

A large orange circle is positioned in the top right corner of the page, partially overlapping the blue background. Inside this circle, the words "cool" and "blue" are stacked vertically in a white, lowercase, sans-serif font.

cool
blue

YEARBOOK 2018.
Figures.



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Substantial stuff.

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HELLO. I'm the guy on the left.

I'm proud to present you Coolblue's 2018 yearbook.

In this book, we share our progress and results of 2018. It also presents the great things we worked on last year. I am really proud of our growth in NPS & EBITDA and of how we managed to reduce our ecological footprint.

This yearbook is also an ode to our brand and how we interact with our customers because of it. Aside from giving you insight into what we achieved so far, I hope that this book makes you crack a smile.

The results of 2018 make us excited for 2019. It promises to be another great year of more physical store openings, more packages delivered by bike, and amazing many more customers.

Last but not least, I want to say thank you to our customers for making us a little bit better every day. To our shareholders, for their support. And to all Coolbluers, for everything they do to *simply amaze*. Thank you.

With a smile,

Pieter
Founder

02.

COOLBLUE AT A GLANCE.

Spoiler alert.

We love data. If we cannot measure it, we cannot improve it. That is why we have 48 Data Analysts at Coolblue who measure and analyze everything. From the number of returns to the total number of Coolbluers named Thomas.

2017.



66

NPS (average)



3,561

Coolbluers (30 Thomases)



45

Nationalities



104

Theme rooms



9

Stores



112K

m² Warehouse space



265K

Doorbells rang by Coolbluers



0

Bikes



21.9M

Adjusted EBITDA



1.2B

Total revenue



884M

Revenue NL



309M

Revenue BE



9.1M

Net profit



325

Websites



180K

App installs



2

Languages

2018.



67

NPS (average)



3,628

Coolbluers (33 Thomases)



55

Nationalities



115

Theme rooms



9

Stores



110K

m² Warehouse space



647K

Doorbells rang by Coolbluers



35

Bikes



26.9M

Adjusted EBITDA



1.35B

Total revenue



1,007M

Revenue NL



347M

Revenue BE



12.1M

Net profit



2

Websites



865K

App installs



3

Languages

03.

THE COOLBLUE STORY. Anything for a smile.

In 1999, business students Pieter Zwart, Bart Kuijpers, and Paul de Jong founded Coolblue in Rotterdam. They wrote down their business plan on a beer coaster. The plan consisted of 2 goals: making money and setting the bar for customer-centric entrepreneurship.

GOALS.

Real keepers.

Our goals, making money and setting the bar for customer-centric entrepreneurship, have never changed. The biggest driving force behind our success is the equal importance of these goals. For example, free delivery results in happy customers, but also comes with additional costs. In the short term, our goals may seem contradictory, but in the long term, they reinforce each other. Happy customers do not only come back; the real value is in them recommending us to new customers. That is why we value customer satisfaction so much that it is a factor in every single decision we make.





CUSTOMER CENTRIC ENTREPRENEURSHIP.

Taking center stage.

To set the bar for customer-centric entrepreneurship, our customers' willingness to recommend us to others is essential. That is why, every day, we measure our customer satisfaction with help of the Net Promoter Score (NPS). To achieve a high NPS, we must score nines and tens. We do this by not only meeting customer expectations, but by exceeding them. And it works: we achieved an NPS score of 67 in 2018. In addition to customer satisfaction, we also measure how much money we make. A standard way of measuring our profitability is in EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

"How likely are you to recommend our service to a friend?"



NPS = % Promoters - % Detractors

04.

CULTURE.

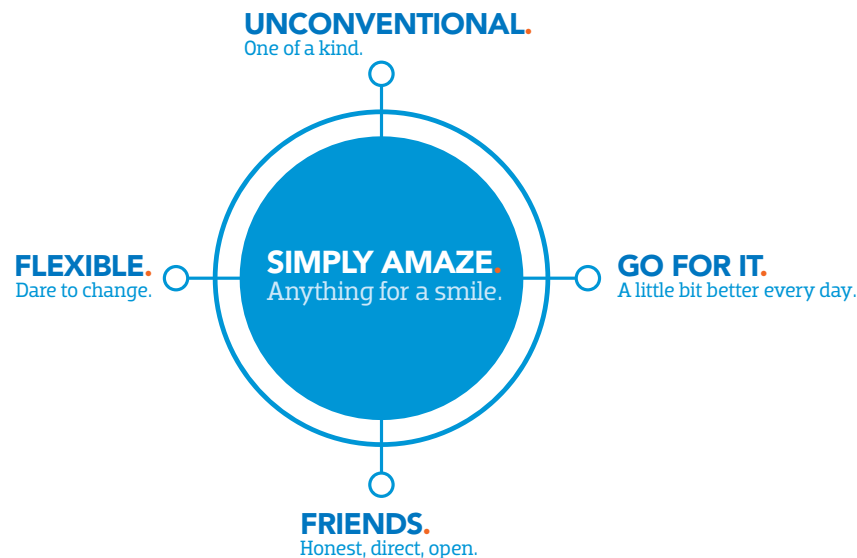
Company ingredient #1.

Our culture is the key to our success. We started as a group of friends, and we are still a group of friends. A group of clever, ambitious people who are nuts about their trade and live and breathe our core values. These values are not only reflected in our people, but in everything we do. Our locations are a prime example of this: our values are written on our walls and represented in our fun meeting rooms. In this chapter, we outline our core values and what it is like to work at Coolblue.

MANIFESTO.

The heart of the matter.

It is important that everyone understands why we do things the way we do. That is why we want to help people embrace our culture, and convey our values consistently.



These are our core values. They describe who we are and what we stand for. What unites us and how we treat each other.

We wrote down these values in 2011, with the help of every Coolbluer. Now, years later, they are still a perfect fit. This is not a coincidence. Based on these values, we can figure out whether someone is a good fit for us or not, and prevent disappointing each other.

Our core values also help us make decisions for the future. We apply these values to each decision, no matter how small, to check whether it fits us or not.

UNCONVENTIONAL.

One of a kind.

We are proud of our real, unconventional Coolbluers. That is why they appear on our website and in our commercials. Just the way they are.

Being unconventional means that Coolbluers can and dare to be themselves; whether they are outgoing or like to work in solitude. This might seem contradictory, but it is precisely this unconventionality that unites us.



We are all doing this for the first time, so we do not always have the right answer straight away. But that does not stop us from trying. We need to be unconventional to do what nobody has done before.

People who are true to themselves are hard to copy. That is why we always ask ourselves with everything we create: does this really suit us? Or can any other company easily copy it? If we cover our logo and the remainder cannot be recognized as Coolblue, it needs to be more unconventional.



FRIENDS.

Honest, direct, open.

There are few companies where so many colleagues are also friends. Our friendship is our strength. Because friends want what is best for each other and always tell the truth. Because 2 heads are better than one. And because it is simply more fun.

People take notice. Like our repeat customers. Or our suppliers, who see us as long-time partners. We are always honest and direct, in good times and bad. We keep our promises, and we are open to feedback.

Friendship is based on equality. That is why a tie is the least worn item at Coolblue. Or why Coolbluers can tell each other what they really think. And why we are always honest, direct and open to our customers.

GO FOR IT.

A little bit better every day.

Less talk, more action. Actions speak louder than words. *Niet lullen maar poetsen*. We have plenty of sayings for it. At Coolblue, we simply refer to this no-nonsense entrepreneurial attitude as *go for it*.

An idea is useless without follow-up, and we prefer immediate action over endless discussions. We got to where we are now by doing things a little bit better every day. Step by step, detail after detail. Not everything works the first time around, but we take the risk and go for it. We make mistakes and learn from them. Them.



FLEXIBLE.

Dare to change.

We are changing all the time. Either because we can or because we have to. From the start, Coolblue was founded with flexibility in mind to support our rapid growth. Whoever says "this is how we always do it" is not doing it right.

This flexibility shows in Coolbluers who are not worried about a sudden change of plan or team. It shows in Coolbluers who continue to learn outside of their own expertise. Or in our development of systems that can handle twice the expected load.

Our flexibility also shows in our obsessive focus on customer satisfaction. A washing machine that needs to go to the attic instead of the basement? Done. There is an exception to every rule. Returning something 'just because' is fine, too.

SIMPLY AMAZE.

Anything for a smile.

Simply amaze. A phrase that seems to contradict itself. But that is precisely what makes it so Coolblue. Both unconventional and down-to-earth.

The word *simply* speaks volumes. Simply a straightforward website: one where customers can quickly and easily place an order. We then simply package the order and ship it to our customers. For free, of course.

To amaze means we need to exceed expectations. Going the extra mile to surprise our customers. To make them crack a smile. While a smile is common, it often requires something amazing.



WORKING AT COOLBLUE.

Part of the club.

Every Coolbluer embodies our values. We form a group of clever, ambitious people who are nuts about their trade. With our combined expertise, we build competencies that distinguish us from others. Each month, new Coolbluers continue to join us. From their very first day, they are given the opportunity to make an impact: *go for it*. All Coolbluers help us become a little bit better every day.



Next steps at Coolblue

We want Coolbluers to become a little bit better every day. That is why we have our own training academy, the Coolblue University (or *Studiefabriek*). We offer 43 training courses and 143 e-learnings, taught by both internal and external experts.

Taking the Next Step

We are continuously changing. That is why feeling stuck in a certain role is not very likely to happen to a Coolbluer. Change requires flexibility from our Coolbluers, but it also provides opportunities for growth. To facilitate this growth, we organize Next Step (or *Doorgroeier*) meetings. During these sessions, we help Coolbluers with their search for a next step within the company, as well as advise them on how to approach this. We share the success stories of Marta, Brigitte, and Pat, 3 Coolbluers who have grown into a new position.

Marta Gnjatovic

Marta started as Trade Marketeer in our Rotterdam office in 2013. Her result-oriented approach and stakeholder management provided her with a lot of great opportunities. She grew from Senior Trade Marketeer to Manager Media Consultancy to Head of Advertising, and is currently Head of Category Teams.

Brigitte Overzier


Brigitte started her Coolblue career at our Customer Service, where she grew into the position of Team Lead. She now works as a Team Lead for CoolblueDelivers. Her experience with customer communication and leadership are essential in this new position.

Pat Hermens

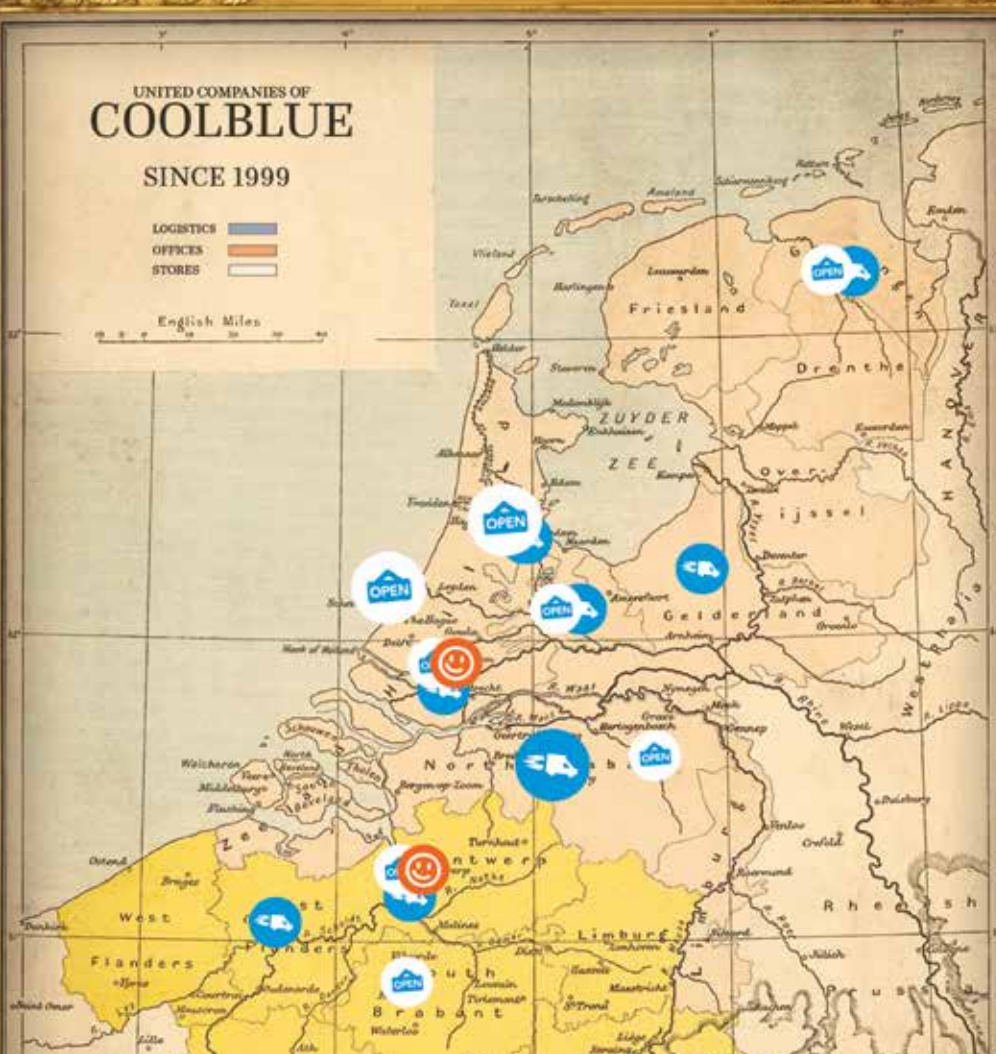
Pat moved to the Netherlands from Australia to start working as a Senior C# Developer at Coolblue. He later grew to Lead C# Developer and he now works as a Development Manager. Pat also played an important role in representing the organization as a member of the first Coolblue Works Council from 2016 to 2018.

UNITED COMPANIES OF COOLBLUE

SINCE 1999

LOGISTICS 
OFFICES 
STORES 

English Miles



Our locations

Coolbluers work at different locations across the Netherlands and Belgium. We have 9 physical stores, 8 depots, a mega warehouse (88,000m²; roughly the size of 20 soccer fields), an office in Rotterdam, and one in Antwerp.

Theme rooms

In our offices, we have simple desks and special meeting rooms. This contrast truly reflects that we *simply amaze*. Each room has a theme that represents a chapter of our story of entrepreneurship. Take for example the *De Dijk* meeting room: a replica of the cafe where Coolblue's business plan was written down.



Office Tour

In their first month, new Coolbluers receive a tour of the head office. This behind-the-scenes look is also available for people outside of Coolblue. It has become so popular that we now give this tour every 2 weeks. People who are interested in our logistical processes can also register for a tour at our warehouse in Tilburg.

PEOPLE STATISTICS.

You can count on me.

872

New delivery employees



46K

Applicants



160

New office employees



3,628

Coolbluers



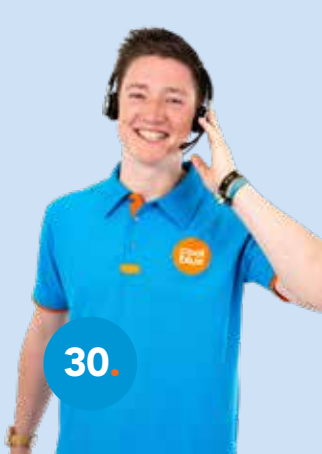
538

New warehouse employees



384

New customer service employees



62

New developers

05.

A YEAR IN REVIEW.

Never forget.

We are a customer journey agency: we create full-fledged customer journeys for each consumer good we sell. In 2018, we implemented various customer journey improvements that contributed to our increase in NPS and EBITDA: we improved our website, the mobile app, our warehouse, our delivery, our stores, our returns, our customer service, and our marketing activities. In this chapter, we look back on these improvements and achievements, and share our outlook for 2019.

CUSTOMER JOURNEY AGENCY.

Ticket to success.

Every webshop does the same thing: we all compete on picture, price, and buy button. To *simply amaze* our customers, we have to truly stand out. That is why we go beyond picture, price, and buy button and develop customer journeys, from start to finish, that result in happy customers.

Each product type requires a specific journey. When buying a new mobile phone, our customers need good insurance; in the case of a new washing machine, they much prefer a next-day delivery service. We analyze our customers' needs for each product type, and develop unique journeys around them. This involves stacking various competencies: insuring products, a delivery service, an installation service, a customer service, and a repair service. This makes us a customer journey agency.

Based on our customers' needs, we create customer journeys for each consumer good we sell. Our washing machine and television journeys are 2 examples.



The washing machine journey

When buying a new washing machine, the real challenge is transporting it. That is why we created the most customer-friendly white goods delivery service in the Netherlands and Belgium: CoolblueDelivers. This service provides our customers with optional delivery time slots, so they can have their washing machine delivered when it suits them best. Our Delivery Employees are friendly, attentive, and lift white goods all the way to the 4th floor. They install the washing machine, too, and only leave once they are sure it works correctly. If needed, they also take the old one with them, which is then disposed of in an eco-friendly manner. To top it off, all of this is done for free.



The television journey

Deciding on a new television can be difficult, mainly because there are many different models and sizes to choose from and it cannot easily be transported by bike. On top of that, a TV always looks much smaller in the store. Once customers see the TV in their living room, they realize it is a size too big. Thanks to the augmented reality functionality on our app, customers can now virtually see any size television in their home. In addition, our television experts advise customers in our stores, on our website, and via our customer service on what kind of television best fits their needs. When our customers have decided on their perfect television, we personally deliver the device to their home.



WEBSITE.

A site for sore eyes.

We switched to a single domain in June 2018: Coolblue.nl and .be. Our customers no longer have to remember the names of product-specific webshops, such as Laptopshop.nl and Wasmachinestore.be; they can simply visit one central website instead. A huge milestone, preceded by years of hard work. In addition to this milestone, we made our website available in English and added new features.

A single domain

Having a single domain has multiple advantages for our customers. Instead of having 325 separate webshops, we now offer unlimited storefronts. This means our customers can reach the right product page faster. Before, there was only a specific page for laptop bags, but now there is also a page for 13-inch brown leather laptop bags. One unified webshop also allows customers to reach the right page with a single click when they find us via Google. In addition, a single webshop means we can deploy smarter, fully-automated online campaigns.

English customer journey

As of 2018, our website is available in English. With the addition of this English customer journey, we can now service our customers in 3 languages: Dutch, French, and English.

Improved product photography

Product images are essential in helping customers choose the product that suits them best. For this reason, we opened a new and improved photo studio so we could start taking photos of products ourselves, based on the questions of customers. We received a lot of questions about the ports featured on the back of TVs. To help our customers in the best way possible, we now take pictures of these items ourselves.



Introduction of the wish list

We added a new functionality: the wish list. Customers can now save products on their wish list if they want to purchase them later. During the *Sinterklaas* festivities, we called on customers to add products to their wish lists and share them with us, so they could have the opportunity to win their favorite products.

MOBILE APP.

Pocket science.

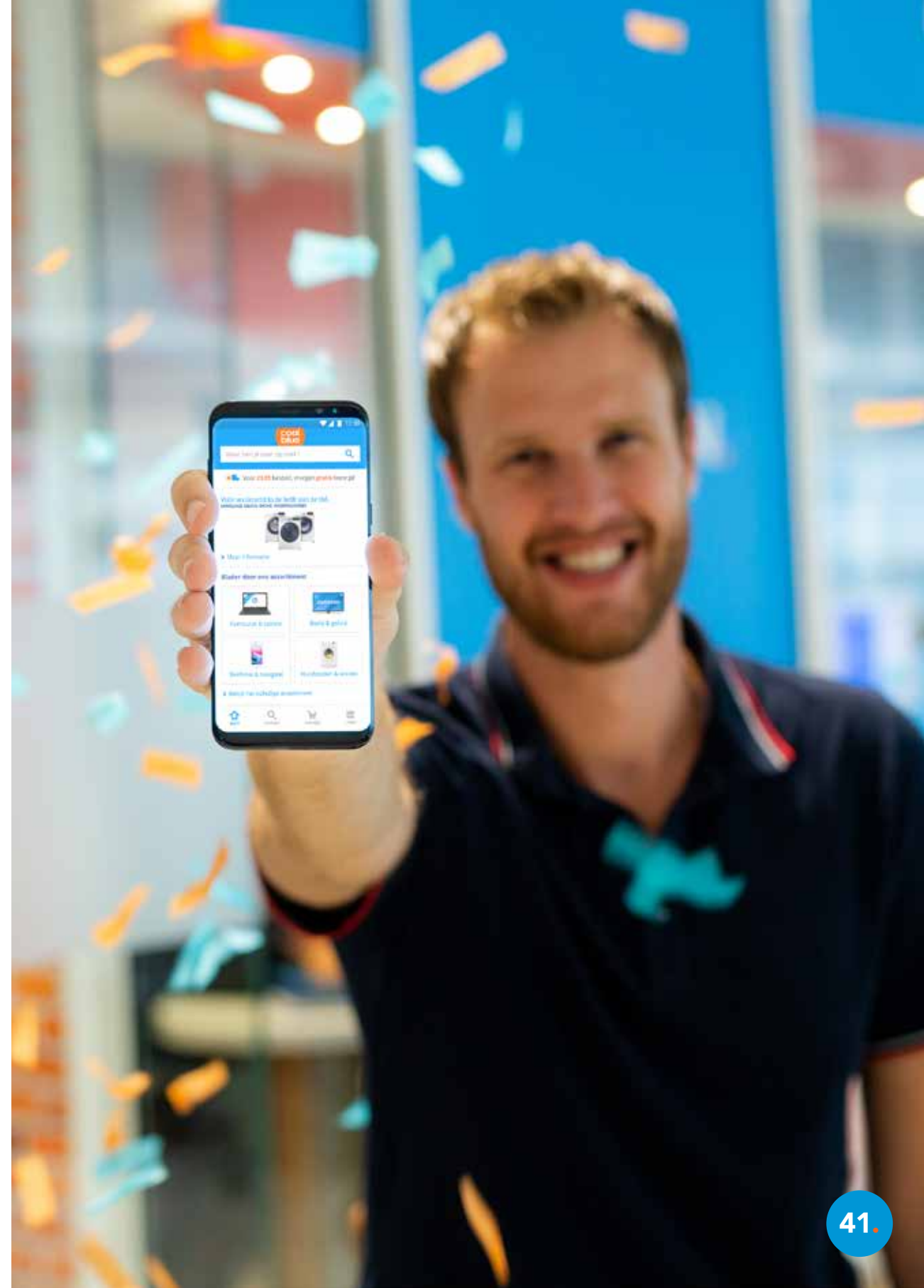
Following the launch of our iOS app in 2017, we launched the Android version of our app in 2018. As more and more purchases are made with mobile devices, our Mobile App experts are working hard to ensure the best possible app experience for our customers. In addition to the launch of the Android app, we added an augmented reality functionality to our app.

Launch of the Coolblue app for Android

In August 2018, we launched the Android version of our app. The results were impressive: in the first 2 weeks, the app was downloaded 45,000 times in the Netherlands and Belgium, which shot it to the number one spot in Google Play directly after its launch.

Augmented reality functionality

One of the most fun additions to our app is the augmented reality functionality. We know that a TV is usually returned because customers had a different expectation about its size. Thanks to the augmented reality functionality, our customers are now able to virtually place any size television on their wall, table, or TV cabinet. This way, they can easily decide what size television best fits in their home.





WAREHOUSE.

Professional boxing.

Every day, we process thousands of orders in our 88,000m² warehouse in Tilburg. We own all the products in our warehouse, so we can live up to our promise of *ordered today, delivered tomorrow*.

One warehouse in Tilburg

In 2018, we started packing all our orders at one location: our warehouse in Tilburg. Previously, we operated from 2 warehouses: Capelle and Tilburg. Operating from a single location means that orders with more than one product can now be sent in a single package. This is logistically more efficient, better for our customers, and better for the environment.

Improved packaging process

We purchased a new packaging machine for our warehouse in Tilburg. Thanks to this machine, the efficiency of our packaging process has greatly improved. It can process over 20,000 packages a day and adjusts the boxes to the size of the product. These custom-sized boxes save a lot of space during transport. More space means we can transport more packages in one van. Overall, less vans are needed for the transport of our packages, which is more environmentally-friendly.



DELIVERY.

Postcoding.

We want to offer our customers the best delivery propositions. That is why we amaze them all the way to their doorstep and beyond with our own delivery service: CoolblueDelivers. CoolblueDelivers has been successfully delivering white goods since 2016. In 2018, we introduced a new delivery service, CoolblueBikes, and made various other improvements to our delivery services.

Launch of CoolblueBikes

In 2018, we introduced CoolblueBikes: our very own bike delivery service. Our Delivery Employees bike through 7 big cities in the Netherlands and Belgium to deliver small packages directly from our stores and depots. Our service is very customer-friendly: customers do not have to wait at home all day for their order to be delivered. Instead, they receive a 1-hour time slot a day before delivery. On the delivery day itself, we send our customers a text message 15 minutes before our arrival, so they know we are on our way.

Introduction of time slot delivery of white goods

As of 2018, we have been offering our customers the possibility to choose a preferred, paid time slot for white goods delivery. We know customers want to decide on the delivery time and address themselves, and have the ability to adjust this at their convenience. By offering our customers this possibility, they are certain of the delivery time that suits them best. Naturally, the same promise of *ordered today, delivered tomorrow* also applies to this type of delivery.

Delivering televisions

In 2018, we started delivering televisions. Instead of depending on a third party for our television delivery, we now make our customers happy by personally delivering their television to their homes. This way, our customers are ensured of the best possible service.



STORES. The real deal.

Our customers like to visit our 9 physical stores for personal advice, to pick up their products, and to receive customer support after their purchase. In addition, our customers want to experience our products before their purchase. That is why they can see, feel, and listen to all of the products in our stores, as well as receive advice from product experts who are ready to help. Our XXL stores in The Hague and Amsterdam have even more products, experts, and product demos available to help our customers make the best choice.

Apple shop-in-shop

In 2018, we placed Apple shop-in-shops in 5 stores so our customers can compare all models at a glance. Customers can receive advice at product tables from Coolbluers who are trained by Apple. We have a large assortment of Apple accessories in our stores, and we even offer MacBook models that were produced especially for us. All Apple products are in stock in our stores or are delivered to our customers the next day. In 2018, we organized an Apple launch breakfast in our stores in Amsterdam and The Hague. During this event, our biggest Apple fans had the chance to be the first in the Netherlands to receive the latest iPhone.

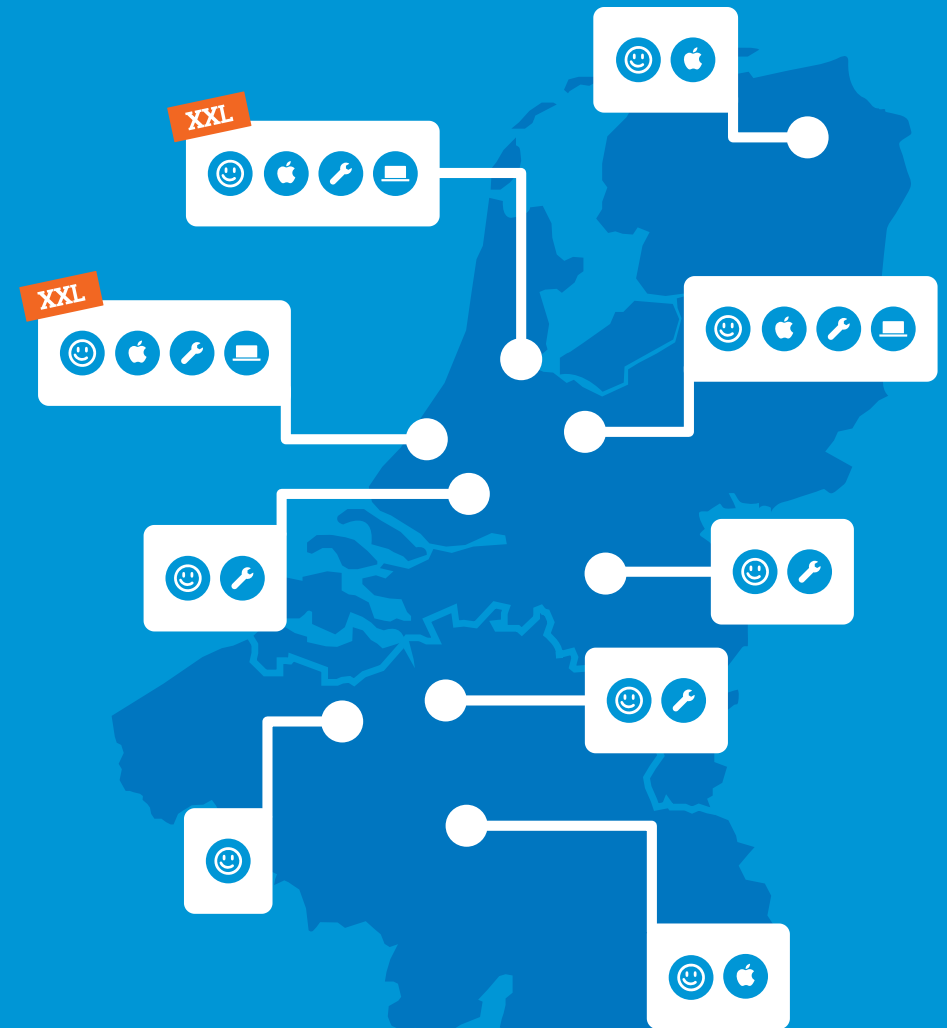


Expansion of our repair service




We expanded our own phone and tablet repair service for Apple, Samsung, and Huawei devices to 6 Coolblue stores in the Netherlands and Belgium. Phone repairs are always completed within 2 hours. Customers know exactly what a repair will cost in advance, and they receive a 12-month warranty on their repair.

Introduction of our laptop service

In 2018, we introduced a laptop service in our stores in The Hague, Amsterdam, and Utrecht. When they purchase a laptop in our stores, we help customers with the setup of their device. Our laptop experts can also transfer files or install software. This way, when a customer walks out the door, their laptop is ready for use.



Extra services in each store

-  Personal advice
-  Apple shop-in-shop
-  Repair service
-  Laptop service

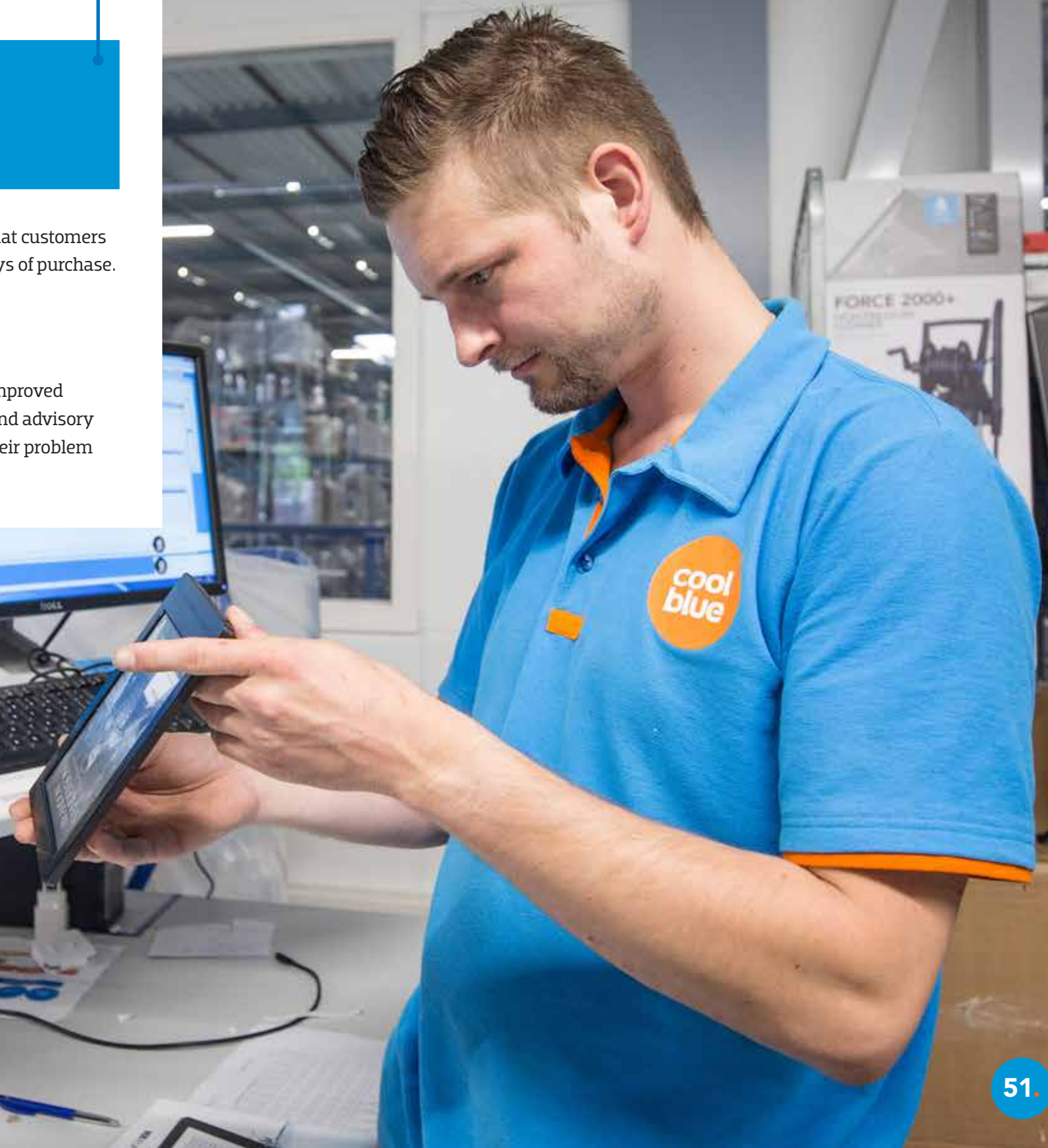
RETURNS.

No biggie.

If customers are not happy with their purchase, we ensure that customers can easily return them. Returns are always free within 30 days of purchase.

Improved online return form

In 2017, we added an online return form to our website. We improved this online return form by adding product-specific support and advisory content. This added information helps our customers with their problem and minimizes returns, all in one go.



CUSTOMER SERVICE.

Good call.

Our customer service is the most important department within Coolblue: it is the basis of all our improvements. Every minute of every day, our Customer Service Employees work to amaze our customers with their service. Naturally, we want to help our customers the best we can, in the most effective and efficient way. With the knowledge of why customers call us, we aim to improve our internal processes to minimize customer contact.

Expert advice in 3 languages

In 2018, we handled 2 million contacts via our customer service. We now provide our customers with expert advice in 3 languages: Dutch, French, and English.

Collecting feedback

We keep track of the reasons why customers call us. By collecting this data, we can assist them even better next time they need us. We also know what information needs to be updated on the website, so we can help customers make the best choice for them.





MARKETING.

Your ad here.

Throughout 2018, we have increased our all-round visibility, mainly by expanding our delivery services with blue vans and by improving our online presence. As a result of our increased visibility, customers often think of us first. We are the first place they come looking when they want to buy a product. Even when a customer decides to buy a product somewhere else afterward, our expert advice is often the decisive factor in their decision-making process.

Expanding our delivery services

We expanded our TV and white goods delivery service with more blue vans and introduced our own delivery service by bike, CoolblueBikes. This led to growing visibility on the streets of the Netherlands and Belgium.

Improving our online presence

Thanks to our switch to a single webshop in 2018, customers can now more easily find our webshop. We also expanded our vlogging activities by producing more advice videos. On our YouTube channel, our expert vloggers create videos with recognizable, informative, and entertaining stories about various product categories. The most popular advisory video of 2018 is *Mag mijn Bluetoothspeaker mee in het vliegtuig?*



RESULTS.

Fruits of our labor.

From the day Coolblue was founded, we have continuously strived to improve our customer satisfaction and our profitability. The various customer journey improvements we implemented in 2018 have contributed to an increase in both NPS and EBITDA. We look back on the results of the past year, the investments we made in 2018, and share our outlook for 2019.

NPS results

As one of our goals is setting the bar for customer-centric entrepreneurship, we always strive to improve our NPS score. As a result of various customer journey improvements, our overall NPS increased from 66 to 67. We have, for example, launched an automated payment tool to repay our customers faster after a return. We also launched CoolblueBikes, added a time slot delivery option, and started delivering large TVs with our own vans.

NPS.



Wondering how we measure NPS?
You can find the explanation back on page 15.



Income statement & balance sheet performance

In 2018, our revenue increased by € 160 million to € 1.35 billion (+ 13.4%), compared to € 1.2 billion in 2017. With this growth, we outperformed the market for consumer electronics, that increased by 7.3% in the Netherlands and by 4.0% in Belgium (GfK 2018).

EBITDA increased faster than revenue

The EBITDA, our measure of profitability, increased from € 21.1 million in 2017 to € 27.1 million in 2018, an increase of 28.4%, even more than our revenue increase. In the second half of 2018, we started benefiting from the rationalization efforts we made in 2017, such as merging our warehouses, and we were able to utilize our economies of scale. Our investments in customer journeys also showed their results. The gross profit margin increased to 12.7% (2017: 11.8%) by improving purchase conditions and the rationalization of our product assortment. We focused on offering an improved range of products and services which suit our customers best, for instance by only selling products with low return ratios, and by setting up reasonable return agreements with our suppliers.

Employee expenses increased by 24.7%, but only by 13.1% if we exclude employee expenses of CoolblueDelivers, which has grown significantly. Other operating expenses increased due to the expansion of our warehouse in Tilburg, the opening of XXL stores in 2017, increased software costs, cloud hosting expenditure, and fleet expenses for CoolblueDelivers. We further invested in marketing for Wallonia, our mobile app, and in the translation of our website to French and English.

The adjusted EBITDA increased from € 21.9 million to € 26.9 million. The adjusted EBITDA for 2017 and 2018 excludes exceptional one-off income and costs for merging our warehouses.

In conclusion, our net profit increased from € 9.1 million in 2017 to € 12.1 million in 2018. While our profitability is still relatively low, we are pleased with the developments shown in the second half of 2018. These foreshadow an increasing profitability in 2019.

Working capital development

The main developments in our working capital are explained by the increased inventory level. Our inventory grew in 2018 as a result of our goal of increased availability of products for our customers in December and because we arranged special deals with higher margins. We finance our growth by retaining a negative working capital, which was -/- € 78.0 million at the end of 2018 compared to -/- € 100.1 million at the end of 2017. This means that we are able to sell most of our products before making payments to our suppliers.

Investments

In 2018, we invested € 5.9 million in tangible fixed assets (2017: € 12.1 million). This mainly relates to investments in IT hardware, our warehouse in Tilburg, and our stores. We invested € 9.4 million in intangible fixed assets (2017: € 9.0 million). This relates to a part of the software development costs of our website and back-office systems, such as a new warehouse management system.

Improved statement of financial position

The net result for 2018 resulted in an increased solvability of 14% (2017: 11%), while the current ratio (excluding receivable from shareholder) remained stable at 1.0 (2017: 1.0). We did not pay out any dividends and strengthened our equity position instead. The receivable from shareholder is available on demand. Our shareholder *Mondhoekje B.V.* completed a refinancing in 2018, which resulted in an increased credit facility for a 3-year period.

5 years of Coolblue

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------|---------|--------|--------|--------|
| NPS | 67 | 66 | 63 | 63 | 62 |
| Adjusted EBITDA (€ million) | 26.9 | 21.9 | 19.3 | 8.3 | 10.8 |
| Income statement | | | | | |
| EBITDA (€ million) | 27.1 | 21.1 | 17.4 | 8.2 | 10.8 |
| Revenue (€ million) | 1,353.6 | 1,193.5 | 857.2 | 554.7 | 360.9 |
| Gross margin % | 12.7% | 11.8% | 11.4% | 10.9% | 13.4% |
| Profit/Loss after income tax (€ million) | 12.1 | 9.1 | 8.9 | 3.1 | 6.6 |
| Balance sheet | | | | | |
| Working capital excluding receivable from shareholder (€ million) | (78.0) | (100.0) | (65.5) | (49.9) | (21.7) |
| Solvability % | 14% | 11% | 10% | 9% | 13% |
| Other indicators | | | | | |
| Operational cashflow (€ million) | 3.9 | 53.3 | 31.2 | 38.1 | 14.2 |
| Investments tangible fixed assets (€ million) | 5.9 | 12.1 | 8.7 | 5.0 | 2.1 |
| Investments intangible fixed assets (€ million) | 9.4 | 9.1 | 7.5 | 5.3 | 0.8 |
| Coolbluers year end (including temporary staff) | 3,628 | 3,561 | 2,676 | 1,614 | 1,032 |

LOOKING AHEAD TO 2019.

Forward thinking.

2019 marks another year of new and exciting developments in terms of NPS and EBITDA. In 2019, we will invest in even more visibility and delivery services: we have 240 in-house developers who will continue to work on improving our customer journeys. Here, we give a sneak preview of 2019, the year in which we will celebrate our 20th anniversary.

Opening new stores

In 2019, we will open various new stores in the Netherlands and Belgium in order to further utilize our online and offline position. This way, our visibility will increase even more and we will provide our customers with more product interaction possibilities. The opening of our store in Tilburg has been announced, others will follow soon.

Improving delivery propositions

We will continue optimizing our delivery propositions, primarily by offering more extensive time slot possibilities in both the Netherlands and Belgium. In addition, CoolblueBikes will expand to more cities, and we will invest in installation services for both kitchen appliances and TVs.





Increasing our NPS

Next to the opening of new stores and improving delivery propositions, we will continue increasing our NPS with key projects like reviewing our product assortment, the navigation on our website, and the analysis of customer interactions. We will also add more functionalities to our mobile app. To make these improvements possible, we plan to hire new colleagues for all our locations.

Increasing EBITDA

In 2019, we expect our total revenue will continue to increase. The drivers behind this are our expansion in Wallonia, our English website, the iOS and Android app, and the new propositions mentioned in this report. We expect to grow in EBITDA even faster than in revenue. We are ready to further utilize the economies of scale. As a result, we expect that our net profit will increase in 2019.

Investments

Next to our investments in new stores, we will further develop our website and back-office systems, and we will go live with a new warehouse management system. Additionally, we will continue to invest in research and development, which is prioritized on the roadmaps of our departments.

06.

GO GREEN & GO SOCIAL.

Putting the logic in ecological.

We strive for a sustainable business model. We take our responsibility seriously, so we can have a positive impact on society and the environment. To achieve this, we have divided our sustainability policy into 2 topics: Go Green and Go Social.



GO GREEN.

A little bit greener every day.

Customers do not only expect the best customer journey and expert advice, they also expect us to do our part when it comes to the environment. That is why our ambition is to become completely climate-neutral. We evaluate our ecological footprint and try to minimize it by taking sustainable measures, and by providing our customers with durable solutions. We do this within 3 focus areas: consumption, waste management, and product advice.

CONSUMPTION.

Less is more.

We define consumption as everything we consume in our operation, such as electricity, fuel, and our cardboard boxes.

Renewable energy

In 2018, we started building the largest solar roof of the Netherlands on top of our 88,000m² warehouse in Tilburg. Rather than simply energy neutral, this solar roof will make sure our warehouse is fully energy positive.



35. Coolblue Bikes

CoolblueBikes

We now offer the most customer and eco-friendly delivery service: CoolblueBikes. With this service, we deliver small packages from our stores and depots with electric bikes. In December 2018, we delivered approximately 60% of all small packages in the largest cities of the Netherlands with CoolblueBikes.

Lean & Green

In 2018, we received our first Lean & Green star. Lean & Green is a CO₂ reduction program which we have been a part of since 2017, and was founded for companies aiming to become more sustainable. We reduced our emissions per sold product by more than 20% by making our warehousing handling and delivery of white goods more sustainable.



186. More packages per truck on average

Reduced packaging material

We expanded our packaging machine with new box set up machines and box closers, resulting in smaller boxes that contain less air and plastic material. This means we can transport more packages with our vans and bikes. Because we send everything from a central warehouse, more products can be shipped in one package, resulting in less packages overall.

Refueling at Rotterdam depot

In 2018, we started a pilot at our Rotterdam depot. Instead of refueling our CoolblueDelivers vans at gas stations, we now make sure the fuel we need comes to us. Because we started refueling our vans at our depot, our vans drive fewer kilometers, with fewer emissions as a result.

WASTE MANAGEMENT.

Going separate wastes.

We aim to process any waste that we produce and receive from our customers in a sustainable way. If we deliver a package with CoolblueBikes, we take old products back with us so we can process them in an eco-friendly manner. We also take in small products via recycle points in our stores. In total, we processed over 18 million kilos of waste from our warehouses, stores, and depots in 2018. The achieved separation percentage of these efforts is over 97%.

White goods waste

Not only are we one of the biggest white goods retailers in the Benelux, we also transport the largest amount of old white goods in kilos. When we deliver white goods to customers, we take the old appliance with us, and make sure it is processed in an eco-friendly manner. We have separate waste flows for our white goods deliveries: old white goods, cardboard, plastic, styrofoam, and residual waste.



PRODUCT ADVICE.

The feel-good choice.

We work on lowering our own energy consumption every day. But we can make an even bigger impact by reducing the energy consumption of our customers. 2 of the ways we do this is by advising and promoting the sale of energy-efficient products via our Go Green label and by offering our customers Second Chance products.

The Go Green label

Coolblue's Go Green products are energy-efficient and meet the high customer-satisfaction demands of Coolblue's Choice. With these products, we help customers make eco-conscious decisions by providing insight into the product's energy consumption. The energy consumption of a fridge, for example, is especially relevant for the customer at the moment of purchase. That is why we show the energy label and costs at several instances during the purchasing process. Customers can see this information on the overview pages, for example, and they can filter on energy-efficient products in our product filter.

Our choice for an energy-efficient fridge.



Coolblue's Choice



Second Chance

We offer our customers Second Chance products. These are returned products that we check for potential damage and sell with a discount instead of throwing them away. Whenever a product can no longer be repaired, we still try to get as much value out of it as possible. While doing this, we strive toward balance between the environment, society, and costs. The best example of this is when we sell damaged, but otherwise new washing machines to buyers who combine these appliances to create refurbished models.



GO SOCIAL.

Best supporting role.

Friends support their friends. That is why we support our own as well as our local community, and set an example as an employer.

We like to support our friends, both inside and outside of Coolblue. We do this as an employer, by setting an example, and also by supporting our local community.

COOLBLUE AS AN EMPLOYER.

Works like a charm.

Employment opportunities

We offer many employment opportunities in the Netherlands and Belgium. We also hire people who need extra assistance in the labor market. We then make sure their capacities are utilized in the best way possible and offer them guidance when needed.

Setting an example as an employer

We do everything in our power to be a good employer for everyone who works with us: from Delivery Employee to Developer. One thing we do is offer a 10-day paternity leave instead of the legally mandatory 2 days in 2018. We also give Coolbluers the opportunity to learn English, French, or Dutch if this is required for their role. In addition, we provide many growth opportunities and help with personal development, for instance with our very own Coolblue University's training courses.

COOLBLUE AS AN EXEMPLARY COMPANY.

Setting the bar.

We believe we can best contribute to society by having Coolbluers help others within their area of expertise. Our Customer Journey Specialists gave a workshop to employees of the Dutch suicide prevention lifeline, and our Online Marketeers shared expert tips and tricks on online marketing to SOS Children's Villages.

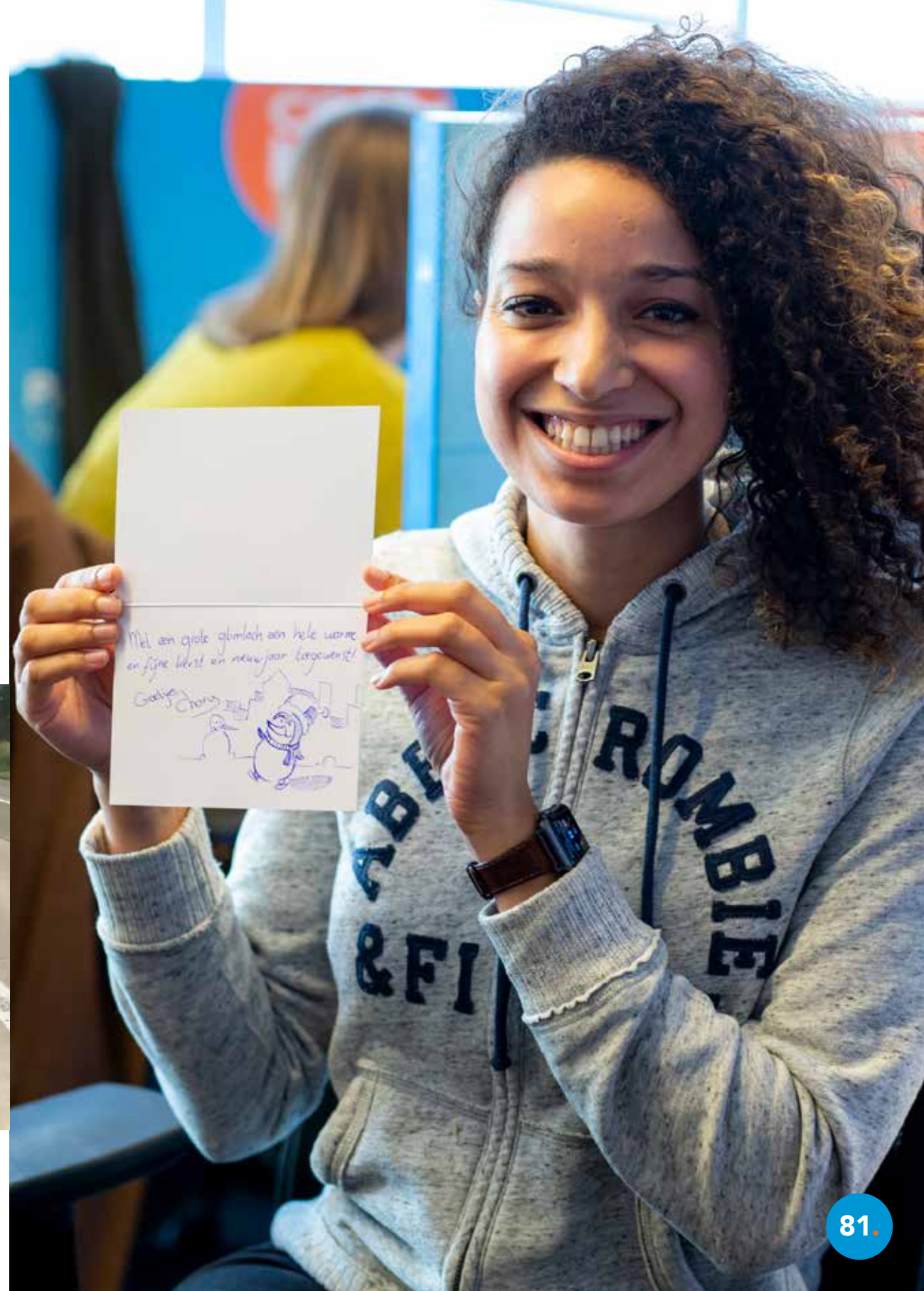
Our Developers also use their expertise to contribute to society by teaching programming skills; in 2018, they introduced programming to 40 children during our Tech Buddies event. We also organize the Tech Starters program, during which we provide Dutch and European starters from various backgrounds with the opportunity to start working as a Junior Developer at Coolblue. Within a short period of time, these Junior Developers are trained to strengthen one of our development teams.



COOLBLUE FOR THE LOCAL COMMUNITY.

Short distance, high impact.

We like to give back to our local communities. Not just in Rotterdam, but also in the vicinity of our other locations, such as our warehouse and stores. Our Store Employees visit retirement homes, for example, so they can explain to the elderly how to use modern products to stay in touch with friends and family. In cooperation with the *Nationaal Ouderenfonds*, we also send Christmas cards to lonely senior citizens during the Christmas period. In addition to this, we give away unprofitable products to families in our area who need them, but cannot afford them. We also sponsor Coolbluers in their athletic efforts to raise money for health charities of their choice.





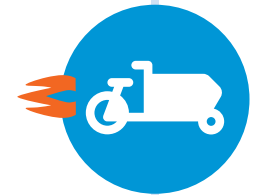
LOOKING AHEAD TO 2019.

Full of positive energy.

We will continue the positive trend in 2019 by stimulating Coolbluers even more to contribute to society using their expertise. In addition, our goal is to become completely climate neutral in the coming years. Thanks to the solar roof on our mega warehouse in Tilburg, we are taking a big step toward increased environmental friendliness. We will install solar panels at our depots and stores where possible.

Expansion of CoolblueBikes

We are going to deliver even more packages with electric bikes by expanding CoolblueBikes to other cities in the Netherlands and Belgium.



Introduction of electric vans

We will start delivering the first televisions by electric van in 2019.

Continued expansion of the Go Green label

In 2019, we will expand the Go Green label to more product categories. Our goal is enabling customers to make eco-conscious decisions when it comes to electrical devices.



07.

THE RULEBOOK.
Challenge accepted.

Our growth comes with risks and challenges. That is why we continued to professionalize our risk management in 2018.



RISK & OPPORTUNITY MANAGEMENT.

Truth and dare.

Consciously dealing with risks is an important success factor when it comes to reaching our goals. All Coolbluers are given plenty of freedom to make their own decisions. Throughout our Coolblue locations, you can find the words *honest*, *direct*, *open* written on the walls. This means we are up-front with each other about our expectations, which helps us avoid surprises and unnecessary risks.

Risk culture

Together, we strive for a culture of integrity, where regulatory compliance is a given. We commit to an operational management style that ensures we manage and contain risks responsibly. This approach allows us to learn from our mistakes, so we can perform a little bit better every day. Our Management Team has an exemplary role concerning risk management and compliance with our internal policies and external regulations. They bear the final responsibility, but carry out these tasks in cooperation with other Coolbluers. Employees from the Risk & Compliance, Security, and Legal departments help all Coolbluers review and manage risks.

Internal guidelines

We communicate our internal policy and external regulations in an honest, open, and direct way, using clear language and our own guidelines, which we share with all Coolbluers. Examples of such guidelines are:

- *Workguide* (employee guidebook);
- *Friend Code* (code of conduct);
- *How to deal with sticky situations* (whistleblower policy);
- *What happens if I cheat?* (anti-fraud policy);
- *What if I do not stick to the Coolblue agreements?* (disciplinary policy).

Training courses

We developed and implemented various training courses that ensure Coolbluers adhere to our guidelines and become increasingly aware of risks. For instance when it comes to the General Data Protection Regulation (GDPR), labor law, and integrity. These training courses consist of e-learnings and workshops.



Risk profile

Identification & assessment of risks

There are several risks that may impact the realization of our strategic goals. Within our risk management, we focus on 4 categories: strategic, operational, finance & reporting, and compliance risks. In order to create a risk profile, we have conducted various top-down and bottom-up risk assessments. We prioritized the most important risks in the Management Team's yearly Strategic Risk Assessment.

| | Strategic risks | Likelihood | Impact | Risk appetite | Since 2017 |
|--------------------------------------|-----------------------------------|------------|--------|---------------|------------|
| 1 | Competition | ●●●●● | ●●●●● | ●●●●● | — |
| 2 | Reputation | ●●●●● | ●●●●● | ●●●●● | ↑ |
| Operational risks | | | | | |
| 3 | Qualified employees | ●●●●● | ●●●●● | ●●●●● | — |
| 4 | Integrity/security of information | ●●●●● | ●●●●● | ●●●●● | — |
| 5 | Supply chain management | ●●●●● | ●●●●● | ●●●●● | — |
| 6 | Stock management | ●●●●● | ●●●●● | ●●●●● | ↑ |
| Finance & reporting risks | | | | | |
| 7 | Finance and liquidity | ●●●●● | ●●●●● | ●●●●● | — |
| Compliance risks | | | | | |
| 8 | Regulatory compliance | ●●●●● | ●●●●● | ●●●●● | ↑ |
| 9 | Health, safety, environment | ●●●●● | ●●●●● | ●●●●● | ↑ |

Very low ●●●●● Low ●●●●● Medium ●●●●● High ●●●●● Very high ●●●●● Decreased ↓ Stable — Increased ↑

There is no significant deviation of the prioritized risks in comparison to 2017. We came to this insight by analyzing the likelihood, impact, and risk appetite of each identified risk. We define 'likelihood' as the probability of an event occurring, and subsequently obstructing, the realization of our strategic goals. 'Impact' indicates the extent to which the risk would negatively affect these goals. Lastly, 'risk appetite' is our willingness to take certain risks to achieve our goals. The lower this is, the better our risk management needs to be arranged.



Strategic risks

1. Competition

We operate in a highly competitive market. Yet, we have a medium risk appetite when it comes to competition; we see it as an opportunity to go the extra mile for our customers. This means we are constantly improving our customer journeys, and investing in the quality of our service as well as new propositions.

2. Reputation

As we continuously strive to improve our customer satisfaction and our profitability, having a good reputation is essential. In 2018, there have been 2 main developments that have increased our overall likelihood of suffering reputational damage. Firstly, due to legislative and regulatory changes in 2018, such as the GDPR, privacy has become an increasingly important topic of discussion. The rules and guidelines regarding privacy have increased as well. Naturally, we continuously work to incorporate these legislative changes. Secondly, we have seen an increase in the misuse of our brand identity. We further improved our approach to tackling websites that unlawfully trade in our name. This way, less consumers are duped by these fake websites.

Operational risks

3. Attracting and retaining qualified Coolbluers

Qualified and intelligent people are key to our success. In order to be an attractive employer, we offer an unconventional company culture and plenty of opportunities for Coolbluers to develop themselves. Instead of limiting ourselves to the Dutch and Belgian labor markets, we look for suitable candidates on a global scale. We do this in various ways: from setting up large recruitment campaigns to organizing masterclasses and in-house days to attract newly graduated talent. Once we have attracted talent, we of course like to retain it, which is why we offer Coolbluers training courses and growth opportunities.

4. Integrity and security of information

We do everything in our power to prevent leaks of our customers' personal information. We only save customer details that are necessary for ordering, delivering, and returning products. Vulnerabilities in our own or leased software are automatically detected, which allows us to prevent potential problems at an early stage. We are also continuously making Coolbluers more aware of IT security and privacy risks. To ensure excellent availability of our internal systems, we carry out a successful policy of transferring all systems and applications to the cloud. This policy offers guaranteed continuity and scalability.

5. Supply chain continuity

We have a large warehouse and 8 depots. By working with multiple suppliers, based on favorable agreements, we are not dependent on a single party. Additionally, we are able to enhance our supply chain management by using our own delivery services: CoolblueDelivers and CoolblueBikes. We try to resolve occurrences beyond our control, such as strikes and physical disruptions, as best we can. Because we have full ownership of these services, we do not have to depend on external parties. Thanks to these measures, we are able to limit disruptions in our supply chain to an absolute minimum.

6. Stock management

The value of our inventory increased in 2018. As a result, the impact of the risk has increased. There are 2 stock management risks: excess stock or insufficient stock. We prevent the risk of insufficient or excess stock by analyzing the expected sales patterns every day, and aligning our purchasing activities accordingly. This makes sure we order the optimal number of products at all times.



Finance & reporting risks

7. Finance and liquidity

Our operations are financed by our operating cash flow and a negative working capital. This is a big plus: it means we are able to sell the bulk of our products before we have to pay our suppliers. We have a strong debtor management process that ensures all the numbers are correct, which is, of course, essential. This gives us the assurance that we are always able to meet all our payment obligations.

Compliance risks

8. Regulatory compliance

Our Risk & Compliance, Security, and Legal departments closely follow the latest developments in laws and regulations. In addition to external developments, we consider internal developments as well. Take, for instance, new business developments or adding new product types. Special attention is given to tax developments and the new European privacy regulation, the General Data Protection Regulation.

9. Safety, Health, and Environment

We do everything in our power to ensure the safety of our customers and employees. Within our Safety, Health, Environment, and Quality department (SHEQ), we are continuously working on improvements regarding these topics. Coolbluers who work in our warehouse are given training courses in working safely, and we have set up an internal traffic plan at the warehouse, for example.



Changes in privacy regulations

After the GDPR was established in 2016, we immediately started preparing for its implementation. This made sure that we complied with the GDPR as soon as it came into effect on 25 May 2018. We set up a record of our processing activities, rewrote our privacy policy for customers, employees, and candidates, and applied technical adjustments to facilitate the right of access and removal of personal information. We also changed our work procedures and facilitated online training courses for all Coolbluers who work with customer data. Lastly, we appointed a Data Protection Officer.

The above-mentioned efforts have not gone unnoticed. Both the *Consumentenbond* (consumer association) and the *Volkskrant* (Dutch newspaper) have conducted research into the status of GDPR-compliance of large companies. We scored exceptionally well in both studies.

Enhancement of our risk management system

We are continuously working on professionalizing our risk management operations, especially by making Coolbluers more aware of risks.

Investment in risk management tool

We invested in a risk management tool in which we registered all identified process risks and corresponding oversight measures. With this tool, we aim to improve and simplify our reporting process in order to have more insight into managing processes and risks.

Improved authorization and IT change management

In 2018, we expanded and strengthened the authorization and IT change management oversight measures. Our job profiles have been reviewed and adjusted, and the corresponding rights have been more efficiently allocated in our systems.

Enhanced business continuity management

We started testing and improved the documentation of our business continuity management. As a result, we are able to safeguard the continuity of our critical business processes and resources, such as our buildings, systems, and data.

Implementation of training tool

Thanks to our use of a new training tool, we can monitor and document when Coolbluers attend training courses. This way, we track whether all Coolbluers who work with personal data have completed our GDPR training, for example.





Looking ahead to 2019

In 2019, we want to further professionalize our risk management operations and work toward a more transparent documentation of processes, risks, and incidents.

Continued implementation of our risk management tool

We will continue to implement the risk management tool within our operational, legal, tax, and security departments. By doing this, we expect to create a coherent and complete overview of the most important risks in our operational processes. This continuously up-to-date overview will also allow us to track the progress and follow-up of oversight measures more efficiently. Thanks to our expansion of the risk management tool, managers can gain a deeper insight into processes and associated control environments.

Introduction of risk workshops

In 2019, our Risk & Compliance department will facilitate risk workshops for our relevant departments. Our goal is to identify and analyse the risks for our departments and use this information to set appropriate risk limits and controls. With our workshops, we want to encourage Coolbluers to think for themselves and be alert of risks as well as opportunities.

We also continue to monitor any developments in the risk environment. This way, we will continue working on improving our risk awareness and make our processes as robust, business-specific, and foolproof as possible.

Preparing for ePrivacy Regulation

In 2019, we will closely follow the developments around the announced ePrivacy Regulation because of its expected impact on direct marketing. As with the GDPR, we will prepare for this new regulation accordingly, so we can meet the requirements on time.

CORPORATE GOVERNANCE.

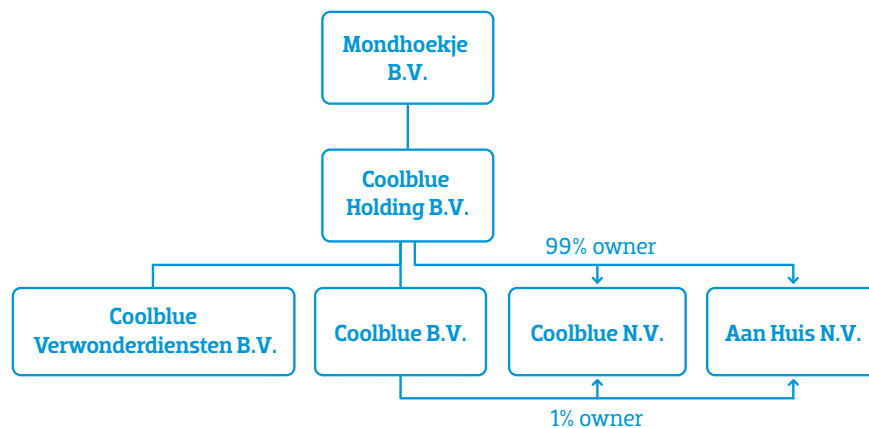
Family tree.

Structure

Coolblue Holding B.V., a limited liability company (*besloten vennootschap*) under Dutch law, is fully owned by *Mondhoekje B.V.* The majority of the shares in *Mondhoekje B.V.* are owned by the 3 founders of Coolblue. Hal Investments B.V. owns a minority stake of 30% in *Mondhoekje B.V.* *Mondhoekje B.V.* qualifies as a 'large company' (*structuurvennootschap*) within the meaning of the Dutch Civil Code.

To maintain transparency, we try to keep our corporate structure as simple as possible. The chart below shows an overview of the various group companies.

Aan Huis N.V. conducts the activities of CoolblueDelivers in Belgium. Coolblue Business Development B.V. was renamed to Coolblue *Verwonderdiensten B.V.* in 2018.





Management Team

The management board of *Mondhoekje B.V.* consists of CEO Pieter Zwart and CCO Maarten Keller. Together with CFO / COO Daphne Smit, they form the Management Team. Each member of this team is legally authorized to represent Coolblue.

We acknowledge the importance of diversity in a working environment. That is why we strive for an equal composition of men and women amongst the members of the Management Team, though competencies are key in the selection criteria for future candidates.



Pieter Zwart

Age: 41.

Position: CEO of Coolblue. Founded the company together with Paul de Jong and Bart Kuijpers.

Education: Business Administration at Erasmus University Rotterdam.

Responsibilities at Coolblue: Customer Service, Marketing, Branding, Stores, and the website.

What can you do a little bit better since 2018?

Cooking. I could not even fry an egg in the beginning of 2018. Now, I can cook dinner for 7 people. And it is edible, too.



Maarten Keller

Age: 43.

Position: CCO.

Education:

Economics at Erasmus University Rotterdam

Prior to Coolblue:

Founder and Non-executive Director at Interhealth B.V., Managing Partner at ESJ Corporate Finance, and Consultant at Deloitte.

Responsibilities at Coolblue:

Category teams, Pricing & Assortment, Purchasing, Media Consultancy, Contract Management, Export, B2B, and Restocking & Managed Inventory.

What can you do a little bit better since 2018?

I have more discipline when it comes to exercise. Every morning at 6:30 sharp, the alarm goes off for the start of an intense workout.

Daphne Smit

Age: 33.

Position: CFO + COO.

Education:

International Business Administration at Erasmus University Rotterdam.

Prior to Coolblue:

Trainee, Account manager, and Credit Analyst at Rabobank

Responsibilities at Coolblue:

Finance, Business Analysis, Legal, HR, Warehousing, Delivery, Returns & Second Chance, Facilities, Procurement, Organisation Improvement and Recruitment.

What can you do a little bit better since 2018?

Surfing and kitesurfing. Since 2018, I also have the role of COO, so I definitely became better in managing operational processes.





Remuneration

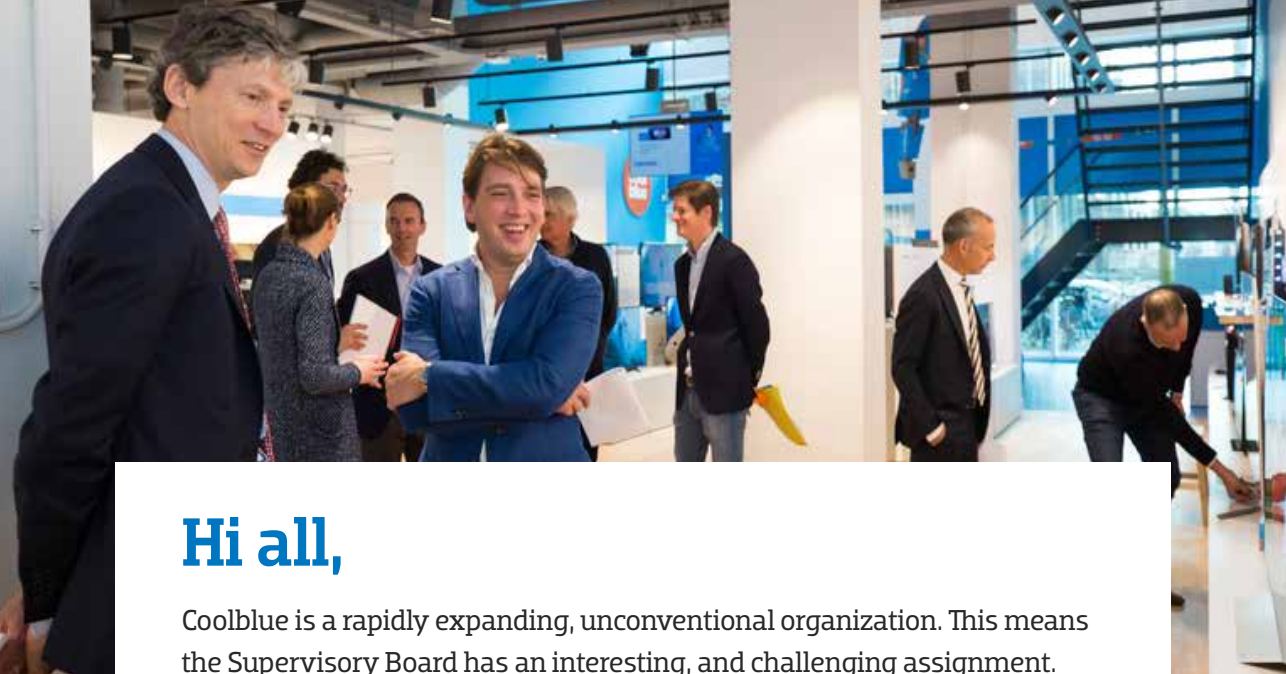
The salaries of the managing board are decided by the Supervisory Board. Members of the Management Team receive a fixed salary and are not entitled to bonuses, options, or shares in the company as part of their remuneration. CEO Pieter is the largest shareholder in *Mondhoekje B.V.*, while the CFO and CCO all hold depository receipts of shares in Coolblue's capital. These depository receipts have all been acquired on commercial terms.

Corporate Governance Code

Although we are not legally obliged to follow the Dutch Corporate Governance Code, we acknowledge the importance of good governance. We actively monitor relevant developments in the corporate governance code and incorporate the principles that are relevant for us as a private company.

08.

**SUPERVISORY
BOARD REPORT.**
Our ultimate support group.



Hi all,

Coolblue is a rapidly expanding, unconventional organization. This means the Supervisory Board has an interesting, and challenging assignment.

Activities of the Supervisory Board

After our first full year as Supervisory Board in 2017, we were able to get involved in more in-depth analysis and strategic choices for Coolblue. We met with the Management Team of Coolblue 5 times throughout 2018 and had frequent interactions in-between. During these meetings, we discussed recurring topics such as customer satisfaction, strategy, market developments, and financial and operational results.

Additionally, we addressed specific topics such as the IT development strategy, opening of new stores, M&A opportunities, and a new management steering model. During these meetings, numerous subjects were accompanied by a presentation, conducted by the relevant Manager. Explanations from the person responsible provided the board with a better overview of the layers of management at Coolblue, which we highly appreciate.

Audit Committee

The Audit Committee supports the Supervisory Board in the supervision of financing, reporting, internal controls, and risk management.

The Audit Committee convened 3 times in 2018, in the presence of the CFO, Head of Finance, and the external auditor. During these meetings, the following topics were discussed: the financial statements of 2017, the audit planning for 2018, the findings of the interim audit in 2018, reporting structures, operational risk management, business continuity management, fraud, and compliance with laws and regulations (GDPR).

Closing thoughts

Generally speaking, the Supervisory Board is greatly satisfied with the growth and results of Coolblue and the progress made concerning the quality of all we do. Furthermore, we are pleased to see that Coolblue has taken its corporate social responsibility to the next level, for example by placing solar panels on its warehouse in Tilburg.

The Board performed a self-evaluation in the beginning of 2018 which was discussed with the Management. It was agreed to focus the meetings as much as possible on the key strategic priorities. The board is happy to serve as a soundboard for a company that focuses on customer journeys and is going through an interesting growth-journey itself. Next to the intellectual challenge, it is also big time fun to be part of this blue journey.

We look back on an eventful year and would like to thoroughly thank every Coolbluer for their unwavering dedication, enthusiasm, and entrepreneurship. We look forward to an even greater 2019.

On behalf of the Supervisory Board,
Jaap van Wiechen
Chairman

Harold Goddijn
Bert Groenewegen
Theo Kiesselbach



Jaap van Wiechen

Jaap van Wiechen (46) is a member of the Executive Board of HAL Holding N.V. and serves as a member of the Supervisory Board of Boskalis and Atlas Services Group. Jaap acts as the chairman of the Supervisory Board and is a member of the Audit Committee.

Members of the Supervisory Board

The Supervisory Board consists of a group of experienced entrepreneurs and investors. The board is an independent body that supervises the policy and daily order of business at Coolblue. In addition, the board and its individual members serve as a friendly, yet critical soundboard to the Management Team.

Each board member is committed to the interests of Coolblue, the customers, and all other interested parties. The board serves Coolblue and is free from the influence of external parties and independent from secondary interests.

The Supervisory Board currently consists of 4 members, each with their own experience or expertise relating to different aspects and activities of Coolblue. The composition of the Supervisory Board has not seen any changes in 2018. Over time, Coolblue intends to add a fifth member to the board.

Harold Goddijn

Harold Goddijn (58) is the co-founder and CEO of TomTom. Previously, he co-founded Psion Nederland before becoming Executive Director at Psion Computers Plc.

Theo Kiesselbach

Theo Kiesselbach (53), a German national, is a retail expert. He started his professional career at McKinsey & Co. Afterward, he held executive roles in a number of German retail companies. Until May 2018, he was CEO of Grandvision.

Bert Groenewegen

Bert Groenewegen (55) is the current CFO of Nederlandse Spoorwegen and member of the Supervisory Board of Todlin N.V. Bert's previous positions include CFO at Exact Holding, CFO/CEO at PCM Uitgevers, and CFO at Ziggo. Bert is the chairman of the Audit Committee.

09.

THE NUMBERS GAME.

Count me in.

This yearbook would not be complete without statistics. On the following pages you will find the consolidated financial statements of Coolblue Holding B.V.

Consolidated Financial Statements

Consolidated income statement

For the year ended December 31, 2018

| € '000 | Notes | 2018 | 2017 |
|---|-------|------------------|------------------|
| Operations | | | |
| Sale of goods | 6 | 1,289,266 | 1,138,818 |
| Marketing fees | | 64,309 | 54,640 |
| Revenue | | 1,353,575 | 1,193,458 |
| Cost of sales | 7 | (1,181,355) | (1,052,516) |
| Gross profit | | 172,220 | 140,942 |
| Employee benefits expenses | 8 | (92,798) | (74,442) |
| Depreciation and amortization | 9 | (12,063) | (9,554) |
| Other operating expenses | 10 | (52,295) | (45,394) |
| Operating profit | | 15,064 | 11,552 |
| Finance income | 11 | 358 | 238 |
| Profit before tax from continuing operations | | 15,422 | 11,790 |
| Income tax expense | 12 | (3,362) | (2,722) |
| Profit for the year | | 12,060 | 9,068 |
| Attributable to: | | | |
| Equity holders of the parent | | 12,060 | 9,068 |
| Profit for the year | | 12,060 | 9,068 |
| EBITDA | | 27,127 | 21,106 |
| Adjusted EBITDA | | 26,922 | 21,938 |

EBITDA and Adjusted EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and adjusted EBITDA are not a measure of our financial performance under IFRS 2. We apply adjusted EBITDA to exclude the effects of certain exceptional charges and income that we believe are not indicative of our underlying operating performance. Such adjustments relate primarily to substantial one-off restructuring and shareholder transaction related costs.

Consolidated statement of comprehensive income

For the year ended December 31, 2018

| € '000 | 2018 | 2017 |
|--|---------------|--------------|
| Profit for the year | 12,060 | 9,068 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year, net of tax | 12,060 | 9,068 |
| Attributable to: | | |
| Equity holders of the parent | 12,060 | 9,068 |
| | 12,060 | 9,068 |

Consolidated statement of financial position

As at 31 December 2018 (before appropriation of result).

| € '000 | Notes | 2018 31 December | 2017 31 December |
|-------------------------------------|-------|---------------------|---------------------|
| Assets | | | |
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | 13 | 19,819 | 20,295 |
| Intangible assets | 14 | 18,365 | 14,707 |
| | | 38,185 | 35,002 |
| <i>Current assets</i> | | | |
| Inventories | 16 | 110,609 | 90,727 |
| Trade and other receivables | 17 | 150,344 | 98,344 |
| Cash and cash equivalents | 18 | 29,878 | 92,768 |
| | | 290,831 | 281,838 |
| Total assets | | 329,016 | 316,840 |
| Equity and liabilities | | | |
| <i>Equity</i> | | | |
| Issued capital | | 20 | 20 |
| Share premium | | 1,838 | 1,838 |
| Legal Reserve | | 15,750 | 12,732 |
| Other reserves | | 15,122 | 9,072 |
| Unappropriated result | | 12,060 | 9,068 |
| | 19 | 44,790 | 32,730 |
| <i>Non-current liabilities</i> | | | |
| Provisions | 20 | 95 | 105 |
| Deferred tax liabilities | 21 | 2,647 | 2,311 |
| Other non-current liabilities | 22 | 741 | 1,196 |
| | | 3,483 | 3,612 |
| <i>Current liabilities</i> | | | |
| Trade and other payables | 23 | 280,743 | 280,498 |
| Total equity and liabilities | | 329,016 | 316,840 |

Consolidated statement of changes in equity

For the year ended December 31, 2018

| € '000 | Issued capital | Share premium | Legal reserve | Other reserves | Unappropriated result | Total equity |
|---------------------------------------|----------------|---------------|---------------|----------------|-----------------------|---------------|
| 1 January 2018 | 20 | 1,838 | 12,732 | 9,072 | 9,068 | 32,730 |
| Appropriation result of previous year | - | - | - | 9,068 | (9,068) | - |
| Transfer to legal reserve | - | - | 3,018 | (3,018) | - | - |
| Profit for the period | - | - | - | - | 12,060 | 12,060 |
| 31 December 2018 | 20 | 1,838 | 15,750 | 15,122 | 12,060 | 44,790 |

| € '000 | Issued capital | Share premium | Legal reserve | Other reserves | Unappropriated result | Total equity |
|---------------------------------------|----------------|---------------|---------------|----------------|-----------------------|---------------|
| 1 January 2017 | 20 | 1,838 | 8,524 | 4,406 | 8,874 | 23,662 |
| Appropriation result of previous year | - | - | - | 8,874 | (8,874) | - |
| Transfer to legal reserve | - | - | 4,208 | (4,208) | - | - |
| Profit for the period | - | - | - | - | 9,068 | 9,068 |
| 31 December 2017 | 20 | 1,838 | 12,732 | 9,072 | 9,068 | 32,730 |

Consolidated statement of cash flows

For the year ended December 31, 2018

| € '000 | Notes | 2018 | 2017 |
|--|-------|-----------------|---------------|
| Operating activities | | | |
| Profit before tax | | 15,422 | 11,790 |
| <i>Adjustments to reconcile profit before tax to net cash flows:</i> | | | |
| Depreciation and impairment of property, plant and equipment | 13 | 6,301 | 5,729 |
| Amortization and impairment of intangible assets | 14 | 5,763 | 3,825 |
| Interest income | | (358) | (238) |
| <i>Working capital adjustments:</i> | | | |
| (Increase)/decrease in trade and other receivables and prepayments | 17 | (2,129) | (25,586) |
| (Increase)/decrease in inventories | 16 | (19,882) | 4,265 |
| Increase/(decrease) in trade and other payables | 23 | 1,354 | 54,632 |
| | | 6,471 | 54,417 |
| Movement provisions and other non-current liabilities | 21 | (466) | 270 |
| Income tax (paid)/received | | (2,150) | (2,843) |
| Interest (paid)/received | | 5 | 38 |
| Other movements in financial fixed assets | 15 | - | 1,489 |
| Net cash flows from operating activities | | 3,860 | 53,371 |
| Investment activities | | | |
| Investments in and disposals from property, plant and equipment | 13 | (7,817) | (9,797) |
| Investments in and disposals from software | 14 | (9,415) | (8,999) |
| Net cash flows used in investment activities | | (17,232) | (18,796) |
| Financing activities | | | |
| (Increase)/decrease receivable from shareholder | | (49,518) | 2,061 |
| Dividend (paid)/received | 19 | - | - |
| Net cash flows from/(used in) financing activities | | (49,518) | 2,061 |
| Net Increase/(decrease) in cash and cash equivalents | | (62,890) | 36,637 |
| Cash and cash equivalents at 1 January | 18 | 92,768 | 56,131 |
| Cash and cash equivalents at 31 December | 18 | 29,878 | 92,768 |

Notes to the consolidated financial statements

1. Corporate information

You are reading the consolidated financial statements of Coolblue Holding B.V. (company number 24330083) and its subsidiaries (hereinafter 'Coolblue', 'the Company' or 'the Group') for the year ended 31 December 2018. The financial statements have been authorized by the Management Board on February 7, 2019.

Coolblue is a limited liability company established in Rotterdam, the Netherlands, and has its registered office at Weena 664, 3012 CN Rotterdam, the Netherlands. Coolblue's parent company is Mondhoekje B.V. (the shareholder), established in Rotterdam, the Netherlands, and has its registered office at Weena 664, 3012 CN Rotterdam, the Netherlands. The shareholder has 2 statutory directors: CEO Pieter Zwart and CCO Maarten Keller. Each director has one vote. Decisions are taken by majority voting. In the case of a tie, Pieter Zwart (Pieter Zwart B.V.) will make the final decision.

Coolblue is principally engaged in the trading of consumer products. Trading occurs mainly through the internet.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB) and adopted by the EU (hereafter IFRS).

The consolidated financial statements have been prepared on a historical cost basis. The financial statements are presented in euro, which is Coolblue's functional currency.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Coolblue and its subsidiaries as at 31 December 2018. Control is achieved when Coolblue is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, Coolblue controls an investee if, and only if, Coolblue has:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Coolblue considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- Coolblue's voting rights and potential voting rights.

Coolblue re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the 3 elements of control. Consolidation of a subsidiary begins when Coolblue obtains control of the subsidiary and ceases when Coolblue loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements, starting from the date that Coolblue gains control until the date that Coolblue ceases to control the subsidiary.

Profit or loss, and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of Coolblue. If necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with Coolblue's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in the consolidated financial statements.

Company information - Information about subsidiaries

If Coolblue Holding B.V. loses control of a subsidiary, it derecognizes the related assets, liabilities, non-controlling interest, and other components of equity while any remaining gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements of Coolblue Holding B.V. include:

| Name | Domicile | Country of incorporation | % equity interest | |
|--------------------------------------|-----------|--------------------------|-------------------|------|
| | | | 2018 | 2017 |
| Coolblue B.V. | Rotterdam | Netherlands | 100% | 100% |
| Coolblue Verwonder- diensten B.V. | Rotterdam | Netherlands | 100% | 100% |
| Coolblue N.V. | Antwerp | Belgium | 100% | 100% |
| Aan Huis N.V. | Antwerp | Belgium | 100% | 100% |

Coolblue Holding B.V. owns 99% of Coolblue N.V. and Aan Huis N.V. The remaining 1% of both entities is owned by Coolblue B.V.

In 2018, Coolblue Business Development B.V. has changed the company's name to Coolblue Verwonderdiensten B.V.

Coolblue Holding B.V. has issued a 403 liability statement for Coolblue B.V. and Coolblue Verwonderdiensten B.V.

In accordance with Article 402 of Part 9, Book 2 of the Dutch Civil Code, the Coolblue company income statement is presented in abbreviated form.

2.3 Summary of significant accounting policies

The significant accounting policies are included in the relevant notes.

Foreign currencies

Coolblue's consolidated financial statements are presented in euro, which is also the parent company's functional currency. Coolblue determines the functional currency for each separate entity. Items included in the financial statements of each entity are measured using the appropriate functional currency.

Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in a normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within 12 months after the reporting period.
- Cash or cash equivalents, unless it's restricted from being exchanged or used to settle a liability for at least 12 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 a 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

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Coolblue classifies all other liabilities as non-current.

Changes in accounting policies and disclosures

IAS 8 requires an entity to select and apply its accounting policies consistently for similar transactions, events and/or conditions, unless an IFRS specifically requires or permits categorization of items for which different policies may be appropriate. Where an IFRS requires or permits such categorization, an appropriate accounting policy is selected and applied consistently to each category. Therefore, once a choice of one of the alternative treatments has been made, it becomes an accounting policy and must be applied consistently. Changes in accounting policy should only be made if required by a standard or interpretation, or if the change results in the financial statements providing reliable and more relevant information.

Coolblue applies new standards and amendments issued by the International Accounting Standards Board (IASB), when effective and endorsed by the European Union. Coolblue has not opted for early adoption for any of these standards.

The following standards have been applied as of 1 January 2018. These amendments have no material impact on the financial statements.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Clarifications to IFRS 15 Revenue from Contracts with Customers
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

- Amendments to IAS 40 Transfers of Investment Property
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters

The IASB has issued several new standards and amendments with an effective date of 1 January 2019 or later. Those with an expected impact on Coolblue upon application are discussed below. Other standards issued are not expected to have a significant impact.

IFRS 16 leases

IFRS 16 'Leases' was issued in January 2016. The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 will replace IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the

commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Transition to IFRS 16

Coolblue will adopt IFRS 16 at 1 January 2019. The new standard will have an impact on Coolblue's Consolidated Statement of Financial Position items 'Property, plant and equipment' and 'Liabilities' due to the recognition of the leased assets and corresponding financial liabilities. Also, this has an impact on Coolblue's Consolidated Income Statement items 'Depreciation, amortization and impairment', 'Other operating expenses' and 'Finance expenses'. Mondhoekje is currently reviewing the extent of the impact of this new standard. Coolblue is evaluating the implementation method per contract, the discount rates and the duration of the contracts to be used. Therefore, a quantitative disclosure of the impact is not available yet. Further details on lease commitments can be found in note 24.

Changes to Standards following Amendments by the IASB and the Annual Improvement Cycles as issued per date of these financial statements are not expected to have a material impact on Coolblue's financial statements.

Consolidated cash flow statement

The cash flow statement has been prepared in accordance with the indirect

method.

Cash and cash equivalents consist of cash at bank and in hand. Cash flows in foreign currencies are translated at average rates. Cash exchange differences are presented separately in the statement of cash flows.

Interest received and paid, dividends received and profits tax are included under cash flows from operating activities. Dividend paid is stated under net cash flow from financing activities.

The cost of acquired group companies and proceeds of sold group companies are included in the cash flow from investing activities. When a payment in cash has been made, the amount is shown net of cash and cash equivalents held by the concerning group companies.

Transactions for which no cash or cash equivalents are exchanged, including finance leases if applicable, are not included in the cash flow statement. Lease payments under finance leases are considered to be cash outflows from financing activities, to the extent that they relate to repayment installments and as cash outflows from operating activities to the extent that they relate to interest payments.

3. Significant accounting judgments, estimates and assumptions

The preparation of Coolblue's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of the financial position of the Company. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In instances, comparatives included in the financial statements 2018 have been

reclassified compared to their prior year presentation. This had no impact on result of shareholder's equity.

Estimates and assumptions

The key assumptions and estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described in the relevant notes. Coolblue based its assumptions and estimates on the parameters that were available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of Coolblue. Such changes are reflected in the assumptions when they occur. The specific estimates are described in the relevant notes.

4. Capital management

For the purpose of Coolblue's capital management, capital includes issued capital, share premium, and all other equity reserves that are attributable to the equity holders of the parent.

Coolblue's primary objective in terms of managing capital is to maintain a sufficient capital base, so as to maintain creditor confidence and to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital. Dividend will be paid depending on the financial position of the Group taking into account solvability and expected cash flows. There has not been issued any commitment to pay out dividend. Exposure to capital risk is limited as the majority of online sales are paid for prior to the customer delivery. The operations of the Group are financed by equity and trade creditors.

5. Financial risk management

Risk management related to specific balance sheet accounts is included in the related notes.

Financial instruments

Coolblue Holding B.V. and their subsidiaries have no derivatives, no interest-bearing borrowings, and no financial guarantee contracts.

This results in a very limited risk with respect to financial instruments.

Coolblue's finance department manages balances at banks and monitors trade and other payables.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if:

- there is a currently enforceable legal right to offset the recognized amounts.
- and there is an intention to settle on a net basis.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This relates to interest rate risk and currency risk. Coolblue primarily operates in the Netherlands and Belgium. As Coolblue's sales and purchase transactions are primarily in euro, the foreign currency risk is low. Coolblue has limited financial activities resulting in interest income or expenses. Therefore the interest rate risk for Coolblue is low.

Liquidity risk

Coolblue manages their liquidity risk by several cash forecast methods. For an aging analysis refer to note 22: Trade and other payables. As Coolblue's working capital is negative, the liquidity risk is considered to be low.

6. Revenue

Revenue recognition

Sale of goods

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. A sale with a right of return, revenue would not be recognized for the products expected to return.

Marketing fees

Revenue arising from marketing fees and related costs are recognized, provided that all of the following criteria are met: the service is provided, the amount can be measured reliably, and it is probable that the economic benefits will flow from buyer to the seller. Revenue should be recognized in the period that these fees relate to and the related costs are recognized.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item.
- Receivables and payables are stated including the amount of sales tax.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Segment reporting

The company is centrally organized to maximize operational efficiencies and synergies through its head office in Rotterdam. The Management Board, being the Chief Operating Decision Maker, reviews the financial performance of the Group and decides whether or not to allocate resources on a total group level. Therefore, management concluded there is only one operating segment, as defined in IFRS 8.

Geographical details

| € '000 | 2018 | 2017 |
|--|------------------|------------------|
| <i>Sale of goods to external customers</i> | | |
| Netherlands | 942,711 | 830,327 |
| Belgium | 346,555 | 308,491 |
| Total sale of goods | 1,289,266 | 1,138,818 |
| <i>Non-current assets</i> | | |
| Netherlands | 36,891 | 33,642 |
| Belgium | 1,294 | 1,360 |
| Total non-current assets | 38,185 | 35,002 |

7. Cost of sales

| € '000 | 2018 | 2017 |
|----------------------------|------------------|------------------|
| Cost of goods sold | 1,090,790 | 968,081 |
| Direct sales costs | 90,565 | 84,434 |
| Total cost of sales | 1,181,355 | 1,052,516 |

The direct sales costs include the packaging costs, external transportation costs, payment costs, direct marketing costs, and special taxes.

8. Employee benefits expenses

| € '000 | 2018 | 2017 |
|--|---------------|---------------|
| Wages and salaries | 74,690 | 59,141 |
| Social security costs | 11,941 | 10,172 |
| Pension costs | 6,167 | 5,129 |
| Total employee benefits expense | 92,798 | 74,442 |

During 2018, employees in the Netherlands worked a combined average of 2.164 FTE (2017: 1.735 FTE) for Coolblue. In Belgium, employees worked a combined average of 284 FTE (2017: 178 FTE).

The Group's research and IT development concentrates on frontend and backend applications to facilitate the growth of Coolblue. Research and development costs that are not eligible for capitalization have been expensed in the period incurred (2018: € 2.8 million, 2017: € 2.5 million). These costs are included in employee benefit expenses and other employee expenses. An amount of € 8.4 million (2017: € 7.0 million) of employee benefits expenses has been capitalized in intangible fixed assets as development costs.

Pension arrangements

Coolblue B.V. offers two separate pension arrangements to employees in the Netherlands. The company facilitates a multi-employer defined benefit plan for employees in the Netherlands (known as the basisplan), in which various employers contribute to one central pension union. In accordance with IAS 19R, as the pension union managing the plan is not able to provide the Group with sufficient information to enable the Group to account for the plan as a defined benefit plan, the company accounts for its multi-employer defined benefit plan as if it were a defined contribution plan.

The coverage of the relevant pension fund in late 2018 is 106.5% (2017: 111.2%). The total number of Coolblue participants in this central pension union amounts to less than 1% of total participants. The pension premium to be paid in 2018 equals 21.6% of pensionable salary (maximized on € 54,614) less franchise. 5.7% of the pensionable salary is paid by the employees. As stated in the implementation agreements, Coolblue has no obligation to pay any additional contributions other than higher future premiums. In the extraordinary event that the pension fund is unable to meet its obligations, the participants will receive partial payments from the pension fund.

The second plan is a top hat plan, purchased at an insurance company. This plan is classified as a defined contribution plan, limiting the employer's legal obligation to the amount it agrees to contribute during the period of employment. As stated in the implementation agreements, Coolblue has no obligation to pay any additional contributions. Under this defined contribution plan, the obligations in respect of the defined contributions are recognized as an expense in the income statement when they fall due. The contribution is based on a percentage of pensionable salary exceeding the base plan, which is partly paid by employees.

For the employees of Coolblue N.V. pensions are administered at RSZ 'Rijksdienst voor Sociale Zekerheid'. These pension fees are recognized as an expense in the income statement when they fall due.

9. Depreciation, amortization and impairment

| € '000 | 2018 | 2017 |
|--|---------------|--------------|
| Depreciation | 6,301 | 5,729 |
| Amortization | 5,531 | 3,825 |
| Impairment intangible fixed assets | 231 | - |
| Total depreciation, amortization and impairment | 12,063 | 9,554 |

10. Other operating expenses

| € '000 | 2018 | 2017 |
|---------------------------------------|---------------|---------------|
| Housing expenses | 13,273 | 11,105 |
| Other employee expenses | 20,878 | 18,376 |
| Advertising and marketing expenses | 6,417 | 6,906 |
| Other general expenses | 11,727 | 9,008 |
| Total other operating expenses | 52,295 | 45,394 |

The fees listed below relate to the services provided to Coolblue and its consolidated group entities by Ernst & Young Accountants LLP, Coolblue's external auditor, as well as by other Dutch and foreign-based EY individual partnerships and legal entities, including their tax services and advisory groups:

| € '000 | 2018 | 2017 |
|-----------------------------------|------------|------------|
| Audit of the financial statements | 124 | 94 |
| Tax advisory services | 25 | 29 |
| Total | 149 | 123 |

11. Finance income and expenses

| € '000 | 2018 | 2017 |
|-----------------------------|------------|------------|
| Interest income | 352 | 237 |
| Exchange rate differences | 6 | 1 |
| Total finance income | 358 | 238 |

Interest income mainly relates to interest on the receivable from shareholder and interest received on bank accounts.

Interest rate sensitivity

The interest rate risk is low since Coolblue does not have long term liabilities, and the cash at banks is monitored daily to generate the best possible interest rates.

12. Income tax expense

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where Coolblue operates and generates taxable income. In 2018, the applicable tax rates in the Netherlands have not changed compared to 2017. The applicable tax rate in Belgium has been lowered to 29.58% (2017: 33.99%).

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss.

Management periodically evaluates positions taken in the tax returns, with respect to situations in which the applicable tax regulations are subject to interpretation, and establishes provisions where appropriate.

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

| € '000 | 2018 | 2017 |
|---|--------------|--------------|
| Current income tax: | | |
| Current income tax charge | 3,002 | 1,998 |
| Adjustments in respect of current income tax of previous year | 24 | (6) |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 336 | 730 |
| Income tax recognized in the result | 3,362 | 2,722 |

Reconciliation of tax expense and the accounting profit multiplied by Dutch domestic tax rate for 2017 and 2018:

| € '000 | 2018 | 2017 |
|---|---------------|---------------|
| Accounting profit before income tax | 15,422 | 11,790 |
| At Dutch statutory income tax rate of 25% (2017: 25%) | 3,855 | 2,947 |
| Adjustments in respect of current income tax of previous years | 24 | (7) |
| Tax rate of 20% over the first € 200,000 | (10) | (10) |
| Tax rate in Belgium 29,58% (2017: 33,99%) | 87 | 158 |
| Adjustment deferred tax liability due to lower future tax rates | (165) | - |
| R&D tax incentives | (578) | (444) |
| <i>Non-deductible expenses for tax purposes:</i> | | |
| Other non-deductible expenses | 149 | 78 |
| Income tax recognized in the result | 3,362 | 2,722 |
| Effective income tax rate | 21.8% | 23.1% |

Tax unity

Coolblue Holding B.V. is part of a tax unity with the shareholder, Coolblue B.V., and Coolblue Verwonderdiensten B.V. with regards to the corporate income tax and indirect tax. As a result, Coolblue is jointly and severally liable for the tax liabilities of the fiscal unity.

13. Property, plant, and equipment

Property, plant, and equipment is stated at cost, net of accumulated depreciation, and accumulated impairment losses, if any. Such costs include the cost of replacing part of the plant and equipment if the recognition criteria are met. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Leasehold improvements 5 years
- Other equipment 5 years

An item of property, plant, or equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized. The residual values, useful lives, and methods of depreciation of property, plant, and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Coolblue assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Coolblue estimates the assets recoverable amount. On 31 December 2018, Coolblue noted no indication for impairment.

| € '000 | Leasehold improvements | Other equipment | Construction in progress | Total |
|------------------------------------|------------------------|-----------------|--------------------------|-----------------|
| Cost or valuation | | | | |
| At 1 January 2017 | 15,557 | 8,303 | 441 | 24,301 |
| Additions | 7,078 | 4,915 | 58 | 12,051 |
| Disposals | (528) | (1,612) | - | (2,140) |
| Reclassification | - | 441 | (441) | - |
| At 31 December 2017 | 22,107 | 12,047 | 58 | 34,212 |
| Additions | 2,577 | 3,246 | 126 | 5,949 |
| Disposals | (12) | (185) | - | (197) |
| Reclassifications | - | 58 | (58) | - |
| At 31 December 2018 | 24,672 | 15,166 | 126 | 39,964 |
| Depreciation and impairment | | | | |
| At 1 January 2017 | (6,441) | (3,887) | - | (10,328) |
| Disposals | 528 | 1,612 | - | 2,140 |
| Depreciation charge for the year | (3,256) | (2,473) | - | (5,729) |
| At 31 December 2017 | (9,169) | (4,748) | - | (13,917) |
| Disposals | 3 | 70 | - | 73 |
| Depreciation charge for the year | (3,951) | (2,350) | - | (6,301) |
| At 31 December 2018 | (13,117) | (7,028) | - | (20,145) |
| Net book value | | | | |
| At 31 December 2018 | 11,555 | 8,138 | 126 | 19,819 |
| At 31 December 2017 | 12,938 | 7,299 | 58 | 20,295 |

14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized. The related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either definite or indefinite.

Intangible assets with definite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a definite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with definite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. Both are recognized in the statement of profit or loss when the asset is derecognized.

Software and domain names

Certain direct development costs, associated with website and internal-use software, are capitalized. These include external direct costs of services and payroll costs for employees devoting time to the software projects principally related to website development, ERP development and decision support systems. This includes support systems, software coding, designing system interfaces, and installation and testing of the software. These costs are recorded as intangible fixed assets and are generally amortized over a period of 2 to 10 years, beginning when the asset is substantially ready for use. Costs incurred for enhancements that are expected to result in additional features or functionality are capitalized and amortized over the estimated useful life of the enhancements. Costs incurred during the preliminary project stage, as well as maintenance and training costs, are expensed as incurred.

| | Purchased software | Domain names | Development costs software |
|---|--|---|--|
| Useful lives | Definite (5 years) | Definite (5 years) | Definite (2-5 years) |
| Amortization method used | Amortized on a straightline basis over the estimated economic lifetime | Amortized on a straightline basis over the period of the patent | Amortized on a straightline basis over the period of expected future benefits from related project |
| Internally generated or acquired | Acquired | Acquired | Internally generated |

Coolblue assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Coolblue estimates the asset's recoverable amount. In 2018, an impairment on internally developed software has been recognized for an amount of € 231,000. On 31 December 2018, Coolblue noted no other indications for impairment.

Significant accounting judgments, estimates, and assumptions

Coolblue capitalized development costs when future economic benefits were able to be determined. The determination of future economic benefits includes estimates based on specific market and customer knowledge and experiences.

| € '000 | Development | Purchased | Domain | Software | Total |
|------------------------------------|-------------------|----------------|--------------|----------------------------|-----------------|
| | costs software | software | names | development in progress | |
| Cost or valuation | | | | | |
| At 1 January 2017 | 8,933 | 2,446 | 229 | 1,596 | 13,204 |
| Additions - internally developed | 6,848 | - | - | 694 | 7,542 |
| Additions | - | 680 | - | 871 | 1,551 |
| Disposals | - | (590) | - | - | (590) |
| Reclassification | 1,423 | 173 | - | (1,596) | - |
| At 31 December 2017 | 17,204 | 2,709 | 229 | 1,565 | 21,707 |
| Additions - internally developed | 7,459 | - | - | 954 | 8,414 |
| Additions | - | 636 | - | 371 | 1,007 |
| Disposals | (297) | - | - | - | (297) |
| At 31 December 2018 | 24,366 | 3,345 | 229 | 2,891 | 30,831 |
| Amortization and impairment | | | | | |
| At 1 January 2017 | (1,832) | (1,704) | (229) | - | (3,765) |
| Amortization | (3,334) | (491) | - | - | (3,825) |
| Disposal | - | 590 | - | - | 590 |
| At 31 December 2017 | (5,166) | (1,605) | (229) | - | (7,000) |
| Amortization | (5,161) | (369) | - | - | (5,530) |
| Impairment | (231) | - | - | - | (231) |
| Disposals | 297 | - | - | - | 297 |
| At 31 December 2018 | (10,263) | (1,974) | (229) | - | (12,466) |
| Net book value | | | | | |
| At 31 December 2018 | 14,103 | 1,371 | - | 2,891 | 18,366 |
| At 31 December 2017 | 12,038 | 1,104 | - | 1,565 | 14,707 |

15. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus (solely level 3), in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans and in the cost of sales, or other operating expenses, for receivables. This category generally applies to trade and other receivables and non-current financial assets.

16. Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The costs of goods for resale are calculated based on first-in-first-out purchase prices. In these prices, rebates on purchases and costs incurred in bringing each product to its present location and condition are included.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

| € '000 | 2018 | 2017 |
|--|----------------|---------------|
| Trading stock | 112,207 | 91,366 |
| Provision obsolete stock | (1,598) | (638) |
| Total inventories at the lower of cost and net realisable value | 110,609 | 90,727 |

In 2018, an amount of € 1,150 million (2017: € 1,009 million) of inventory value is included in the cost of sales and an amount of € 13.8 million (2017: 8.3 million) of inventories has been written down.

17. Trade and other receivables

Trade receivables are non-interest bearing and are generally on terms of 2 to 90 days. For more information about the receivables from shareholder, refer to note 24. Other receivables and prepayments mainly relate to rebates and bonuses receivable from suppliers and manufacturers and generally on terms within 90 days.

| € '000 | 2018 | 2017 |
|--|----------------|---------------|
| Trade receivables | 33,170 | 40,111 |
| Receivables from shareholder | 58,235 | 8,718 |
| Taxes and contributions | 11,235 | 9,843 |
| Other receivables and prepayments | 47,704 | 39,670 |
| Total trade and other receivables | 150,344 | 98,342 |

Significant accounting judgments, estimates and assumptions

& Credit risk

Coolblue has no significant concentrations of credit risk. Credit risk is the risk that a counterparty does not meet its contractual obligations, leading to a financial loss. Coolblue is exposed to credit risk from its operating activities, primarily trade receivables and other receivables. The credit risk with respect to trade receivables is limited. Sales to consumers are made after a prepayment via Ideal, major credit cards, PayPal, debit cards, or in cash. Business clients have the opportunity to buy on credit. The solvency of these business clients is based on credit checks. Individual credit limits are defined in accordance with this assessment. Outstanding receivables are regularly monitored. Export sales are covered by credit insurance.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The maximum exposure to credit risk at the reporting date is the carrying value of each

class of the financial assets disclosed. Coolblue does not hold collateral as security. Coolblue evaluates the concentration of risk with respect to trade receivables from business clients as low, as these customers relate to different industries and operate in largely independent markets. Receivables that were past due, but not impaired, relate to a number of specific customers for whom there is no recent history of default.

As a result, management believes there is no further credit risk provision required in excess of the normal individual and collective impairment, based on an aging analysis performed as of 31 December 2018.

The ageing analysis of trade receivables is, as follows:

| € '000 | 2018 | | 2017 | |
|--|---------------|----------------------|---------------|----------------------|
| | Gross | Expected Credit Loss | Gross | Expected Credit Loss |
| Trade receivables | 27,711 | - | 32,254 | - |
| Receivables from shareholder | 3,517 | - | 4,451 | - |
| Taxes and contributions | 842 | - | 859 | - |
| Other receivables and prepayments | 1,732 | 633 | 2,645 | 98 |
| Total trade and other receivables | 33,803 | 633 | 40,209 | 98 |

As of 31 December 2018, the Expected Credit Loss of trade receivables amounts € 633,000 (2017: € 98,000). Please see the table below for the movements in the Expected Credit Loss of receivables.

| € '000 | 2018 | 2017 |
|-----------------------|--------------|--------------|
| At 1 January | (98) | (132) |
| Charge for the year | (593) | (47) |
| Used | 58 | 82 |
| At 31 December | (633) | (98) |

18. Cash and cash equivalents

Cash in the statement of financial position comprises cash at banks and on hand, which are subject to an insignificant risk of changes in value. Cash is at the free disposal of Coolblue and is stated at amortized cost.

| € '000 | 2018 | 2017 |
|--|---------------|---------------|
| Cash at hand | 695 | 478 |
| Cash at banks | 29,183 | 92,290 |
| Total cash and cash equivalents | 29,878 | 92,768 |

Total cash, excluding the amount of restricted cash, is at free disposal of Coolblue. Decrease of total cash is caused by repayment of the external credit facility of € 48.5 million at the parent company. The credit facility of € 60 million is available on demand.

Credit risk

The credit risk with respect to financial assets primarily relates to cash at banks. Cash balances are held with counterparties that have a credit risk rating of at least A-, as rated by an acknowledged rating agency. Moreover, to avoid significant concentration of exposure to particular financial institutions, we ensure that transactions and businesses are properly spread among different counterparties.

19. Issued capital and reserves

The authorized share capital consists of 19,603 ordinary shares of € 1 each (2017: 19,603 of € 1 each). All shares are issued and fully paid. Share capital and premium did not change in 2017 and 2018.

| € '000 | Legal reserve | Other reserves | Unappropriated result | Total |
|---------------------------------------|---------------|----------------|-----------------------|---------------|
| 1 January 2018 | 12,732 | 9,072 | 9,068 | 30,872 |
| Appropriation result of previous year | - | 9,068 | (9,068) | - |
| Transfer to legal reserve | 3,018 | (3,018) | - | - |
| Profit for the period | - | - | 12,060 | 12,060 |
| 31 December 2018 | 15,750 | 15,122 | 12,060 | 42,932 |

In 2017 and 2018 no dividend has been paid. The legal reserve relates to capitalized development costs.

Appropriation of net result

The result for the year 2018 of € 12,060,000 is in accordance with the proposed profit appropriation treated as unappropriated profit in Coolblue's equity. The result for the year 2017 of € 9,068,000 is in accordance with the decision of the General Meeting distributed to other reserves.

20. Provisions

| € '000 | 2018 | 2017 |
|-------------------------|-----------|------------|
| Jubilee provision | 95 | 105 |
| Total provisions | 95 | 105 |

Coolblue formalized a jubilee scheme for Coolblue employees. Employees receive a fixed cash amount after 5, 10 and 15 years of employment. This scheme is not funded.

| € '000 | | |
|---|-----------|------------|
| Defined Benefit Obligation as at 1 January | 105 | 91 |
| Current service costs | 21 | 47 |
| Interest expense | 1 | 1 |
| Costs recognized in income statement | 22 | 48 |
| (Gain)loss from change in assumptions | - | - |
| Benefits paid by the plan | (32) | (34) |
| Defined benefit obligation as at 31 December | 95 | 105 |

The discount rate used is 1.7%. The assumptions regarding mortality experience are based on actuarial advice and latest available published statistics, which was the AG Prognose table 2009–2014. Sensitivity calculations do not have a material impact on the financial statements.

Coolblue expects to pay € 30,000 for jubilee payments in 2019. The weighted average duration of the defined benefit obligation is 5.8 years (2017: 5.7 years). The unfunded plan is exposed to a limited number of risks. Future payments depend on life expectancy and turnover rate.

21. Deferred tax liabilities

| 2018 € '000 | 1 January | Recognized in p&l | 31 December |
|--------------------------------|--------------|----------------------|--------------|
| Tangible fixed assets | 45 | (45) | - |
| Intangible fixed assets | 2,292 | 375 | 2,667 |
| Provision for jubilee benefits | (26) | 6 | (20) |
| Total fixed assets | 2,311 | 336 | 2,647 |
| Current | | | 301 |
| Non-current | | | 2,346 |

Movement for the year ended 31 December 2017:

| 2017 € '000 | 1 January | Recognized in p&l | 31 December |
|--------------------------------|--------------|----------------------|----------------|
| Tangible fixed assets | 69 | (24) | 45 |
| Intangible fixed assets | 1,535 | 757 | 2,292 |
| Provision for jubilee benefits | (23) | (3) | (26) |
| Total fixed assets | 1,581 | 730 | 2,311 |
| Current | | | 865 |
| Non-current | | | 1,446 |

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for the taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the carry forward of unused tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date. Afterward, it is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to balance current tax assets against current tax liabilities when the deferred taxes relate to the same taxable entity and the same taxation authority.

The deferred tax provision relates to the tax regime "depreciation at will" and capitalized development costs. The deferred tax provision related to capitalized development cost is recognized against the effective tax rate as it will be settled to. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

22. Other non-current liabilities

| € '000 | 2018 | 2017 |
|--------------------------------------|------------|--------------|
| Deferred rental expenses | 741 | 1,196 |
| Other non-current liabilities | 741 | 1,196 |

23. Trade and other payables

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge (solely level 3), as appropriate.

All financial liabilities are initially recognized at fair value. In the case of loans and borrowings or payables, they are recognized at the net of directly attributable transaction costs. Coolblue's financial liabilities include trade and other payables.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, canceled, or expires. When an existing financial liability is replaced by another one from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability, and the recognition of a new one. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

| € '000 | 2018 | 2017 |
|---|----------------|----------------|
| Trade payables | 212,538 | 216,441 |
| Taxes and contributions | 32,608 | 30,493 |
| Accrual for holiday leave, holiday pay and net wage | 7,247 | 5,644 |
| Other current payables | 28,350 | 27,920 |
| Total trade and other payables | 280,743 | 280,498 |

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-90 day terms.
- Other payables are non-interest bearing and are normally settled on 60 day to 6 months terms.

The fair value of the trade and other payables, excluding taxes and social security's payable, as at 31 December 2018, and 31 December 2017, is equal to the carrying amount. The trade and other payables are payable as follows:

| As at 31 december 2018 | | | | | |
|--|---------|--------------------|----------------|--------------|---------|
| € '000 | Total | Less than 3 months | 3 to 12 months | 1 to 5 years | 5 years |
| Trade and other payables excluding taxes and social securities | 247,613 | 241,530 | 6,083 | - | - |

| As at 31 december 2017 | | | | | |
|--|---------|--------------------|----------------|--------------|-----------|
| € '000 | Total | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years |
| Trade and other payables excluding taxes and social securities | 249,671 | 244,875 | 4,796 | - | - |

24. Commitments and contingencies

Leases

Coolblue determines whether an arrangement is (or contains) a lease, based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfillment of the arrangement is dependent on the use of one or more specific assets, and the arrangement conveys a right to use the assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease is classified as a finance lease when it transfers substantially all the risks and rewards incidental to ownership of an asset to the Group. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Coolblue has no financial leases.

Operating lease commitments

The Group has entered into operating leases on office and store rental, with lease terms ranging from 3 to 5 years. The Group has the option, under some of its leases, to lease the assets for additional terms of 3 to 5 years. The operating lease commitments on office and store rental include several renewal options. The operating lease commitments does not include purchase options.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

| Operating lease commitments € '000 | 2018 | 2017 |
|---|---------------|---------------|
| Within one year | 14,776 | 11,667 |
| After one year but not more than five years | 28,804 | 27,419 |
| More than five years | 341 | 1,345 |
| Total operating lease commitments | 43,921 | 40,431 |

Rental lease commitments mature in 2023 latest.

During 2018, € 14.4 million was recognized as expense in the income statement in respect of office and warehouse rental and car lease (2017: € 9.3 million).

Other commitments

The parent company settled a finance arrangement consisting of € 60 million with the Rabobank. In return, the Group has given a pledge on its tangible fixed assets, trade receivables and cash. Coolblue Holding B.V., Coolblue B.V., Coolblue Verwonderdiensten B.V. and Coolblue N.V. act as guarantor for the external financing at the parent company. The group agreed a minimum ratio of 2 for net debt divided by normalized EBITDA.

The group has a credit facility at ING Bank for an amount of € 3 million for rental and permit purposes, of which € 2,161,000 is used at 31 December 2018.

The group is subject to a limited number of claims & investigations, which the group disputes. Although the outcome of these disputes and investigations cannot be predicted with any certainty, it is expected that these will not have any significant impact on the group's financial position. No provisions were made as these were not deemed necessary.

The group is subject to a limited number of claims & investigations. Although the outcome of these disputes and investigations cannot be predicted with any certainty, it is expected that these will not have any significant impact on the group's financial position. No provisions were made as these were not deemed necessary.

25. Related party disclosures

Unconsolidated related parties

Note 2.2 provides information about Coolblue's group structure, including details of the subsidiaries and the holding company. During 2018 and 2017, Coolblue entered into transactions with its subsidiaries in the course of its business. These transactions related to trading and services are eliminated in the consolidated financial statements.

The parent company of Coolblue Holding B.V. is an unconsolidated related party. The following table provides the total amount of transactions that have been entered into with this parent company for the relevant financial year. These transactions consist of payments made by Coolblue Holding B.V. on behalf of the shareholder, cash balancing and financing transactions, and interest on current account. Since Coolblue has no shares in affiliated companies, there are no transactions with other unconsolidated related parties.

| € '000 | Transactions during the year | | Outstanding balance per year end | |
|-----------------|------------------------------|-------|----------------------------------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Related parties | | | | |
| Mondhoekje B.V. | 2,208 | 1,945 | 58,235 | 8,942 |

Compensation of Management Board

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of Coolblue directly or indirectly. This includes any directors, whether executive or otherwise, of the entity. Coolblue considers the statutory directors to be key management personnel as defined in IAS 24 'Related parties'.

| Compensation of Management Board € '000 | 2018 | 2017 |
|--|------------|------------|
| Short term employee benefits | 404 | 397 |
| Post employment benefits | 10 | 10 |
| Other benefits | 6 | 6 |
| | <u>420</u> | <u>413</u> |

26. Events after the reporting period

No subsequent events which have an important influence on the financial situation and/or the profitability of Coolblue have occurred following the end of the financial year.

Company Financial Statements

Company income statement

For the year ended December 31, 2018

| € '000 | Notes | 2018 | 2017 |
|---|-------|---------------|--------------|
| Continuing operations | | | |
| Result on subsidiaries | 27 | 11,894 | 9,015 |
| Other operating income and expenses after tax | | 166 | 53 |
| Profit for the year after tax | | 12,060 | 9,068 |

Company statement of financial position

As at 31 December 2018 (before appropriation of result).

| € '000 | Notes | 2018 | 2017 |
|-------------------------------------|-------|---------------|---------------|
| | | 31 December | 31 December |
| Assets | | | |
| <i>Non-current assets</i> | | | |
| Financial fixed assets | 27 | 45,217 | 33,323 |
| <i>Current assets</i> | | | |
| Trade and other receivables | | 2 | 10 |
| Receivable from related parties | 28 | 9,056 | 8,942 |
| Cash and short-term deposits | | 5 | 13 |
| | | 9,063 | 8,965 |
| Total assets | | 54,280 | 42,288 |
| Equity and liabilities | | | |
| <i>Equity</i> | | | |
| Issued capital | | 20 | 20 |
| Share premium | | 1,838 | 1,838 |
| Legal reserve | | 15,750 | 12,732 |
| Other reserves | | 15,122 | 9,072 |
| Unappropriated result | | 12,060 | 9,068 |
| | 29 | 44,790 | 32,730 |
| <i>Current liabilities</i> | | | |
| Payable to related parties | 30 | 9,490 | 9,558 |
| Total equity and liabilities | | 54,280 | 42,288 |

Consolidated income statement

27. Significant accounting policies

Basis of preparation

The company financial statements have been prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code.

Based on article 362–8 of Book 2 of the Dutch Civil Code, the valuation principles applied are based on International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), applied in preparation of the consolidated financial statements of Coolblue. Companies are allowed to apply IFRS valuation principles in their financial statements, prepared under Title 9 of Book 2 of the Dutch Civil Code.

Subsidiaries, associates, and joint ventures are accounted for at net assets value, determined on the base of IFRS, as applied in the Consolidated Financial Statements Please refer to the Notes to the Consolidated Financial Statements, starting at page 12.

In accordance with Article 402 of Part 9, Book 2 of the Dutch Civil Code, Coolblue profit and loss account is presented in abbreviated form.

28. Financial fixed assets

| € '000 | 2018 | 2017 |
|---------------------------------------|---------------|---------------|
| <i>Movement subsidiaries</i> | | |
| Subsidiaries as at 1 January | 33,323 | 24,308 |
| Result for the year | 11,894 | 9,015 |
| Subsidiaries as at 31 December | 45,217 | 33,323 |

29. Receivable from related parties

The receivables from related parties concern current receivables without scheduled repayment obligation. The interest rate amounts to Euribor plus 1.2%.

30. Equity

For details on equity, a reference is made to note 19 of the consolidated financial statements.

31. Payable to related parties

The payables to related parties concern current liabilities without scheduled repayment obligation. The interest rate amounts to Euribor plus 1.2%.

32. Board remuneration

| Compensation of statutory directors € ' 000 | 2018 | 2017 |
|--|------|------|
| Total compensation | 420 | 413 |

Management Board

Rotterdam, the Netherlands

February 7, 2019

| | | | |
|--------------|----------------|-----------------|-----------------|
| Pieter Zwart | Maarten Keller | Mondhoekje B.V. | Mondhoekje B.V. |
| CEO | CCO | Pieter Zwart | Maarten Keller |

Other information

Appropriation of net result according to the Articles of Association

Article 18

1. The general meeting shall determine the allocation of accrued profits.
2. Distributions may be made only insofar as Coolblue's equity exceeds the amount of the paid-in and called-up part of the issued capital, increased by the reserves which must be kept by virtue of the law. Dividends shall be paid after adoption of the annual accounts from which it appears that payment of dividends is permissible.

Independent auditor's report

To: the shareholders of Coolblue Holding B.V.

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

Our opinion

We have audited the financial statements 2018 of Coolblue Holding B.V., based in Rotterdam. 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 Coolblue Holding B.V. as at 31 December 2018, and of its result and its 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 Coolblue Holding B.V. as at 31 December 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2018

- The following statements for 2018: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 December 2018
- The company profit and loss account for 2018
- 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 Coolblue Holding B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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.

Report on 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's 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.

Description of responsibilities for 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 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 frameworks 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. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement 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 judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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. Decisive were 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 management 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.

Rotterdam, 7 February 2019

Ernst & Young Accountants LLP

Signed by I.H.G. Hengefeld