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**Farfetch financial rollercoaster:**  
the success, IPO and the 2021 peak

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## **Abstract**

This case examines Farfetch's evolution from 2007 inception to February 2021, with a focus on its 2018 IPO and subsequent key strategic acquisitions. Establishing as a technology company in the luxury fashion sector, Farfetch capitalized on its marketplace and innovative solutions. While the IPO was considered successful, it was significantly underpriced, and the dual class share structure raised governance concerns. Following the IPO, Farfetch implemented an acquisition-driven strategy, challenging the sustainability of its business model, reinforced by high goodwill. Despite these issues and continued negative earnings, Farfetch showcased robust revenue growth in 2020, sustaining investor confidence in its long-term prospects.

## **Keywords:**

Initial Public Offering, Dual Class Structure, E-commerce, Luxury Fashion Industry, Valuation, Growth firms

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## **Farfetch financial rollercoaster: the success, IPO and the 2021 peak - Case study**

On February 25, 2021, José Neves announced Farfetch's 2020 earnings. Since its initial public offering (IPO), the stock price had dropped from \$28.5 to below \$6 the year before. However, a recent rally pushed the stock above \$70, significantly outperforming the S&P 500 over the past year. This recovery boosted investors' confidence in the company's potential despite the risks of investing with negative earnings.

### **Background of Farfetch**

Farfetch is a technology company for trading luxury fashion founded by José Neves. The company has an online platform for luxury fashion merchandise, from established labels and cutting-edge designer collections. It operates at the intersection of luxury personal goods fashion, online commerce, and technology. José Neves is a Portuguese entrepreneur that since early age demonstrated an innovative character. While attending university in Porto, he founded Grey Matter, a company that developed software for clothing manufacturers, and Platforme, which offered software solutions for small fashion brands. In 1996, he launched a footwear brand named Swear, opening a store in London. Farfetch was founded in June 2007 and relates his two biggest passions, programming, and fashion. As he describes it, three features were his motivation: i) the internet was inevitably going to have a significant impact on fashion, ii) the luxury fashion industry required a platform that curates, aggregates and provides seamless service, connecting people to independent creators and curators of fashion globally and iii) established e-commerce platforms were consumer-centric and price-driven, which contradicted the essence of luxury fashion which is driven by emotion, individuality, uniqueness, personality.<sup>1</sup> In 2008, Farfetch launched its platform, allowing shoppers access to a collection of products from 25 boutiques across 5 different countries, in a fusion of cutting-edge technology, and fashion. This was a significant opportunity for the traditional brick-and-mortar luxury boutiques that were struggling to sell their inventory, with the onset of the 2008 financial crisis.

## **Personal luxury industry**

According to a Bain & Company luxury worldwide market study<sup>i</sup> published in 2009, the personal luxury goods market experienced an expansion phase between 2004 and 2007, with an annual growth rate of approximately 8%.<sup>ii</sup> When Farfetch launched its platform, the world economy was suffering a downturn, and luxury market shrank for the first time. It was not until 2010 that it began to grow again. However, the online market for personal luxury goods was not impacted by the financial crisis and increased steadily in both volume and share of the total market. From 2008 to 2017, the online market experienced year-on-year growth rates between 12% and 33%, with promising prospects as the online share increased from 2% in 2008 to 9% in 2017 (**Exhibit A 1**). Bain & Company forecasted that online luxury sales would be 25% of the entire luxury market by 2025. The shift to digital was largely driven by the growing presence of Millennials and Generation Z consumers, a demographic change that companies such as Amazon were already capturing.<sup>iii</sup> Unlike other consumer markets, the luxury market is dominated by a few family-controlled companies. This market sets a strong emphasis on brand integrity, relies on longstanding relationships, and operates within a fragmented supply chain. As a result, these sellers have been cautious in adopting emerging e-commerce technologies: while many low-end brands and retailers have embraced e-commerce as a vital sales channel, higher-end brands have largely resisted moving away from traditional in-store retail channels. Chanel exemplifies this point. In February 2018, Farfetch announced a team up with Chanel. However, the luxury brand stressed: “To be clear, Chanel will not be selling on Farfetch, nor are we launching e-commerce,” Bruno Pavlovsky, president of fashion at Chanel, in an interview with the Financial Times, clarifying that: “this deal is about accelerating and enriching the experience of the client before and after their visit to the boutique”<sup>iv</sup>.

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<sup>i</sup> The luxury industry as tracked by Bain & Company encompasses both luxury goods and experiences. It comprises nine segments, led by luxury cars, luxury hospitality and personal luxury goods, which together account for more than 80% of the total market.

## Farfetch's initial investors

The personal luxury market's growth potential, combined with Farfetch's asset-light business model<sup>2</sup>, attracted significant investor interest. This led to \$700 million in several capital injections, which were crucial to the company's growth during its first 10 years (**Exhibit A 2**). The technology retail business was more able to raise capital than other companies in the technology sector: "Online shopping companies like Farfetch, Stylistpick.com and Fantasy Shopper have raised money in the past few months. But hardware and fundamental technology that require bigger investments have struggled."<sup>3v</sup>

Initial capital was raised through investments from venture capitalists, such as **Advent Ventures Partners** and **Index Ventures**, two of Europe's biggest technology venture capital firms<sup>vi</sup>, that were the lead investors of the Series A and Series B in 2010 and 2012, respectively. This capital was intended to consolidate Farfetch's position in its primary European market and to accelerate expansion into Brazil and the United States. By 2012, Farfetch had assembled over 56,000 customers across 100 countries, an annual sales growth rate of 204%, listed over 35,000 products, and formed partnerships with 200 boutique locations in 12 countries.<sup>vii</sup>

In 2013, Farfetch had attracted over 150,000 customers in 140 countries, offering 82,000 products listed on its website, provided by 250 boutiques globally. In that year it raised an additional \$20 million in a Series C round led by **Condé Nast**, a prominent media conglomerate owning major fashion and lifestyle publications such as GQ, Vogue, and Vanity Fair. Unlike the previous rounds, this investor was already engaged in the fashion industry, making it "a stamp of approval from the luxury industry"<sup>viii</sup>. In 2000, Condé Nast had launched Style.com, and online site for fashion magazines Vogue and W. In September 2016, Style.com was relaunched

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<sup>2</sup> The asset-light business model is illustrated by its low inventories and physical assets. This reduces the need for significant upfront capital. Farfetch's inventories in 2016 were 6% of total assets and did not change significantly in the period.

<sup>3</sup> Note that Stylistpick.com has closed operations in 2013 and Fantasy Shopper in 2014.

as a luxury e-commerce website and in the following year it was absorbed by Farfetch, in a transaction paid fully with shares, and, as part of the deal, Jonathan Newhouse, Condé Nast's chairman and chief executive, joined Farfetch's board (**Exhibit A 3**).<sup>ix</sup> Condé Nast invested in Farfetch in Series C, D and E, and through its company group Advance Publications it was the 5<sup>th</sup> beneficial owner of Farfetch until the end of 2018 with 5.8% of class A stocks (**Exhibit A 4**). However, there were no further relations between Condé Nast and Farfetch in the following year. **Advance Publications** was an early investor in Net-a-Porter, the company founded by Natalie Massenet in 2000. Massenet departed in September 2015, following Net-a-Porter's merger with Yoox, which created YNAP, then owned by the Richemont group.<sup>4</sup>

In 2014, Farfetch raised \$66 million in a Series D round led by **Vitruvian Partners**, a private equity firm.<sup>5</sup> This funding was allocated to support Farfetch's strategy and to develop the platform in China, Japan, and Russia, and enhance website developments. At this point, Farfetch had established partnerships with 300 boutiques and offered 105,000 products on its website.

In 2015, Farfetch completed a Series E funding round led by **DST Global**, a venture capital firm that was early backer of companies such as Facebook and Alibaba. With this funding, Farfetch raised \$86 million and exceeded a \$1 billion valuation, earning the status of a "unicorn". The funds were designated to bolster Farfetch's expansion in China, Japan, and Russia, and to accelerate growth in Latin America, Germany, South Korea, and Spain. During this period, Farfetch served approximately 450,000 active customers.

In the same year, Farfetch entered the physical retail space through the **acquisition of Browns** for an undisclosed amount, a London-based luxury boutique known for high-end fashion. This acquisition aimed to enhance Farfetch's brand presence and provide an opportunity to improve

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<sup>4</sup> In February 2017, Natalie Massenet joined Farfetch's Board of Directors as non-executive Co-Chairman of Farfetch.

<sup>5</sup> Vitruvian Partners had other investments in the fashion market and in 2017 invested in Vestiaire Collective, a competitor of Farfetch in the luxury e-marketplace.

the customer shopping experience, in the context of the Farfetch's "Augmented Retail" strategy. In 2016, Farfetch completed a Series F round led by Eurazeo, Temasek Holdings and IDG Capital Partners, raising \$110 million. This funding was intended to further expand operations in China and other countries within the Asian-Pacific region. As José Neves described it, the investment was driven by a "strong inbound interest".<sup>x</sup> He was confident that Temasek and IDG Partners relationships with their deep knowledge of the Asian markets would boost the company's growth in Asia. During this period, the Chinese market contributed 12% to Farfetch's sales, with the rest of the Asian-Pacific region accounting for 14%.

In 2017, Farfetch announced a strategic partnership with **JD.com**, China's largest retailer. JD invested \$397 million in Series G, making them one of Farfetch's largest shareholders. Additionally, Richard Liu, JD's founder and CEO, joined Farfetch's board.<sup>xi</sup> This partnership was strategically critical for luxury brands, as JD.com had a direct link to Chinese consumers. Also, it was expected to provide significant benefits for both companies, including leveraging JD's marketing power on platforms such as WeChat, utilizing JD's premium logistics services, and integrating with JD Pay and Biatiao, JD's financial service for instalment payments.<sup>6</sup>

In the same year, Farfetch entered into a significant arrangement with the **Kadi Group**, the owner of Toplife, and signed an asset purchase agreement that led Farfetch to acquire Toplife in a cash operation settled in May 2019. In 2018, in a private placement at the time of the IPO, the Kadi Group invested in Farfetch, and was its investor until 2020.

### **The business model**

In 2018, the value proposition of Farfetch focused on connecting independent multi-brand boutiques worldwide, allowing the brands to compete without the upfront development costs of establishing, managing, and promoting their e-commerce websites (**Exhibit A 5**). Through

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<sup>6</sup> To further enhance its presence in China, Farfetch acquired CuriosityChina, a marketing firm specializing in social networks founded in 2013, for an undisclosed amount.

Farfetch, these boutiques could sell their inventory to global markets that would otherwise be impenetrable. Farfetch also offered its online services to brands, who could easily outsource its pre-existing e-commerce operations through application programming interfaces.<sup>xii</sup> The key strengths of the company, as stated in the Farfetch Prospectus in 2018, included the founder management team with a deep understanding of both the fashion industry and technology; a scalable technology that connected the luxury fashion ecosystem; established partner relationships with leading brands, boutiques, and department stores; a large selection of luxury products; a marketplace business model, with minimal inventory risk and capital-intensive retail operations; powerful network effects that increased the choices available to consumers and potential sales for luxury sellers. What attracted investors was the high revenue growth, or as José Neves describes, “prioritising growth over profitability”<sup>xiii</sup>. Farfetch's growth strategy was multifaceted. First, it aimed to enhance consumer economics by deepening relationships with existing customers through loyalty programs and personalized offerings, while simultaneously expanding its customer base across global markets. Second, the platform aimed to augment its product portfolio by increasing supply from current luxury sellers, forming partnerships with new brands and retailers, and venturing into fresh product categories. Third, Farfetch recognised the pivotal role of technology and innovation in driving growth, investing in advancements to optimize operations and innovative customer experience. Lastly, building a robust brand identity through market share expansion was essential to solidify Farfetch's position as a premier luxury fashion platform. In this business model, Farfetch had a small cash conversion cycle, reducing the risk associated with liquidity and with inventory losses (**Exhibit A 6** and **Exhibit A 7**). “Favorable working capital movements are a function of our business model, in which we collect cash from consumers on average 45 days before we remit to the sellers.”<sup>7,xiv</sup> Farfetch's primary

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<sup>7</sup> The cash conversion cycle calculation from the balance sheet gives a value of around -180 days in 2016, favourable to Farfetch as payable in days exceed days sales and inventory outstanding. With some adjustments, as explored in Exhibit A 6 and Exhibit A 7, it is lower but still negative. Working capital is also negative.

product offering was its comprehensive online marketplace, **Farfetch.com**, which served as a bridge between high-end consumers and luxury fashion sellers. The platform showcased over 989 luxury sellers, including 614 boutiques and 375 direct brand relationships. Through its platform, Farfetch also offered management services and in-store technological solutions, through **Farfetch Black & White Solutions** and the **Farfetch Store of the Future**, respectively. Additionally, Farfetch owned **Browns** Boutiques since 2015, further solidifying its presence in the luxury retail sector. Overall, Farfetch's diverse range of offerings, from its expansive marketplace to its tailored e-commerce services and in-store innovations, demonstrated its commitment to redefine the luxury shopping experience. Farfetch's revenue was composed of three distinct streams (**Exhibit A 8**). The primary source of revenue is Adjusted Platform Revenue, primarily driven by commissions based on the third-party take rate, which was set at 32% in 2018, compared to 31.3% in 2016 and 32.9% in 2017.<sup>8</sup> Additionally, this revenue stream includes income from selling inventory directly purchased by Browns boutiques and sold online, where the revenue equals the Gross Merchandise Value (GMV)<sup>9</sup> of such sales. Another source of revenue is Platform Fulfilment Revenue, generated from the shipping and customs clearing services that Farfetch provides to its consumers in fulfilling transactions on the platform. This revenue is net of consumer promotional incentives, like free shipping and promotional codes, which are deducted against this income. Lastly, Browns In-Store Revenue is the income generated from sales in Browns retail stores.

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<sup>8</sup> In comparison, the take-rate for food delivery ranges from approximately 15% (without delivery) to 30% (with delivery), while Booking.com has a take-rate of about 20-30%. Amazon's take-rate varies between 10-15%, depending on the category. Farfetch third-party rate aligns with the rate from companies like Deliveroo and Uber Eats, which also offer comprehensive logistics services to their partners. (<https://dealroom.co/blog/farfetch-5-6-billion-valuation-a-closer-look>).

<sup>9</sup> GMV represents the total value of orders processed, measured in dollars. It includes the product value, shipping, and duties across the platform, but is net of returns, value-added taxes, and cancellations. In marketplaces, GMV differs from revenue, as the order value is returned to the seller.

## Competitors

Farfetch could be considered in different industries: marketplace companies, technology enablement companies, fashion marketplaces, fashion retailers and the luxury retailers (**Exhibit A 9**). Although fashion marketplaces such as Net-a-Porter<sup>10</sup>, MyTheresa<sup>11</sup> and Matchesfashion<sup>12</sup> could be considered the main competitors, they were not in the technology development business or did not provide a marketplace.<sup>13</sup> Competitors that operate in the e-commerce marketplace, such as Amazon and Alibaba provide a larger spectrum of products, therefore not restricted to the luxury segment. Luxury fashion traditional retailers, hold stock from brands and designers and thus bearing higher inventory risk and costs. Farfetch combines the provision of a marketplace with technology enablement and is restricted to the luxury fashion market.

## Going public: the IPO

On August 20, 2018, Farfetch announced its intention to go public. On September 5, the company announced a price in the range of \$15-17<sup>xv</sup>, and finally on September 20 the initial price was settled at \$20 (**Exhibit A 10**). Farfetch stated the purpose for the IPO as follows: “The principal purposes of this offering are to create a public market for our Class A ordinary shares, facilitate access to the public equity markets, increase our visibility in the marketplace, as well as to obtain additional capital. We intend to use the net proceeds from this offering and the concurrent private placement for working capital, to fund incremental growth and other general corporate purposes, including possible acquisitions. However, we do not currently have any definitive or preliminary plans with respect to the use of proceeds for such purposes.”<sup>xvi</sup>

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<sup>10</sup> **Net-a-Porter** was founded in 2000 by Natalie Massenet and in 2015 merged with Yoox, an Italian online fashion retailer, to form Yoox Net-a-Porter Group (YNAP), which is a leading global luxury fashion retailer.

<sup>11</sup> **Mytheresa**, a luxury online shopping platform that specializes in women's fashion, offering a variety of luxury clothing, shoes, and accessories.

<sup>12</sup> **Matchesfashion**, another luxury fashion retailer that provides a curated selection of high-end fashion items from renowned designers.

<sup>13</sup> These companies were selling products directly from high-end brands, but not allowing multiple third-party sellers to list products.

In 2017, Farfetch was reporting a 59% increase in sales, reaching \$386 million. However, the company also incurred operating losses of \$91 million (**Exhibit A 11**). Additionally, the first half of 2018 saw operating losses increase from \$31 to \$72 million, despite a 55% revenue growth rate. Some investors expressed caution about the high stock price: “If the company manages to achieve the \$5 billion valuation that many observers are expecting, it will be a tremendously expensive IPO to invest in.”<sup>xvii</sup>, when the final price of \$20 was not yet defined. Analysts faced two main hurdles when valuing Farfetch. The first concern was the third-party take rate<sup>xviii</sup>, the fee Farfetch charged its sellers in the marketplace. Some analysts believed this rate was too high, potentially hindering future revenue growth, especially considering the already slowing revenue trajectory. The second concern laid in Farfetch's corporate structure. Being incorporated in the Cayman Islands raised red flags for some analysts due to less stringent shareholder protections compared to the US.<sup>xix</sup> Additionally, the company's dual class share structure granted significant control over the board to José Neves, making it more difficult for minority shareholders to remove management if needed. These governance issues, coupled with Farfetch's financial challenges, contributed to the uncertainty surrounding its long-term prospects (**Exhibit A 12**).

José Neves envisioned a project with his control while raising capital from private investors or taking the company public. This vision led to the implementation of a dual class share structure. Due to the 20-1 voting ratio between Class B and Class A shares, José Neves held control over more than 77% of the total voting power as of September 21, 2018. Farfetch's capital structure at that time consisted of approximately 257 million Class A shares and nearly 43 million Class B shares. This dual class system was central to the company's governance model, outlined in the pre-IPO shareholder structure. While dual class structures are somewhat common, the 20-1 voting arrangement was rare, as evidenced by US data on IPOs (**Exhibit A 13**).

On the other hand, investors viewed the recent partnership with the Kadi Group and JD.com

positively, seeing it as an opportunity to boost sales in the Chinese market, particularly with the private placement of 33,6 million shares to Kadi Group during the IPO. On the IPO's opening day, a hawkish tone prevailed, with the \$20 shares opening trade at \$27 and closing at \$28.45, resulting in a 42% underpricing (**Exhibit A 14** and **Exhibit A 15**). Among the selling shareholders were Advent Private Equity, Farhold, DST and eVenture, all venture capital investors of Farfetch. At the IPO, the company was valued at 14 times its annualized sales, driven in part by its strong revenue growth and high interest of investors.

### **Beyond IPO: Mergers and acquisitions activity**

Despite heavy trading on the IPO day, the stock price steadily declined in the following days, reaching a low of \$18.8 on October 24th, just one month after the IPO (**Exhibit A 16** and **Exhibit A 17**). This decline raised concerns about the sustainability of value creation in the luxury e-commerce market, with the company generating negative operational cash flow (**Exhibit A 18**). Trying to keep the momentum of its IPO, Farfetch embarked on a series of strategic deals and expansions that have significantly shaped its business model and stock market performance. These moves are part of Farfetch's broader strategy to establish itself as a global leader in the luxury fashion industry by enhancing its digital platform, expanding its market reach, and fostering key partnerships (**Exhibit A 19**).

In December 2018, Farfetch announced the acquisition of **Stadium Goods**, the "World's Premier Sneaker and Streetwear Marketplace," for an enterprise value of \$250 million, settled through a combination of cash and Farfetch shares.<sup>14</sup> The two companies first partnered in April 2018 through a distribution deal, which brought a curated selection of Stadium Goods' rare and limited-edition products to the Farfetch platform. Following the acquisition, Stadium Goods' full inventory was available to Farfetch users, while the company continued to operate

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<sup>14</sup> Initially, Stadium Goods raised capital from Moët Hennessy Louis Vuitton (LVMH).

independently, benefiting from Farfetch's logistics and delivery infrastructure. Both brands aimed to capitalize on China's expanding luxury market, albeit with different strategies, and Farfetch also had backing from JD.com, China's second-largest e-commerce company.

In August 2019, in another strategic move to diversify its portfolio and strengthen its brand offerings, Farfetch acquired **New Guards Group**, an Italian fashion holding company, for \$675 million, in a cash and stock transaction. This acquisition marked a significant step for Farfetch as it sought to transform from a primarily digital marketplace to a brand owner and a vertically integrated fashion platform: "Farfetch is effectively building out its own private label platform through which it can launch, test and scale brands on its existing online and offline sales channels. It was similar to how Amazon has, in recent years, leveraged its vast trove of customer data to identify market gaps and develop its own products."<sup>xx</sup> New Guards Group, known for managing high-profile luxury streetwear brands like Off-White, Palm Angels, and Heron Preston, was an important contributor to Farfetch's Brand Platform segment, created in 2019 to capture the new business model (**Exhibit A 20** and **Exhibit A 21**).

After the announcement of the New Guards' acquisition, Farfetch shares fell by over 40 percent, marking an all-time low for the stock. Investors expressed concerns on further spending on technology and infrastructure, prevailing the view that the potential for increased revenue was outweighed by the risks associated with managing a larger portfolio of brands and the increased inventory risk. In both acquisitions, a significant portion of the purchase price was allocated to goodwill (**Exhibit A 22**).

### **Financing growth**

In the year 2020, Farfetch issued three convertible senior notes, which generated significant capital to fund its growth (**Exhibit A 23**) In February 2020, the company issued \$250 million convertible senior notes to Tencent Holdings Ltd. and Dragoneer Investment Group, strategic investors, adding to year-end liquidity and cancelled existing undrawn \$300 million senior

secured loan commitment with J.P. Morgan.<sup>xxi</sup> Tencent Holdings was the investor of WeChat and had a broad influence in the Chinese logistics market. The notes carried a quarterly coupon of 5% and a conversion price of \$12.25, representing a premium of approximately 4% based on the average share price in the month preceding the issuance (**Exhibit A 24**). The convertible notes issued in April 2020, with a semi-annual coupon of 3.75% and a conversion price of \$16.13, were placed with qualified institutional buyers. On November 17, 2020, Farfetch completed the placement of \$600 million convertible senior notes, with no coupon and a convertible price of \$32.29 to Alibaba and Richemont. Alibaba and Richemont would also invest in FarfetchChina, taking a combined 25% stake in a new joint venture that will include the Farfetch Marketplace operations in the China region for an aggregate \$500 million (\$250 million each). The investments by Alibaba and Richemont in Farfetch China and the establishment of the joint venture were expected to be completed during the first half of calendar year 2021, subject to the satisfaction of closing conditions. The total net proceeds from the convertible notes' offerings amounted to \$1,250 million, supporting Farfetch's long-term strategy of delivering a global technology platform for the luxury industry. These investments were instrumental in Farfetch's efforts to expand its market presence and achieve operational profitability. However, the embedded derivatives in Farfetch's convertible notes proved to have a significant impact in the financial results during a year marked by a substantial rise in the company's stock price.

## **2020 and the rebound**

On May 14, 2020, in the announcement of the earnings of the first quarter of 2020, Farfetch highlighted the impact of the COVID-19 pandemic on its operations. During this period, the company experienced some disruptions in its supply chain but benefited from a significant increase in online shopping as physical stores shuttered worldwide. The company's ability to adapt quickly to the changing market conditions underscored its robust infrastructure and agile

business model. However, it was also visible an increase in operational costs, which tempered investor optimism.

On November 2, 2020, the announcement of the investment and partnership with Alibaba and Richemont resulted in a 13.75% increase in Farfetch's stock value, closing at \$32 per share. This marked a significant turning point for Farfetch's market value. This collaboration, involving a \$1.15 billion investment, aimed to integrate Farfetch's platform with Alibaba's Tmall Luxury Pavilion and leverage Richemont's expertise, giving Farfetch exceptional access to the rapidly growing luxury consumer base in China. Alibaba and Richemont invested in Farfetch's November 2020 convertible senior notes and allocated an additional \$500 million to establish a joint venture for Farfetch China. The announcement of this partnership and capital influx was met with significant market enthusiasm, leading to a notable increase in Farfetch's stock price. The deal underscored Farfetch's strategic ambition to dominate the global luxury market by leveraging partnerships with industry giants. Investors were buoyed by the company's strategic direction and future performance, which translated into a positive movement in Farfetch's stock. The continued growth indicated Farfetch's resilience and adaptability in a rapidly changing retail environment, reinforcing its position as a leader in luxury e-commerce.

On February 25, 2021, the full-year 2020 earnings report provided a comprehensive overview of Farfetch's achievements and challenges throughout the year. Investors realised that Covid-19 had changed luxury shoppers' habits towards online shopping, and Farfetch was benefiting of growth demand but also perspectives of increasing market presence. Farfetch's ability to adapt to shifting consumer preferences and capitalize on digital opportunities was evident in its financial performance, with a reported 64% increase in revenue compared to the previous year. The company's strong digital platform services, combined with its brand platform's success, contributed to this growth, showcasing Farfetch's resilience and innovative approach in the luxury market.

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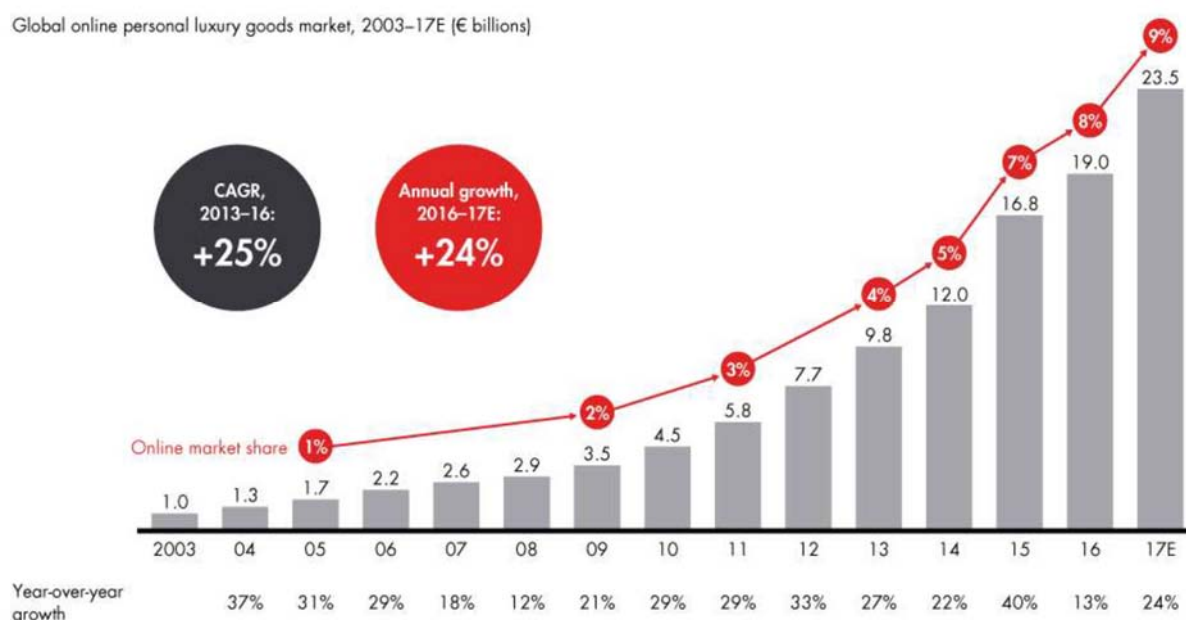
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## Appendices

### Exhibits Case

#### Exhibit 1 Online personal luxury goods market, 2003-2017 (€ billions)



Source: Bain & Company, <https://www.bain.com/insights/luxury-goods-worldwide-market-study-fall-winter-2017/>

#### Exhibit 2 Capital injections before the IPO

Financing Round	Year	Date	Amount Raised (\$ million)	Lead Investor
Seed Funding	2008		2	Undetermined
Series A	2010	09/07/2010	4.5	Advent Venture Partners
Series B	2012	15/01/2012	18	Index Ventures; e.Ventures; Advent Venture Partners
Series C	2013	03/03/2014	20	Condé Nast; Index Ventures; e.Ventures; Advent Venture Partners
Series D	2014	01/05/2014	66	Vitruvian Partners; e.Ventures; Ceyuan Ventures; Advent Venture Partners; Condé Nast; Huangpu River Capital
Series E	2015	04/03/2015	86	DST Global; e.Ventures; Fabrice Grinda; Infinity Ventures Japan; Felix Capital; Jose Marin; Caixa Capital; Vitruvian Partners; Condé Nast; Sandbridge Capital
Series F	2016	04/05/2016	110	IDG Capital; Temasek Holdings; Eurazeo; e.Ventures; FJ Labs; Fabrice Grinda; Jose Marin; Vitruvian Partners
Series G	2017	21/06/2017	397	JD.com
Total			701.5	

Source: Crunchbase.com.

**Exhibit 3** Executive officers and board members between 2018 and 2021

Name	Age	Position	Relevant experience	Indication of movements
As of August 1, 2018:				
<b>Executive Officers</b>				
José Neves	44	Chief Executive Officer and Board Member		
Elliot Jordan	43	Chief Financial	Director of Finance at ASOS.com	
Andrew Robb	41	Chief Operating	Managing Director of Cocosa.com	
<b>Board Members</b>				
Frederic Court	48	Board Member	General Partner at Advent Ventures	
Dana Evan	58	Board Member	Venture partner at Icon Ventures	
Jon Kamaluddin	45	Board Member	Mmember of the board of ASOS PLC	
Richard Liu	45	Board Member	Chief Executive Officer of JD.com	Left in the next period
Natalie Massenet	53	Board Member	Founder of Net-A-Porter	
Jonathan Newhouse	66	Board Member	Chairman of Condé Nast	
Danny Rimer	47	Board Member	Partner at Index Ventures	
Mike Risman	50	Board Member	Managing Partner and a founding member of Vitruvian Partners	
David Rosenblatt	50	Board Member	Chief Executive Officer of 1stdibs.com	
As of February 28, 2019:				
<b>Executive Officers</b>				
José Neves	44	Chief Executive Officer and Co-Chair of the Board		
Elliot Jordan	43	Chief Financial Officer	Director of Finance at ASOS.com	
Andrew Robb	42	Chief Operating Officer	Managing Director of Cocosa.com	Left in the next period
<b>Board Members</b>				
Frederic Court	49	Board Member	General Partner at Advent Ventures	
Dana Evan	59	Board Member	Venture partner at Icon Ventures	
Jon Kamaluddin	45	Board Member	Mmember of the board of ASOS PLC	
Dr. Jon Jainwen Liao, PhD	51	Board Member	Chief Strategy Officer of JD.com	New entrance
Natalie Massenet	53	Co-Chair of the Board	Founder of Net-A-Porter	
Jonathan Newhouse	66	Board Member	Chairman of Condé Nast	
Danny Rimer	48	Board Member	Partner at Index Ventures	
Mike Risman	50	Board Member	Managing Partner and a founding member of Vitruvian Partners	
David Rosenblatt	50	Board Member	Chief Executive Officer of 1stdibs.com	

Name	Age	Position	Relevant experience	Indication of movements
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As of March 11, 2020:

**Executive Officers**

José Neves	45	Chief Executive Officer and Co-Chair of the Board		
Elliot Jordan	44	Chief Financial Officer	Director of Finance at ASOS.com	
Stephanie Phair	41	Chief Customer Officer	Chief Strategy Officer at Farfetch and part of the executive team at Net-a-Porter group	New entrance

**Board Members**

Dana Evan	60	Board Member	Venture partner at Icon Ventures	
Jon Kamaluddin	46	Board Member	Mmmember of the board of ASOS PLC	Left in the next period
Dr. Jon Jainwen Liao, PhD	52	Board Member	Chief Strategy Officer of JD.com	Left in the next period
Natalie Massenet	54	Co-Chair of the Board	Founder of Net-A-Porter	Left in the next period
Danny Rimer	49	Board Member	Partner at Index Ventures	Left in the next period
Mike Risman	51	Board Member	Managing Partner and a founding member of Vitruvian Partners	Left in the next period
David Rosenblatt	51	Board Member	Chief Executive Officer of 1stdibs.com	

As of March 4, 2021:

**Executive Officers**

José Neves	46	Chief Executive Officer and Chairman of the Board		
Elliot Jordan	45	Chief Financial Officer	Director of Finance at ASOS.com	
Stephanie Phair	42	Chief Customer Officer	Chief Strategy Officer at Farfetch and part of the executive team at Net-a-Porter group	

**Board Members**

Dana Evan	61	Board Member	Venture partner at Icon Ventures	
J. Michael Evans	63	Board Member	President of Alibaba	New entrance
Stephanie Horton	49	Board Member	Director of Marketing for GoogleShopping	New entrance
Diane Irvine	62	Board Member	Chief Executive Officer of Blue Nile, Inc	New entrance
Victor Luís	54	Board Member	Non-executive Director at Farfetch	New entrance
David Rosenblatt	52	Board Member	Chief Executive Officer of 1stdibs.com	
Gillian Tans	50	Board Member	Non-executive Director at Farfetch and chairwoman of Booking.com	New entrance

Source: Farfetch

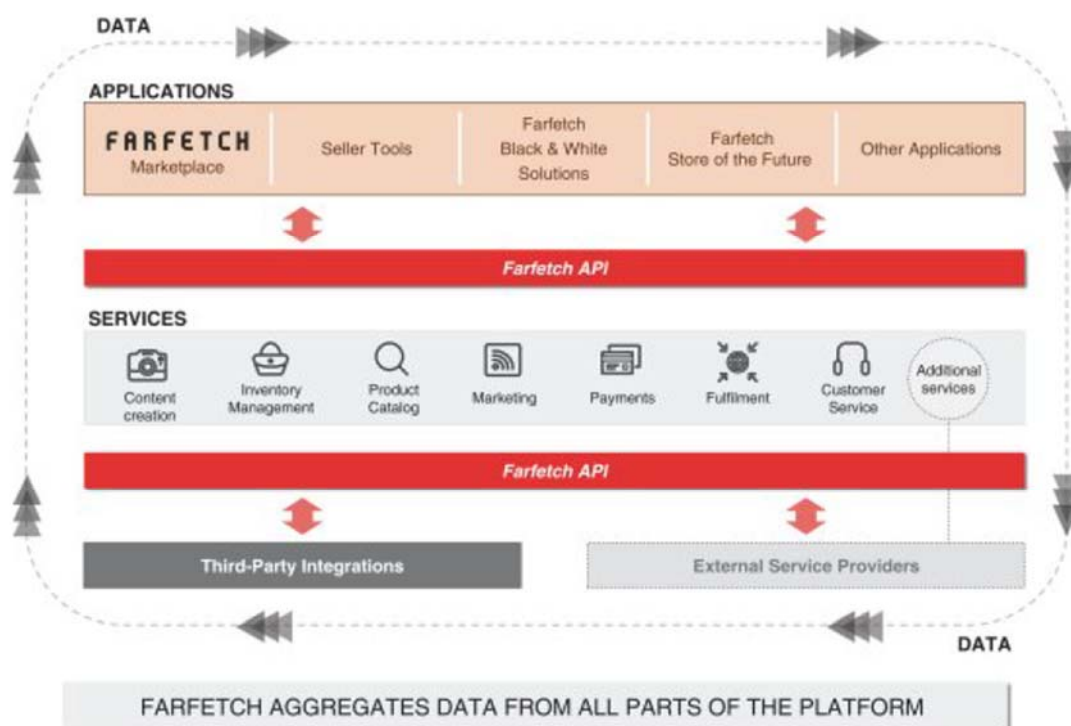
**Exhibit 4** Class A stock owners between December 2018 and December 2020

<b>Period</b>	<b>Name of beneficial owner</b>	<b>Number of stocks</b>	<b>Percent</b>	<b>Estimated value at 20\$ per share</b>
Dec 31, 2020	Morgan Stanley	29,927,765	9.6	598,555
	T. Rowe Price Associates	25,483,141	8.2	509,663
	Tencent Holdings Limited	16,628,313	5.3	332,566
	José Neves	2,772,308	0.9	55,446
	Elliot Jordan	595,093	0.2	11,902
	Stephanie Phair	651,647	0.2	13,033
	Dana Evan	708,582	0.2	14,172
	Stephanie Horton	200,733	0.1	4,015
	David Rosenblatt	577,588	0.2	11,552
	Other Executive officers	5,505,951	1.8	110,119
	Subtotal	83,051,121	26.7	1,661,022
	Other (holders of < 5%)	228,300,943	73.3	4,566,019
<b>Total</b>	<b>311,352,064</b>	<b>100.0</b>	<b>6,227,041</b>	
Dec 31, 2019	Kadi Group Holding Limited	42,366,665	14.3	847,333
	Morgan Stanley	38,984,008	13.1	779,680
	Index Ventures V (Jersey),L.P.	27,780,375	9.4	555,608
	Farhold (Luxembourg)	19,047,241	6.4	380,945
	Tybourne Capital Management (HK) Limited	18,071,377	6.1	361,428
	José Neves (6)	2,191,076	0.7	43,822
	Elliot Jordan	725,836	0.2	14,517
	Stephanie Phair	490,348	0.2	9,807
	Dana Evan	686,875	0.2	13,738
	Jon Kamaluddin	302,985	0.1	6,060
	Natalie Massenet	788,460	0.3	15,769
	David Rosenblatt	295,211	0.1	5,904
	Other Executive officers	5,480,791	1.8	109,616
	Subtotal	157,211,248	53.0	3,144,225
	Other (holders of < 5%)	139,529,680	47.0	2,790,594
<b>Total</b>	<b>296,740,928</b>	<b>100.0</b>	<b>5,934,819</b>	

Period	Name of beneficial owner	Number of stocks	Percent	Estimated value at 20\$ per share
Dec 31, 2018	Kadi Group Holding Limited	42,366,665	16.5	847,333
	Index Ventures V (Jersey),L.P.	28,359,930	11.0	567,199
	Advent Private Equity Fund	24,559,309	9.6	491,186
	Farhold (Luxembourg)	22,047,241	8.6	440,945
	Advance Publications	14,838,410	5.8	296,768
	José Neves	1,696,377	0.7	33,928
	Elliot Jordan	733,435	0.3	14,669
	Andrew Robb	1,812,910	0.7	36,258
	Dana Evan	634,570	0.2	12,691
	Jon Kamaluddin	445,390	0.2	8,908
	Natalie Massenet	775,635	0.3	15,513
	David Rosenblatt	122,750	0.0	2,455
	Executive officers	6,221,067	2.4	124,421
	Subtotal	144,613,689	56.3	2,892,274
	Other (holders of < 5%)	112,385,231	43.7	2,247,705
	Total	256,998,920	100.0	5,139,978

Source: Farfetch.

### Exhibit 5 Farfetch business model segments



Source: Farfetch Prospectus.

**Exhibit 6 Balance Sheet**Units: \$10<sup>^3</sup>

	2016	2017	2018	2019	2020
<u>Assets</u>					
<u>Current assets</u>					
Cash and cash equivalents	150,032	384,002	1,044,786	322,429	1,573,421
Derivative financial assets	0			3,024	30,242
Current tax assets	0			1,873	2,082
Trade and other receivables	17,281	18,180	93,670	189,897	209,946
Inventories	13,591	50,610	60,954	128,107	145,309
<b>Total current assets</b>	<b>180,904</b>	<b>452,792</b>	<b>1,199,410</b>	<b>645,330</b>	<b>1,961,000</b>
<u>Non-current assets</u>					
Investments in associates	23	58	86	2,466	2,319
Investments	0	278	566	16,229	8,278
Right-of-use assets	0			115,176	179,227
Property, plant and equipment, net	15,795	26,696	37,528	67,999	89,082
Intangible assets, net	42,943	74,041	103,345	1,362,967	1,279,328
Goodwill	25,503	38,449	36,043	341,067	356,521
Brand, trademarks & domain names	2,866	5,685	4,906	908,303	771,393
Customer relationships	774	1,819	713	4,224	3,234
Development costs	13,800	28,088	61,683	109,373	148,180
Deferred tax assets	0			5,324	13,556
Other receivables	5,367	9,193	10,458	12,388	58,081
<b>Total non-current assets</b>	<b>64,128</b>	<b>110,266</b>	<b>151,983</b>	<b>1,582,549</b>	<b>1,629,871</b>
<b>Total assets</b>	<b>245,032</b>	<b>563,058</b>	<b>1,351,393</b>	<b>2,227,879</b>	<b>3,590,871</b>

	2016	2017	2018	2019	2020
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade and other payables	84,388	136,744	194,158	413,696	666,144
Other current liabilities	2,364	19,146			
Provisions				0	27,146
Current tax liability				28,289	3,098
Lease liabilities				18,485	26,128
Employee benefit obligations				0	38,286
Derivative financial liabilities				5,601	17,427
Put and call option liabilities				1,118	0
Other current financial liabilities	2,673			809	518
<b>Total current liabilities</b>	<b>89,425</b>	<b>155,890</b>	<b>194,158</b>	<b>467,998</b>	<b>778,747</b>
<b>Non-current liabilities</b>					
Provisions	3,935	5,142	13,462	23,704	129,113
Lease liabilities				100,833	165,275
Deferred tax liabilities				219,789	182,463
Employee benefit obligations				16,455	26,116
Derivative financial liabilities				-	2,996,220
Borrowings				-	635,237
Put and call option liabilities				61,268	348,937
Other liabilities	32,756	5,123	15,342	-	0
Other financial liabilities					4,853
<b>Total non-current liabilities</b>	<b>36,691</b>	<b>10,265</b>	<b>28,804</b>	<b>422,049</b>	<b>4,488,214</b>
<b>Total liabilities</b>	<b>126,116</b>	<b>166,155</b>	<b>222,962</b>	<b>890,047</b>	<b>5,266,961</b>
<b>Equity/(deficit)</b>					
Share capital	6,192	9,298	11,994	13,584	14,168
Share premium	342,640	677,674	772,300	878,007	927,931
Merger reserve		-	783,529	783,529	783,529
Foreign exchange reserve	-32,871	633	-23,509	-30,842	-7,271
Other reserves	19,857	38,475	67,474	349,463	447,753
Accumulated losses	-216,901	-329,177	-483,357	-826,135	-4,010,756
<b>Equity/(deficit) attributable to owners of the parent</b>	<b>118,917</b>	<b>396,903</b>	<b>1,128,431</b>	<b>1,167,606</b>	<b>-1,844,646</b>
Non-controlling interests	-1	0	0	170,226	168,556
<b>Total equity/(deficit)</b>	<b>118,916</b>	<b>396,903</b>	<b>1,128,431</b>	<b>1,337,832</b>	<b>-1,676,090</b>
<b>Total equity/(deficit) and liabilities</b>	<b>245,032</b>	<b>563,058</b>	<b>1,351,393</b>	<b>2,227,879</b>	<b>3,590,871</b>

Source: Farfetch.

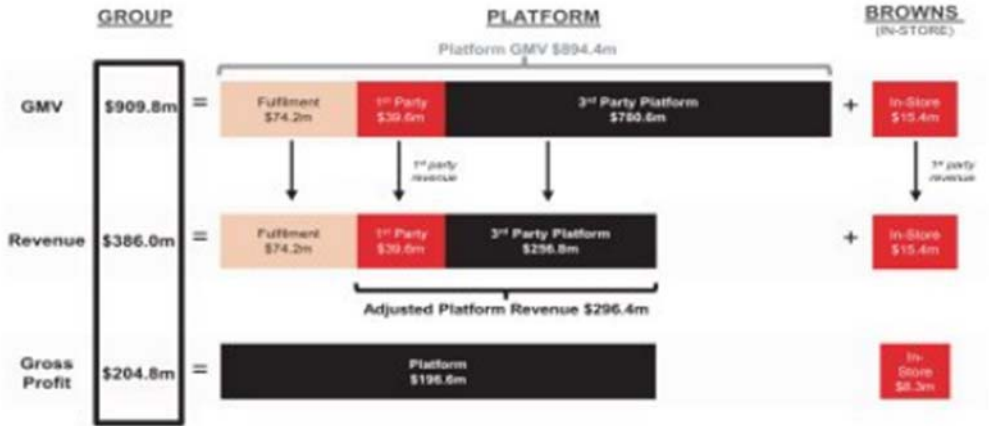
**Exhibit 7 Working capital ratios**

Working capital ratios	2016	2017	2018	2019	2020
Days Payable Outstanding (DPO)	246	275	233	269	269
Days Inventory Outstanding (DIO)	40	102	73	83	59
Days Sales Outstanding (DSO)	26	17	57	68	46
Cash Conversion Cycle (CCC)	-180	-156	-103	-118	-165

Working capital ratios - with adjusted metrics	2016	2017	2018	2019	2020
Days Payable Outstanding (DPO) - adjusted*	104	112	118	146	184
Days Inventory Outstanding (DIO) - adjusted**	40	102	108	108	110
Days Sales Outstanding (DSO) - adjusted***	35	22	310	188	98
Cash Conversion Cycle (CCC) - with adjusted metrics	-30	12	300	149	24

\* For the purpose of this calculation, expenses data is adjusted by third-party and digital fulfilment and added SG&A without depreciation, amortization and share based payments  
 \*\* For the purpose of this calculation, cost data is adjusted by third-party and digital fulfilment  
 \*\*\* For the purpose of this calculation, revenue data is adjusted by third-party, in store and digital fulfilment

**Exhibit 8 Visual representation of revenue**



Source: Farfetch Prospectus.

**Exhibit 9** Data for Comparable Companies

	<b>Total Revenue</b>	<b>Net Income</b>	<b>Operating Income</b>	<b>Gross Margin</b>	<b>Total Equity</b>	<b>Total Debt</b>	<b>Cash and short-term investments</b>	<b>ROIC</b>	<b>Market Value of Equity</b>	<b>Projected Revenue Growth rate</b>
<i>Period</i>	<i>Dec-17</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>20/09/2018</i>	<i>20/09/2018</i>
<i>Unit of measure</i>	<i>\$10^6</i>	<i>\$10^6</i>	<i>\$10^6</i>	<i>%</i>	<i>\$10^6</i>	<i>\$10^6</i>	<i>\$10^6</i>	<i>%</i>	<i>\$10^6</i>	<i>%</i>
<b>Marketplaces - average</b>	146,020	28,846	24,611	58.8	134,860	59,905	82,346	20.7	469,517	22.8
Amazon.com Inc	177,866	2,248	4,106	35.1	27,709	44,147	30,986	11.9	948,315	22.0
Alibaba Group Holding Ltd	250,266	82,204	67,297	63.0	368,823	125,553	210,210	27.2	426,355	38.7
eBay Inc	9,927	2,087	2,431	78.4	8,049	10,015	5,843	23.1	33,882	7.8
<b>Technology enablement companies - average</b>	1,444	-52	-52	43.8	894	179	902	17.0	26,648	39.2
Shopify Inc	673	-40	-49	53.8	1,001	0	938	9.6	17,789	39.4
Square Inc	2,214	-63	-54	33.7	786	359	866	24.4	35,506	39.0
<b>Fashion marketplaces - average</b>	1,208	30	45	40.4	594	92	122	50.2	4,276	21.6
Yoox Net-A-Porter Group SpA	2,091	17	46	28.7	1,914	229	312	-	3,643	14.0
MYT Netherlands Parent BV	304	6	14	-	108	138	4	-	-	19.4
MatchesFashion.Com	515	33	40	42.7	66	0	10	-	-	29.0
ASOS PLC	1,924	64	80	49.8	287	0	160	50.2	4,909	23.8
<b>Fashion retailers - average</b>	76,167	6,597	8,393	53.7	24,660	3,425	5,494	26.3	98,843	11.6
Industria de Diseno Textil SA	25,336	3,372	4,315	57.0	13,497	16	6,415	46.9	83,433	8.3
H & M Hennes & Mauritz AB	200,004	16,184	20,569	55.2	59,713	10,220	9,718	31.6	208,467	4.1
JD.Com Inc	3,161	236	296	48.9	770	38	348	0.5	4,628	22.5

	Total Revenue	Net Income	Operating Income	Gross Margin	Total Equity	Total Debt	Cash and short-term investments	ROIC	Market Value of Equity	Projected Revenue Growth rate
<b>Luxury retailers - average</b>	11,174	1,538	2,210	66.9	9,395	3,735	3,557	28.9	58,197	7.3
Burberry Group PLC	2,733	281	410	69.9	1,421	23	915	65.2	8,260	2.7
Kering SA	10,816	1,756	2,527	62.9	11,948	5,185	2,292	15.0	56,737	10.8
Hugo Boss AG	2,733	231	341	66.0	915	129	155	25.9	4,742	4.8
Compagnie Financiere Richemont SA	11,013	1,221	1,844	63.9	14,631	8,189	13,458	9.6	42,021	9.0
Prada SpA	2,741	218	316	72.4	2,845	992	893	13.2	88,024	8.3
Hermes International SCA	5,549	1,221	1,922	67.7	5,039	54	2,932	58.0	58,105	8.3
LVMH Moet Hennessy Louis Vuitton SE	42,636	5,840	8,113	65.3	28,969	11,576	4,253	15.5	149,488	7.5
<b>All comparable companies</b>										
Average	39,605	6,164	6,030	56.4	28,868	11,414	15,300	26.7	127,900	16.8
Median	3,161	281	410	59.9	2,845	229	938	23.7	42,021	10.8

Projected growth rate is the growth rate between the current fiscal year (FY1) to next fiscal year (FY2)

ROIC is calculated as  $ROIC = \frac{\text{Net Operating Profit} - \text{Adjusted Taxes}}{\text{Invested Capital}}$

Source: LSEG.

## Exhibit 10 Farfetch IPO announcement

	N. of Class A shares	Price per share (\$)	Gross Proceeds (\$)
Farfetch	33,609,891	20	672,197,820
Additional offer to the underwriters (Greenshoe)	6,636,562	20	132,731,240
Selling shareholders	10,633,858	20	212,677,160
<b>Total</b>	<b>50,880,311</b>	<b>20</b>	<b>1,017,606,220</b>
<b>Total excluding selling shareholders</b>	<b>40,246,453</b>	<b>20</b>	<b>804,929,060</b>

Note: The IPO included also issuance of Class B shares 42,858,080, restricted for José Neves.  
Source: Farfetch Prospectus.

## Exhibit 11 Income Statement

	2016	2017	2018	2019	Units: \$10 <sup>3</sup> 2020
Revenue	242,116	385,966	602,384	1,021,037	1,673,922
Cost of Revenue	125,238	181,200	303,934	561,191	902,994
<b>Gross Profit</b>	<b>116,878</b>	<b>204,766</b>	<b>298,450</b>	<b>459,846</b>	<b>770,928</b>
Selling/General/Admin. Expenses	197,003	295,960	471,766	869,609	1,351,483
Demand generation expenses	48,381	69,202	97,295	151,350	198,787
Technology expenses	12,269	31,611	68,224	84,207	115,227
Depreciation and amortization	6,897	10,980	23,537	113,591	217,223
Share based payments	19,848	21,486	53,819	158,422	291,633
General and administrative	109,608	162,681	228,891	345,665	504,346
Other items			0	16,374	24,267
Impairment losses on tangible assets	0	0	0	0	2,991
Impairment losses on intangible assets	0	0	0	0	36,269
Total Operating Expense	322,241	477,160	775,700	1,430,800	2,293,737
<b>Operating Income (EBIT)</b>	<b>-80,125</b>	<b>-91,194</b>	<b>-173,316</b>	<b>-409,763</b>	<b>-619,815</b>
(Losses)/gains on items held at fair value and remeasurement	-8,555	-3,300	0	21,721	-2,643,573
Share of results of associates	18	31	33	366	-74
Finance income	9,280	2,833	38,182	34,382	24,699
Finance costs	-1,878	-20,475	-18,316	-19,232	-108,742
Net Finance income/cost	7,402	-17,642	19,866	15,150	-84,043

	2016	2017	2018	2019	2020
<b>(Loss)/Profit before tax</b>	<b>-81,260</b>	<b>-112,105</b>	<b>-153,417</b>	<b>-372,526</b>	<b>-3,347,505</b>
Current tax*		-937	-2,158	-14,024	-32,334
Deferred tax		767		12,862	46,768
Income tax benefit/(expense)	-199	-170	-2,158	-1,162	14,434
<b>(Loss)/Profit after tax</b>	<b>-81,459</b>	<b>-112,275</b>	<b>-155,575</b>	<b>-373,688</b>	<b>-3,333,071</b>
(Loss)/profit after tax attributable to:					
Equity holders of the parent	-81,459	-112,275	-155,575	-385,297	-3,350,619
Non-controlling interests				11,609	17,548
<b>Net (loss)/profit</b>	<b>-81,459</b>	<b>-112,275</b>	<b>-155,575</b>	<b>-373,688</b>	<b>-3,333,071</b>

Share price (quote in the last day of the year)		17.71	10.35	63.81
N. of shares (million)		299.9	339.6	354.2
Market expected value (\$ million)		5,310	3,515	22,602

\*The Group's current income tax expense is due to profits in certain jurisdictions which cannot be offset with carried-forward losses or other credit

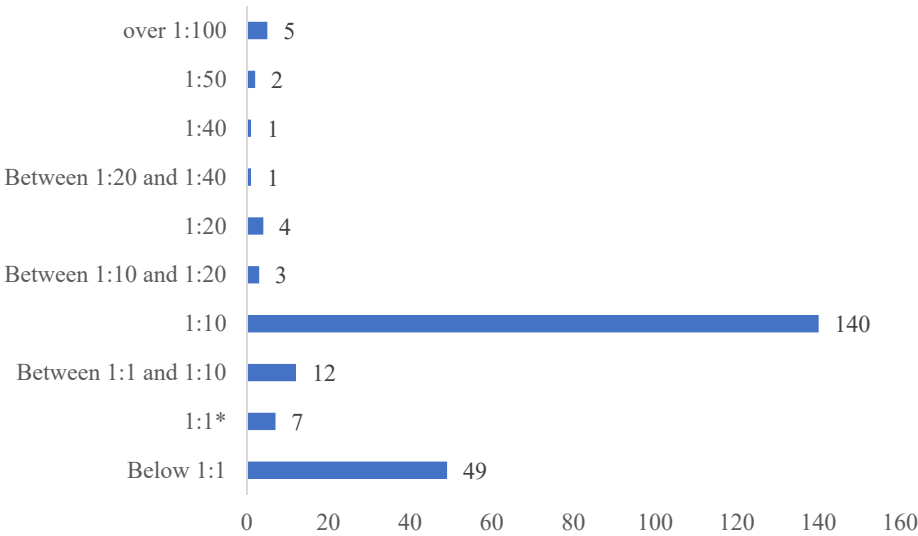
Source: Farfetch and LSEG.

### Exhibit 12 Most important risks associated with Farfetch business

- Purchasers of luxury products may not choose to shop online in sufficient numbers;
- Ability to generate sufficient revenue to be profitable or to generate positive cash flow on a sustained basis;
- The volatility and difficulty in predicting the luxury fashion industry;
- Reliance on a limited number of retailers and brands for the supply of products on Marketplace;
- Reliance on retailers and brands to anticipate, identify and respond quickly to new and changing fashion trends, consumer preferences and other factors;
- Reliance on retailers and brands to make products available to consumers on Marketplace and to set their own prices for such products;
- Reliance on information technologies and ability to adapt to technological developments;
- Ability to acquire or retain consumers and to promote and sustain the Farfetch brand;
- Ability or the ability of third parties to protect sites, networks and systems against security breaches, or otherwise to protect confidential information;
- Ability to successfully launch and monetize new and innovative technology;
- Dependence on highly skilled personnel, including senior management, data scientists and technology professionals, and ability to hire, retain and motivate qualified personnel; and
- José Neves influence over important corporate matters due to his ownership of us, and dual class voting structure limit the ability to influence corporate matters, including a change of control.

Source: Adapted from Farfetch Prospectus.

**Exhibit 13** Dual class structure: data from IPO until 2018



Notes: 1:1\* refers to dual class structures where voting rights are equal, but certain special provisions apply, such as decisions related to board member appointments.  
Source: Council of Institutional Investors, [https://www.cii.org/dualclass\\_stock](https://www.cii.org/dualclass_stock) and author's calculations.

**Exhibit 14** US IPO market – average data per year and Farfetch IPO results

Year	Offer Price (average)	Opening Price (average)	First Day Close (average)	1st day % Px Chng (average)	\$ Change Opening (average)	\$ Change Close (average)
2000	14.08	19.04	20.20	36%	4.96	6.13
2001	15.38	16.96	17.36	13%	1.59	1.98
2002	16.35	17.56	17.73	7%	1.21	1.38
2003	14.76	16.35	16.69	12%	1.59	1.93
2004	13.78	15.23	15.46	11%	1.45	1.69
2005	13.94	15.46	15.80	10%	1.55	1.86
2006	14.18	15.87	15.97	10%	1.69	1.79
2007	13.72	15.30	15.59	12%	1.58	1.88
2008	13.41	14.21	14.20	2%	0.80	0.79
2009	15.05	16.15	16.30	7%	1.10	1.26
2010	13.14	14.44	14.54	9%	1.30	1.40
2011	14.93	16.71	16.66	9%	1.77	1.73
2012	15.06	16.84	17.06	12%	1.78	2.00
2013	16.11	18.80	19.01	16%	2.69	2.91
2014	15.16	17.24	17.33	12%	2.08	2.17
2015	14.66	16.89	17.16	14%	2.23	2.50
2016	14.87	16.73	16.77	11%	1.86	1.90
2017	14.05	15.34	15.49	11%	1.28	1.44
2018	13.91	16.08	16.18	13%	2.16	2.33
2019	14.67	16.96	17.31	14%	2.29	2.62
2020	13.75	17.56	17.73	21%	3.81	3.98

**Detail from 2018 IPO:**

Name of the company	Offer price	Opening price	First Day Close	1st day % Px Chng	\$ Change Opening	\$ Change Close
Farfetch	20.00	27.00	28.45	42%	7.00	8.45

**Maximum underpricing in 2018:**

Qutoutiao	7.00	9.10	15.97	128%	2.10	8.97
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Source: Scoop, <https://www.iposcoop.com/scoop-track-record-from-2000-to-present/> and author's calculations.

**Exhibit 15** Price deviations in the US IPO market until 2020

	N. of IPO	in % of total
N. of IPO	225	
N. of IPO with overpricing	48	21%
N. of IPO at price	21	9%
N. of IPO with underpricing	156	69%
of which:		
until median 1.5%	43	19%
between 1.5 and the average of 13%	36	16%
between 13% and 40%	46	20%
over 40%	31	14%

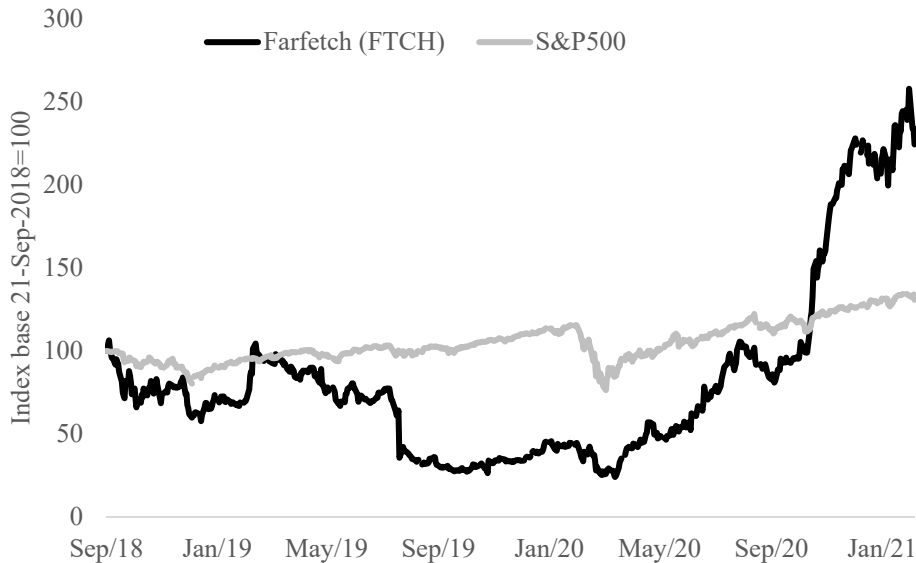
Source: Scoop, <https://www.iposcoop.com/scoop-track-record-from-2000-to-present/> and author's calculations.

**Exhibit 16** Farfetch stock price



Source: LSEG.

**Exhibit 17** Market performance



Source: LSEG and author's calculations.

## Exhibit 18 Cash Flows

	2016	2017	2018	2019	2020
					Units: \$10 <sup>3</sup>
<b>Cash flows from operating activities</b>					
EBIT	-80,125	-91,194	-173,316	-409,763	-619,815
Impairment losses on tangible assets			0	0	2,991
Impairment losses on intangible assets			0	0	36,269
Operational and recurrent EBIT	-80,125	-91,194	-173,316	-409,763	-580,555
Taxes*	0	0	0	0	0
Recurrent NOPLAT	-80,125	-91,194	-173,316	-409,763	-580,555
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>					
Depreciation	2,451	3,648	7,338	28,536	39,366
Amortization	4,446	7,332	16,199	85,055	177,857
Non-cash employee benefits expense	15,339	16,578	53,819	138,195	168,347
Net loss/(gain) on sale of non-current assets	261	42	1,028	-144	0
Net exchange differences	2,073	12,196	7,621	-842	0
Impairment of investments	43		0	5,000	235
Decrease in derivative financial instruments	-288	44	-506	-117	-15,052
Recurrent Gross Cash Flow	-55,800	-51,354	-87,817	-154,080	-209,802
<b>Changes in working capital</b>					
Increase in receivables	-9,524	-598	-72,151	-51,273	-15,833
Increase in inventories	-6,308	-35,163	-10,345	-29,723	-16,471
Increase in payables	19,463	47,406	56,896	113,716	280,454
<b>Changes in Capex, Leases, Intangibles and Goodwill</b>					
Acquisition of subsidiaries, net of cash acquired	-	195	0	-461,691	-12,016
Payments for property, plant and equipment	-6,012	-12,616	-21,137	-39,512	-26,839
Proceeds on disposal of property, plant and equipment			0	272	0
Payments for intangible assets	-12,586	-18,997	-50,978	-72,985	-94,105
<b>Changes in other assets and liabilities</b>					
(Increase)/decrease in non-current receivables	-619	-3,826	-1,265	3,723	-1,453
Increase in other liabilities	7,973	7,365	0	11,575	59,640
(Decrease)/increase in provisions	-	-	-701	-4,252	85,001
Cash flows from operating investing activities	-7,613	-16,234	-99,681	-530,150	258,378
<b>Unlevered Free Cash Flows (operating and recurrent)</b>	<b>-63,413</b>	<b>-67,588</b>	<b>-187,498</b>	<b>-684,230</b>	<b>48,576</b>

	2016	2017	2018	2019	2020
<b>Cash flows from non operating investing activities</b>					
Dividends received from associate			0	0	60
Payments for investments	-	-278	-288	-20,846	-2,872
<b>Cash flows from non-operating investing activities</b>	<b>0</b>	<b>-278</b>	<b>-288</b>	<b>-20,846</b>	<b>-2,812</b>
Income taxes paid	-97	-352	-822	-16,328	-65,221
<b>Total Unlevered Free Cash Flows (operating and non-operating)</b>	<b>-63,510</b>	<b>-68,218</b>	<b>-188,608</b>	<b>-721,404</b>	<b>-19,457</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares, net of issue costs	146,869	322,097	856,979	0	50,000
Proceeds from exercise of employee share based awards			2,547	8,654	62,899
Dividends paid to holders of non-controlling interests	-5,028	-	0	0	-20,515
<b>Net cash inflow/(outflow) from financing activities - Equity holders</b>	<b>141,841</b>	<b>322,097</b>	<b>859,526</b>	<b>8,654</b>	<b>92,384</b>
Interest received	1,637	2,833	8,865	11,259	3,131
Repayment of the principal elements of lease payments	-47	-21,955	0	-19,127	-19,051
Interest and fees paid on loans	-2,167	-22,798	0	-4,776	-54,154
Proceeds from borrowings, net of issue costs	19,379	-	0	0	1,241,861
Cash and cash equivalents at the beginning of the year	72,579	150,032	384,002	1,044,786	322,429
Effects of exchange rate changes on cash and cash equivalents	-19,680	22,011	-18,999	3,037	6,278
Cash and cash equivalents at end of year	-150,032	-384,002	-1,044,786	-322,429	-1,573,421
<b>Net cash inflow/(outflow) from financing activities - Transactions with lenders</b>	<b>-78,331</b>	<b>-253,879</b>	<b>-670,918</b>	<b>712,750</b>	<b>-72,927</b>

Source: Farfetch.

## Exhibit 19 M&A activity: previous owners and related agreements

Date	Company/Partner	Previous owners and related agreements
05/02/2020	Ambush	The brand was founded by Yoon Ahn, a female designer from Tokyo, known by its luxury jewelry and ready-to-wear apparel, such as sneakers.
02/08/2019	New Guards Group	Launched in 2015 by Davide de Giglio, Claudio Antonioli and Marcelo Burlon. 25% of the amount of shares are issued in the 1st half of 2020.
28/05/2019	Toplife	Prior to this acquisition there was an Asset Purchase Agreement where Farfetch agreed to buy Toplife to Kadi Group for \$50 mln cash.
03/04/2019	CuriosityChina	The founders and all employees remained in Farfetch: Judy Liu, a Co-Founder of CuriosityChina, joined Farfetch as Managing Director in China; Alexis Bonhomme, also a Co-Founder of CuriosityChina, became VP Commercial, China of Farfetch and Arthur Shui, Co-Founder of CuriosityChina became Head of Technology Innovation for Farfetch, China.
04/01/2019	Stadium Goods	Founded in 2015 by John McPheters and Jed Stiller. The members of the management team remain with the Group over a 4-year period
31/10/2017	Fashion Concierge	Founded by José Neves' wife, Daniela Cecilio. Following the purchase, Farfetch entered into a consultancy agreement with Daniela Cecilio, with a fixed term of 12 months, and ended in line with late agreement on November 9, 2018.
12/06/2017	Style.com	This company is from Conde Nast and the acquisition resulted from the Asset Purchase Agreement where Farfetch compromised to buy all shares of Style in exchange for \$50 mln cash that Conde Nast invested on Farfetch.
01/05/2015	Browns Fashion	Fashion boutique in London founded by Joan Burstein and husband Sidney in 1970.

Source: Farfetch

## Exhibit 20 New business segments

Farfetch segments until 2019	Farfetch segments after 2019
Farfetch Marketplace (Platform services)	A) Digital Platform (Platform services and fulfilment)
Farfetch Black and White (Platform fulfilment)	B) Brand Platform (new)
Farfetch Store of the Future (Platform services)	
Browns Stores (In store)	C) In-store

Source: Farfetch and author's representation.

## Exhibit 21 Revenue and cost of revenue by segment

	Units: \$10 <sup>3</sup>				
	2016	2017	2018	2019	2020
<b>Digital Platform</b>					
GMV	573,174	894,392	1,392,103	1,947,868	2,759,476
Total revenue	229,448	370,532	586,789	829,206	1,246,384
Services	180,937	296,350	488,995	701,246	1,033,156
Third-party					637,568
First-party					395,588
Fulfilment	48,511	74,182	97,794	127,960	213,228
Cost of revenue	117,686	173,951	295,083	457,293	686,178
Third-party					208,518
First-Party					264,432
Services			197,289	329,333	472,950
Fulfilment			97,794	127,960	213,228
<b>Brand Platform</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
GMV				164,210	390,014
Revenue				164,210	390,014
Cost of revenue				89,203	199,208
<b>In-Store</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
GMV	12,668	15,434	15,595	27,621	37,524
Revenue	12,668	15,434	15,595	27,621	37,524
Cost of revenue	7,552	7,249	8,851	14,695	17,608

Source: Farfetch

**Exhibit 22** Main acquisitions

Units: \$10<sup>6</sup>

Date	Company/Partner	Transaction Type	% of the acquired firm	Purchase consideration (IFRS 3)	Ordinary shares issued	Cash consideration	Cash and cash equivalent balances acquired	Net cash inflow (+) / outflow (-)	Acquisition related expenses	Goodwill	Number of ordinary Shares Issued
05/02/2020	Ambush	Cash	70.000	12.142	-	12.142	0.126	-12.016	0.700	10.674	-
02/08/2019	New Guards Group	Cash and equity	100.000	708.899	349.989	358.910	102.835	-256.075	4.100	192.831	17,710,526
28/05/2019	Toplife	Cash	100.000	48.503	-	48.503	0.000	-48.503	0.686	40.503	-
03/04/2019	CuriosityChina	Cash and equity	78.000	9.000	-	9.000	0.409	-8.591	0.350	3.039	-
04/01/2019	Stadium Goods	Cash and equity	100.000	178.800	28.600	150.200	1.678	-148.522	3.987	73.653	4,641,554
31/10/2017	Fashion Concierge	Equity	100.000	2.183	2.183	0.000	0.195	0.195	0.123	3.023	45,000
12/06/2017	Style.com	Equity	100.000	12.411	12.411	0.000	Not disclosed	Not disclosed	0.557	7.050	258,265
01/05/2015	BrownsFashion.com	Cash		Not disclosed						Not disclosed	
	<b>TOTAL</b>		<b>648.000</b>	<b>971.938</b>	<b>393.183</b>	<b>578.755</b>	<b>105.243</b>	<b>-473.512</b>	<b>10.503</b>	<b>330.773</b>	<b>22,655,345</b>

Source: Farfetch

**Exhibit 23** Debt issuance – main information

Description	Principal (\$10 <sup>6</sup> )	Annual Interest Rate	Interest payment	Conversion price (\$) per share	Due date	Creditor
February 2020 Notes	250	5%	Quarterly	12.25	31/12/2025	Tencent and Dragoner
April 2020 Notes	400	3,75%	Bi-annual	16.13	01/05/2027	Private placement to private investors
November 2020 Notes	600			32.29	15/11/2030	Alibaba and Richemont
<b>Subtotal</b>	<b>1250</b>					
Debt issuance costs	9.6					
<b>Net proceeds</b>	<b>1240.4</b>					

Source: Farfetch

**Exhibit 24** Debt issuance – additional information

Description	Share price at the issuance date (\$)	Average share price in the previous month (\$)	Premium <sup>1)</sup>
February 2020 Notes	12.28	11.82	4%
April 2020 Notes	13.24	8.94	80%
November 2020 Notes	43.75	27.49	17%

Note: 1) Premium is calculated as the difference between the conversion price and the average share price in the previous month, in percentage.

Source: LSEG and author's calculation.

**Exhibits Teaching Notes**

**Exhibit TN 1 Farfetch valuation using multiples - Summary**

	Low	Average	High
<b>Marketplaces</b>			
EV/Projected Revenue	1.0	3.0	4.4
EV/Revenue	1.4	3.5	5.4
EV	38,054	447076.2	961,476
<b>Technology enablement companies</b>			
EV/Projected Revenue	11.4	14.7	18.0
EV/Revenue	15.8	20.4	25.0
EV	16,851	25,925	34,999
<b>Fashion marketplaces</b>			
EV/Projected Revenue	1.5	1.7	2.0
EV/Revenue	1.7	2.1	2.5
EV	3,559	4,246	4,749
<b>Fashion retailers</b>			
EV/Projected Revenue	1.0	1.6	2.8
EV/Revenue	1.0	1.8	3.0
EV	4,318	96,774	208,969
<b>Luxury retailers</b>			
EV/Projected Revenue	1.6	7.8	29.7
EV/Revenue	1.7	8.4	32.1
EV	4,716	58,375	156,811
<b>Companies with 2-digits grow</b>			
EV/Projected Revenue		6.1	
EV/Revenue		8.1	

**Farfetch**

	EV/Projected Revenue		EV/Revenue	
	Min.	Max.	Min.	Max.
<i>Multiple</i>	6.1	14.7	8.1	20.4
Share price	13.9	31.7	12.1	28.5
EV	3,650	8,795	3,126	7,874

Source: Author’s calculations.

**Exhibit TN 2** Data for Comparable Companies and multiples

	<b>Total Revenue</b>	<b>Net Income</b>	<b>Operating Income</b>	<b>Gross Margin</b>	<b>Total Equity</b>	<b>Total Debt</b>	<b>Cash and ST inv.</b>	<b>ROIC</b>	<b>Market Cap</b>	<b>Share price</b>	<b>Proj. Rev.</b>	<b>EV</b>	<b>EV/Proj. Rev.</b>	<b>EV/R ev.</b>
<i>Period</i>	<i>Dec-17</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>20/09/2018</i>	<i>20/09/2018</i>	<i>20/09/2018</i>			
<i>Unit of measure</i>	<i>\$10^6</i>	<i>\$10^6</i>	<i>\$10^6</i>	<i>%</i>	<i>\$10^6</i>	<i>\$10^6</i>	<i>\$10^6</i>	<i>%</i>	<i>\$10^6</i>	<i>\$</i>	<i>%</i>			
<b>Marketplaces - average</b>	146,020	28,846	24,611	58.8	134,860	59,905	82,346	20.7	469,517	98.6	22.8	447,076	3.0	3.5
Amazon.com Inc	177,866	2,248	4,106	35.1	27,709	44,147	30,986	11.9	948,315	97.2	22.0	961,476	4.4	5.4
Alibaba Group Holding Ltd	250,266	82,204	67,297	63.0	368,823	125,553	210,210	27.2	426,355	164.5	38.7	341,698	1.0	1.4
eBay Inc	9,927	2,087	2,431	78.4	8,049	10,015	5,843	23.1	33,882	34.2	7.8	38,054	3.6	3.8
<b>Technology enablement companies - average</b>	1,444	-52	-52	43.8	894	179	902	17.0	26,648	51.6	39.2	25,925	14.7	20.4
Shopify Inc	673	-40	-49	53.8	1,001	0	938	9.6	17,789	16.7	39.4	16,851	18.0	25.0
Square Inc	2,214	-63	-54	33.7	786	359	866	24.4	35,506	86.5	39.0	34,999	11.4	15.8
<b>Fashion marketplaces - average</b>	1,208	30	45	40.4	594	92	122	50.2	4,276	2,954.0	21.6	4,246	1.7	2.1
Yoox Net-A-Porter Group SpA	2,091	17	46	28.7	1,914	229	312	-	3,643	37.9	14.0	3,559	1.5	1.7
MYT Netherlands Parent BV	304	6	14	-	108	138	4	-	-	-	19.4	-	-	-
MatchesFashion.Com	515	33	40	42.7	66	0	10	-	-	-	29.0	-	-	-
ASOS PLC	1,924	64	80	49.8	287	0	160	50.2	4,909	5,870.0	23.8	4,749	2.0	2.5

	Total Revenue	Net Income	Operating Income	Gross Margin	Total Equity	Total Debt	Cash and ST inv.	ROIC	Market Cap	Share price	Proj. Rev.	EV	EV/Proj. Rev.	EV/R ev.
<b>Fashion retailers - average</b>	76,167	6,597	8,393	53.7	24,660	3,425	5,494	26.3	98,843	88.2	11.6	96,774	1.6	1.8
Industria de Diseno Textil SA H & M	25,336	3,372	4,315	57.0	13,497	16	6,415	46.9	83,433	26.8	8.3	77,034	2.8	3.0
Hennes & Mauritz AB	200,004	16,184	20,569	55.2	59,713	10,220	9,718	31.6	208,467	142.7	4.1	208,969	1.0	1.0
JD.Com Inc	3,161	236	296	48.9	770	38	348	0.5	4,628	95.1	22.5	4,318	1.1	1.4
<b>Luxury retailers - average</b>	11,174	1,538	2,210	66.9	9,395	3,735	3,557	28.9	58,197	498.0	7.3	58,375	7.8	8.4
Burberry Group PLC	2,733	281	410	69.9	1,421	23	915	65.2	8,260	2,008.0	2.7	7,368	2.6	2.7
Kering SA Hugo Boss AG	10,816	1,756	2,527	62.9	11,948	5,185	2,292	15.0	56,737	449.3	10.8	59,630	5.0	5.5
Compagnie Financiere Richemont SA	2,733	231	341	66.0	915	129	155	25.9	4,742	67.4	4.8	4,716	1.6	1.7
Prada SpA	11,013	1,221	1,844	63.9	14,631	8,189	13,458	9.6	42,021	80.5	9.0	36,752	3.1	3.3
Hermes International SCA LVMH Moet	2,741	218	316	72.4	2,845	992	893	13.2	88,024	34.4	8.3	88,123	29.7	32.1
Hennessy Louis Vuitton SE	5,549	1,221	1,922	67.7	5,039	54	2,932	58.0	58,105	550.4	8.3	55,227	9.2	10.0
<b>All comparable companies</b>														
Average	39,605	6,164	6,030	56.4	28,868	11,414	15,300	26.7	127,900	591.6	16.8	124,014	6.0	3.1
Median	3,161	281	410	59.9	2,845	229	938	23.7	42,021	95.1	10.8	41,312	3.1	13.1
Farfetch Ltd (close at 21.Sep.2018)	386	-112	-94	48.3	397	0	384	-	8,244	28.5	55.0	7,860	13.1	20.4
Farfetch Ltd (at \$20 price)	386	-112	-94	48.3	397	0	384	-	5,795	20.0	55.0	5,411	9.0	14.0

Source: LSEG and Author's calculations.

**Exhibit TN 3** Gross margin by revenue stream

	Units: \$10 <sup>^3</sup>				
<b>Digital Platform</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
GMV	573,174	894,392	1,392,103	1,947,868	2,759,476
Total revenue	229,448	370,532	586,789	829,206	1,246,384
Services	180,937	296,350	488,995	701,246	1,033,156
Third-party					637,568
First-Party					395,588
Fulfilment	48,511	74,182	97,794	127,960	213,228
Cost of revenue	117,686	173,951	295,083	457,293	686,178
Third-party					208,518
First-Party					264,432
Services			197,289	329,333	472,950
Fulfilment			97,794	127,960	213,228
<b>Gross Profit</b>	<b>111,762</b>	<b>196,581</b>	<b>291,706</b>	<b>371,913</b>	<b>560,206</b>
<b>Gross Profit, % Revenue</b>	<b>49%</b>	<b>53%</b>	<b>50%</b>	<b>45%</b>	<b>45%</b>
<b>Revenue in % of GMV</b>	<b>40%</b>	<b>41%</b>	<b>42%</b>	<b>43%</b>	<b>45%</b>
<b>Brand Platform</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
GMV				164,210	390,014
Revenue				164,210	390,014
Cost of revenue				89,203	199,208
<b>Gross Profit</b>				<b>75,007</b>	<b>190,806</b>
<b>Gross Profit, % Revenue</b>				<b>46%</b>	<b>49%</b>
<b>In-Store</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
GMV	12,668	15,434	15,595	27,621	37,524
Revenue	12,668	15,434	15,595	27,621	37,524
Cost of revenue	7,552	7,249	8,851	14,695	17,608
<b>Gross Profit</b>	<b>5,116</b>	<b>8,185</b>	<b>6,744</b>	<b>12,926</b>	<b>19,916</b>
<b>Gross Profit, % Revenue</b>	<b>40%</b>	<b>53%</b>	<b>43%</b>	<b>47%</b>	<b>53%</b>
<b>Total Gross Profit</b>	<b>116,878</b>	<b>204,766</b>	<b>298,450</b>	<b>459,846</b>	<b>770,928</b>
<b>Total Gross Profit, % Revenue</b>	<b>48%</b>	<b>53%</b>	<b>50%</b>	<b>45%</b>	<b>46%</b>

#### Exhibit TN 4 Net working capital

<b>Net Working Capital</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Operating current assets</b>					
Current tax assets	0	0	0	1,873	2,082
Trade and other receivables	17,281	18,180	93,670	189,897	209,946
Inventories	13,591	50,610	60,954	128,107	145,309
<b>Total operating current assets</b>	<b>30,872</b>	<b>68,790</b>	<b>154,624</b>	<b>319,877</b>	<b>357,337</b>
<b>Operating current liabilities</b>					
Accounts payable	84,388	136,744	194,158	413,696	666,144
Other current liabilities	2,364	19,146	0	0	0
Current provisions	0	0	0	0	27,146
Current tax liabilities	0	0	0	28,289	3,098
<b>Total operating current liabilities</b>	<b>86,752</b>	<b>155,890</b>	<b>194,158</b>	<b>441,985</b>	<b>696,388</b>
<b>Net Working Capital</b>	<b>-55,880</b>	<b>-87,100</b>	<b>-39,534</b>	<b>122,108</b>	<b>-339,051</b>

#### Exhibit TN 5 Invested capital

<b>Invested Capital calculation</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Net Working Capital</b>	<b>-55,880</b>	<b>-87,100</b>	<b>-39,534</b>	<b>-122,108</b>	<b>-339,051</b>
<b>Other Operating Net Assets</b>	<b>27,414</b>	<b>99,665</b>	<b>122,527</b>	<b>1,320,361</b>	<b>1,307,698</b>
<b>Other Operating Net Assets excl. Goodwill &amp; acquired intangibles</b>	<b>1,911</b>	<b>61,216</b>	<b>86,484</b>	<b>979,294</b>	<b>951,177</b>
PPE, net	15,795	26,696	37,528	67,999	89,082
Right-of-use assets	0	0	0	115,176	179,227
Development costs	13,800	28,088	61,683	109,373	148,180
Goodwill	25,503	38,449	36,043	341,067	356,521
Brand, trademarks and domain names	2,866	5,685	4,906	908,303	771,393
Customer relationships	774	1,819	713	4,224	3,234
Net deferred tax income	0	0	0	-214,465	-168,907
Other non-current assets	5,367	9,193	10,458	12,388	58,081
Other non-current liabilities	-36,691	-10,265	-28,804	-23,704	-129,113
<b>Core Invested Capital</b>	<b>-28,466</b>	<b>12,565</b>	<b>82,993</b>	<b>1,198,253</b>	<b>968,647</b>
<b>Invested Capital excl. Goodwill &amp; acquired intangibles</b>	<b>-53,969</b>	<b>-25,884</b>	<b>46,950</b>	<b>857,186</b>	<b>612,126</b>
<b>Non-Operating Net Assets</b>	<b>23</b>	<b>336</b>	<b>652</b>	<b>18,695</b>	<b>10,597</b>
Non-operating assets	23	336	652	18,695	10,597
Non-operating liabilities					

	2016	2017	2018	2019	2020
<b>Total funds invested</b>	<b>-28,443</b>	<b>12,901</b>	<b>83,645</b>	<b>1,216,948</b>	<b>979,244</b>
Net core investment		41,031	70,428	1,115,260	-229,606
<b>Debt and debt equivalents</b>	<b>147,359</b>	<b>384,002</b>	<b>1,044,786</b>	<b>-120,884</b>	<b>2,655,334</b>
<b>Short-term</b>					
Cash and short-term investment	150,032	384,002	1,044,786	-322,429	1,573,421
Lease liabilities	0	0	0	18,485	26,128
Employee benefit obligations	0	0	0	0	38,286
Derivative financial liabilities (liabilities net of assets)	0	0	0	2,577	-12,815
Put and call option liabilities	0	0	0	1,118	0
Other financial liabilities	2,673	0	0	809	518
<b>Long-term</b>					
Borrowings	0	0	0	0	635,237
Lease liabilities	0	0	0	100,833	165,275
Employee benefit obligations	0	0	0	16,455	26,116
Derivative financial liabilities	0	0	0	0	2,996,220
Put and call option liabilities	0	0	0	61,268	348,937
Other financial liabilities	0	0	0	0	4,853
<b>Equity and equivalents</b>	<b>118,916</b>	<b>396,903</b>	<b>1,128,431</b>	<b>1,337,832</b>	<b>1,676,090</b>
Equity	118,917	396,903	1,128,431	1,167,606	1,844,646
Minority interest in subsidiaries	-1	0	0	170,226	168,556
<b>Sources of financing</b>	<b>-28,443</b>	<b>12,901</b>	<b>83,645</b>	<b>1,216,948</b>	<b>979,244</b>

#### Exhibit TN 6 ROIC

<b>Return on Invested Capital</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Recurrent NOPLAT	-80,125	-91,194	-173,316	-409,763	-580,555

Invested Capital excl. Goodwill & acquired intangibles	-53,969	-25,884	46,950	857,186	612,126
Total Invested Capital	-28,466	12,565	82,993	1,198,253	968,647
<b>Core ROIC (excl. Goodwill)</b>		169%	670%	-873%	-68%
<b>Core ROIC (after Goodwill)</b>		320%	-1379%	-494%	-48%
Recurrent NOPLAT	-80,125	-91,194	-173,316	-409,763	-580,555
Total Invested Capital	-28,443	12,901	83,645	1,216,948	979,244
<b>ROIC (excl. Goodwill)</b>		169%	678%	-861%	-66%
<b>ROIC (after Goodwill)</b>		321%	-1343%	-490%	-48%
<b><u>ROIC Decomposition</u></b>					
COGS / Revenues	0.52	0.47	0.50	0.55	0.54
SGA / Revenues	0.79	0.74	0.74	0.74	0.68
D&A / Revenues	0.03	0.03	0.04	0.11	0.13

### Exhibit TN 7 Profit and loss analysis

	Units: \$10 <sup>3</sup>				
<b>Profit and loss analysis</b>	2016	2017	2018	2019	2020
GMV		909,826	1,407,698	2,139,699	3,187,014
Revenue	242,116	385,966	602,384	1,021,037	1,673,922
% of GMV		42%	43%	48%	53%
<b>Gross profit</b>	<b>116,878</b>	<b>204,766</b>	<b>298,450</b>	<b>459,846</b>	<b>770,928</b>

SG&A	-	-295,960	-471,766	-869,609	-1,351,483
	197,003				
Impairment losses on tangible and intangible assets	0	0	0	0	-39,260
<b>Operating loss</b>	<b>-80,125</b>	<b>-91,194</b>	<b>-173,316</b>	<b>-409,763</b>	<b>-619,815</b>
Depreciation and amortization	6,897	10,980	23,537	113,591	217,223
<b>EBITDA</b>	<b>-73,228</b>	<b>-80,214</b>	<b>-149,779</b>	<b>-296,172</b>	<b>-363,332</b>
<i>EBITDA growth</i>		10%	87%	98%	23%
<i>EBITDA (% net sales)</i>	-30%	-21%	-25%	-29%	-22%
(Losses)/gains on items held at fair value & others	-8,537	-3,269	33	22,087	-2,643,647
Net finance (costs)/ income	7,402	-17,642	19,866	15,150	-84,043
Income tax benefit/(expense)	-199	-170	-2,158	-1,162	14,434
<b>Net profit/(loss)</b>	<b>-81,459</b>	<b>-112,275</b>	<b>-155,575</b>	<b>-373,688</b>	<b>-3,333,071</b>
<b>Profitability ratios</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Gross margin	0.48	0.53	0.50	0.45	0.46
Operating margin	-0.33	-0.24	-0.29	-0.40	-0.37
Net margin	-0.34	-0.29	-0.26	-0.37	-1.99
ROA	-0.33	-0.20	-0.12	-0.17	-0.93
ROE		-0.28	-0.14	-0.28	1.99
<b>Growth indicators</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Revenue growth		0.59	0.56	0.69	0.64
GMV growth			0.55	0.52	0.49

### Exhibit TN 8 Market performance

Main dates	Share price (\$)	Nr of shares	Market Cap	Total Debt	Cash and short-term investments	EV	Revenue	EV/Revenue	Units:
									\$10 <sup>6</sup>
21/09/2018	28.5	300	8,546	10	384	8,172	386	21.2	
31/12/2018	17.7	300	5,310	29	1,045	4,294	602	7.1	
31/12/2019	10.4	340	3,515	422	322	3,614	1,021	3.5	
02/04/2020	6.8	340	2,309	422	322	2,409	1,021	2.4	
31/12/2020	63.8	354	22,602	4,488	1,573	25,517	1,674	15.2	
19/02/2021	73.4	354	25,999	4,488	1,573	28,914	1,674	17.3	
25/02/2021	63.8	354	22,602	4,488	1,573	25,517	1,674	15.2	

Note: Number of shares, total debt, cash and short-term investments, and revenues are accounting figures based on the most recent end-of-year data available for each date.

Source: Author's calculations.