

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 written in a white, lowercase, sans-serif font, stacked vertically.

cool  
blue

**YEARBOOK 2017.**  
True story.



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The yearbook of Coolblue Holding B.V. contains the management board report (pages 1 to 95) and the numbers game (annual report and other information).



## HELLO.

From the other side.

The year 2017 can be summarized in a single word: *rationalization*. For the first time ever in the history of Coolblue, we were able to quit doing things. We quit printing our mini-catalog, selling phone plans, offering an excessive assortment, delivering air in oversized boxes, shipping from 2 different warehouses, and keeping too much stock.

At the same time, 2017 was also a year of many new things. We learned new skills, such as multilingualism. Opened new channels, such as the app. And we opened up new physical locations, including the first 2 stores based on our new store concept Coolblue XXL, in The Hague and Amsterdam, and our new headquarters in Belgium.

In short, 2017 was a record year. For both revenue and profitability. But most importantly: for customer satisfaction.

This was achieved thanks to all Coolbluers, together. And I would like to thank all of you. Thank you!

With a smile,

Pieter

## COOLBLUE AT A GLANCE.

Leveling up the company.

We love data. If we can't measure it, we can't improve it. That is why we have 36 Business Analysts at Coolblue who measure and analyze everything. From the number of website visits to the total amount of Coolbluers called Tim.

# 2016.



**63**

NPS (average)

**857M**

Total revenue



**2,676**

Coolbluers (19 Tims)

**615M**

Revenue NL



**29**

Nationalities

**242M**

Revenue BE



**87**

Delivery trucks

**19.3M**

Adjusted EBITDA



**96**

Meeting rooms

**8.9M**

Net Profit



**8**

Stores

**149M**

Website visits



**5**

Depots CoolblueDelivers

**61K**

M<sup>2</sup> warehouse space

# 2017.



**66**

NPS (average)

**1.2B**

Total revenue



**3,561**

Coolbluers (34 Tims)

**884M**

Revenue NL



**45**

Nationalities

**309M**

Revenue BE



**150**

Delivery trucks

**21.9M**

Adjusted EBITDA



**104**

Meeting rooms

**9.1M**

Net Profit



**9**

Stores

**180M**

Website visits



**8**

Depots CoolblueDelivers

**94K**

M<sup>2</sup> warehouse space

## **THE COOLBLUE STORY.**

Anything for a smile.

We are a customer journey agency. Not an internet company, retailer, or webshop. We organize complete journeys that make our customers happy-while making a profit.

# GOALS.

I love it when a plan comes together.

Coolblue was founded by 3 students in Rotterdam back in 1999. In a short period of time, we have grown into one of the leading online players in the Dutch and Belgian markets. 18 years ago, we wrote down our business plan on the back of a beer coaster. This plan consisted of 2 goals: earn money and become the leading company in customer-centric entrepreneurship.

These goals remain unchanged. The driving force behind our success is the equal importance of these 2 goals, which constantly interact. For example, free shipping leads to happy customers, but it also increases costs. Although these goals might lead to tension in the short run, they only serve to strengthen each other in the long run.

Satisfied customers are extremely important to us. Better yet, we obsess over them. Satisfied customers ensure our continued growth. It is not just about repeat business, the true value of satisfied customers depends on the extent to which they are willing to recommend us. That is why, before we decide on anything, we always take customer satisfaction into account.

## NPS & EBITDA

We can only do things a little bit better every day if we measure everything. We also believe a high Net Promoter Score (NPS) is essential to customer-centric entrepreneurship. That is why we measure our NPS every single day. The NPS tells us how loyal our customers are in their willingness to recommend us to their relatives or friends. In 2017, our NPS averaged 66. We also keep close track of our profitability. That number is expressed in EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization).



# CUSTOMER JOURNEY AGENCY.

Always business class.

We have translated our goals into a business strategy. This means we do not just compete in products, pricing, or delivery, but also create a competitive edge by organizing complete customer journeys that make customers happy.



We do not simply create customer journeys by instinct, it is a rational process. By analyzing our data, we are able to discover intrinsic customer needs and develop unique customer journeys around them. This affects various propositions, which we are always looking to optimize. We have listed 4 examples of this: delivery optimization, sales process optimization, product return ratio, and supply chain optimization.





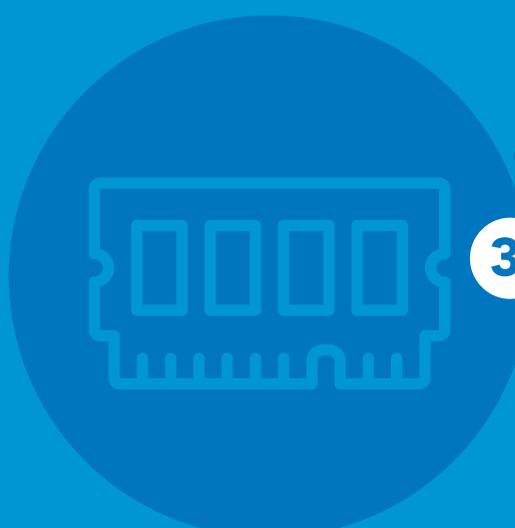
## 1. Delivery optimization

We measure why customers buy new washing machines. For example, we found that washers often break down while in use and that a new one is ordered within 24 hours. These appliances are heavy and difficult to install, so customers like for them to be delivered and installed, while the old one is disposed of. It is precisely this part of the customer journey to which we can add value. That is why we started our own white goods delivery service, CoolblueDelivers.



## 2. Sales process optimization

When it comes to televisions, we observed a relatively low online channel share compared to other product types. For the customer, it is difficult to compare picture quality and size online. That is why physical stores are essential to the sales process of a television. They allow customers to compare and experience different models, but also to receive advice from experts.



## 3. Product return ratio

We measure how often and why customers return a product. For example, SSDs (Solid State Drive) are often returned because customers have difficulties installing them in their laptops. To remedy this, we added a video tutorial to our order confirmation this year. Thanks to this solution, the number of SSD returns has been cut in half. This has led to both satisfied customers and a persistent competitive advantage.



## 4. Supply chain optimization

We also analyze what customers are looking for. Based on our findings, we have our suppliers manufacture unique laptops for us that meet the price point and specifications the customer desires. These models can only be purchased at Coolblue. The same market data also helps us calculate how many of these optimized models we are going to sell.

## **CULTURE AND PEOPLE.**

In good company.

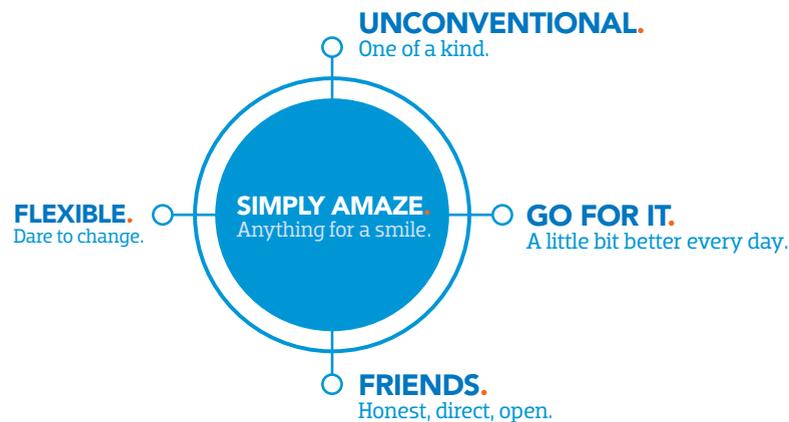
Coolblue is a fast-growing company that is already over 3,500 employees strong. Together, we work towards 2 common goals on a daily basis: making customers happy and making a profit.

# CULTURE.

If it fits, I sits.

Our culture is the key to our success. We started out 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.

We are constantly welcoming new Coolbluers. That is why it is important that everyone understands why we insist on doing things our own way—to help them embrace our culture and consistently convey our values.



These are our brand values. They describe who we are and what we stand for. What binds us together and how we treat one another.

We first wrote down these values in 2011, with the help of every Coolbluer. Now, years later, they are still a perfect fit. This is not just a coincidence. In order to prevent disappointments, we use these values to judge whether we are a good match.

Our brand values also help us make decisions for the future. We can apply them to any decision, big or small, to check whether it suits us or not.

# UNCONVENTIONAL.

One of a kind.

Being unconventional means that everyone should be able to be themselves. Whether you have an outspoken personality or a modest one. This might seem contradictory, but it is precisely this unconventionality that unites us.

At Coolblue, you do not have to be the smartest kid in class. We are all doing this for the first time, so we do not always have the right answer straight away. But we want to give it a try. That is why we need bold people to do things that have not been done before.

People who are true to themselves are hard to copy. That is why we only do things that suit us. Before we do anything, we ask ourselves: is this really a good fit for us? We also consider whether something can easily be copied by another company. If we were to cover our logo and not recognize it as Coolblue, it is not authentic enough.

We are proud of our real, unconventional Coolbluers. That is why they appear in our commercials and on our websites. As they are. Including tattoos.





## FRIENDS.

Honest, direct, open.

There are but few companies where so many people are both colleagues and friends. This is our strength. Because friends all want what is best for one another. Because two heads are better than one. Because friends always tell the truth. And because it is simply more fun.

And people take notice. Our customers, who always come back. Our suppliers, who regard us as long-time partners. We are always honest and direct, in good times and bad. We never go back on a promise, and we are open to feedback.

Equals make the best friends. That is why neckties are the least worn item at the office. And why colleagues can tell Pieter how they really feel about his new jacket. It is also why we treat our customers as friends. Without the "how's it hanging," of course.

## GO FOR IT.

A little bit better every day.

Less talk, more action. Actions speak louder than words. We have plenty of proverbs for it. But at Coolblue, we simply refer to this no-nonsense entrepreneurial attitude as *go for it*.

An idea is worthless without follow-up. We prefer immediate action above endless discussions. We got to where we are now today by doing things a little bit better every day. Step by step, detail after detail. Things do not always go right 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. Coolblue was designed with flexibility in mind in order to support our rapid growth. Whoever says "we always do it like this" is not doing it right.

This flexibility shows. Coolbluers are rarely upset by sudden changes to their plans or teams. Before anything can happen, they have already developed new systems that can handle twice the load. And they keep learning new things outside their own expertise.

Flexibility is also important when it comes to our obsessive focus on customer satisfaction. A washing machine that needs to go to the attic instead of the basement? Sure thing. A returned product that arrives a day late? Not a problem. Exceptions are meant to be made.

## 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 good website, one where customers can quickly and easily place an order. We then simply package their order and ship it to the customer. For free, of course.

To *amaze* means to exceed expectations. Going the extra mile to surprise our customers. To make them smile. Smiles are actually pretty common, but they often require something amazing.



## PEOPLE.

### Friend zone.

Coolblue is an open, ambitious organization. New colleagues start out each month, and they are given plenty of responsibility right from the start.

Because our most important processes are organized in-house, we are able to improve them step by step while maintaining considerable flexibility. That is why we employ a great number of experts, which works wonders on both an operational and strategic level. This allows us to both create distinctive competencies and learn from the process at the same time.

## The greatest workplace in the Netherlands and Belgium

Our colleagues are spread across various locations throughout the Netherlands and Belgium. We currently operate out of 9 stores, 8 depots, 2 warehouses, and 2 offices in Rotterdam and Berchem. All locations are easy to reach by both public transport and car. Plus, we provide our Coolbluers with healthy, freshly prepared meals in our cafeterias. Our healthiest options are labeled 'Coolblue's healthy choice,' which make it a piece of cake to eat healthily.

Our office is filled with plain, regular desks. Yet, the way they contrast with our meeting rooms is what makes our work environment special. These are not just standard rooms, but rooms with themes that connect to Coolblue. Each room represents a chapter of our entrepreneurial story. Like the De Dijk room: a replica of the bar where the business plan of Coolblue was drafted. These meeting rooms embody the Coolblue culture, making sure that our employees feel right at home.

## Onboarding

Coolblue is not just a workplace, it is a place where employees can develop themselves both personally and professionally. New employees become an important part of the team right from the start, and they are quickly given plenty of responsibility. We created an onboarding program in which new employees are introduced to each part of the organization throughout their first month. They visit the main office, the warehouse, and 1 of our physical stores. We have also set up our own training academy, the Coolblue University, where Coolbluers can study to become a little bit better every day. We currently offer 27 training courses and 107 e-learning, taught both by internal and external specialized trainers.



## EVENTS.

### Blue carpet.

Throughout the year, we host several events for current and prospective colleagues and others who are interested in Coolblue.

### E-commerce Masterclass

In 2017, we hosted the first Coolblue E-commerce Masterclass. For this event, we invited 50 (near-)graduate talents from all over the Netherlands to intern with us for 3 days and learn all there is to know about e-commerce. Throughout the Masterclass, Coolbluers and Friends of Coolblue share their best insights via lectures and field trips. The theme for 2017 was 'Customer Journeys,' with guest speakers from Google, Facebook, and Blendle.

### Show & Tell

Several times per year, we host a Show & Tell event where guest speakers are invited to share informative presentations with Coolbluers.

### In-house day

Every year, we host multiple inhouse days. During these days, 25 selected (near-)graduates are invited to familiarize themselves with various entry-level e-commerce jobs at Coolblue.

### Behind the Scenes

This event is hosted for anyone who is interested in a peek behind the curtains at the Tech department of Coolblue. We use it to share knowledge, insights, and experiences. Each edition revolves around a different tech-related theme.

### Office Tour

During our Office Tour, we provide fans that are interested in Coolblue with a guided tour of the greatest office in the Netherlands: our headquarters in Rotterdam. These tours are led by Coolbluers.

# RECRUITMENT.

Gotta catch 'em all.

## Personal growth at Coolblue

'A little bit better every day' is one of our core values. As such, we expect Coolbluers to keep developing themselves and aim for the sky. And thanks to our rapid growth, there are plenty of opportunities to do so. Coolblue also facilitates this by hosting consultation hours to discuss opportunities. During these sessions, we help Coolbluers to take the next step in their career and advise them on how to do this.

### True stories

Below, we included 4 examples of Coolbluers who took a next step in their career.

*Maurits Roodhuijzen* started out as a Customer Service Employee at Coolblue in 2015. After that, he went on to become a Project Employee at Team Facilities. All the while he developed competencies that are essential in his current position as Go Green Guy, which is responsible for making Coolblue greener.

*Cindy Gordon* started out as Team Lead Inventory Control in 2015. It did not take long before she moved on to Team Purchase Administration as a Team Lead. For several months now, she has been a Customer Journey Specialist at the Mobile App domain.

*Wesley van Nes* started out as a Delivery Employee at CoolblueDelivers in 2017. After only a few months he moved up to Project Manager Last Mile Delivery. His hands-on experience at the home of the customer makes him invaluable for this position.



From left to right: Cindy Gordon, Maurits Roodhuijzen, Wesley van Nes, Hanneke Schoormans.

*Hanneke Schoormans* started out as a Media Consultant for laptops, tablets, and desktops in 2016. Thanks to her rapid growth in relationship management she first made the leap to Apple Boss, before becoming Manager of the Vendor Management Team.

## Job openings

Each month, we welcome plenty of new Coolbluers and we are always looking for new employees in order to support our rapid growth. By the end of 2017, we still had 96 job openings.

All current job openings are available at [CareersatCoolblue.com](https://careersatcoolblue.com), [WerkenbijCoolblue.nl](https://werkenbijcoolblue.nl), and [WerkenbijCoolblue.be](https://werkenbijcoolblue.be).

# RECRUITMENT STATISTICS.

You can count on me.



**58,690**  
Applicants.



**885**  
New employees.

**96**  
Job openings  
year-end 2017.



We are still looking for... 

**1,000**  
Delivery Employees.

**50**  
Developers.



**398**  
Hired via referral  
(buddy bonus).



## **A YEAR IN REVIEW.**

Never forget.

We implemented lots of improvements in 2017 that contributed to our NPS and EBITDA. Here, we look back on our achievements and look forward to next year.

## OUR MARKET.

Slice of the pie.

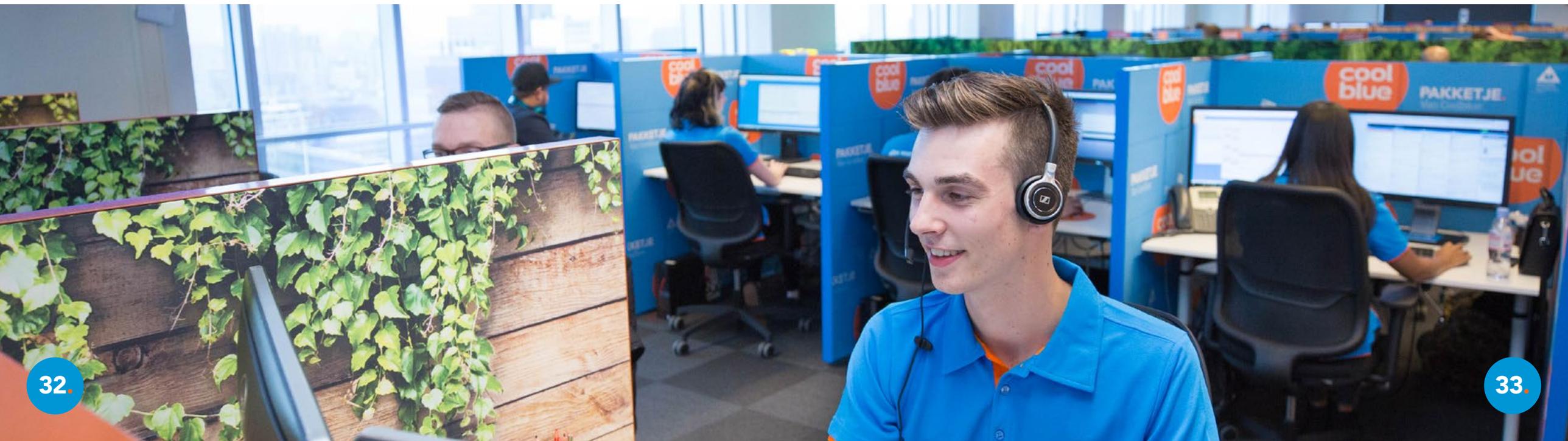
Consumer behavior is shifting from offline to online. The Dutch retail market for non-food grew by 2% compared to last year, during which offline sales decreased by 2%, while online sales increased by 14% according to the GfK Group (2017). This behavior is shifting faster in the Netherlands than in Belgium (BeCommerce Market Monitor, 2017). Not only do customers purchase their products online more frequently, the online market is also used as a research channel before purchasing a product either online or offline. Therefore, among other things, we developed an app that increases the ease of shopping in order to use this shift to our advantage.

Consumer trust in online shopping is still growing, but so are expectations. For example, customers would like simpler product returns and the ability to choose a time of delivery. For this reason, we organized our company in a way we are able to systematically improve our customer journeys.

## CUSTOMER JOURNEY IMPROVEMENTS.

Well-traveled.

Coolblue is organized into domains, each one responsible for a specific part of the customer journey, ranging from Payments & ordering to Shipping & deliveries. Each domain is committed to executing, improving, and developing their part of the customer journey. All required knowledge and tools are available in each domain. A domain consists of a Domain Boss, Business Analyst, Customer Journey Specialists, Product Owner, Developers, and in some cases an operational department. We will highlight the most important developments of the past year per domain.



## Sales marketing

Each purchase is the result of a customer journey that brings multiple channels, campaigns, devices, our physical stores, and customer service together. To generate as many sales as possible, we show the right message, to the right person, at the right time, on the right device. We do this based on historical data and the results of hundreds of A/B experiments, which we perform continuously. Next, in order to assign the correct value to the deployment of our sales marketing tools, we employ a data-based attribution model. This allows us to evaluate the added value of individual customer interactions. Each journey leads to better brand recognition and an increased chance of repeat purchases.

### Improvements to the attribution model

Throughout the past year, we greatly improved our attribution model. This enables us to better optimize our sales marketing costs, communication, and results.

### Shift in marketing spending

There was a shift in marketing expenses in 2017. We spent less on offline channels because we determined we were able to easier reach our goals via their online counterparts.

## Assortment & cross-sell

Making customers happy with the best choice starts with building the right assortment.

### Further implementation of Coolblue's Choice

Our Assortment & cross-sell domain performed an assortment rationalization. Based on the feedback from our customers and our own product knowledge, we removed products from our assortment matrix that are not the best choice for them. Following that, we filled the empty slots in our matrix with products for which we detected a greater need among our customers. This resulted in both an improved assortment quality and an elimination of redundant product choices. In turn, it becomes easier for the customer to choose, while the number of product returns decreases. This corresponds with the idea behind Coolblue's Choice, which is used to help customers choose the most suitable product for their needs.



### Introduction product bundles

In June, we introduced composed products. These are combinations of products that have been put together by our experts in order to offer the best product experience, such as a bundle consisting of a camera, memory card, spare battery, and camera bag. This allows the customer to buy a complete, ready-to-use set of products in a single purchase. To illustrate, 10% of all single-lens reflex cameras we sold in 2017 were part of a product bundle.





### Discontinuance of mobile phone plans

In 2017, the Dutch regulations surrounding the sales of mobile phones with an accompanying phone plan were changed. We made a strategic decision to cease sales of all phone plans because, in the current market, these always resulted in a long, unpleasant customer journey. This decision has a negative impact on profitability, but it lowers the level of complexity throughout various parts of the organization, which ultimately increases scalability. That is why, starting February 1, we shifted our focus to the sales of contract-free phones.

### New insurance plans

We updated our insurance plans to better suit the products we offer. We now sell dedicated insurance plans for mobile phones, washing machines, and laptops. The insurance plans are also featured more prominently on the website and are now accompanied by clearer details about their coverage. This resulted in an increase of 400% in insurance plan sales compared to last year.

## Search, navigate & select

With the help of our Search, navigate & select domain, we ensure that the search and navigation functionalities of our website are always fully optimized.

## Coolblue-as-a-shop

In early 2017, Coolblue consisted of more than 300 different domain names. Throughout the year, we started introducing Coolblue-as-a-shop. This allows the customer to navigate the website more easily, while it enables us to better monitor their visits. By the end of 2017, about 50% of all transactions were made via Coolblue.nl and Coolblue.be.

## Improved search engine

We implemented an improved search engine on our website. Customers are now able to perform product type-wide searches, which leads to more relevant results. Search terms can now also be autocompleted in our search bar.

## Advisory content & product data

The Advisory content & product data domain ensures that all of the products we add to our assortment are accompanied by correct information. We create extensive advisory pages and straightforward product pages containing pros and cons, product specifications, and various images.

## Improved advisory content

We greatly improved our advisory content for numerous product types throughout 2017. For example, by adding instruction manuals and videos to our customer journey. By now, we have already collected and uploaded over 17,000 instruction manuals. With help of in-house product photography, we also added additional images to our product pages. Finally, we created a new CMS (Content Management System) for advisory content.

## Customer service

Via our Customer service domain, we make sure our customer service works as efficiently as possible. In 2017, we processed 2.8 million customer interactions at our customer service department. This equals 500 interactions per hour.

## Reduced number of customer interactions

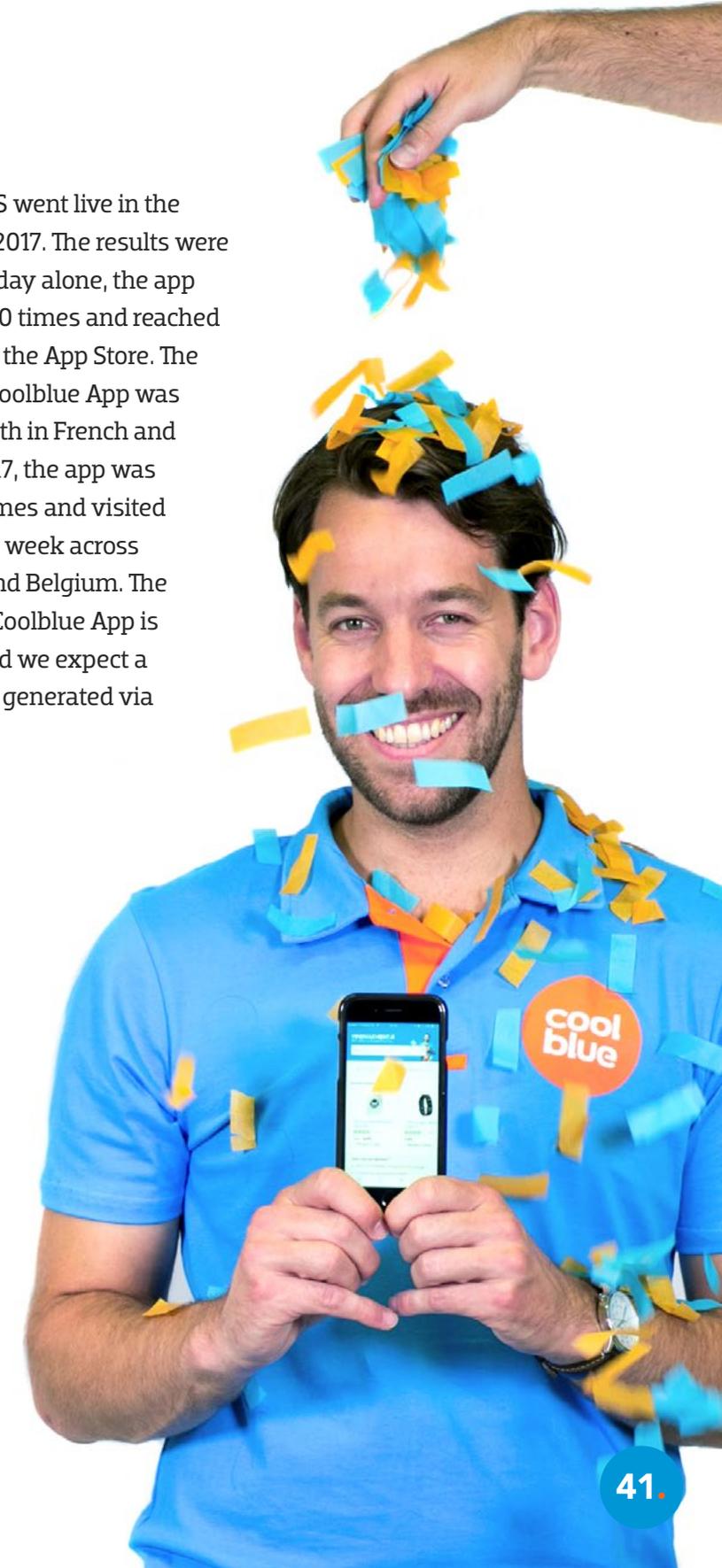
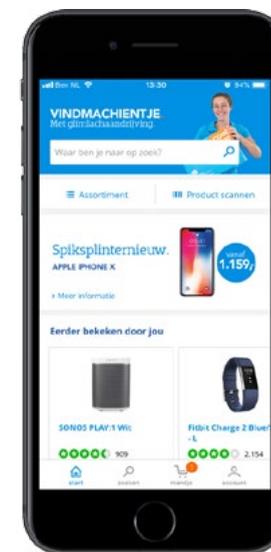
We rolled out a *contact ratio drivers dashboard* in 2017. This dashboard enables us to look up both the number of customer interactions and the reason why per domain. This way, we can prevent unnecessary interactions. We also introduced an online return form, which helped cut product-returns-specific interactions by 50%. Thanks to this, the total contact ratio has been reduced by 18% in 2017.

## Bilingual customer service in Belgium

We started offering our Belgian customers in Flanders and Wallonia a bilingual customer service (Dutch and French).

## Mobile app

The Coolblue App for iOS went live in the Netherlands in August 2017. The results were impressive: on the first day alone, the app was downloaded 20,000 times and reached the number one spot in the App Store. The Belgian version of the Coolblue App was launched in October, both in French and Dutch. By the end of 2017, the app was downloaded 150,000 times and visited about 50,000 times per week across both the Netherlands and Belgium. The Android version of the Coolblue App is set to launch in 2018 and we expect a strong increase in sales generated via the app.





## Stores

We believe in personal contact with our customers. Customers can visit our stores for expert advice, to pick up online orders, and to receive after-sales service. Each time we open up a new store, we observe an increase in online revenue in that particular area.

### Launch of Coolblue XXL

In addition to our existing stores, we launched a new store concept in 2017: Coolblue XXL. Customers can visit these supersized stores to see, feel, and taste over 1,250 products. This year, we opened up the first 2 stores based on this concept in The Hague and Amsterdam. As a result, we now have 9 stores in total.

### NPS record of 70

We helped over half a million customers in our stores this year. At the same time, we also managed to increase our NPS to a new all-time record of 70. Expanded opening hours and improved waiting times were important contributors to this result.

## Payments & ordering

Our Payments & ordering domain helps us to ensure that our ordering and payment processes are kept as efficient and simple as possible.

### Fast checkout

Customers are able to use the *fast checkout* for even faster, easier payments. The number of transactions via this faster route has increased to more than 60%. We have also started making arrangements for the launch of our *social login* next year, which will enable customers to log in to Coolblue using their Facebook account.

### Green payments

To further improve the customer-friendliness of our Belgian customer journey, we started accepting ecocheques in 2017. Belgian customers can now pay for environmentally friendly products using ecocheques.

### Digital invoices

We also completely switched from paper invoices to digital ones, which saves about 1 million printed invoices per year.

## Storing, picking & packing

By storing all stock in our own warehouses we ensure we are able to uphold our promise of 'ordered today, delivered tomorrow.'

### Combining warehousing activities in Tilburg

In 2017, we started grouping our Tilburg and Capelle warehousing activities in Tilburg. This process will be completed by April 2018 at the latest. Combining our activities in Tilburg is more efficient logistics-wise, as it makes for a more pleasant work environment, and is better for both the customer and the environment. All our employees at Capelle will be offered a different position in the organization.

### Expansion of the Tilburg warehouse

We added 3 extra halls to the Tilburg warehouse this year, measuring a combined 33,000m<sup>2</sup>. Our warehouse now measures 88,000m<sup>2</sup> in total, in addition to the mezzanine of 8,000m<sup>2</sup>.

### Package machine acquisition

A third improvement is our new packing machine with a capacity of 2,000 packages per hour. This machine can adjust the height of the package based on the size of the product. This saves at least 23% in volume, which means fewer delivery trucks are needed. It also saves 90% in filler materials. This development has improved both the effectivity and capacity of the filling process.

## Shipping & deliveries

The Shipping & deliveries domain ensures we are able to offer the best delivery propositions. Via our own delivery service, CoolblueDelivers, we amaze customers even beyond the front door with our personalized service.

### CoolblueDelivers

CoolblueDelivers has been significantly expanded. By now, we take care of nearly all white goods deliveries ourselves and utilize 8 depots, 600 delivery employees, and 150 Coolblue delivery trucks throughout the Netherlands and Belgium. In 2017, we delivered over 250,000 major appliances in total.

### Delivery

We also implemented countless minor improvements at Shipping & deliveries. For example, we lowered the price of our VandaagNog delivery proposition and started supplying our physical stores using our own delivery service. This has improved the availability of products in our stores.



## Returns & second chance

Whenever we receive a product return, we first check the state it is in. Depending on certain factors, we sell it as a Second Chance product on our website - at a discount.

### Aggregation of Second Chance products

We created a separate page on the website for our Second Chance products because they were difficult to find. Thanks to this aggregation page, we sold a total of 185,000 products.

### Longer return window

We improved our satisfaction guarantee by increasing the return window from 14 to 30 days. A longer return window is much more customer-friendly; the customer is given more time to try out his or her purchase.

## Repairs

We started our own repair service for Samsung and Apple smartphones. We started out small, by repairing our colleagues' phones. Before offering our repair service to customers, we first improved every step throughout the process. Currently, customers can hand in their phones at the repair desk in our store in The Hague and we will repair them within 2 hours. Alternatively, customers can ship their phones to Coolblue and we will repair and return them within 48 hours. In 2018, we are going to expand our repair service to other Coolblue stores in the Netherlands.



## Wallonia

In 2017, we introduced a complete French customer journey in Wallonia, including website content, jokes on our blue boxes, and bilingual advice in our Zaventem store. We also set up a French customer service in Berchem. Customers can now select their preferred language at the beginning of each phone call. Via this customer journey, we have established a base to offer our website in additional languages in the future.

## Vlogging

We produced more than 1,000 videos in 2017, including social videos, display videos, tag-ons, product videos, and TV commercials. Additionally, we set up a new domain responsible for vlogging. We started vlogging about various product groups, with the help of 5 expert vloggers. Their vlogs support our experts and customers in a complete customer journey.



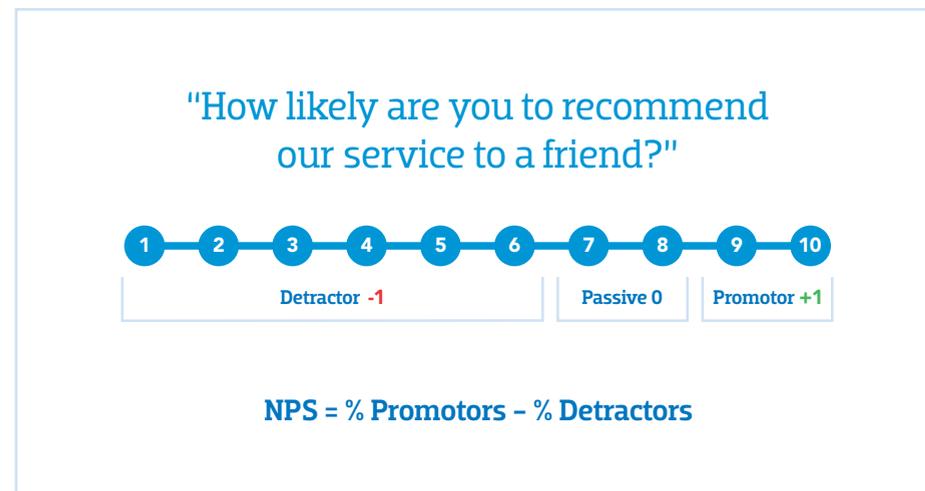
# NPS RESULTS.

Made you smile.

As a leading company in the field of customer-centric entrepreneurship, we are completely focused on NPS (Net Promoter Score). And throughout the organization, we continuously strive to improve it.

## Contact ratio drivers dashboard and increased NPS

With help of the *contact ratio drivers dashboard*, we are able to better map the services we need to improve in each area (product returns, stores, customer service) in order to increase our NPS. The dashboard enables us to collect specific feedback per product type or individual customer interaction. For example, this has taught us that certain product types and payment methods prompt more customer service interactions than others. Using this information we improved our NPS for each sub-area compared to last year. As a result, our overall NPS has risen to 66: an increase of 5% compared to 2016.



# NPS 66.



# INCOME STATEMENT & BALANCE SHEET PERFORMANCE.

Go figure.

Each development and improvement throughout the past year has affected the results of Coolblue. Read all about their impact here.

## Increased EBITDA

In 2017, our revenue increased with 39% to € 1.2 billion (2016: € 857 million). We achieved a gross profit margin of 11.8% (2016: 11.4%) by improving our purchase conditions and assortment. Employee benefit expenses increased with 45.8%, although only by 32.8% if we exclude CoolblueDelivers. Other operating expenses increased mainly due to the expansion of our warehouse in Tilburg, the opening of 2 new XXL stores, and the addition of new depots for CoolblueDelivers.

Our adjusted EBITDA increased to € 21.9 million (2016: € 19.3 million). The adjusted EBITDA of 2017 excludes exceptional costs for the grouping of our warehouses. The exceptional item for 2016 relates to a financial reward for all our employees, to celebrate our friendship with HAL Investments. The EBITDA increased from € 17.4 million in 2016 to € 21.1 million in 2017.

In conclusion, our net profit increased from € 8.9 million in 2016 to € 9.1 million in 2017. As mentioned before, 2017 was the year of rationalization, which can have a negative impact on short term results. But, we also invested in future growth by developing an app, adding multilingualism to the website, opening new stores, merging of our warehouses and more. Combined with economies of scale, we expect that our profitability will substantially increase in the long-run.



## Improved working capital

We effectively finance our growth by maintaining a negative working capital, which was minus € 91.4 million at the end of 2017 (2016: minus € 54.8 million). This means we are able to sell most of our products before settling the vendor payments. This improvement is mainly the result of our decreased inventory value, thanks to our improved inventory management.

## Investments

In 2017, we invested € 12.1 million in tangible fixed assets (2016: € 8.7 million). This mainly relates to the new XXL stores in Amsterdam and the Hague, the warehouse extension in Tilburg, and the new headquarters for Belgium. We invested € 9.1 million in intangible fixed assets (2016: € 7.5 million). This relates to the development of our websites and back-office systems, such as a new warehouse management system.

## Improved statement of financial position

Our increased business resulted in higher balance sheet totals. A lower inventory level is offset by higher receivables, cash, and higher trade payables. Adding our net result, our solvability increased to 11% (2016: 10%), while the current ratio remained stable at 1.0 (2016: 1.0). We did not pay out any dividends and strengthened our equity position instead.

## 5 years of Coolblue

in (€) millions

	2017	2016	2015	2014	2013
<b>Income statement</b>					
Revenue	1,193.5	857.2	554.7	360.9	251.3
Gross margin %	11,8%	11,4%	10,9%	13,4%	14,1%
EBITDA	21,1	17,4	8,2	10,8	8,9
Adjusted EBITDA	21,9	19,3	8,3	10,8	8,9
Profit/Loss after income tax	9,1	8,9	3,1	6,6	5,6
<b>Balance sheet</b>					
Working capital	(91,4)	(54,8)	(44,6)	(20,4)	(16,5)
Primary working capital	(35,3)	(14,2)	(22,1)	(9,9)	(9,2)
Solvability	11%	10%	9%	13%	22%
<b>Other indicators</b>					
Operational cashflow	53,5	25,6	34,2	12,8	14,1
Investments tangible fixed assets	12,1	8,7	5,0	2,1	4,3
Investments intangible fixed assets	9,1	7,5	5,3	0,8	0,4
Visits (website only)	181,1	149,0	118,0	90,2	74,9
<b>Headcount year end</b>					
(including temporary staff)	3.561	2.676	1.614	1.032	645
NPS average	66	63	63	62	62

# LOOKING AHEAD 2018.

To infinity and beyond.

We have several great developments planned for 2018. Here is a small preview of our plans for the coming year.

## Increasing revenue

We expect our total revenue to increase in 2018. One of the drivers behind this growth is a predicted increase in app revenue. We also plan to hire new colleagues, including 1,000 new delivery employees so we can expand our delivery service even further.

## Increasing NPS

At the end of 2017, we implemented our *contact ratio drivers dashboard*. This dashboard allowed us to better map the services we need to improve in each domain (product returns, stores, customer service) in order to increase our NPS. By collecting specific feedback on a product level, for example, we are able to help customers earlier on in the customer journey. By accompanying the order confirmation with product-specific instructions, for instance.

Thanks to the *contact ratio drivers dashboard*, we know which improvements are going to help improve our NPS while reducing customer interactions. As a result, we expect to reach a total NPS of 70 in 2018.



## Improving delivery propositions

We are going to implement numerous improvements throughout all domains. We expect to further optimize our delivery propositions by offering our customers improved delivery time-slots. In addition to white goods, we are also going to deliver televisions—including relevant installation services. Meanwhile, all of our domains continually perform research and development, which is prioritized via roadmaps.

## Coolblue-as-a-shop

We are going to continue rolling out Coolblue-as-a-shop. We will be closing all individual webshops so our customers can start using our improved customer journey via Coolblue.nl and Coolblue.be. We expect this will generate a strong increase in Search Engine Optimization (SEO) and conversion.

## Increasing our market share in Wallonia

We launched our first French customer service in 2017 and expect this will lead to increased revenue, especially in Wallonia. By setting up a dedicated Wallonia team and expanding our product assortment, we also aim to expand our market share in Wallonia in 2018.

## Focused brand awareness

We aim to improve the top-of-mind brand awareness for Coolblue across multiple product groups. The main focus will be on major domestic appliances, televisions, laptops, and Apple products.



# CORPORATE SOCIAL RESPONSIBILITY.

Take care.

We strive to maintain a sustainable business model. We take our responsibility and want to leave a positive imprint on society and the environment. At Coolblue, we have divided this into 2 topics: Society and Go Green.

# SOCIETY.

I'm in.

Society is all about the way we treat our customers, colleagues, suppliers, shareholders, the government, and everyone else.

## Customers

We are a model company in the field of customer-oriented entrepreneurship and are obsessed with customer satisfaction (NPS).

We also know customers are increasingly more mindful of their ecological footprint. They do not just expect the best customer journey and expert advice, they also expect us to do our part when it comes to society and the environment. We contribute by being transparent about our ecological footprint and by making our packaging materials more sustainable.

We will tell you more about this in the 'Go Green' section.

## Colleagues

There are many different types of Coolbluers: from Delivery Employees to Developers. We strive to be a great employer to all of them. By helping our international Developers and their families relocate to the Netherlands, for example. Our Delivery Employees are truly part of Coolblue: including an employment contract and the perks that come with it. In addition to a safe and inspiring work environment, our colleagues expect our help with personal development and advancement.

## Suppliers

To prevent unnecessary transport and efforts, we optimize the supply chain together with our suppliers. Working closely together allows us to keep the product return ratio as low as possible. For example, by removing products from our assortment and providing suppliers with feedback on how to improve their products, or by sharing advice on environmentally friendly packaging material. Plus, we monitor the work environments of the factories that produce our private label products.





## Social initiatives

In 2017, we created a policy in which we commit ourselves to improving society in 3 ways: *a little bit better every day, go for it, and friends*. We will continue to roll out this policy throughout 2018.

### A little bit better every day

Each Coolblue location or department possesses its own competencies, which they apply to add value to society. For example, our Recruitment Department teaches job interview skills and the Tilburg warehouse organizes one-day internships to help increase chances on the job market. Our Store Employees in Eindhoven share their expertise by teaching the elderly how to use a smartphone, and our Developers teach coding classes. Additionally, our Business Analysts and Online Marketers teach local startups the tricks of the trade.

Likewise, we organize educational events at the main office such as the Behind the Scenes event (7 times in 2017) and our Office Tour (23 times in 2017).

### Go for it

We sponsor individual sports achievements of Coolbluers who participate in organized fundraisers in order to battle a disease. Coolbluers are given € 100 in sponsor money for their participation. A relatively small, but important contribution.

### Friends

We donate money and products to charities that have a clear mission. Financial sponsorship of an organization or initiative can only be requested by *Algemeen nut beogende instelling* (ANBI), located near a Coolblue location. Before we proceed to sponsorship, we check whether the organization in question matches our activities and brand values.

# GO GREEN.

A little bit greener every day.

We measure our impact on the environment via both quantitative and qualitative metrics and try to minimize our impact accordingly by taking green measures. These measures are always motivated by 3 considerations: consumption, waste management, and sales.

## Consumption

By consumption, we refer to everything that is needed to get a product to our customers, like electricity, diesel, and cardboard boxes. We measure our consumption by keeping track of our consumption statistics. In order to reduce our consumption, we have equipped our Coolblue delivery trucks with a speed limiter. These limiters help our trucks to operate more fuel efficient, resulting in reduced emissions. Another green measure we implemented in 2017 is the introduction of our new packaging machine, which automatically adjusts the height of the shipping box based on product size. This has resulted in 23% less volume in  $\text{cm}^3$ , less filling material, more packages per truck, and less leftover packaging material for the customer.



## Waste management

Going green also includes sustainable waste management. This refers to everything we need to dispose of, including waste that is returned to us by our customers. Small products are collected at recycling points in our stores, for example. We have installed collection points for batteries, LED and energy-saving lamps, laptops, and mobile phones in all our stores. We also track the waste flows from our warehouses, stores, and depots. In total, we have processed more than 11 million kilograms of waste. We achieved a waste sorting rate of 97%, which means we threw out less than 3% residual waste.

### White goods collection

When delivering major household appliances, we offer to take the old device with us and recycle it. Throughout 2017, we collected and processed nearly 9.1 million kilograms of white goods (about 120,000 products).

### Second chance products

Another green measure initiated by Coolblue is the proposition of Second Chance products. This category consists of returned products which we check for potential damage and sell at a discount on our website instead of discarding them.

## Sales

We stimulate the sales of energy-efficient products as much as we can. By displaying energy labels on our website, for example. We also award a select number of products with the Coolblue's Green Choice label. In our stores, our experts recommend energy-efficient products.

### Processing waste

In 2017, we processed 11.390.640 kilograms of waste in an eco-friendly manner:

 <b>White goods</b>	<b>80%</b>	9,095,523 kg
 <b>Separated</b>	<b>17%</b>	1,942,734 kg
 <b>Residual waste</b>	<b>3%</b>	352,383 kg



## Green decision making

Our NPS and EBITDA goals are critical to everything we do at Coolblue. The same goes for our green initiatives. Moreover, sustainability factors are always considered in our decision making. Fortunately, NPS and EBITDA synergize perfectly with running a green company. Green measures contribute to a higher NPS, for example. Sustainability is becoming increasingly more important to customers and is considered in the purchasing process. And we listen to our customers. For example, Many of them shared feedback about small products being shipped in outer boxes that were too big. Big boxes are clunky, take up lots of space during transport, and require more filling material. On account of this feedback, we started shipping soft, non-fragile products in shipping bags.

Other than contributing to NPS, green measures also help increase EBITDA. Green initiatives are able to improve the efficiency of Coolblue, save costs, or generate new sources of revenue. Such as the speed limiter in our delivery trucks, which makes them more fuel-efficient.

## LOOKING AHEAD 2018.

To infinity and beyond.

We are going to continue this green trend in 2018. By improving the way we help our customers in making a green choice, for example. We plan to add more eco-friendly products to our assortment and clearly indicate whether products include recycled materials. We will use the Coolblue's Green Choice label, among other things, to communicate this. Additionally, we are examining how to make the last-mile-delivery more eco-friendly.

Finally, we drafted a plan of action in order to make the logistical processes at Coolblue more sustainable. This plan outlines how Coolblue is going to realize a CO2 reduction of at least 20% within 5 years, relative to the zero point established in 2015. The goal is to limit the impact of Coolblue on the environment and earn our first Lean & Green star in 2018.



## **THE RULEBOOK.**

Quality control.

The rapid growth of Coolblue brings along plenty of challenges and risks. That is why, throughout the past year, we further professionalized our risk management department.

# RISK & OPPORTUNITY MANAGEMENT.

You shall not pass.

Coolblue is a transparent organization, filled with ambitious colleagues. Everyone is given plenty of freedom to make decisions themselves. Throughout the office, you can find the words 'honest, direct, open' written on the walls. This means we are honest with each other about our expectations. It also helps us to avoid surprises or unnecessary risks.

## Risk culture

We strive to create a culture of integrity, in which regulatory compliance is a given for all colleagues. In addition to discussing it with each other, we also convey our culture via these guidelines:

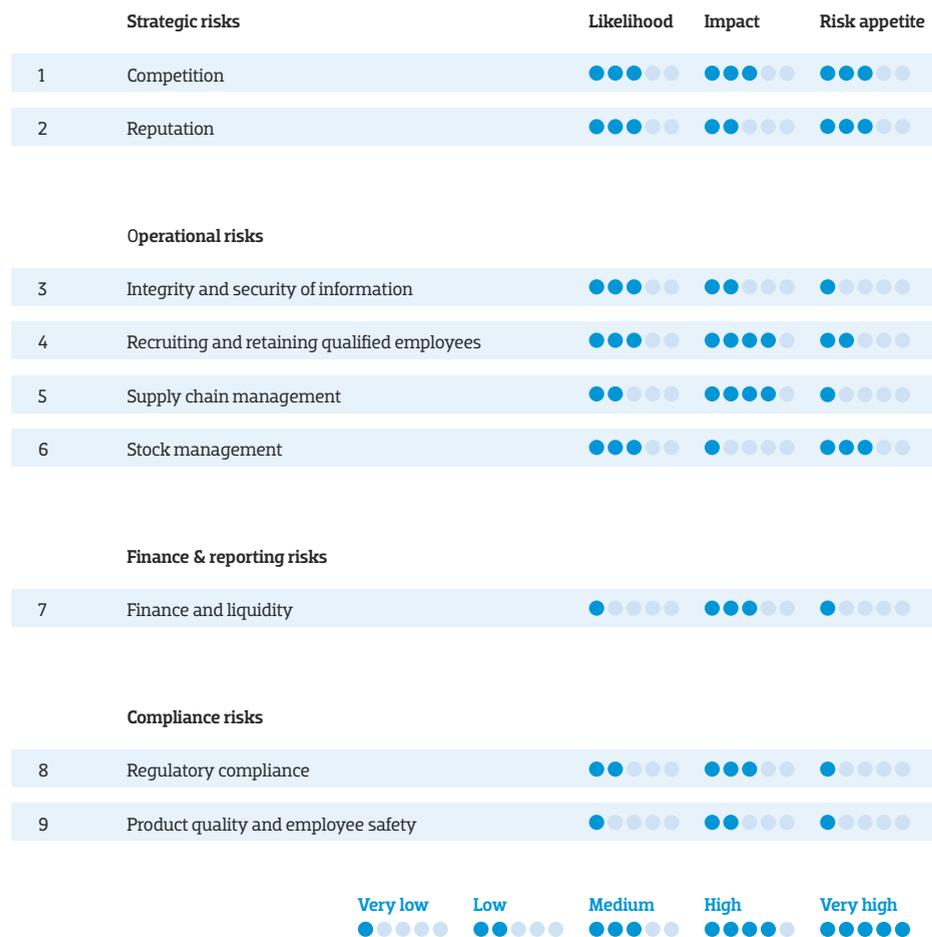
- *Workguide* (employee guidebook);
- *Friend Code* (code of conduct);
- *How to deal with sticky situations?* (whistleblower policy);
- *What happens if I cheat?* (anti-fraud policy);
- *What if I do not stick to the Coolblue agreements?* (disciplinary procedure).

To ensure that everyone at Coolblue adheres to our guidelines, we developed various training courses that focus on (labor) law and integrity. The courses consist of e-learnings and workshops.



## Risk profile

There are multiple risks, both internal and external, that can impact the realization of our strategic goals. We mapped all of these risks and identified the most important ones in our annual Strategic Risk Assessment.



We obtained this insight by analyzing the likelihood, impact, and so-called risk appetite of each identified risk. Risk appetite refers to our willingness to take certain risks in order to meet our strategic goals. A low appetite

means we need to take extra precautions, risk-management-wise. A high appetite, on the other hand, means we can do with fewer precautions and reduced internal control.

## Strategic risks

### 1. Competition

Coolblue holds a significant market share thanks to our appealing delivery propositions, excellent customer service, and loyal customers. Even so, we continuously invest in the quality of our service and tirelessly work to further improve our NPS. As such, we do not expect any difficulties as a result of a potential increase in the number of competitors.

### 2. Reputation

An outstanding reputation is critical to our business model and continual growth. It is what separates us from the competition. Fortunately, we have a great deal of experience when it comes to communicating with our surroundings. This includes a team of experts dedicated to preventing reputation risk. In addition, our security department is responsible for warning the public of fraudulent websites and taking them offline.

## Operational risks

### 3. Integrity and security of information

Our security department ensures our data is properly secured. We are constantly raising awareness among our colleagues about security risks and do everything in our power to prevent personal information from falling into the wrong hands. Coolblue does not store any personal information other than required to order, deliver and return packages.

## 4. Recruiting and retaining qualified employees

Qualified and intelligent people are essential to the success of Coolblue. We continuously analyze the labor market and adjust our terms of employment accordingly, in order to prevent employee shortages. And we do not just limit ourselves to the Dutch and Belgian labor markets: we look for suitable candidates on a global scale. Furthermore, we organize masterclasses and in-house days in order to attract new graduate talent.

Once we have found new talent, we aim to keep it. That is why we offer plenty of opportunities for personal development to all of our colleagues. Through training courses at our own Coolblue University, for example.

## 5. Supply chain management

By collaborating with multiple suppliers, based on beneficial annual agreements, we are not dependent on a single party. Additionally, we contribute to our supply chain management by using our own delivery service: CoolblueBezorgt. By taking ownership of our deliveries, we do not have to depend on external parties. Thanks to this, we are able to keep disruptions in our supply chain to an absolute minimum.

## 6. Stock management

We developed a method of forecasting that allows us to maintain our stock according to sales patterns. This provides us with a better overview of our current stock and the perceived risk at a product level. By applying this knowledge we actively prevent stock surpluses.

## Finance & Reporting risk

### 7. Finance and liquidity

With help of proper stock management, prompt invoices to our suppliers, and efficient debtor management, we maintain a strong focus on working capital management. This gives us the assurance that we are always able to meet all of our payment obligations. Our operations are financed by a large operating cash flow and a negative working capital, which is a good thing. It means we are able to sell the bulk of our products before we even have to pay our suppliers.

## Compliance risks

### 8. Regulatory compliance

We comply with all laws, codes, and regulations, and closely follow the latest developments. Special attention was given to the General Data Protection Regulation (GDPR), the newly introduced European regulations concerning data protection and privacy. In 2017, we appointed a Data Protection Officer (DPO) and hired a product owner GDPR who makes sure these regulations are adhered to.

### 9. Product quality and employee safety

We do everything within our power to ensure the safety of our customers and employees. That is why we set up a Quality, Environment, Safety, and Health (QESH) department. Likewise, we test whether our private label products meet all of our quality standards.

## Risk management system

The management team of Coolblue leads by example when it comes to risk management and adhering to our guidelines. Ultimately, they are responsible for these directives, but they carry them out along with the rest of Coolblue. For example, the Risk & Compliance department is responsible for all risk management and compliance policies. This department also helps Coolbluers evaluate and manage risk.

Throughout 2017, we made great strides with respect to the professionalization of risk control. For example, we drafted and formalized multiple new policies and inventoried all the core processes and relevant responsibilities at Coolblue.

The most important results of the annual Strategic Risk Assessment, the evaluation of the internal risk management, and assessment of the control systems are all shared with the Audit Committee of the Supervisory board and discussed with our external auditor.

## Looking ahead 2018

From 2018 onwards, we will start employing a long-term risk roadmap. This means, among other things, that we are going to further expand the risk management team and introduce *Risk Management Tooling* at Coolblue.

Starting May 25, 2018, the European GDPR will officially take effect. This regulation will influence the registration and surveillance of data processing. Moreover, it will affect the data privacy of both customers and colleagues. Finally, it is expected that the proposed European ePrivacy Directive will be implemented in 2018 or 2019—updating cookie and tracking legislation.



# CORPORATE GOVERNANCE.

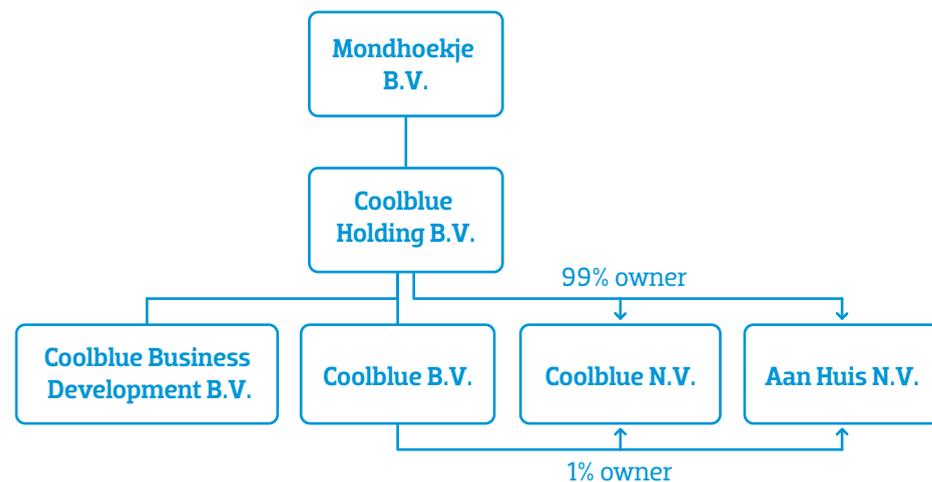
Family tree.

## Structure

Coolblue Holding B.V., a *Besloten Vennootschap* under Dutch law, is fully owned by Mondhoekje B.V. In 2016, the shareholders of Mondhoekje sold a minority stake of 20% to HAL Investments B.V. In 2017, another 10% of the shares was sold to HAL Investments B.V. The majority of the shares in Mondhoekje B.V. are still owned by the 3 founders of Coolblue.

To maintain transparency, we try to keep our corporate structure as simple as possible. You can check out the chart below for an overview of the various group companies.

Aan Huis N.V., through which the activities of CoolblueDelivers in Belgium are conducted, was established late November 2016. No activities take place in Coolblue Business Development B.V.



## Management Team

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

Coolblue strives to have an equal composition of men and women amongst the members of the Management Team. But, the competencies are key in the selection criteria for future candidates.





## Pieter Zwart

**Age:** 40.

**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, Sales marketing, Branding, and Tech.

**What do you feel is the best example of an obsessive focus on customer satisfaction?**

I like the handwritten postcards best; those truly make me smile. Customer service and Store employees mail these to customers after a call or purchase.

## Maarten Keller

**Age:** 42.

**Position:** COO.

**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:** Purchasing, Media consultancy, Warehousing, Delivery, Returns & second chance, and Repairs.

**What do you feel is the best example of an obsessive focus on customer satisfaction?**

Our delivery employees always go the extra mile. For example, when they found out that a customer ordered a dishwasher on his birthday, they decorated it with streamers and balloons and started singing 'happy birthday' upon arrival. That is what I call simply amazing.





## Jasper Hoogeweegen

**Age:** 41.

**Position:** CCO.

**Education:** Business Administration at Maastricht University and Finance & Control at Erasmus University Rotterdam.

**Prior to Coolblue:** Case Team Leader at Bain & Company and Retail Project Manager at Royal Dutch Shell.

**Responsibilities at Coolblue:** Category teams, Assortment, Pricing, Email marketing, Stores, and B2B.

**What do you feel is the best example of an obsessive focus on customer satisfaction?**

The fact that you can both listen what a new headset sounds like and see how it looks on you thanks to the accompanying mirror in the Coolblue XXL stores. Convenient!

## Daphne Smit

**Age:** 32.

**Position:** CFO.

**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, Facilities, Procurement, and Recruitment.

**What do you feel is the best example of an obsessive focus on customer satisfaction?**

I think it is great that we already offer help before the customer has even asked for it. For example, if you order a suitcase at Coolblue you will receive an instructional video about setting the lock in the order confirmation.





## Remuneration

The salaries of the Management Team 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 one of the shareholders in Mondhoekje B.V. Meanwhile, the COO, CFO, and CCO all hold depository receipts of shares in the capital of Coolblue. These depository receipts have all been acquired on commercial terms.

## Corporate Governance Code

Although Coolblue is 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 deemed relevant for us as a private company.

# **SUPERVISORY BOARD REPORT.**

Support group.

# Hi all,

Coolblue is a rapidly expanding and young organization with some characteristics of a new enterprise. This means we, the Supervisory Board, have a fun, challenging assignment.

The Supervisory Board was set up by Coolblue in 2016 and consists of a group of experienced entrepreneurs and investors. The Board is an independent body that supervises Coolblue regarding its daily order of business and governance. In addition, the Supervisory Board and its individual members serve as a friendly, yet critical soundboard to the Management Team.

The Supervisory Board is committed to the interests of Coolblue, its customers, and all other stakeholders. The Supervisory Board serves Coolblue, free from the influence of external parties and independent from secondary interests.

## Members of the Supervisory Board

The Supervisory Board currently consists of 4 members, each with their own experience or expertise relating to different aspects and activities of Coolblue. The general appointment term for all members is 4 years.

The Supervisory Board welcomed a new member, Bert Groenewegen, who officially joined the Supervisory Board on June 1, 2017. Prior to this, he already attended official meetings as an observer. Besides the addition of Bert, the composition of the remained the same. Over time, Coolblue intends to add a fifth member to the Supervisory Board.

Coolblue strives to have an equal composition of men and women amongst the members of the Supervisory Board. As such, for the future fifth member, the Supervisory Board would like to add a woman. But, the competencies are key in the selection criteria for future candidates.

## Activities

After an extensive onboarding program at the end of 2016, we fully committed ourselves to the job in 2017. In the first few meetings, a lot of information was exchanged between the Supervisory Board and Coolblue in order to better understand the company and to get to know each other better. During subsequent meetings, we collaboratively focused on the matters at hand.

In 2017 we met with the Management Team of Coolblue 5 times. During these meetings, we discussed recurring topics such as customer satisfaction, strategy, market developments, talent development, and financial and operational results.

Additionally, we addressed specific topics, such as international expansion, entering the market in Wallonia, marketing effectiveness, assortment rationalization, potential margin improvements, the grouping of warehouses and CoolblueDelivers. During these meetings, numerous subjects were accompanied by a presentation, conducted by the relevant Domain Boss or manager. The presence of the relevant responsible manager is highly appreciated by the Supervisory Board as this gives insight in the layers of management at Coolblue.

Once a year the Supervisory Board evaluates its own performance and the performance of the Management Team. This first evaluation will take place in 2018. The conclusions of this evaluation will be shared with the members of the Supervisory Board and the Management Team.

## Audit Committee

The Audit Committee supports the Supervisory Board in the supervision of finances, financial reports, internal controls, and risk management.

The Audit Committee convened 3 times in 2017, in the presence of the CFO, Manager Finance & Control, and the external auditor. During these meetings, the following topics were discussed: the financial statements audit for 2016, the audit planning for 2017, the findings of the interim control review in 2017, the control over financial and operational risks, and (cyber) security.

## Closing thoughts

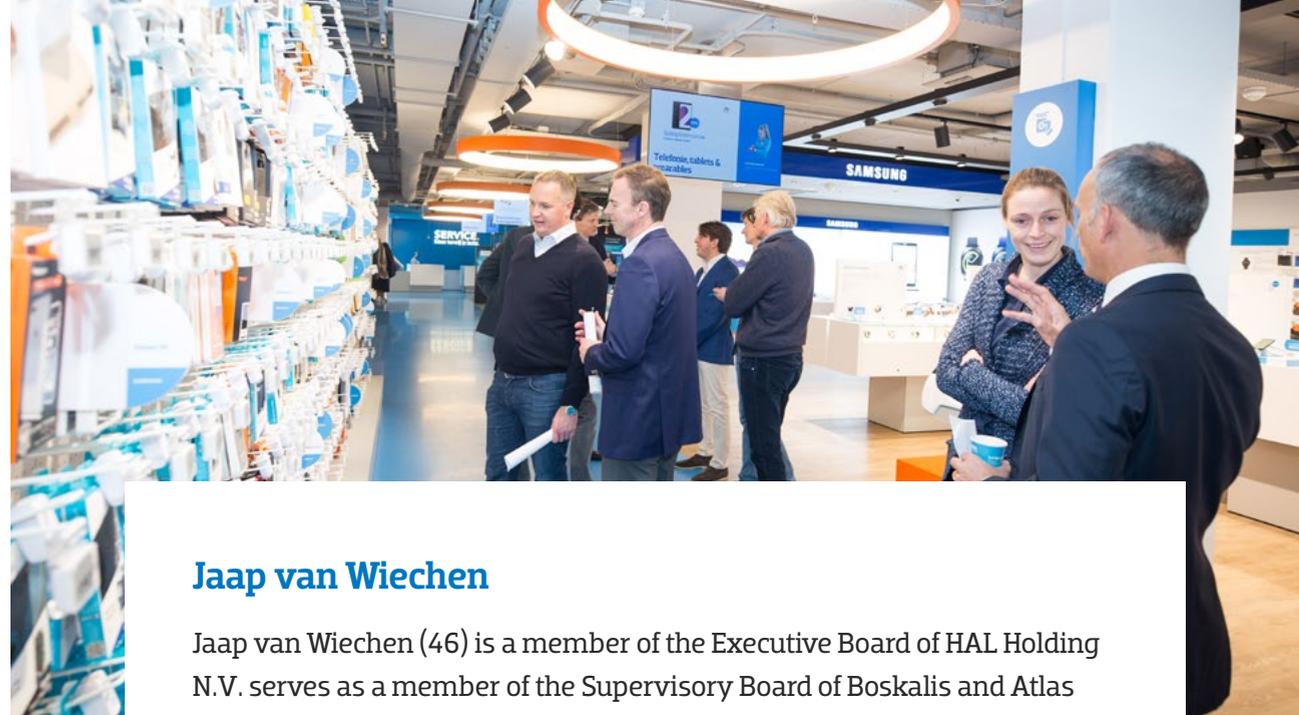
Overall the Supervisory Board is greatly satisfied with the growth and results of Coolblue and the progress made concerning professionalization. Additionally, the Board is happy to serve as a soundboard for a company that focuses on customer journeys and is going through an interesting growth-journey itself.

While we are able to provide Coolblue with our knowledge and experience, we always leave the meetings with newfound inspiration. 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 2018.

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. 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.

### Harold Goddijn

Harold Goddijn (57) 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 (52), a German national, is the CEO of GrandVision. He started his professional career at McKinsey & Co. Afterward, he held executive roles in a number of German retail companies before joining GrandVision.

### Bert Groenewegen

Bert Groenewegen (54) 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.

## THE NUMBERS GAME.

Count me in.

An annual report would not be complete without statistics. On the following pages you will find the consolidated financial statements of Coolblue Holding B.V. 2017.

# Consolidated Financial Statements

## Consolidated income statement

For the year ended 31 December 2017

€ '000	Notes	2017	2016
<b>Operations</b>			
Sale of goods	6	1,138,818	826,418
Marketing fees		54,640	30,780
<b>Revenue</b>		<b>1,193,458</b>	<b>857,198</b>
Cost of sales	7	(1,052,516)	(759,771)
<b>Gross profit</b>		<b>140,942</b>	<b>97,427</b>
Employee benefits expenses	8	(74,442)	(51,066)
Depreciation, amortization and impairment	9	(9,554)	(6,499)
Other operating expenses	10	(45,394)	(28,972)
<b>Operating profit</b>		<b>11,552</b>	<b>10,890</b>
Finance expense	11	-	(6)
Finance income	11	238	184
<b>Profit before tax from operations</b>		<b>11,790</b>	<b>11,068</b>
Income tax expense	12	(2,721)	(2,194)
<b>Profit for the year</b>		<b>9,068</b>	<b>8,874</b>
Attributable to:			
Equity holders of the parent		9,068	8,874
<b>Profit for the year</b>		<b>9,068</b>	<b>8,874</b>
EBITDA		21,106	17,389
Adjusted EBITDA		21,938	19,266

### 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 that we believe are not indicative of our underlying operating performance. Such adjustments relate primarily to substantial one-off restructurings and shareholder transaction related costs.

## Consolidated statement of comprehensive income

For the year ended 31 December 2017

€ '000	Notes	2017	2016
Profit for the year		9,068	8,874
Other comprehensive income		-	-
<b>Total comprehensive income for the year, net of tax</b>		<b>9,068</b>	<b>8,874</b>
<b>Attributable to:</b>			
Equity holders of the parent		9,068	8,874
		<b>9,068</b>	<b>8,874</b>

## Consolidated statement of financial position

As at 31 December 2017 (before appropriation of result)

€ '000	Notes	2017	2016
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant, and equipment	13	20,295	13,973
Intangible assets	14	14,707	9,439
Financial fixed assets	15	-	1,489
		<u>35,002</u>	<u>24,901</u>
<i>Current assets</i>			
Inventories	16	90,727	94,993
Trade and other receivables	17	88,499	64,774
Cash and cash equivalents	18	92,768	56,131
		<u>271,994</u>	<u>215,898</u>
<b>Total assets</b>		<b>306,996</b>	<b>240,799</b>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Issued capital		20	20
Share premium		1,838	1,838
Legal Reserve		12,732	8,524
Other reserves		9,072	4,406
Unappropriated result		9,068	8,874
	19	<u>32,730</u>	<u>23,662</u>
<i>Non-current liabilities</i>			
Provisions	20	2,416	1,672
Other non-current liabilities	21	1,196	940
		<u>3,612</u>	<u>2,612</u>
<i>Current liabilities</i>			
Trade and other payables	22	270,653	214,525
<b>Total equity and liabilities</b>		<b>306,996</b>	<b>240,799</b>

## Consolidated statement of changes in equity

For the year ended 31 December 2017

€ '000		Issued capital	Share premium	Legal reserve	Other reserves	Unappropriated result	Total equity
<b>1 January 2017</b>		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
<b>31 December 2017</b>	19	20	1,838	12,732	9,072	9,068	32,730
€ '000		Issued capital	Share premium	Legal reserve	Other reserves	Unappropriated result	Total equity
<b>1 January 2016</b>		20	1,838	4,164	5,642	3,124	14,788
Appropriation result of previous year		-	-	-	3,124	(3,124)	-
Transfer to legal reserve		-	-	4,360	(4,360)	-	-
Profit for the period		-	-	-	-	8,874	8,874
<b>31 December 2016</b>	19	20	1,838	8,524	4,406	8,874	23,662

## Consolidated statement of cash flows

For the year ended 31 December 2017

€ '000	Notes	2017	2016
<b>Operating activities</b>			
Profit before tax		11,790	11,068
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and impairment of property, plant and equipment	13	5,729	3,352
Amortization and impairment of intangible assets	14	3,825	3,147
Interest income		(238)	(178)
<i>Working capital adjustments:</i>			
Increase in trade and other receivables and prepayments	17	(23,525)	(25,641)
(Increase)/decrease in inventories	16	4,266	(32,085)
Increase in trade and other payables	22	54,632	66,408
		56,478	26,071
Movement provisions and other non-current liabilities	21	270	265
Income tax (paid) / received		(2,843)	(789)
Interest (paid) / received		38	79
Other movements in financial fixed assets	15	1,489	(439)
Net cash flows from operating activities		55,433	25,187
<b>Investment activities</b>			
Investments and disposals in property, plant and equipment	13	(9,797)	(8,089)
Investments and disposals in software	14	(8,999)	(7,468)
Net cash flows used in investment activities		(18,796)	(15,557)
<b>Financing activities</b>			
Dividend (paid) / received	19	-	-
Net cash flows from/(used in) financing activities		-	-
<b>Net increase in cash and cash equivalents</b>		<b>36,637</b>	<b>9,630</b>
Cash and cash equivalents at 1 January	18	56,131	46,501
Cash and cash equivalents at 31 December	18	92,768	56,131

# 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 2017. The financial statements have been authorized by the Board of Directors on 8 February 2018.

Coolblue is a limited liability company established in Rotterdam, the Netherlands, and has its registered office at Weena 664, 3012 CN Rotterdam, the Netherlands. Its 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 two statutory directors: CEO Pieter Zwart and COO 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 comprises the financial statements of Coolblue and its subsidiaries as at 31 December 2017. 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 reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three 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 intra-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 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	
			2017	2016
Coolblue B.V.	Rotterdam	Netherlands	100%	100%
Coolblue Business Development 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.

Coolblue Business Development was established in 2015 and is a dormant company in 2017. Aan Huis N.V. is established in 2016.

Coolblue Holding B.V. has issued a 403 liability statement for Coolblue B.V. and Coolblue Business Development 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 the 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 twelve 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 twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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 2017.

These amendments have no impact on the financial statements.

- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses

The IASB has issued several new standards and amendments with an effective date of 1 January 2018 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 9 Financial Instruments***

The final version of IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Early application is permitted by applying all of the requirements in this standard at the same time. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL (fair value through profit or loss) without applying the other requirements in the standard. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Company is currently investigating the impact of the introduction of IFRS 9, but according to preliminary assessment the Company does not expect a material impact.

#### ***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. Coolblue plans to apply the modified retrospective method. The Company is currently investigating the impact of the introduction of IFRS 15, but according to preliminary assessment the Company does not expect a material impact.

#### ***IFRS 16 leases***

IFRS 16 Leases was issued in January 2016. The standard has an effective date of 1 January 2019. Endorsement has not been scheduled yet. IFRS 16 will replace IAS 17 and introduces on-balance sheet accounting for (almost) all leases. Therefore, assets in use under an operating lease contract, reported as off-balance sheet obligation under IAS 17, will be recognized on the balance sheet. Paid lease fees will no longer be part of operating expenses, but will become part of depreciation and interest expenses. The standard will have an impact on Coolblue's Consolidated Statement due to the recognition of the leased assets and corresponding financial liabilities. Also, an impact is expected on Coolblue's Consolidated Statement of Profit or Loss. Coolblue is currently reviewing the extent of the impact of this new standard. Details on lease commitments can be found in note 23.

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 estimated 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.

#### ***Estimates and assumptions***

The key assumptions and estimations 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 corporate 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 when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery of the goods. Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts, and volume rebates. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration associated with the possible return of goods. The expected returns are estimated based on historical data. The revenue for these estimated returns is not recognized.

#### 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 board of directors, 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	2017	2016
<i>Sale of goods to external customers</i>		
Netherlands	830,327	584,083
Belgium	308,491	242,335
<b>Total sale of goods</b>	<b>1,138,818</b>	<b>826,418</b>
<i>Non-current assets</i>		
Netherlands	33,642	24,000
Belgium	1,360	901
<b>Total non-current assets</b>	<b>35,002</b>	<b>24,901</b>

## 7. Cost of sales

€ '000	2017	2016
Cost of goods sold	968,081	692,897
Direct sales costs	84,434	66,874
<b>Total cost of sales</b>	<b>1,052,516</b>	<b>759,771</b>

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

## 8. Employee benefits expense

€ '000	2017	2016
Wages and salaries	59,141	41,710
Social security costs	10,172	5,928
Pension costs	5,129	3,428
<b>Total employee benefits expense</b>	<b>74,442</b>	<b>51,066</b>

During 2017, employees in the Netherlands worked a combined average of 1,735 FTE (2016: 1,258 FTE) for Coolblue. Outside of the Netherlands, employees worked a combined average of 178 FTE (2016: 96 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 (2017: € 2.5 million, 2016: € 2.5 million). These costs are included in employee benefit expenses and other employee expenses. An amount of € 7.0 million (2016: € 6.3 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 2017 is 111.2% (2016: 107.0%). The total number 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.

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

## 9. Depreciation, amortization, and impairment

€ '000	2017	2016
Depreciation	5,729	3,352
Amortization	3,825	2,381
Impairment intangible fixed assets	-	766
<b>Total depreciation, amortization and impairment</b>	<b>9,554</b>	<b>6,499</b>

## 10. Other operating expenses

€ '000	2017	2016
Housing expenses	11,105	6,239
Other employee expenses	18,376	10,529
Advertising and marketing expenses	6,906	5,675
Other general expenses	9,008	6,529
<b>Total other operating expenses</b>	<b>45,394</b>	<b>28,972</b>

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	2017	2016
Audit of the financial statements	94	89
Other assurance engagements	-	1
Tax advisory services	29	74
Other services	-	-
<b>Total</b>	<b>123</b>	<b>164</b>

## 11. Finance income and expenses

€ '000	2017	2016
Exchange rate differences	-	6
<b>Total finance expense</b>	<b>-</b>	<b>6</b>
Interest income	237	184
Exchange rate differences	1	-
<b>Total finance income</b>	<b>238</b>	<b>184</b>

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 2017, the applicable tax rates have not changed compared to 2016.

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 2017 and 2016 are:

€ '000	2017	2016
<b>Current income tax:</b>		
Current income tax charge	1,998	1,769
Adjustments in respect of current income tax of previous year	(7)	(25)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	730	450
<b>Income tax recognized in the result</b>	<b>2,721</b>	<b>2,194</b>

Reconciliation of tax expense and the accounting profit multiplied by Dutch domestic tax rate for 2016 and 2017:

€ '000	2017	2016
<b>Accounting profit before income tax</b>	<b>11,790</b>	<b>11,068</b>
At Dutch statutory income tax rate of 25% (2016: 25%)	2,947	2,767
Adjustments in respect of current income tax of previous years	(7)	(25)
Tax rate of 20% over the first € 200,000	(10)	(10)
Tax rate in Belgium 33.99%	158	106
R&D tax incentives	(444)	(709)
<i>Non-deductible expenses for tax purposes:</i>		
Other non-deductible expenses	77	65
<b>Income tax recognized in the result</b>	<b>2,721</b>	<b>2,194</b>
<b>Effective income tax rate</b>	<b>23.1%</b>	<b>19.8%</b>

### Tax unity

Coolblue Holding B.V. is part of a tax unity with the shareholder, Coolblue B.V., and Coolblue Business Development 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
- IT hardware 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 2017, Coolblue noted no indication for impairment.

€ '000	Leasehold improvements	Other equipment	Construction in progress	Total
<b>Cost or valuation</b>				
At 1 January 2016	10,945	8,219	235	19,399
Additions	5,360	2,872	441	8,673
Disposals	(909)	(2,862)	-	(3,771)
Reclassification	161	74	(235)	-
<b>At 31 December 2016</b>	<b>15,557</b>	<b>8,303</b>	<b>441</b>	<b>24,301</b>
Additions	7,078	4,915	58	12,051
Disposals	(528)	(1,612)	-	(2,140)
Reclassifications	-	441	(441)	-
<b>At 31 December 2017</b>	<b>22,107</b>	<b>12,047</b>	<b>58</b>	<b>34,212</b>
<b>Depreciation and impairment</b>				
At 1 January 2016	(5,314)	(5,418)	-	(10,732)
Disposals	909	2,847	-	3,756
Depreciation charge for the year	(2,036)	(1,316)	-	(3,352)
<b>At 31 December 2016</b>	<b>(6,441)</b>	<b>(3,887)</b>	<b>-</b>	<b>(10,328)</b>
Disposals	528	1,612	-	2,140
Depreciation charge for the year	(3,256)	(2,473)	-	(5,729)
<b>At 31 December 2017</b>	<b>(9,169)</b>	<b>(4,748)</b>	<b>-</b>	<b>(13,917)</b>
<b>Net book value</b>				
<b>At 31 December 2017</b>	<b>12,938</b>	<b>7,299</b>	<b>58</b>	<b>20,295</b>
<b>At 31 December 2016</b>	<b>9,116</b>	<b>4,416</b>	<b>441</b>	<b>13,973</b>

The depreciation charge of 2017 for other equipment includes € 975,000 of accelerated depreciation due to a change in the estimate of the useful life.

## 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 two to ten 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.

A summary of the policies applied to Coolblue's intangible assets is, as follows:

	Purchased software	Domain names	Development costs software
<b>Useful lives</b>	Definite (5 years)	Definite (5 years)	Definite (2-10 years)
<b>Amortization method used</b>	Amortized on a straight-line basis over the estimated economic lifetime	Amortized on a straight-line basis over the period of the patent	Amortized on a straight-line basis over the period of expected future benefits from the related project
<b>Internally generated or acquired</b>	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. On 31 December 2017, Coolblue noted no indication 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 costs software	Purchased software	Domain names	Construction in progress	Total
<b>Cost or valuation</b>					
At 1 January 2016	4,680	2,336	229	-	7,245
Additions - internally developed	5,432	-	-	1,423	6,855
Additions	-	458	-	173	631
Disposals	(1,179)	(348)	-	-	(1,527)
<b>At 31 December 2016</b>	<b>8,933</b>	<b>2,446</b>	<b>229</b>	<b>1,596</b>	<b>13,204</b>
Additions - internally developed	6,848	-	-	694	7,542
Additions	-	680	-	871	1,551
Disposals	-	(590)	-	-	(590)
Reclassification	1,423	173	-	(1,596)	-
<b>At 31 December 2017</b>	<b>17,204</b>	<b>2,709</b>	<b>229</b>	<b>1,565</b>	<b>21,707</b>
<b>Amortization and impairment</b>					
At 1 January 2016	(516)	(1,384)	(227)	-	(2,127)
Amortization	(1,729)	(650)	(2)	-	(2,381)
Impairment	(766)	-	-	-	(766)
Disposal	1,179	330	-	-	1,509
<b>At 31 December 2016</b>	<b>(1,832)</b>	<b>(1,704)</b>	<b>(229)</b>	<b>-</b>	<b>(3,765)</b>
Amortization	(3,334)	(491)	-	-	(3,825)
Impairment	-	-	-	-	-
Disposals	-	590	-	-	590
<b>At 31 December 2017</b>	<b>(5,166)</b>	<b>(1,605)</b>	<b>(229)</b>	<b>-</b>	<b>(7,000)</b>
<b>Net book value</b>					
<b>At 31 December 2017</b>	<b>12,038</b>	<b>1,104</b>	<b>-</b>	<b>1,565</b>	<b>14,707</b>
<b>At 31 December 2016</b>	<b>7,101</b>	<b>742</b>	<b>-</b>	<b>1,596</b>	<b>9,439</b>

## 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.

€ '000	2017	2016
Restricted cash	-	1,489
<b>Total financial fixed assets</b>	<b>-</b>	<b>1,489</b>

The restricted cash relates to amounts blocked for issuance of bank guarantees for rental purposes. During 2017 a facility has been opened for issuing guarantees resulting in a release of restricted cash.

## 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	2017	2016
Trading stock	91,366	95,698
Provision obsolete stock	(638)	(705)
<b>Total inventories at the lower of cost and net realisable value</b>	<b>90,727</b>	<b>94,993</b>

As of 31 December 2017, inventory with an amount of € 1.9 million (2016: € 1.6 million) is valued at lower realizable value. In 2017, an amount of € 1.009 million (2016: € 707.6 million) of inventory value is included in the cost of sales and an amount of € 2.0 million (2016: 0.9 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	2017	2016
Trade receivables	40,111	24,163
Receivables from shareholder	8,718	10,779
Other receivables and prepayments	39,670	29,832
<b>Total trade and other receivables</b>	<b>88,499</b>	<b>64,774</b>

### 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. 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 on an individual basis for major business clients at each reporting date. 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 2017.

The ageing analysis of trade receivables is, as follows:

€ '000	2017		2016	
	Gross	Impairment	Gross	Impairment
Not past due	32,254	-	20,251	-
Past due 0-30 days	4,451	-	2,187	-
Past due 30-60 days	859	-	935	-
Past due more than 60 days	2,645	98	922	132
<b>Total</b>	<b>40,209</b>	<b>98</b>	<b>24,295</b>	<b>132</b>

As of 31 December 2017, trade receivables of an initial value of € 98,000 (2016: € 132,000) were impaired and fully provided for. Please see the table below for the movements in the provision for impairment of receivables.

€ '000	2017	2016
At 1 January	(132)	(299)
Charge for the year	(47)	(74)
Used	82	241
<b>At 31 December</b>	<b>(98)</b>	<b>(132)</b>

## 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	2017	2016
Cash at hand	478	325
Cash at banks	92,290	57,295
Restricted cash	-	(1,489)
<b>Total cash and cash equivalents</b>	<b>92,768</b>	<b>56,131</b>

Total cash, excluding the amount of restricted cash, is at free disposal of Coolblue.

### 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 (2016: 19,603 of € 1 each). All shares are issued and fully paid. Share capital and premium did not change in 2016 and 2017.

€ '000	Other reserves			Total
	Legal reserve	Other reserves	Unappropriated result	
<b>As at 1 January 2017</b>	<b>8,524</b>	<b>4,406</b>	<b>8,874</b>	<b>21,804</b>
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
<b>At 31 December 2017</b>	<b>12,732</b>	<b>9,072</b>	<b>9,068</b>	<b>30,872</b>

In 2016 and 2017 no dividend has been paid. The legal reserve relates to capitalized development costs.

### Appropriation of net result

The result for the year 2017 of € 9,068,000 is in accordance with the proposed profit appropriation treated as unappropriated profit in Coolblue's equity. The result for the year 2016 of 8,874,000 is in accordance with the decision of the General Meeting distributed to other reserves.

## 20. Provisions

€ '000	2017	2016
Jubilee provision	105	91
Deferred tax	2,311	1,581
<b>Total provisions</b>	<b>2,416</b>	<b>1,672</b>

### Jubilee provision

Per the end of 2016, Coolblue formalized a jubilee scheme for Coolblue employees. Employees receive a fixed cash amount after 5 and 10 years of employment. This scheme is not funded. The obligation per 31 December 2017, has been recognized through profit and loss.

€ '000	2017	2016
<b>Defined Benefit Obligation as at 1 January</b>	91	-
Current service costs	47	91
Interest expense	1	-
<b>Costs recognized in income statement</b>	<b>48</b>	<b>91</b>
(Gain)loss from change in assumptions	-	-
Benefits paid by the plan	(33)	-
<b>Defined benefit obligation as at 31 December</b>	<b>105</b>	<b>91</b>

The discount rate used is 1.4% (2016: 1.4%). 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 € 27,651 for jubilee payments in 2018. The weighted average duration of the defined benefit obligation is 5.7 years (2016: 5.9 years). The unfunded plan is exposed to limited number of risks. Future payments depend on life expectancy and turnover rate.

### Deferred tax

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's reduced to the extent that it's 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.

Movement for the year ended 31 December 2017:

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

Movement for the year ended 31 December 2016:

€ '000	Recognized		
	1 January	in p&l	31 December
Tangible fixed assets	130	(61)	69
Intangible fixed assets	1,003	532	1,535
Provision for jubilee benefits	-	(23)	(23)
<b>Total fixed assets</b>	<b>1,133</b>	<b>448</b>	<b>1,581</b>
Current			486
Non-current			1,095

## 21. Other non-current liabilities

€ '000	2017	2016
Deferred rental expenses	1,196	940
<b>Other non-current liabilities</b>	<b>1,196</b>	<b>940</b>

## 22. 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	2017	2016
Trade payables	216,441	173,921
Taxes and contributions	20,650	9,789
Accrual for holiday leave, holiday pay and net wage	5,642	3,981
Other current payables	27,920	26,834
<b>Total trade and other payables</b>	<b>270,653</b>	<b>214,525</b>

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 six months terms.

The fair value of the trade and other payables, excluding taxes and social security's payable, as at 31 December 2017, and 31 December 2016, is equal to the carrying amount. An overview of the aging is given below.

#### 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	-	-

#### As at 31 december 2016

€ '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	204,434	201,160	3,274	-	-

## 23. Commitments and contingencies

### Leases

Coolblue determines whether an arrangement is (or contains) a lease is 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 three to five years. The Group has the option, under some of its leases, to lease the assets for additional terms of three to five 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	2017	2016
Within one year	11,667	8,097
After one year but not more than five years	27,419	24,257
More than five years	1,345	1,635
<b>Total operating lease commitments</b>	<b>40,431</b>	<b>33,989</b>

Rental lease commitments mature in 2023 latest.

During 2017, € 9.3 million was recognized as expense in the income statement in respect of office and warehouse rental and car lease (2016: € 5.0 million).

### Other commitments

The parent company settled a finance arrangement consisting of € 48.5 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 Business Development B.V. and Coolblue N.V. act as guarantor for the external financing at the parent company. The Group agreed a minimum ratio of two 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 € 1,888,023 is used at 31 December 2017. Coolblue Belgium has a credit facility at ING Bank Belgium for issuing guarantees for an amount of € 224,000.

The Group entered into commitments for purchasing goods from suppliers amounting to € 4.1 million (2016: € 1.5 million), of which € 216,000 is defined by a letter of credit.

A limited number of claims have been filed against the Group, which the Group disputes. Although the outcome of these disputes cannot be predicted with any certainty, it is expected – partly on the basis of legal advice – that these will not have any significant impact on the Group's financial position.

## 24. 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 2017 and 2016, 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 "	
	2017	2016	2017	2016
Related parties				
Mondhoekje B.V.	1,945	26,065	8,942	10,780

### Compensation of board of directors

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 board of directors € '000	2017	2016
Short term employee benefits	397	369
Post employment benefits	10	10
Other benefits	6	7
	<b>413</b>	<b>386</b>

## 25. 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 31 December 2017

€ '000	Notes	2017	2016
<b>Continuing operations</b>			
Result on subsidiaries	27	9,015	8,935
Other operating income and expenses after tax		53	(61)
<b>Profit for the year after tax</b>		<b>9,068</b>	<b>8,874</b>

## Company statement of financial position

As at 31 December 2017 (before appropriation of result)

€ '000	Notes	2017	2016
<b>Assets</b>			
Non-current assets			
Financial fixed assets	27	33,323	24,308
<i>Current assets</i>			
Trade and other receivables		10	27
Receivable from related parties	28	8,942	11,780
Cash and short-term deposits		13	12,519
		8,965	24,326
<b>Total assets</b>		<b>42,288</b>	<b>48,634</b>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Issued capital		20	20
Share premium		1,838	1,838
Legal reserve		12,732	8,524
Other reserves		9,072	4,406
Unappropriated result		9,068	8,874
	29	32,730	23,662
<i>Current liabilities</i>			
Payable to related parties	30	9,558	24,972
<b>Total equity and liabilities</b>		<b>42,288</b>	<b>48,634</b>

## Notes to the company financial statements

### 26. 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 104.

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.

### 27. Financial fixed assets

€ '000	2017	2016
<i>Movement subsidiaries</i>		
Subsidiaries as at 1 January	24,308	15,175
Capital contribution	-	198
Result for the year	9,015	8,935
<b>Subsidiaries as at 31 December</b>	<b>33,323</b>	<b>24,308</b>

## 28. 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%.

## 29. Equity

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

## 30. 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%.

## 31. Board remuneration

Compensation of statutory directors

€ '000	2017	2016
Total compensation	413	386

### Board of Directors

Rotterdam, the Netherlands

8 February 2018

Pieter Zwart	Maarten Keller	Mondhoekje B.V.	Mondhoekje B.V.
CEO	COO	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 2017 included in the annual report

#### Our opinion

We have audited the financial statements 2017 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 2017, and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Coolblue Holding B.V. as at 31 December 2017 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 2017
- The following statements for 2017: 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 2017
- The company profit and loss account for 2017
- 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 pursuant to 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 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 pursuant to 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 assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

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

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 e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions

that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause a company to cease to continue as a going concern

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- 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, 8 February 2018

Ernst & Young Accountants LLP

Signed by I.H.G. Hengefeld

cool  
blue

**THE END.**  
Kthxbai.