entered into a loan agreement with its shareholder Decapo S.à.r.l for an amount of € 675. In 2018, the Company attracted a new shareholder to provide a capital increase and acquired La Perla Global Management (UK) Limited.

Principal risks and uncertainties

The Group's activities expose it to a number of financial risks including liquidity risk, currency risk, credit risk and interest rate risk.

Liquidity risk

The Company activities expose it to the risk that the company will not be able to meet its financial obligations as they fall due.

Currency risk

The Company is not exposed to transactional foreign currency risk since no transaction in foreign currencies took place in 2017.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty fails to meet its contractual obligations.

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ACCOUNTANTS & ADVISORS

The Group's credit risk is primarily attributable to its outstanding loan with the former shareholder. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk can be considered limited as the company monitors the exposure with the former shareholder and has good contact regarding the repayment.

Governance

The governance of the company consists of one director, Tennor Holding B.V.

Management expectations of future operations

Per 25 February 2018, the company acquired La Perla Global Management UK Ltd and will restructure this investment to provide positive results in a short period of time allowing the Group to operate in the foreseeable future.

Responsibility Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU). Under company law the Directors must not approve the annual report unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.
- The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the applicable Accounting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in this report. Legislation in the Netherlands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The Annual Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

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CONFIDENTIALITY & SECURITY

- The Annual Report and Financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

This Responsibility Statement was approved by the Board of Directors on 5 July 2019 and is signed on its behalf by:



Tennor Holding B.V.

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Company financial statements 2017

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ACCOUNTANTS + ADVISORS

Statement of comprehensive income

For the period 1 January 2017 – 31 December 2017

	2017	2016
	for the period 1 January - 31 December	for the period 6 September - 31 December
	€ 000	€ 000
Revenue	-	-
Cost of goods sold	-	-
Gross margin	-	-
Expenses		
Marketing and selling expenses	-	-
General and administrative expenses	(88)	(43)
Operatin profit/(loss) before amortisation and depreciation	(88)	(43)
Amortisation, depreciation & write off	-	-
Operating profit/(loss)	(88)	(43)
Financial income and similar gains	13	-
Financial expense and similar losses	-	-
Profit/(loss) before tax	(76)	(43)
Corporate income tax	-	-
Profit/(loss) for the year	<u>(76)</u>	<u>(43)</u>
Total other gains/(losses) net of tax effect	-	-
Total comprehensive profit/(loss) for the year	<u>(76)</u>	<u>(43)</u>

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TOWNPLANNERS + ARCHITECTS

Statement of financial position for the year ended 31 December 2017

After appropriation of the result

		<u>31 December 2017</u>	<u>31 December 2016</u>
	Notes	€ 000	€ 000
Assets			
Non-current assets	5		
Other non-current assets		<u>675</u>	<u>-</u>
Total non current assets		675	-
Current assets			
Other receivables		13	-
Cash and cash equivalents	6	<u>196</u>	<u>961</u>
Total current assets		209	961
Current liabilities	8		
Other current liabilities		<u>3</u>	<u>5</u>
Total current liabilities		3	5
Net assets/(liabilities)		881	957
Shareholders' equity	7		
Share capital		1,000	1,000
Retained earnings		<u>(119)</u>	<u>(43)</u>
Total shareholders' equity		881	957

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05.11.2019

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Statement of changes in shareholders' equity for the year ended 31 December 2017

	Notes	Share capital € 000	Retained earnings € 000	Total share-holders' equity € 000
Balance at 9 September 2016		1,000	-	1,000
<i>Comprehensive income</i>				
Profit/(loss) for the year		-	(43)	(43)
<i>Other comprehensive income</i>				
Total other gains/(losses) net of tax effect		-	-	-
Total comprehensive income		-	(43)	(43)
Balance at 31 December 2016	11	1,000	(43)	957
<i>Comprehensive income</i>				
Profit/(loss) for the year		-	(76)	(76)
<i>Other comprehensive income</i>				
Total other gains/(losses) net of tax effect		-	-	-
Total comprehensive income		-	(76)	(76)
Balance at 31 December 2017	11	1,000	(119)	881

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ERKOSTANTE - KONNOR

Cash flow statement

For the period 1 January 2017 – 31 December 2017

	2017	2016
	for the period 1 January - 31 December	for the period 6 September - 31 December
	€ 000	€ 000
Cash and cash equivalents at beginning of year	961	1,000
<i>Cash flows from operating activities</i>		
Net income (loss) of the year	(76)	(43)
(Increase)/Decrease in receivables	(13)	-
Increase/(Decrease) in payables	(2)	5
Net cash generated from operating activities	(91)	(39)
<i>Cash flow from investing activities</i>		
Investment in other non-current assets	(675)	-
Net cash used in investing activities	(675)	-
<i>Cash flow from financing activities</i>		
Cash flow from financing activities	-	-
Net cash generated from financing activities	-	-
Cash and cash equivalents at end of year	196	961
<i>Analysis of Net Cash</i>		
Cash and cash equivalents as per Balance Sheet	196	961
Net Cash	196	961

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FACHSCHAFT FÜR
STATISTIK UND ANWANDUNG

Notes to the company balance sheet

1. Corporate information

Principal activities

La Perla Fashion Holding N.V. ("the Company") is a public company with limited liability, incorporated under the laws of The Netherlands on 9 September 2016. As of 31 May 2018 the Company changed her name from Glow Media N.V. to La Perla Fashion Holding N.V. The Company's registered office is Schiphol Boulevard 127 1118 BG Schiphol, the Netherlands. The company is registered at the Chamber of Commerce at 66809681.

The principal business activities of the company are to act as holding company. Per date of authorization of the financial statements, 5 July 2019, the ultimate parent company is Tennor Holding B.V. (previously known as Sapinda Holding B.V.) which controlled 90% of the Company through La Perla Fashion Finance B.V.

Tennor Holding B.V. is a privately-owned Principal Investment holding company, focused on special situation investment opportunities across continental Europe, Africa, Middle-East and Asia. It was formed in 2009 by a select number of entrepreneurs and prominent high-net-worth families seeking exposure to investment opportunities in special situations.

The addresses of its registered office and principal place of business are disclosed in the Company Information.

2. Basis of preparation

Basis of preparation

The financial statement of La Perla Fashion Holding N.V. has been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code.

First time adoption

These financial statements are prepared for the first time in accordance with IFRS. The date of transition to IFRS is per date of incorporation meaning that the opening IFRS statement of financial position is equal to the date of incorporation. The previous GAAP was Dutch GAAP. There are no differences in these financial statements in accounting treatment between Dutch GAAP and IFRS. Since there are no differences there is no formal reconciliation made between the reported equity between Dutch GAAP and IFRS.

These annual financial statements in which the company adopts IFRS fully comply with IFRS for both 2017 and the comparable figures 2016 in this first IFRS financial statements.

Going Concern

The director considers the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of La Perla Fashion Holding N.V. or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

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FSV
ATTORNEY & ADVISOR

Date of authorisation of issue

The financial statements of La Perla Fashion Holding N.V. for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 5 July 2019.

The financial statements as presented in this report are subject to adoption by the Extraordinary General Meeting of Shareholders, to be held on 5 July 2019.

Cash flow statement

The cash flow statement has been prepared using the indirect method.

Functional and presentation currency

The Company's functional currency is the euro, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in euros. Therefore, the euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The fund's presentation currency is also the euro.

Significant accounting judgements, estimates and assumptions

The management of the Company makes various judgements, estimates and assumptions when applying the accounting policies and rules for preparing the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

The Company evaluates these estimates and judgments on an ongoing basis and bases the estimates on historical experience, current and expected future outcomes, third-party evaluations and various other assumptions that the Company believes are reasonable under the circumstances. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Company's control and are reflected in the assumptions if and when they occur. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. The Company revises material estimates if changes occur in the circumstances or there is new information or experience on which an estimate was or can be based.

The areas where the most significant judgments and estimates are made relate to determining the market values of acquired financial instruments.

3. Accounting policies applied to the valuation of assets and liabilities

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Application of new and revised International Financial Reporting Standards (IFRSs)

The application of relevant new IFRSs, International Accounting Standards ("IAS") or amendments to existing standards, which required implementation by the Company in the year ended 31 December 2017.

Impact of applicable standards issued but not yet applied:

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are new accounting standards that are effective 1 January 2018 and have had no material impact and changes in classification on financial instruments. There are no other amendments to accounting standards, or IFRIC interpretations that are effective 1 January 2018 that have had a material impact on the company.

The Company is assessing the impact of the amendments to accounting standards that have been issued but not yet in force. Below are listed the standards and interpretations that were not yet in force at the date of preparation of the financial statements:

IFRS 16 – Leases

IFRS 16 was published in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether and arrangement contains a lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the substance of transactions in the legal form of a lease.

IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize all leases on the balance sheet on the basis of a single model similar to the one used to account for finance leases under IAS 17. The standard will come into force for financial years beginning on or after 1 January 2019. The impact on the company's financial statements is not material.

Financial instruments

The Company classifies its financial assets and financial liabilities at initial recognition in accordance with IFRS 9 Financial Instruments. IFRS 9, "Financial instruments", (1 January 2018) addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is early adopted in these financial statements.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company includes in this category amounts relating to cash collateral on securities borrowed and other receivables.

Cash and cash equivalents

Cash and cash equivalents represents cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. Principles for the determination of the result

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the

Expenses

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognised if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Financial income and similar gains

Interest income

Interest income is recognised pro rata in the income statement, taking into account the effective interest rate for the asset concerned, provided the income can be measured and the income is probable to be received.

5. Principal risks and uncertainties

The Group's activities expose it to a number of financial risks including liquidity risk, currency risk, credit risk and interest rate risk.

Liquidity risk

The Company activities expose it to the risk that the company will not be able to meet its financial obligations as they fall due.

Currency risk

The Company is not exposed to transactional foreign currency risk since no transaction in foreign currencies took place in 2017.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty fails to meet its contractual obligations.

The Group's credit risk is primarily attributable to its outstanding loan with the former shareholder. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk can be considered limited as the company monitors the exposure with the former shareholder and has good contact regarding the repayment.

6. Non-current assets

Other non-current assets

A summary of the other non-current assets is included below:

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	31 December 2017 € 000	31 December 2016 € 000
Long term loan Decapo S.à.r.l	675	-
Total	675	-

The long term loan Decapo S.à.r.l. is for a principal amount of € 675,000. The loan bears interest at 2% per annum and matures at 31 December 2018 and shall automatically be renewed for a subsequent period of one year. It is not expected that the loan will be repaid within the coming year and is therefore still presented as non-current assets.

7. Other assets

Cash and cash equivalents

There are no restrictions on the availability of cash and cash equivalents. They are at the company's free disposal.

8. Shareholders' equity

Issued and paid up share capital consists of 100,000,000 shares of € 0.01 per share. The changes in the shareholders' equity are illustrated in the statement of changes in shareholders' equity. As at 31 December 2017 and 2016, the Company did not hold any treasury shares.

9. Current liabilities

	31 December 2017 € 000	31 December 2016 € 000
Trade payables and trade creditors	2	2
Taxes and social security contributions payable	-	3
Total	2	5

Accounts payable to an amount of € 0 have an expected remaining term to maturity of more than one year.

10. Average number of employees

During 2017 there were no employees (2016: 0).

11. Remuneration of the Board of Directors

The Board of Directors is considered to be key management and they are entitled to receive a compensation for their respective services in terms of an individual agreement. The remuneration is exempted from disclosure requirements as stated in article 383 of Part 9, Book 2 of the Dutch Civil Code.

12. Subsequent events

Per 25 February 2018, the company acquired La Perla Global Management UK Ltd and will restructure this investment to provide positive results in a short period of time allowing the Group to operate in the foreseeable future.

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IDENTIFICATION PURPOSES

05 JULI 2019

FSV
FOTON-RESEARCH & INNOVATION

As of 31 May 2018 the Company changed her name from Glow Media N.V. to La Perla Fashion Holding N.V.

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05 JULI 2019

FSV
ACCOUNTANTS • ADVISORS

Other information

Appropriation of result

According to the articles of association of the Company, appropriation of result for the year is at the discretion of the annual general meeting of shareholders of the Company, taking into consideration any limitations by Dutch law.

The Board of Directors proposes to add the result for the year to the retained earnings. This proposal has been reflected in the parent company financial statements.

Independent Auditor's Report

The independent auditor's report is included on the next pages.

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05 JUL 2019

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FISCHER & SCHMIDT

1.14.2 Auditor's report regarding financial statements for the financial year ended December 31, 2018 and December 31, 2017

**Auditor's report to the
audited consolidated financial statements
of La Perla Fashion Holding N.V.
for the financial year ended December 31, 2018**



Independent Auditor's Report

To the shareholders of La Perla Fashion Holding N.V.

A. Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 of La Perla Fashion Holding N.V. based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of La Perla Fashion Holding N.V. as at 31 December 2018, and of its result and cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of La Perla Fashion Holding N.V. as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2018;
2. the following statements for 2018:
 - a. the consolidated statements of comprehensive income;
 - b. changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2018;
2. the company income statement for 2018; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

**Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report. We are independent of La Perla Fashion Holding N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of uncertainty with respect to the going concern assumption

We draw attention to note 2b 'Going concern' in the consolidated financial statements which indicates that there is a negative operational cash flow in 2018 and that the group operations depends on continuing financial support and funding from its indirect (major) shareholder.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Emphasis of matter – carrying value of assets and liabilities

We draw attention to note 3 to the financial statements which sets out the key areas where estimates and assumptions applied by the directors have a significant risk of causing a material adjustment to the carrying value of the assets and liabilities.

Our opinion is not modified in respect of this matter.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management board report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.



We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

The management board report refers to the combined corresponding figures as if the group already existed in 2016 and 2017. The corresponding figures of 2016 and 2017 which are taken into account in the management board report were extracted out of the audited financial statements of the acquired company La Perla Global Management (UK) Limited and combined with the audited financial statements 2017 of the company (by us).

We have to note that we did not audit the corresponding figures of La Perla Global Management (UK) Limited ourselves. La Perla Global Management (UK) Limited 2017 financial statements were audited by Crowe UK Ltd who provided an qualified opinion on 6 December 2018. The basis for the qualified opinion was that they were unable to obtain sufficient audit evidence on the opening balance sheet of the group financial statements because of the existence of multiple uncertainties related to the potential valuation and classifications of the assets and liabilities as at 31 December 2016.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.



Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. The work and extent depends on the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Zaltbommel, 17 July 2019

FSV Accountants + Adviseurs B.V.

Signed by

A.A.P.M. Stes MSc RA

INITIALS FOR
IDENTIFICATION PURPOSES

17 JULI 2019

FSV
ACCOUNTANTS + ADVISORS

**Auditor's report to the
audited unconsolidated financial statements
of La Perla Fashion Holding N.V.
for the financial year ended December 31, 2017**



Independent Auditor's Report

To the shareholders of La Perla Fashion Holding N.V.

A. Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the financial statements 2017 of La Perla Fashion Holding N.V. based in Amsterdam.

In our opinion:

the accompanying financial statements give a true and fair view of the financial position of La Perla Fashion Holding N.V. as at 31 December 2017, and of its result and cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;

The financial statements comprise:

1. the statement of financial position as at 31 December 2017;
2. the following statements for 2017:
 - a. the statement of comprehensive income;
 - b. changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report. We are independent of La Perla Fashion Holding N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management board report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.



Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Zaltbommel, 5 July 2019

FSV Accountants + Adviseurs B.V.

Signed by

A.A.P.M. Stes MSc RA

INITIALS FOR
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05 JULI 2019

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ACCOUNTANTS + ADVISORS

1.15 Dividend policy

The Company intends to retain future earnings, if any, generated by the Company's operations to finance the Group's operation and business and does not anticipate to pay any dividends to shareholders in the foreseeable future.

The Company's dividend policy will be reviewed from time to time and distribution of any dividends will be resolved upon at the General Meeting, subject to compliance with applicable law and any contractual provisions that restrict or limit the Company's ability to pay dividends, including the Group's financial condition, results of operations, legal requirements, capital requirements, business prospects and other factors that the Board of Managing Directors or the General Meeting deem relevant.

1.16 General information

1.16.1 Legal name and registered office

The legal name of the Company is La Perla Fashion Holding N.V. and its registered office is at Schiphol Boulevard 127, G4.02, 118 BG Schiphol, the Netherlands.

1.16.2 Corporate objectives

The corporate objectives of the Company are set forth in the Articles of Association and are summarized below:

- either alone or jointly with others to acquire and dispose of participations or other interests in legal entities, companies and enterprises, to co-operate with and to finance and to conduct the management of such legal entities, companies or enterprises;
- to acquire, manage, operate, encumber and dispose of any property – including intellectual property rights – and to invest in capital;
- to raise funds by way of securities, bank loans, bond issues, notes and other debt instruments and to borrow in any other way, to lend, to provide guarantees and security, including guarantees and security for debts of other persons;
- to commercialize licenses, copyrights, patents, designs, secret processes or formulas, trademarks and similar interests, to promote the sale and purchase of – and the trade in – these items, including allowing the use of these items and receiving royalties and other income connected with these activities;
- for purposes not related to the conduct of its business to make periodic payments for or towards pension or superannuation funds or other objects; and
- to perform all acts that are advisable, necessary, usual or related to the above-mentioned objects.

1.16.3 Share capital

As of the date of this Information Document, the Company's issued share capital amounts to EUR 1,051,111.12 fully subscribed and paid, consisting of 105,111,112 Shares, each with a par value of EUR 0.01. The Shares are freely transferable both in the Netherlands and abroad.

1.16.4 Shareholders' meeting

The General Meeting, duly constituted, represents the entirety of the shareholders and the General Meeting's resolutions, taken in compliance with the law and the Articles of Association, are binding for all shareholders even if they do not participate in the General Meeting or dissent to the proposed resolution.

Shareholders of the Company must hold an annual General Meeting. In addition, the Articles of Association and, as applicable, Dutch statutory law allow for additional General Meetings to be called in specified situations.

General Meetings can be held in the municipality in which the Company's official seat is situated (Amsterdam), in Rotterdam, the Hague, or at Schiphol Airport in the municipality of Haarlemmermeer. Any resolution passed at a General Meeting held elsewhere – in or outside the Netherlands – shall be valid only if the entire issued and outstanding share capital is represented.

General Meetings will be held if either the Board of Managing Directors, an individual managing director, the Board of Supervisory Directors or an individual Supervisory Director so wishes. General Meetings are convened by the Board of Managing Directors, an individual managing director or the Board of Supervisory Directors. The Board of Managing Directors must call a General Meeting: (a) if one or several shareholders jointly representing at least one tenth of the issued capital so request the Board of Managing Directors, with that request specifying the agenda items to be discussed and voted upon; and (b) within three months after the Board of Managing Directors has considered it plausible that the equity capital of the Company has decreased to an amount equal to or less than one-half of the paid and called up part of the capital. If following the shareholder(s)' request in (a) above, the General Meeting is not held within the statutory term set out in section 110 of Book 2 of the Dutch Civil Code, the shareholders may call the General Meeting themselves. The above obligations apply *mutatis mutandis* to the Board of Supervisory Directors, as applicable.

The notice period for a General Meeting is 15 (calendar) days. The notice for a General Meeting needs to be published in a Dutch nationwide paper, unless the Articles of Association provide that the notice can be made electronically (typically, through a notice on the website of the Company).

There is only one class of shares and each Share carries the right to cast one vote at the General Meeting. Shareholders can either attend in person, or be represented by proxy. The Board of Managing Directors may determine with regard to a General Meeting that the voting rights can be exercised electronically. In that event, the Board of Managing Directors may impose conditions. Voting takes place orally, unless it concerns a vote with respect to a person (such as the appointment of a person), in which case the voting takes place by written ballot.

The annual General Meeting must be held before the end of June in each year.

Shareholders are required to discuss, or vote upon, the following subjects:

- management report;
- remuneration of the Board of Managing Directors;
- adoption of the annual accounts;
- dividend proposals (if applicable);
- appointment of an external auditor; and
- other subjects presented for discussion by the Board of Managing Directors or the Board of Supervisory Directors.

Certain resolutions of the Board of Managing Directors are subject to the approval of the General Meeting as a matter of Dutch law, such as a transfer of the entire business of the Company, or the acquisition or sale of assets for an amount equal to at least one third of the total assets of the Company.

1.16.5 Articles of Association

A convenience translation of the Articles of Association is set out in full below. The following English language translation of the original Dutch language Articles of Association is for convenience purposes only. The original Dutch language Articles of Association are authoritative.

“Definitions

Article 1

1. In these articles of association the following words and expressions shall have the meanings hereby assigned to them:
 - a. **“Shares”** means: shares in the capital of the Company;
 - b. **“General Meeting”** means: the members constituting the general meeting, and also: meetings of that body of members;
 - c. **“Board of Managing Directors/Managing Director(s)”** means: the body of persons/individual person(s) controlling the management of the Company’s business and representing the Company in the terms as defined in Book 2;
 - d. **“Book 2”** means: Book 2 of the Dutch Civil Code;
 - e. **“Receipt Holders”** means: holders of Depository Receipts issued with the cooperation of the Company;
 - f. **“Receipt Holders’ Rights”** means: the rights which by law vest in the Receipt Holders referred to under e., including but not limited to the right to receive notice of General Meetings, the right to attend such meetings and the right to take the floor at such meetings;
 - g. **“Depository Receipts”** means: registered depository receipts issued for Shares with or without the cooperation of the Company;
 - h. **“Board of Supervisory Directors/Supervisory Director(s)”** means: the board of supervisory directors/supervisory director(s) of the Company in the terms as defined in Book 2;
 - i. **“Company”** means: the legal entity governed by these articles of association.
2. The expressions “written” and “in writing” used in these articles of association mean: communications sent by post, telefax or by any other means of telecommunication capable of transmitting written text.

Name and registered office

Article 2

1. The Company is a limited liability company and its name is:
La Perla Fashion Holding N.V.
2. The Company has its registered office in Amsterdam, the Netherlands.

Objects

Article 3

1. The objects for which the Company is established are:

- a. either alone or jointly with others to acquire and dispose of participations or other interests in legal entities, companies and enterprises, to co-operate with and to finance and to conduct the management of such legal entities, companies or enterprises;
 - b. to acquire, manage, operate, encumber and dispose of any property - including intellectual property rights - and to invest capital;
 - c. to raise funds by way of securities, bank loans, bond issues, notes and other debt instruments and to borrow in any other way, to lend, to provide guarantees and security, including guarantees and security for debts of other persons;
 - d. to commercialize licenses, copyrights, patents, designs, secret processes or formulas, trademarks and similar interests, to promote the sale and purchase of - and the trade in - these items, including allowing the use of these items and receiving royalties and other income connected with these activities;
 - e. for purposes not related to the conduct of its business to make periodic payments for or towards pension or superannuation funds or other objects;
 - f. to perform all acts that are advisable, necessary, usual or related to the above mentioned objects.
2. The Company may not grant security, give price guarantees, commit itself in any other way or declare itself jointly or severally liable with or for others with a view to enabling third parties to take or acquire Shares or Depository Receipts.

Capital

Article 4

The authorized capital of the Company is five million euro (EUR 5,000,000), divided into five hundred million (500,000,000) Shares of a par value of one eurocent (EUR 0.01) each.

Bearer shares. Depository Receipts. Usufruct and pledge of Shares

Article 5

1. All Shares shall be bearer shares.
2. All bearer shares are embodied in one (1) (global) share certificate, to which one (1) (global) dividend coupon may be attached. This (global) share certificate shall be given into the custody of an international central custodian to be designated by the Board of Managing Directors. This central institution shall keep the share certificate for and on behalf of the title holders in a collective deposit and is irrevocably entrusted with the administration of the share certificate. If permitted by law, Shares may be embodied in several (global) share certificates.
3. For the application of these articles of association the entitled participant in a collective deposit of bearer shares shall be considered to be a shareholder.
4. The Company may give its cooperation in the issue of Depository Receipts.
5. Shares may be encumbered with usufruct. The shareholder shall have the right to vote on Shares subject to a usufruct. No voting rights and/or Receipt Holders' Rights accrue to the usufructuary.
6. Shares may be pledged as security. The shareholder shall have the right to vote on pledged Shares. No voting rights and/or Receipt Holders' Rights accrue to the pledgee.

Issue of Shares

Article 6

1. The General Meeting has the power to resolve to issue Shares and to determine the price of issue and the other terms of issue, which terms may include payment on Shares in a foreign currency. The General Meeting may transfer its aforesaid power to the Board of Managing Directors for a period, not exceeding five years. Such designation shall specify the number of Shares that may be issued. The designation may be extended, from time to time, for periods not exceeding five years. Unless such designation provides otherwise, it may not be withdrawn.
2. Within eight days following a resolution by the General Meeting to issue Shares or to designate the Board of Managing Directors, the Company shall file the full text of such resolution at the office of the Commercial Register at which the Company is registered.
3. Within eight days from the end of each calendar quarter, the Company shall file a notification of each issue of Shares in the past calendar quarter stating the number of Shares at the office of said Commercial Register.
4. The provisions of paragraph 1 and 2 of this Article shall apply mutatis mutandis to the granting of rights to take Shares, but not to the issue of Shares to a person exercising a previously acquired right to take Shares.
5. The Company may not take Shares in its own capital.
6. When Shares are taken the amount of their par value must be paid at the same time and, in addition, if the Share is subscribed at a higher amount, the difference between such amounts.
7. The body of the Company which has the power to resolve to issue Shares may resolve that payment on Shares shall be made by some other means than payment in cash.

Pre-emptive right at issue of Shares

Article 7

1. Except as otherwise provided by law, at the issue of Shares, including those against contribution in kind, each shareholder shall have a pre-emptive right pro rata to the total amount of the Shares held by him on the date of the resolution to issue Shares.
2. Any issue of Shares at which shareholders may exercise a pre-emptive right and the period during which said right is to be exercised shall be announced by the Company to all shareholders. The pre-emptive right may be exercised during the period to be determined by the body of the Company authorized to issue Shares, that period to be at least two weeks from the day following the date of dispatch of the announcement.
3. If any shareholder fails to exercise his pre-emptive right or does not exercise that right on time or in full, the pre-emptive right in respect of the Shares so becoming available shall inure to the benefit of the other shareholders in the proportion described in paragraph 1 of this Article.
4. The General Meeting may, each time in respect of one particular issue of Shares, resolve to limit or to exclude the pre-emptive right of subscription for Shares, provided that such resolution be passed at the same time as the resolution to issue Shares. If at a General Meeting at which a proposal to limit or exclude the pre-emptive right to subscribe for Shares comes up for discussion and less than one half of the issued capital is represented, a resolution to limit or exclude the pre-emptive right may only be adopted by at least two-thirds of the votes cast.

Any proposal to limit or exclude the pre-emptive right must contain a written explanation of the reasons for the proposal and the choice of the proposed price of issue.

The pre-emptive right may also be limited or excluded by an other body of the Company if this body of the Company by resolution of the General Meeting has been designated for a period not exceeding five years as the body of the Company having the power to limit or exclude pre-emptive subscription rights.

Such designation may be renewed for subsequent periods not exceeding five years each.

Unless the terms of the designation provide otherwise, it cannot be revoked.

Within eight days following a resolution by the General Meeting to limit or exclude the pre-emptive right or to designate another body of the Company, the Company shall file the full text of such resolution at the office of the Commercial Register.

5. The provisions of the preceding paragraphs of this Article shall apply *mutatis mutandis* to the granting of rights to take Shares.

Acquisition by the Company of its own Shares or Depository Receipts

Article 8

1. Any acquisition by the Company of partly-paid Shares in its own capital shall be null and void.
2. Provided that the General Meeting has given the Board of Managing Directors authorization for this purpose, the Company may acquire fully paid-up Shares provided that the Company's equity capital, reduced by the acquisition price, is not less than the sum of the issued and paid-up capital and the reserves to be maintained pursuant to the law or the articles of association. The Company may acquire such number of fully paid-up Shares as allowed under Section 98 of Book 2.
3. The factor deciding whether the acquisition is valid shall be the amount of the shareholders' equity of the Company, as shown in its most recently adopted balance sheet, reduced by the acquisition price of Shares in the capital of the Company, the amount of the loans as mentioned in Section 98c paragraph 2 of Book 2, and any payments from profit or reserves to others which may have become due by the Company and its subsidiaries after the balance sheet date.
4. If more than six months of a financial year have passed without the annual accounts having been adopted, the acquisition of own Shares under paragraph 2 of this Article shall not be permitted.
5. The authorization of the General Meeting, referred to in paragraph 2 of this Article, will be valid for a period not exceeding eighteen months. It must specify how many Shares are permitted to be acquired, the manner in which they may be acquired and the permitted upper and lower limits of the price.
6. The preceding paragraphs of this Article shall not apply in respect of Shares which the Company may acquire gratuitously or by universal succession.
7. Any acquisition of Shares made in breach of the provisions of paragraph 2 of this Article shall be null and void.
8. The Company may, without authorization by the General Meeting, acquire its own Shares for the purpose of transferring such Shares to employees of the Company or of

a group company (*groepsmaatschappij*) under a scheme applicable to such employees, provided such Shares are quoted on the price list of a stock exchange.

9. No voting rights may be exercised in the General Meeting with respect to any Share held by the Company or by a subsidiary (*dochtermaatschappij*), or any Share for which the Company or a subsidiary (*dochtermaatschappij*) holds the Depository Receipts. No payments will be made on Shares which the Company holds in its own share capital.
10. The Board of Managing Directors is authorized to dispose of Shares held by the Company or Depository Receipts, but only subject to the approval of the Board of Supervisory Directors.
11. The word Shares where used in this Article shall include Depository Receipts.

Reduction of capital

Article 9

1. The General Meeting may resolve to reduce the issued capital by a cancellation of Shares or by a reduction of the par value of the Shares by amendment of the articles of association. In that resolution the Shares to which it relates must be specified and provisions for its implementation must be set out.
2. A resolution to cancel may only relate to Shares held by the Company itself or of which it holds the Depository Receipts.
3. If the General Meeting resolves to reduce the par value of the Shares by amendment of the articles of association - regardless whether this is done without redemption or against partial repayment on the Shares or upon release from the obligation to pay up the Shares - such reduction must be made pro rata on all Shares. This *pro rata* requirement may be waived if all shareholders so agree.
4. A resolution for reduction of capital shall require a majority of at least two thirds of the votes cast, if less than one half of the issued capital is represented at the meeting.

Shareholders' proxy

Article 10

In respect of any or all of his Shares a shareholder may give one or several persons written power of attorney to exercise any or all of the rights attached to those Shares. Such power of attorney may not be given in respect of one and the same Share to more than one person simultaneously. The powers referred to in this Article also vest in usufructuaries and pledgees of Shares, as well as in holders of Depository Receipts issued with the cooperation of the Company.

BOARD OF MANAGING DIRECTORS

Article 11

1. The business and affairs of the Company shall be managed by a Board of Managing Directors consisting of two (2) or more Managing Directors.

The number of Managing Directors shall be determined by the General Meeting.
2. Natural persons as well as legal entities shall be eligible for appointment as a Managing Director. The Managing Directors shall be appointed by the General Meeting. The General Meeting may designate a Managing Director as Chief Executive Officer (CEO). The General Meeting may also designate Managing Directors with the titles Chief Financial Officer (CFO) or Chief Operating Officer (COO).

3. The Board of Supervisory Directors appoints a chairman of the Board of Managing Directors and, if deemed necessary, a vice-chairman, from among the Managing Directors.
4. The Company shall have a remuneration policy for the Board of Managing Directors. The policy shall be determined by the General Meeting. The remuneration policy shall include the matters described in Sections 383c up to and including 383e of Book 2, to the extent that these relate to the Board of Managing Directors.
5. The Board of Supervisory Directors shall determine the remuneration and further terms of employment of each Managing Director and of the person referred to in paragraph 7 of Article 12 in accordance with the policy referred to in paragraph 4 of this Article.
6. Managing Directors may be suspended and/or removed from office by the General Meeting at any time. Managing Directors may also be suspended from office by the Board of Supervisory Directors at any time. The Managing Director concerned shall be given the opportunity to account for his conduct at the relevant meeting. For that purpose he may have himself assisted by a legal adviser.
7. Managing Directors are entitled to an indemnity from the Company and D&O insurance, in accordance with the provisions of Article 19.

Decision-making by the Board of Managing Directors. Managing Directors' ceasing to hold office or being unable to act

Article 12

1. Resolutions of the Board of Managing Directors shall require an absolute majority of the votes cast.

If the voting for and against a proposal is equally divided, another vote shall be taken if so demanded by any Managing Director. If no second vote is taken or if the voting for and against the proposal is again equally divided, the General Meeting shall have the power to decide on the proposal concerned.
2. A Managing Director shall not participate in the deliberation and decision-making of the Board of Managing Directors, if he has a direct or indirect personal interest with regard thereto, which conflicts with the Company's interest and its business (a “**Conflict of Interest**”). If consequently no board resolution can be adopted, the Board of Supervisory Directors adopts the resolution. If there is no Board of Supervisory Directors, the resolution is adopted by the General Meeting.
3. Any Managing Director who in connection with a Conflict of Interest does not exercise the duties and powers otherwise accruing to him as a Managing Director, will as such be regarded as a Managing Director who is unable to perform his duties within the meaning of paragraph 7 of this Article.
4. The Board of Managing Directors may, with due observance of these articles of association, adopt regulations providing for rules on the decision making of the Board of Managing Directors. The regulations may contain provisions defining which particular duties shall be assigned to each of the Managing Directors. However, such division of duties shall not derogate from the joint responsibility of all Managing Directors for the whole of the management.
5. The Board of Managing Directors may also pass resolutions outside a meeting, provided that such resolution is recorded in writing and all the Managing Directors express their approval of the proposal in question.

6. When determining to which extent Managing Directors are present or represented, consent to a manner of adopting resolutions, or vote, no account will be taken of vacant board seats and Managing Directors who are unable to perform their duties.
7. In the event that one or more Managing Directors shall cease to hold office or be unable to act, the other or remaining Managing Directors or the only other or remaining Managing Director shall be temporarily entrusted with the management of the Company.

In the event that all Managing Directors or the sole Managing Director shall cease to hold office or be unable to act, the management of the Company shall be temporarily entrusted to the person designated or to be designated for that purpose by the Board of Supervisory Directors, which person may or may not be one of the Supervisory Directors. Failing such designation by the Board of Supervisory Directors the person referred to above shall be designated by the General Meeting.

The provisions of these articles of association concerning the Board of Managing Directors and the Managing Director(s) individually shall apply *mutatis mutandis* to the person referred to in this paragraph. Furthermore, that person shall be required to call a General Meeting as soon as possible, which General Meeting may decide on the appointment of one or several new Managing Directors.

Representation

Article 13

1. The Board of Managing Directors shall represent the Company. The power to represent the Company shall also vest in each Managing Director acting solely.
2. The Board of Managing Directors may appoint officers with general or limited power to represent the Company. Each officer shall be competent to represent the Company, subject to the restrictions imposed on him. The authority of an officer thus appointed may not extend to any situation where the Company has a Conflict of Interest with the officer concerned or with one or more Managing Directors.

Restrictions of executive powers

Article 14

1. Resolutions of the Board of Managing Directors require approval of the General Meeting when these relate to an important change in the identity or character of the Company or the undertaking, including in any case:
 - a. a transfer of the undertaking or practically the entire undertaking to a third party;
 - b. the entry into or termination of a long-term cooperation of the Company or a subsidiary with another legal person or partnership or as a fully liable partner in a limited partnership or general partnership, if such cooperation of termination is of a far-reaching significance for the Company;
 - c. the acquisition or disposal of a subsidiary or a participating interest in the capital of a company having a value of at least one-third of the amount of its assets according to its balance sheet and explanatory notes or, if the Company prepares a consolidated balance sheet, according to its consolidated balance sheet and explanatory notes in the last adopted annual accounts of the Company.

2. The General Meeting may also determine that other board resolutions than those specified in paragraph 1 of this Article shall be subject to its prior approval, provided that the General Meeting shall carefully describe such board resolutions and notify the Board of Managing Directors accordingly. The absence of any approval required pursuant to this Article shall not affect the power of representation as referred to in paragraph 1 of Article 13.
3. The Board of Supervisory Directors may also determine that certain board resolutions shall be subject to its prior approval, provided that the Board of Supervisory Directors shall carefully describe such board resolutions and notify the Board of Managing Directors accordingly. The absence of such approval shall not affect the power of representation as referred to in paragraph 1 of Article 13.

BOARD OF SUPERVISORY DIRECTORS

Article 15

1. The Company shall have a Board of Supervisory Directors consisting of three (3) or more members. The number of Supervisory Directors shall be determined by the General Meeting.
2. Natural persons only shall be eligible for appointment as a Supervisory Director. The Supervisory Directors shall be appointed by the General Meeting in accordance with Article 16.
3. The General Meeting may award a remuneration to the Supervisory Directors or to any one or several of them individually.

Appointment, Suspension and Removal of Supervisory Directors

Article 16

1. Supervisory Directors will be appointed by the General Meeting.
2. The Board of Supervisory Directors will nominate one or more candidates for each vacant seat.
3. The Board of Supervisory Directors must prepare a profile of its size and composition, taking account of the nature of the business, its activities and the desired expertise and background of the Supervisory Directors. The profile will be made generally available and will be posted on the Company's website.
4. A resolution of the General Meeting to appoint a Supervisory Director other than in accordance with a nomination by the Board of Supervisory Directors requires a majority of the votes cast representing at least one-third of the Company's issued capital. If a proposal to appoint a person not nominated by the Board of Supervisory Directors is supported by an absolute majority of the votes cast, but this majority does not represent at least one-third of the Company's issued capital, a new meeting can be convened in which the resolution can be adopted by an absolute majority of the votes cast, irrespective of the part of the Company's issued capital represented.
5. At a General Meeting, votes in respect of the appointment of a Supervisory Director can only be cast for candidates named in the agenda of the meeting or the explanatory notes thereto. If none of the candidates nominated by the Board of Supervisory Directors is appointed, the Board of Supervisory Directors retains the right to make a new binding or non-binding nomination at a next meeting.
6. A nomination or recommendation to appoint a Supervisory Director will state the candidate's age, his profession, the number of shares he holds in the capital of the

Company and the positions he holds or has held, insofar as these are relevant for the performance of the duties of a Supervisory Director. Furthermore, the names of the legal entities of which he is also a member of their supervisory boards must be indicated; if those include legal entities which belong to the same group, a reference to that group will be sufficient. The nomination or recommendation must state the reasons on which it is based.

7. The Supervisory Directors will retire periodically in accordance with a rotation plan to be drawn up by the Board of Supervisory Directors. However, a Supervisory Director will retire not later than the day on which the annual General Meeting is held in the fourth calendar year after the calendar year in which such member was last appointed, without prejudice to the provisions of paragraph 4 of this Article. A Supervisory Director who retires in accordance with the previous provision is immediately eligible for reappointment.
8. Supervisory Directors may be suspended and/or removed from office by the General Meeting at any time. The Supervisory Director concerned shall be given the opportunity to account for his conduct at the General Meeting. For that purpose he may have himself assisted by a legal adviser. A resolution of the General Meeting to suspend or remove a Supervisory Director other than pursuant to a proposal by the Board of Supervisory Directors requires at least two-thirds of the votes cast representing more than one-half of the Company's issued capital.

Duties and powers of the Board of Supervisory Directors

Article 17

1. It shall be the duty of the Board of Supervisory Directors:
 - a. to supervise the policies of the Board of Managing Directors and the general conduct of affairs of the Company and its business;
 - b. to assist the Board of Managing Directors with advice.

In the discharge of their duties the Supervisory Directors shall act in accordance with the interests of the Company and its business.

2. The Board of Supervisory Directors will elect a chairman and can elect a vice-chairman from among its members.
3. If the chairman and the vice-chairman are absent or prevented from attending a meeting, one of the other Supervisory Directors, to be designated by the Board of Supervisory Directors, will act as chairman.
4. If so invited the Managing Directors shall be required to attend the meetings of the Board of Supervisory Directors.
5. A Supervisory Director shall not participate in the deliberation and decision-making of the Board of Supervisory Directors if he has a Conflict of Interest. If the Company has only one Supervisory Director, such Supervisory Director may adopt the resolution even if he has a Conflict of Interest. If the Company has more than one Supervisory Director and all Supervisory Directors have a Conflict of Interest, all Supervisory Directors may nevertheless participate in the deliberation and decision-making about the relevant subject.
6. The Board of Supervisory Directors may designate one or several of its members to be individually empowered to enter the buildings and land of the Company and to inspect all books, records and all other data-carriers of the Company.

7. For the purposes of discharging its duties the Board of Supervisory Directors may at the expense of the Company procure the assistance of one or more experts.
8. If there is any vacancy in the Board of Supervisory Directors, the Board shall nevertheless retain the power to perform the duties imposed upon it by law and these articles of association. If and as long as only one Supervisory Director is in office, that person shall exercise the powers and perform the duties which by law and these articles of association have been conferred and imposed upon the Board of Supervisory Directors.
9. In the event that one or more Supervisory Directors shall cease to hold office or be unable to act, the other or remaining Supervisory Directors or the only other or remaining Supervisory Director shall be temporarily entrusted with the duties arising from these articles of association or the law.

In the event that all Supervisory Directors or the sole Supervisory Director shall cease to hold office or be unable to act, the duties arising from these articles of association or the law shall be temporarily entrusted to the person designated or to be designated for that purpose by the General Meeting.

The provisions of these articles of association concerning the Board of Supervisory Directors and the Supervisory Director(s) individually shall apply *mutatis mutandis* to the person referred to in this paragraph. Furthermore, the Board of Managing Directors shall be required to call a General Meeting as soon as possible, which General Meeting may decide on the appointment of one or several new Supervisory Directors.

10. Supervisory Directors are entitled to an indemnity from the Company and D&O insurance, in accordance with the provisions of Article 19.

Committees

Article 18

1. The Board of Supervisory Directors may, without prejudice to its responsibilities, designate one or more committees from among its members, which will have the responsibilities specified by the Board of Supervisory Directors.
2. The composition of any such committee will be determined by the Board of Supervisory Directors.
3. The General Meeting may grant additional compensation to the members of the committee(s) for their service on the committee(s).

Indemnity and Insurance

Article 19

1. To the extent permissible by law, the Company will indemnify and hold harmless each Managing Director and each Supervisory Director, both former members and members currently in office (each of them, for the purpose of this Article only: an “**Indemnified Person**”), against any and all liabilities, claims, judgments, fines and penalties (the “**Claims**”) incurred by the Indemnified Person as a result of any expected, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative (each: a “**Legal Action**”), of or initiated by any party other than the Company itself or a group company (*groepsmaatschappij*) thereof, in relation to any acts or omissions in or related to his capacity as an Indemnified Person. Claims will include derivative actions of or initiated by the Company or a group company (*groepsmaatschappij*) thereof against the Indemnified Person and (recourse) claims by

the Company itself or a group company (*groepsmaatschappij*) thereof for payments of claims by third parties if the Indemnified Person will be held personally liable therefor.

2. The Indemnified Person will not be indemnified with respect to Claims in so far as they relate to the gaining in fact of personal profits, advantages or remuneration to which he was not legally entitled, or if the Indemnified Person has been adjudged to be liable for willful misconduct (*opzet*) or intentional recklessness (*bewuste roekeloosheid*).
3. The Company will provide for and bear the cost of adequate insurance covering Claims against sitting and former Managing Directors and sitting and former Supervisory Directors (the “**D&O insurance**”), unless such insurance cannot be obtained at reasonable terms.
4. Any expenses (including reasonable attorneys’ fees and litigation costs) (collectively: the “**Expenses**”) incurred by the Indemnified Person in connection with any Legal Action will be settled or reimbursed by the Company, but only upon receipt of a written undertaking by that Indemnified Person that he will repay such Expenses if a competent court in an irrevocable judgment has determined that he is not entitled to be indemnified. Expenses will be deemed to include any tax liability which the Indemnified Person may be subject to as a result of his indemnification.
5. Also in case of a Legal Action against the Indemnified Person by the Company itself or its group companies (*groepsmaatschappijen*), the Company will settle or reimburse to the Indemnified Person his reasonable attorneys’ fees and litigation costs, but only upon receipt of a written undertaking by that Indemnified Person that he will repay such fees and costs if a competent court in an irrevocable judgment has resolved the Legal Action in favor of the Company or the relevant group company (*groepsmaatschappij*) rather than the Indemnified Person.
6. The Indemnified Person may not admit any personal financial liability vis-à-vis third parties, nor enter into any settlement agreement, without the Company’s prior written authorization. The Company and the Indemnified Person will use all reasonable endeavors to cooperate with a view to agreeing on the defense of any Claims, but in the event that the Company and the Indemnified Person fail to reach such agreement, the Indemnified Person will comply with all directions given by the Company in its sole discretion, in order to be entitled to the indemnity contemplated by this Article.
7. The indemnity contemplated by this Article does not apply to the extent Claims and Expenses are reimbursed by insurers.
8. This Article can be amended without the consent of the Indemnified Persons as such. However, the provisions set forth herein nevertheless continues to apply to Claims and/or Expenses incurred in relation to the acts or omissions by the Indemnified Person during the periods in which this clause was in effect.

GENERAL MEETING

Notice and venue of the General Meeting

Article 20

1. Without prejudice to the provisions of Article 26, General Meetings shall be held as frequently as the Board of Managing Directors or any Managing Director or the Board of Supervisory Directors or any Supervisory Director may wish. The power to call the General Meeting shall vest in the Board of Managing Directors, in each Managing Director individually and in the Board of Supervisory Directors.
2. The Board of Managing Directors must call a General Meeting:

- a. if one or several shareholders jointly representing at least one tenth of the issued capital so request the Board of Managing Directors, that request to specify the subjects to be discussed and voted upon;
- b. within three months after the Board of Managing Directors has considered it plausible that the equity capital of the Company has decreased to an amount equal to or less than one-half of the paid and called up part of the capital.

This obligation shall apply *mutatis mutandis* to the Board of Supervisory Directors.

If the General Meeting is not held within the statutory term set out in Section 110 of Book 2 after the request referred to under (a), the applicants themselves may call the General Meeting - with due observance of the applicable provisions of the law and the articles of association - without for that purpose requiring authorization from the interim provisions judge of the District Court. The provisions of paragraph 3 of this Article shall apply *mutatis mutandis* to the procedure of calling a General Meeting referred to in the preceding sentence.

3. Any notice of General Meetings will be given by announcement on the website of the Company and/or through other means of electronic public announcement, as the Company deems fit, and in accordance with the applicable legislation. The convocation will be placed in the manner, and by mentioning the information, as referred to in the provisions of legislation and regulation that are applicable to the Company and observing the prescribed terms.
4. If the term of notice has not been observed or if notice has not been given or has not been served in the appropriate manner, valid resolutions may nevertheless be passed, also in respect of subjects which have not been announced or the announcement of which has not been made in the prescribed manner, provided that any such resolution be passed unanimously at a General Meeting at which the entire issued and outstanding share capital is represented.
5. General Meetings shall be held in the municipality in which the Company's office is situated or in Rotterdam, the Hague or at Schiphol Airport in the municipality of Haarlemmermeer. Entirely without prejudice to the provisions of paragraph 4 of this Article, any resolution passed at a General Meeting held elsewhere - in or outside the Netherlands - shall be valid only if the entire issued and outstanding share capital is represented.

Admittance to and chairmanship of the General Meeting

Article 21

1. The shareholders and the Receipt Holders are entitled to admittance to the General Meeting. The Managing Directors and the Supervisory Directors of the Company also are entitled to admittance, with the exception of any Managing Director or Supervisory Director who has been suspended.
2. If a shareholder or a Receipt Holder wishes to attend any General Meeting by proxy, he must issue a written power of attorney for that purpose, which must be delivered to the Company ahead of the meeting concerned.
3. The Board of Managing Directors may and if obliged will set a record date for each General Meeting in accordance with Section 119 of Book 2, in order to determine to which persons voting rights and Receipt Holders' Rights are vested. The record date and the manner in which persons holding Receipt Holders' Rights can register and exercise their rights will be set out in the notice of the meeting.

4. If and for so long as no record date has been set, the shareholders will be obliged to provide evidence of their rights in deposit prior to the General Meeting (which may include the blocking of securities accounts for a period ending as per the close of the General Meeting). The notice for the General Meeting will state the place where and the day on which at the latest the shareholders must provide evidence of their rights in deposit, all in accordance with Section 117 paragraph 3 of Book 2.
5. The Board of Managing Directors is authorized to determine that the Receipt Holders' Rights and voting rights can be exercised by using an electronic means of communication. If so decided, it will be required that the person holding Receipt Holders' Rights, or his proxy holder, can be identified through the electronic means of communication, follow the discussions in the meeting and, to the extent applicable, exercise the voting right. The Board of Managing Directors may also determine that the electronic means of communication used must allow each person holding Receipt Holders' Rights or his proxy holder to participate in the discussions.
6. The Board of Managing Directors may determine further conditions to the use of electronic means of communication as referred to in paragraph 5 of this Article, provided such conditions are reasonable and necessary for the identification of persons holding Receipt Holders' Rights and the reliability and safety of the communication. Such further conditions will be set out in the notice of the meeting. The foregoing does, however, not restrict the authority of the chairman of the meeting to take such action as he deems fit in the interest of the meeting being conducted in an orderly fashion. Any non or malfunctioning of the means of electronic communication used is at the risk of the persons holding Receipt Holders' Rights using the same.
7. The company secretary will arrange for the keeping of an attendance list in respect of each General Meeting. The attendance list will contain in respect of each person with voting rights present or represented: his name, the number of votes that can be exercised by him and, if applicable, the name of his representative. The attendance list will furthermore contain the aforementioned information in respect of persons with voting rights who participate in the meeting in accordance with paragraph 5 of this Article or which have cast their votes in the manner referred to in paragraph 4 of Article 22. The chairman of the meeting can decide that also the name and other information about other people present will be recorded in the attendance list. The Company is authorized to apply such verification procedures as it reasonably deems necessary to establish the identity of the persons holding Receipt Holders' Rights and, where applicable, the identity and authority of representatives.
8. The Supervisory Directors and Managing Directors will have the right to attend the General Meeting in person and to address the meeting. They will have the right to give advice in the meeting. Also, the External Auditor of the Company is authorized to attend and address the General Meeting.
9. The chairman of the meeting will decide upon the admittance to the meeting of persons other than those aforementioned in this Article as well as upon the validity of the evidence of rights that have been provided in deposit before the General Meeting.
10. The official language of the General Meetings will be English or German, such as determined by the Board of Supervisory Directors.
11. The General Meeting will be presided over by the chairman of the Board of Supervisory Directors or his replacement. However, the Board of Supervisory Directors may also appoint another chairman to preside over the meeting. The chairman of the meeting will have all powers necessary to ensure the proper and orderly functioning of the General Meeting.

12. If the chairmanship of the meeting is not provided for in accordance with paragraph 11, the meeting will itself elect a chairman, provided that so long as such election has not taken place, the chairmanship will be held by a Managing Director designated for that purpose by the Managing Directors present at the meeting.
13. Unless a notarial record of the business transacted at the meeting is drawn up, or unless the chairman himself wishes to keep minutes of the meeting, the chairman shall designate a person charged with keeping the minutes. The minutes shall be adopted by the General Meeting at the same meeting or at a subsequent meeting, in evidence of which the minutes shall be signed by the chairman and the secretary of the meeting at which the minutes were adopted.

Voting rights. Decision-making

Article 22

1. Each Share carries the right to cast one vote.
2. In determining to which extent the shareholders cast votes, are present or are represented, or to which extent the share capital is represented the Shares in respect of which no votes may be cast shall not be taken into account.
3. Unless the articles of association stipulate a larger majority, all resolutions of the General Meeting shall be passed by a simple majority of the votes cast.
4. The Board of Managing Directors may determine that votes cast prior to the General Meeting by electronic means of communication or by mail, are equated with votes cast at the time of the General Meeting. Such votes may not be cast before the record day referred to in paragraph 3 of Article 21.

Without prejudice to the provisions of Article 21 the notice convening the General Meeting must state how shareholders may exercise their rights prior to the meeting.

5. Blank votes and invalid votes shall not be counted.
6. Votes on business matters - including proposals concerning the suspension, dismissal or removal of persons - shall be taken by voice, but votes on the election of persons shall be taken by secret ballot, unless the chairman decides on a different method of voting and none of the persons present at the meeting object to such different method of voting.

Financial Year. Annual accounts

Article 23

1. The financial year of the Company shall be equal to the calendar year.
2. Each year, within the statutory term after the end of the Company's financial year, save where this term is extended up to a maximum term as stipulated by law by the General Meeting on account of special circumstances, the Board of Managing Directors shall draw up annual accounts and a management report on that financial year. To these documents shall be added the particulars referred to in Section 392, sub-section 1, of Book 2. However, if the provisions of Section 403 of Book 2 have been applied to the Company and if and to the extent that the General Meeting does not decide otherwise:
 - a. the obligation to draw up the management report; and
 - b. the obligation to add to the annual accounts the particulars referred to in Section 392 of Book 2 shall not apply.

If the Company qualifies as a legal entity in the terms of Section 396 sub-section 1 or Section 397 sub-section 1 of Book 2 the Company shall not be required to make a management report unless by law the Company must establish a works council or unless no later than six months from the start of the financial year concerned the General Meeting has resolved otherwise.

3. The annual accounts shall be signed by all Managing Directors and all Supervisory Directors. If the signatures of one or more of the Managing Directors and/or one or more of the Supervisory Directors are missing, this and the reason for such absence shall be stated.
4. The language of the annual accounts and the management report will be English or German.
5. The Company shall ensure that the annual accounts and, if required, the management report and the particulars added by virtue of Section 392 of Book 2 shall be available at the office of the Company as soon as possible but not later than as from the date of notice calling the General Meeting intended for the discussion and approval thereof. Said documents shall be open to the inspection of the shareholders and Receipt Holders at the office of the Company and copies thereof may be obtained by them free of charge.

External Auditor

Article 24

1. The General Meeting will commission an organization in which certified public accountants cooperate, as referred to in Section 393 subsection 1 of Book 2 (an “**External Auditor**”) to examine the annual accounts drawn up by the Management Board in accordance with the provisions of Section 393 subsection 3 of Book 2.
2. The External Auditor is entitled to inspect all of the Company’s books and documents and is prohibited from divulging anything shown or communicated to it regarding the Company’s affairs except insofar as required to fulfill its mandate. Its fee is chargeable to the Company.
3. The External Auditor will present a report on its examination to the Board of Supervisory Directors and to the Board of Managing Directors. In this it will address at a minimum its findings concerning the reliability and continuity of the automated data processing system.
4. The External Auditor will report on the results of its examination, in an auditor’s statement, regarding the accuracy of the annual accounts.
5. The annual accounts cannot be adopted if the General Meeting has not been able to review the auditor’s statement from the External Auditor, which statement must have been added to the annual accounts, unless the information to be added to the annual accounts states a legal reason why the statement has not been provided.

Adoption of the Annual Accounts and release from liability

Article 25

1. The General Meeting will adopt the annual accounts.
2. At the General Meeting at which it is resolved to adopt the annual accounts, it will be separately proposed that the Managing Directors and the Supervisory Directors be released from liability for their respective duties, insofar as the exercise of such duties is reflected in the annual accounts or otherwise disclosed to the General Meeting prior to the adoption of the annual accounts.

Annual General Meeting

Article 26

1. Each year, though not later than in the month of June, a General Meeting will be held.
2. The agenda of such meeting will include the following subjects for discussion:
 - a. discussion of the management report;
 - b. discussion of the remuneration of the Board of Managing Directors;
 - c. discussion and adoption of the annual accounts;
 - d. dividend proposal (if applicable);
 - e. appointment of an External Auditor;
 - f. other subjects presented for discussion by the Board of Managing Directors or the Board of Supervisory Directors and announced with due observance of the provisions of these articles of association, as for instance (i) release of the Managing Directors and Supervisory Directors from liability; (ii) discussion of the policy on reserves and dividends; (iii) designation of a body of the Company competent authorized to issue Shares; and/or (iv) authorization of the Board of Managing Directors to make the Company acquire own Shares or Depository Receipts.

Profits and losses

Article 27

1. The profits of the Company shall be at the disposal of the General Meeting.
2. The Company may distribute profits only if and to the extent that its shareholders' equity is greater than the sum of the paid and called-up part of the issued capital and the reserves which must be maintained by virtue of the law.
3. Dividends may be paid only after approval and adoption of the annual accounts which show that they are justified.
4. For the purposes of determining the allocation of profits any Shares or Depository Receipts held by the Company and any Shares or Depository Receipts of which the Company has a usufruct shall not be taken into account.
5. The General Meeting may resolve to declare interim dividends. A resolution to declare an interim dividend from the profits realized in the current financial year may also be passed by the Board of Managing Directors.

Dividend payments as referred to in this paragraph may be made only if the provision in paragraph 2 of this Article has been met as evidenced by an interim statement of assets and liabilities as referred to in Section 105 subsection 4 of Book 2.

6. Unless the General Meeting sets a different term for that purpose, dividends shall be made payable within thirty days after they are declared.
7. A General Meeting declaring a dividend may direct that it is to be satisfied wholly or partly by the distribution of assets.
8. Any deficit may be set off against the statutory reserves only if and to the extent that the law shall permit.

Amendment of articles of association. Merger. Division

Article 28

A resolution to amend the articles of association or a resolution for a merger or a resolution for a division in the terms of Part 7 of Book 2 may be passed by the General Meeting only by a majority of at least two thirds of the votes cast; such majority must represent more than one half of the issued and outstanding share capital.

Winding up and liquidation

Article 29

1. The General Meeting shall have the power to resolve to wind up the Company, provided with due observance of the requirement laid down Article 28.
2. Unless otherwise resolved by the General Meeting or unless otherwise provided by law, the Managing Directors of the Company shall be the liquidators of the Company.
3. The surplus assets remaining after all the Company's liabilities have been satisfied shall be divided among the shareholders in proportion to that part of the par value of the Shares, which each one has paid on his Shares by virtue of calls made upon the shareholders.
4. After completion of the liquidation the books, records and other data-carriers of the dissolved Company shall for a period of seven years remain in the custody of the person whom the liquidators have appointed for that purpose in writing."

1.16.6 Documents available for inspection

The Company's corporate documents (Articles of Association, minutes of General Meetings and other applicable documents) may be consulted at the registered office of the Company and a copy may be obtained.

The Company's Financial Statements are available on the Company's website at *laperlafashionholding.com* and on the website of Euronext Paris.

1.16.7 Sources of Market Data

To the extent not otherwise indicated, the information contained in this Information Document on the market environment, market developments, growth rates, market trends and competition in the markets in which the Group operates are based on the Company's assessments.

The following sources were used in the preparation of this Information Document:

- Bain & Company—Luxury Goods Worldwide Market Study, Fall-Winter 2018;
- Bain & Company—Luxury Goods Worldwide Market Study, Spring 2019;
- BCG—Altagamma True-Luxury Global Consumer Insight 2019;
- Capgemini—World Wealth Report 2019;
- Deloitte—Global Powers of Luxury Goods 2019;
- IMF—Real GDP Growth;
- The World Bank—GDP Growth; and
- World Tourism Organization (UNWTO)—UNWTO Tourism Highlights 2018 Edition.

It should be noted in particular that reference has been made in this Information Document to information concerning markets and market trends, which was obtained from the above-mentioned sources. The Company has accurately reproduced such information and, as far as it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may be inaccurate or inappropriate, and their methodology is inherently predictive and speculative.

Irrespective of the responsibility statement in relation to the content of this Information Document (see “*Responsibility statement*”), the Company has not independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company makes no representation or warranty as to the accuracy of any such information from third-party studies included in this Information Document. The Company’s own estimates and statements of opinion and belief are not always based on studies of third parties.

2. LISTING

2.1 Conditions of the Listing of the Shares on Euronext Growth

2.1.1 The Listing of the Shares

The Shares, which constitute the Company’s entire share capital as of the date of this Information Document, are subject to the Company’s application for admission to trading on Euronext Growth.

Prior to the admission to trading on Euronext Growth, there was no public market for the Company’s Shares.

2.1.2 Purpose of the Listing of the Shares

The admission to trading described in this Information Document will allow the Company to:

- increase its visibility on the market by listing on Euronext Growth, located in Paris, which is the global center for luxury fashion;
- allow the Company to achieve better access to the capital markets; and
- allow the Company to gain first capital markets experience.

2.1.3 Approval of the Listing

The request for admission to trading of the Shares on Euronext Growth was authorized by the General Meeting on August 13, 2019.

2.1.4 The private placement

The request for admission to trading of the Shares on Euronext Growth is requested after the implementation of a private placement conducted prior to the Listing with five qualified investors, in a total amount of EUR 23,000,004 and the issuance of 5,111,112 new shares at a price of EUR 4.50 per Share (*i.e.*, a pre-money valuation of EUR 450 million).

2.1.5 First trading price of the Shares

The share price of the Shares on the date of admission for trading on Euronext Growth is EUR 4.50, equals to the subscription price of the recent private placement. Thus, the market capitalization of the Company will be EUR 473 million at the date of the Listing (the “**Listing Date**”).

2.1.6 Timetable for the Listing of the Shares

Milestone	Date
General Meeting approved the listing of the Shares on Euronext Growth ...	August 13, 2019
Publication of the Euronext notice.....	September 4, 2019
Publication of the Information Document.....	September 4, 2019
Listing Date	September 6, 2019

2.2 Ongoing listing obligations

In accordance with the Euronext Growth rules and subject to compliance with applicable laws and regulations, the Company is subject to the following ongoing obligations after the Listing:

- to make available on its own website and make it available to Euronext for posting on its website, at the same time as it is published in any other media, the following information in French or in English, and to keep the following information online for two (2) years following the date of publication:
 - At the latest on the day Euronext has made the scheduled first admission to trading of the Company's shares public by issuing a notice, the Information Document, prepared by the Company in relation to the first admission to trading public;
 - Within four (4) months after the end of its financial year its annual report, which will comprise the annual consolidated financial statements, the group management discussion and analysis and the auditor's report in respect of the annual financial statements;
 - Within four (4) months after the end of the second quarter of its financial year, a semi-annual report, which will comprise the half-year consolidated financial statements and an operations report in respect of the half-year financial statements;
 - Within five (5) trading days of becoming aware, any situation where a person, acting alone or in concert, reaches, exceeds or falls below a major holding threshold of fifty percent (50%) or ninety-five percent (95%) of the capital or voting rights;
 - Within five (5) trading days of becoming aware, transactions in its shares by any of its officers or directors;
 - Promptly make public notices for (general) meetings of shares holders and documents provided to shares holders.
- to comply with the European regulations on money laundering and EU sanctions restrictions as well as any related regulations or national legislation applicable to the Company; and
- to permanently have a listing sponsor.

The aforementioned obligations are subject to amendments of the applicable regulations (in particular, the Euronext Growth Rules).

2.3 Information on the Shares to be listed on Euronext Growth

Please see below certain information in relation to the Shares to be listed on Euronext Growth. For further details, please see "*General Information—Share Capital*" and "*General Information—Articles of Association*".

2.3.1 Type and class of the Shares to be listed on Euronext Growth

Number of Shares to be listed	105,111,112 Shares
Par value of the Shares	EUR 0.01 per Share
Nature and form of the Shares	Bearer shares
Currency	Euro
Shares denomination.....	LA PERLA
ISIN code.....	NL0012191662
Mnemonic.....	ALPER
Quotation method	Continuous

2.3.2 Form and certification of the Shares

All Shares are bearer shares and each Share has a par value of EUR 0.01.

All Shares have been certified as co-ownership interests in a single global share certificate, which will remain in collective safe custody with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany (“**Clearstream**”).

2.3.3 Applicable law

The shares of the Company are issued under the law of the Netherlands.

2.3.4 Transferability of shares; lock-up agreements

As of the date of this Information Document, the Company is not party to any lock-up agreement that would prohibit the Company to announce or effect an increase of its share capital, propose to its General Meeting an increase of the share capital, or announce, effect or propose the issuance of securities with conversion or option rights on Shares of the Company or economically similar transactions.

2.3.5 Dividend and liquidation rights

The Articles of Association state that dividends may be paid only after approval and adoption of the annual accounts that show a distributable profit. In addition, the General Meeting may resolve to declare interim dividends. A resolution to declare an interim dividend from the profits realized in the current financial year may also be passed by the Board of Managing Directors.

Dividend payments may be made only if and to the extent that the Company’s shareholders’ equity is greater than the sum of the paid and called-up part of the issued capital and the reserves which must be maintained by virtue of the law, as evidenced by an interim statement of assets and liabilities as referred to in Section 105 subsection 4 of Book 2 of the Dutch Civil Code.

Unless the General Meeting sets a different term, dividends shall be payable within thirty days after they were declared.

The Company has not distributed any dividends in the last three financial years.

2.3.6 Squeeze-out

Pursuant to Section 2:92a of the Dutch Civil Code (*Burgerlijk Wetboek*) a shareholder of the Company that, for its own account, holds at least 95% of the issued share capital of the Company may institute proceedings against the other shareholders of the Company jointly for the transfer of their Shares to it. The proceedings are held before the Enterprise Chamber of the Court of Appeal of Amsterdam (the “**Enterprise Chamber**”) and can be instituted by means of a writ of summons served upon each of the minority shareholders of the Company in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

The Enterprise Chamber may grant the claim for the squeeze-out in relation to all minority shareholders of the Company and will determine the price to be paid for the Shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the Shares of the minority shareholders of the Company. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the Shares must give written notice of the date and place of payment and the price to the holders of the Shares to be acquired whose addresses are known to it. Unless the addresses of all of them are known to it, it must also publish the same in a Dutch daily newspaper with a national circulation.

2.4 Technical information

2.4.1 Listing Sponsor

On May 21, 2019, Tennor, the Company, Invest Securities S.A. and Invest Corporate Finance SAS entered into a listing sponsor agreement pursuant to which Invest Securities S.A. and Invest Corporate Finance SAS have agreed to assist the Company as its listing sponsor in connection with the Listing of the Shares on Euronext Growth, including due diligence, organization, drafting of required documentation and the listing sponsor declaration.

On the Listing Date, the Company and Invest Securities S.A. will enter into a listing sponsor agreement, according to which Invest Securities S.A. shall assist the Company as its listing sponsor after the Listing Date and shall assist the Company with reporting and other post-listing obligations.

Listing sponsor before the Listing Date	Listing sponsor from the Listing Date
Invest Corporate Finance SAS 73 boulevard Haussmann 75008 Paris	Invest Securities S.A. 73 boulevard Haussmann 75008 Paris

In accordance with Euronext Growth rules and on the basis of the respective listing sponsor agreement, the ongoing obligations of the listing sponsor are:

- The listing sponsor shall advise the Company in respect of the legal and regulatory requirements and contractual obligations resulting from the first admission to trading, including, without limitation, disclosure obligations following from Market Abuse Regime and monitor that the Company, upon admission and thereafter, complies with the admission and ongoing requirements;
- The listing sponsor shall advise the Company in respect of the legal and regulatory requirements and contractual obligations resulting from the first admission to trading, including, without limitation, disclosure obligations in respect of price-sensitive information;
- The listing sponsor shall maintain regular contact with the Company, to be aware of developments and changes within the Company and the shares admitted to trading and shall notify Euronext in case of breach of the relevant Market Rules and/or national regulations by the Company as soon as it becomes aware of it;
- The listing sponsor shall do its utmost to advise and accompany the Company by organizing one investor meeting per year at the minimum;
- The listing sponsor shall contact and provide advice to the Company if the Company does not comply with the Euronext Growth rules or with other legal and regulatory requirements resulting from the first admission to trading in order to remedy the non-compliance. Upon request, the listing sponsor shall provide Euronext with information in relation to the Company.

2.4.2 Liquidity provider

On September 2, 2019, the Company and Invest Securities S.A. have entered into a liquidity contract (the “**Liquidity Contract**”) in compliance with AMF (*Autorité des marchés financiers*) decision no. 2018-01 dated July 2, 2018 on the introduction of liquidity contracts on equity securities as permitted market practice. The Liquidity Contract will become effective on the Listing Date. Pursuant to the Liquidity Contract, the Company instructs Invest Securities S.A. to intervene on its behalf to provide liquidity on the market and to prevent discrepancies in the Company’s share price that are not justified by market trend. To this effect, the Company has made available to Invest Securities S.A. an amount of EUR 60,000.

Liquidity provider

Invest Securities S.A.
73 boulevard Haussmann
75008 Paris

2.4.3 Equity research provider

On the Listing Date, the Company and Invest Securities S.A. will enter into an equity research coverage and marketing agreement, pursuant to which Invest Securities S.A. will perform various tasks in relation to financial analysis and marketing.

Equity research provider

Invest Securities S.A.
73 boulevard Haussmann
75008 Paris

2.4.4 Securities services provider and paying agent

If the Company had to change its securities services, it would be announced in the financial press and the information would be included in a notice published by Euronext.

On August 12, 2019, the Company and Quirin Privatbank AG (“**Quirin**”) entered into a central paying agency agreement pursuant to which Quirin is appointed as central paying agent. Under this agreement, Quirin will provide certain services for the Company, including the payment of cash dividends to the Company’s shareholders and the delivery of global share certificates to Clearstream.

2.4.5 Broadcaster of Company-related information

On August 20, 2019, the Company and Actusnews S.A.S. entered into a contract regarding the broadcast of Company-related information, including corporate news and mandatory announcements. The contract does not cover the Company’s investor or public relations.