

**FOLLI FOLLIE COMMERCIAL MANUFACTURING AND TECHNICAL
SOCIETE ANONYME**

**Registration Number: 3027701000
23rd km Athens-Lamia National Road
145 65 Ag. Stefanos Attika**

SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31.12.2018

**According to Article 4 of Law 3556/2007
And the Pertinent Executive Decisions of the Board of Directors
Of the Hellenic Capital Market Commission**

It is certified that the attached annual financial report for the period 01.01.2018 - 31.12.2018 is the one that was approved by the Board of Directors of the Company on 07 July 2020 and has been made public with its posting on the internet, at the address www.ffgroup.com. They have been translated from the original statutory financial statements which have been prepared in Greek language. If differences exist between this translation and the original Greek language financial statements, the Greek language financial statements will still prevail over this document.

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Statements of Representatives of the Board of Directors

(according to article 5 par. 2c of Law 3556/2007, as amended by Law 4374/2016)

The following representatives of the Board of Directors of "Folli Follie Commercial Manufacturing and Technical Societe Anonyme" with trade name "FF Group", and in particular Messrs.

1. Georgios Anastasios Samios - CEO and Chairman of the Board of Directors
2. Panagiotis Dimitrios Alexakis - Independent, non-executive member of the Board of Directors and President of the Audit Committee
3. Periklis Nikolaos Dontas - Independent, non-executive member of the Board of Directors and member of the Audit Committee

in our capacity, we hereby declare that, as far as we know:

Despite the efforts made by the Company's Management and given the extremely significant difficulties faced by the latter during the preparation of the financial statements for the financial year 2018, as they are presented in more detail in the Annual Report of the Company's Board of Directors, it was not possible for the Company's Management to compile financial statements for the financial year 2018 of the Company and the Group, which fully comply with the International Accounting Standards and International Financial Reporting Standards adopted by the European Union, in order to accurately reflect its assets, liabilities, net assets and the results of "Folli Follie Commercial Manufacturing And Technical Société Anonyme" (hereinafter referred to as the "Company" or the "Folli Follie Group"), as well as the companies included in the consolidation as a whole, as defined in Article 4, par 3 & 4, Law 3556/2007.

The Annual Report of the Board of Directors accurately reflects the information required under Article 4 of Law 3556/2007.

Agios Stefanos, Attica, 07 July 2020

Confirmed by,

THE PRESIDENT OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

GEORGIOS SAMIOS

THE MEMBER
PERIKLIS DONTAS

THE MEMBER
PANAGIOTIS ALEXAKIS

Annual Report of the Board of Directors
on the consolidated and separate financial statements of
Folli Follie Commercial Manufacturing and Technical Societe Anonyme
for the fiscal year from 1January to 31st December 2018
To
The Ordinary General Meeting of the Shareholders of
Folli Follie Commercial Manufacturing and Technical Societe Anonyme

Dear Shareholders, Ladies and Gentlemen,

This Annual Report (hereinafter referred to as the "**Report**") of the Board of Directors of the Société Anonyme under the name "Folli Follie Commercial Manufacturing And Technical Societe Anonyme" and the distinctive title "FF Group" (hereinafter to be referred as "**the Company**" and together with its related companies as "**the Group**" was compiled according to the relevant provisions of Law 4548/2018 on the Société Anonymes, article 4 of Law 3556/2007 (as amended and is in force) and the relevant decisions of the Board of Directors of the Hellenic Capital Market Commission (HCMC).

The Report includes the information, which is defined by the above provisions and which, at the discretion of the Management, provide the correct presentation of the development, performance and position of the Company and the Group during the period under review. Also, where appropriate and necessary, additional information on risks, related to the size and complexity of the work of the Company and the Group, as well as the important subsequent events that took place after the end of the year 2018 up to and including the date of writing of the Report.

Taking into account that the fiscal year 2018 in question concerns a period of time long before the current Board of Directors took office and considering that in the past it was required to restate the separate and consolidated financial statements for the fiscal year 2017 because errors and inaccuracies were revealed, the Board of Directors states that the present financial statements reflect the Company's financial data for the fiscal year 2018 to the extent that they are currently known and that it cannot be excluded that this financial report will be restated, in case significant new data are revealed in the future that substantially change the financial picture of the Company and / or the Group.

We would like to point out that the Company's Board of Directors, which prepared this Report and approved the separate and consolidated financial statements for the fiscal year 2018, faced particular difficulties in extracting and confirming data, mainly from Group's subsidiaries and tried to prepare these within an environment with intense limitations. The data, which the Company's Board of Directors was called upon to manage, were in their majority, finalized.

The present Report is included as it is - together with the financial statements of the Company, the consolidated financial statements of the Group and other data and statements required by law - in the annual financial report for the period 1.1.2018 to 31.12.2018.

1. Appointment of the current Board of Directors of the Company

The Board of Directors of the Company, which prepared this Report and approved the separate and consolidated financial statements of the Company for the fiscal year 2018, was appointed under the provisional order of 19.2.2020. issued by the President of the Athens Court of First Instance (hereinafter referred to as the "**Provisional Order**").

The Provisional Order was issued on the application of the Hellenic Capital Market Commission from 14.2.2020 before the One-Member First Instance Court of Athens (under GAK 14244/2020) in accordance with the provisions of article 40 of Law 4640/2019. Under the Provisional Order, the following Board of Directors consisting of 11 members was appointed to manage the Company's urgent affairs and to carry out the necessary management operations for the smooth running of the Company, including the necessary action to achieve a sustainable mode of running the company's affairs

1. Georgios Samios
2. Ioannidis Georgios
3. Dimitrios Valachis
4. Zhang Haolei
5. Michael Madianos
6. Vassilios Parlavantzias
7. Periklis Dontas
8. Elias Pentazos
9. Georgios Siganidis
10. Georgios Momferratos
11. Stylianos Frangos

The hearing of the application of 14.2.2020, which was originally scheduled for trial on 6 April 2020, was adjourned due to the suspension of the operation of the civil courts in the context of measures taken against the coronavirus pandemic. However, the validity of the temporary order of 19.2.2020 order was automatically extended (pursuant to JMC D1a / G.P. 21159 / 27.3.2020) until the new trial of October 5, 2020, which was appointed by the competent Registry of the Athens Court of First Instance.

Mr. Michael Madianos, Vassilios Parlavantzas and Stylianos Frangos resigned from the initially appointed Board of Directors on March 10, 2020, and Mr. Dimitrios Valachis resigned on April 7, 2020. In place of Mr. Dimitrios Valachis, Mr. Panagiotis Alexakis was elected as an independent non-executive member of the Board of Directors.

Following the above, the composition of the Board of Directors of the Company is as follows:

1. Georgios Samios - Chairman of the Board and CEO
2. Panagiotis Alexakis - Independent non-executive member
3. Pericles Dontas - Independent non-executive member
4. Georgios Ioannidis - Independent non-executive member
5. Georgios Momferratos - Independent non-executive member
6. Elias Pentazos - Independent non-executive member
7. Georgios Siganidis - Independent non-executive member
8. Hazhi Zhang - Non-Executive Member

The main mission of the current Management of the Company is to progress and carry out the process of consolidation of the Company. In this context, after the positive vote on the terms of the financial restructuring proposed by the Company ("Restructuring Term Sheet") by the general meetings of the Company's bond creditors with an overwhelming majority on the 6th and 20th March 2020 (see below Chapter 12 hereof), the Company specifies and finalizes the terms of its consolidation agreement in accordance with the provisions of Articles 106b and 106d of the Bankruptcy Code. The Management estimates that within the next few days it will initiate the process of inviting its bondholders in agreement on the final terms of the above consolidation agreement, which - if approved by the relevant general assemblies - will be submitted to the Multi-member Court of First Instance.

The inclusion of the Company in the consolidation process will make it possible to restructure the Company's debt, creating the required stable capital structure and financial position, which will allow the Company to recover and continue its business activity on a healthier basis.

Based on the above, the Management prepared the financial statements on going concern basis.

The Management was called upon in a very short period of time in a very difficult environment of financial hardship to manage the excessive load of current emergencies, such as:

- the publication of the Financial Statements of previous years
- the conduction of tax audits
- the conduction of audits of the Hellenic Capital Market Commission and other state institutions

which are carried out in parallel with the preparation of the restructuring process.

Nevertheless, despite the dismissals of a large number of executives, the resulting of irregular transition and the lack of continuity in the provision of general information on corporate affairs, the management worked to improve the operational structure of the Company, through the adoption of policies and procedures and the recruitment of specialized executives.

These improvements have also allowed the management to significantly assist PricewaterhouseCoopers in conducting the extraordinary forensic investigation of separate and consolidated financial statements for the fiscal year 2017, the outcome of which will allow the Company use the relevant findings to avoid future errors in the flow of financial information. Furthermore, this finding will strengthen the judicial actions already taken by the current Management to restore the Company's loss.

2. Overview of the financial situation of the Company and the Group during the fiscal year 1.1.2018 - 31.12.2018:

During the preparation of the separate and consolidated financial statements for the fiscal year 1.1.2018 - 31.12.2018, the Management of the Company took into account the previous restatement of the separate and consolidated financial statements of the Company for the fiscal year 2017, which were published on July 16, 2019.

The main financial figures of the Group and the Company in the fiscal year 2018 are presented in detail below:

	Note	Group		Company	
		Year ended 31/12/2018	Year ended 31/12/2017	Year ended 31/12/2018	Year ended 31/12/2017
Ongoing activities					
Revenue	4	296.646.947,49	359.218.392,37	126.202.596,73	135.213.028,11
Cost of Sales	8	(137.062.123,96)	(149.878.041,05)	(79.430.960,77)	(87.643.871,46)
Gross Profit		159.584.823,53	209.340.351,32	46.771.635,96	47.569.156,65

% Gross Profit Margin		53,8%	58,3%	37,1%	35,2%
Other income	11	10.069.933,48	9.391.389,27	11.128.052,77	6.383.499,67
Administrative expenses	8	(70.666.168,90)	(55.864.338,57)	(42.347.216,64)	(14.438.944,84)
Selling expenses	8	(148.326.558,73)	(212.817.160,41)	(52.788.400,53)	(59.986.305,95)
Other gains / (losses)	10	(67.586.624,85)	(64.978.897,70)	(1.418.086,36)	(94.730.392,76)
Provision for impairment	12	(39.314.046,54)	-	(57.023.401,35)	(64.306.859,96)
Operating Losses		(156.238.642,01)	(114.928.656,09)	(95.677.416,15)	(179.509.847,19)
Finance income	13	5.719.009,83	8.966.942,72	26.364.640,58	2.381.687,81
Finance expenses	13	(66.523.883,17)	(25.478.444,11)	(62.282.421,10)	(20.636.930,94)
Share of net profit of associates accounted for using the equity method		3.841.982,85	3.637.939,24	-	-
(Loss)before tax		(213.201.532,50)	(127.802.218,24)	(131.595.196,67)	(197.765.090,32)
Income tax	14	(6.363.314,28)	(19.303.878,72)	(3.992.043,13)	
Deferred tax	14	1.623.903,64	10.918.411,66	2.419.827,67	10.789.528,02
(Loss) after tax		(217.940.943,14)	(136.187.685,30)	(133.167.412,13)	(186.975.562,30)

Sales per Operating Segment:

The operational areas in which the Company was active during the fiscal year 2018 are the following:

- (i) **Jewellery, Watches, Accessories:** This segment includes the processing and marketing (retail and wholesale) of jewellery, watches and other similar accessories.
- (ii) **Clothing, Footwear:** This segment includes retail and wholesale of branded clothing, footwear, perfumes and cosmetics and other related products.
- (iii) **Department Stores:** This sector concerns the operation of department stores, which the Management monitors as a whole.

Accounting policies for operating sectors are the same as those used to compile consolidated financial statements. The efficiency of the sectors is measured on the basis of the result, profit or loss from operating activities before income tax and without taking into account certain income and expenditure lines (extraordinary and foreign exchange differences), which the Management monitors in total.

For the analyses by segment of the Group for the fiscal year that ended on December 31, 2018, it was not possible to collect the necessary information for the presentation of what is defined by IFRS 8 "Operating segments".

3. Significant Events 2018:

- ✓ 7 May 2018: The Hellenic Capital Market Commission, on basis of the Quintessential Capital Management investment fund report, requested the Company to immediately assign an additional independent audit of its consolidated financial statements for the year 2017 to a recognized independent international auditing firm.
- ✓ 25 May 2018: The trading of the Company's shares on the Athens Stock Exchange was suspended, at the request of the Company.
- ✓ 28 May 2018: Conversion of bonds of the company "ATTICA DEPARTMENT STORES SOCIETE ANONYME" under its 30.08.2013 bond loan amounting to 2,365,000.00 Euros, following a declaration of conversion of the bondholder. The conversion of the 23,650 bonds led to the issuance of 4,730,000 new joint shares of the company in question, with a nominal value of € 0.50 each. Therefore, the share capital of this company amounted to € 10,617,500 divided into 21,235,000 common nominal shares with a nominal value of € 0.50 each. The percentage of participation in the share capital of this company amounted to 25.27% at corporate level and at 35.68% at group level.
- ✓ 14 May 2018: The Company assigned the re-audit of its core business assets to the independent international auditing firm Ernst & Young.
- ✓ 25 June 2018: The Company assigned to Alvarez & Marsal the forensic evaluation of the most recent financial statements of the subsidiaries of the APAC sub-group.
- ✓ 16 July 2018: The Certified Public Accountants Company under the name "VNT Certified Auditors Business Advisors Societe Anonyme" (ECOVIS) revoked its audit report dated 26.4.2018 on

the consolidated financial statements of the Company for the fiscal year ended 31 December 2017.

- ✓ 19 July 2018: The Company filed an application for injunction measures, according to article 106a §6 of Law 3588/2007 (as amended and in force), on which a temporary injunction was issued on 23 July 2018 prohibiting the taking of individual and collective enforcement measures and taking precautionary measures against the Company.
- ✓ Within the 2nd Semester 2018: The company sold shares of Dufry AG worth a total of 47.69 million euros.
- ✓ 9 August 2018: The sole holder of the Schuldschein bond note amounting to 20 million Euros, issued by the subsidiary of the Company "FF Group Finance Luxembourg II SA" with a guarantee by the Company, denounced the relevant loan and made the debt of the subsidiary and the Company overdue and immediately receivable.
- ✓ 6 - 10 September 2018: The four creditor banks (National Bank of Greece SA, Piraeus Bank SA, Eurobank - Ergasias SA and Alpha Bank SA) issued statements denouncing all credit agreements with the Company's open bank account, amounting to a total of 43mn Euros.
- ✓ 26 September 2018: The results of the preliminary report of Alvarez & Marsal were announced, which resulted in a huge discrepancy in the financial data of the sub-group APAC; indicatively, the equity decreased by approximately 2 billion USD. The findings of the Alvarez & Marsal report led to the formation of a significant impairment provision for participations and receivables from subsidiaries in the APAC region.

Dimitrios Koutsolioutsos and Aikaterini Koutsolioutsou resigned from the position of President and Vice President of the Board of Directors of the Company respectively.
- ✓ 2 October 2018: The request of the Hellenic Capital Market Commission before the Athens Single-Member Court of First Instance was discussed with a request for an audit of the Company's consolidated financial statements for the fiscal year 2017. The Company agreed to this request.
- ✓ 17 October 2018: The sole holder of the Schuldschein bond not amounting to 31 million Euros, issued by the subsidiary of the Company "FF Group Finance Luxembourg II SA" with a guarantee by the Company, denounced the relevant loan and made the debt of the subsidiary and the Company immediately due and payable.
- ✓ 18 October 2018: Links of London, Inc. (indirectly 100% subsidiary of the Company) filed an optional application under Article 7 of the United States Bankruptcy Code before the United States Bankruptcy Court for the District of Delaware.
- ✓ 19 October 2018: Decision No. 7266/2018 of the Single Member Court of First Instance of Athens was issued, rejecting the Company's submitted request for precautionary measures under Article 106A par. 6 of Law 3588/2007.
- ✓ 22 October 2018: At the Extraordinary General Meeting of the company " ATTICA DEPARTMENT STORES SOCIETE ANONYME" it was decided to reverse split (increase in nominal value of shares from 0.50 Euros to 1 Euro with simultaneous reduction of the number of shares in half) and the reduction of the share capital from €10,617,500 to €5,308,750 with a reduction in the nominal value of the shares from 1 Euro to 0.50 Euros and a return of capital to the shareholders.
- ✓ 26 October 2018: The representative of the bondholders and principal administrator of the CHF bonds payments of 150,000,000 interest rate 3.25% expiration 2021 (with ISIN CH0385518052), issued by the subsidiary of the Company "FF Group Finance Luxembourg II SA" with a guarantee of the Company in question, denounced the said bond loan and made the debt of the subsidiary and the Company immediately due and payable.
- ✓ 23 November 2018: The Company assigned to the auditing firm PricewaterhouseCoopers SA, the conduct of a special purpose audit on the revised separate and consolidated financial statements of the Company for the fiscal year ended 31.12.2017.
- ✓ 28 November 2018: The Anti-Money Laundering Authority has issued two provisions banning the sale or transfer of the Company's properties, which are located in Agios Stefanos, Neo Psychiko, Koropi, Santorini and in Glyfada.
- ✓ 12 December 2018: The electronic auction of the Group's participation (35.67% on the share capital) was held in the company "ATTICA DEPARTMENT STORES SOCIETE ANONYME". For the 10%, the same company "ATTICA DEPARTMENT STORES SOCIETE ANONYME" outperformed and for the remaining 25.7%, the National Bank of Greece SA outperformed.

- ✓ 18 December 2018: The Company presented a plan for the proposed financial restructuring of the Group after reaching a preliminary agreement (restructuring Term Sheet) with a part of its bond lenders. George Koutsolioutsos resigned from the position of CEO of the Company, remaining a non-executive member of the Board of Directors.
- ✓ 21 December 2018: The Extraordinary General Meeting of the Company elected the auditing firm PricewaterhouseCoopers SA as a certified auditor with the order to carry out a special purpose audit of the separate and consolidated financial statements for the financial year ended 31.12.2017.
- ✓ During the year 2018: From May 2018 and throughout the rest of the year 2018, there were resignations of various members of the Board of Directors of the Company, which were followed by various reconstructions in it.
- ✓ During the year 2018: The Company entered into contracts with consultants, which provided for the payment of success fees in case of finding funding and / or inclusion of the Company in the provisions of Articles 106b and 106d of the Civil Code. Many of these contracts have already been terminated and / or become inactive. The total amount of these fees is currently estimated at 4.3 million euros.
- ✓ During the year 2018: The Company paid the total amount of 56 million Euros under its guarantee in favour of the subsidiaries of FF Group Sourcing Limited and Links (London) Limited, for debts which became immediately due and payable.
- ✓ During the year 2018: The Company has granted loans to subsidiaries of the Group, which amount to a total of approximately 41 million Euros. Although the Company already maintains claims against these subsidiaries, the above funding was deemed necessary in order to avoid the multiple damage that would result in the cessation of the activity of these subsidiaries in the absence of liquidity.
- ✓ During the year 2018: The Company received from shares of DUFY AG shares owned by it, the amount of 3.92 million Euros.
- ✓ During the year 2018: The operation of some subsidiaries of the Group has been suspended, i.e.: i) Strenaby Finance Ltd., ii) Juicy Couture Europe Ltd., iii) Juicy Couture Ireland Ltd., iv) Links of London Com Ltd., v) Folli Follie Thailand Ltd., vi) Folli Follie Malaysia Ltd., vii) Folli Follie Hawaii Ltd., viii) Folli Follie Guam Ltd., ix) Folli Follie Singapore Ltd. and x) Folli Follie Korea Ltd.

4. Main Risks and points of uncertainty

The main risks faced by the Company and the Group as a whole are related to the refutation of the individual data of the Company's financial statements, in particular with regard to the Company's APAC sub-group based on the 23.9.2018 preliminary report from Alvarez & Marsal. This has had an extremely adverse effect on the latter's economic course.

Specifically, since May 2018, there have been strong liquidity problems, which have been caused by the difficulty and / or termination of the Company's relations with its creditors and important suppliers (e.g. complaints of mutual accounts contracts from Greek banks, bond loans complaints, complaints / non-renewal of distribution contracts), as well as from the aggressive actions against the Company (applications for precautionary measures and lawsuits from shareholders and investors, freezing of real estate and other assets of the Company from the Anti-Money Laundering Authority).

The rejection of the Company's application for precautionary measures under Article 106A par. 6 of Law 3588/2007, but also the incapacity of implementing the Company's agreement in principle with its bond creditors (which was achieved in December 2018 and updated in February 2019) exacerbated the Company's financial and commercial difficulties. Also, the dissolution of the Company's collaborations of the majority of its suppliers in the field of clothing - footwear (fashion) from the end of 2018 and during 2019 significantly affected the Company's turnover for the years 2019 and 2020.

Significant steps have already been taken to significantly reduce the above uncertainties:

- (i) As already mentioned, at the request of the Hellenic Capital Market Commission, a temporary Board of Directors has been appointed under its temporary order of 19.2.2020 of the Athens Court of First Instance, with the explicit order to carry out actions for the restructuring of the Company.
- (ii) In October 2019, the subsidiary of the Company, Links (London) Limited, which in recent years had absorbed significant funding from the parent company, was placed under administration under paragraph 22 of Annex B1 of its Bankruptcy Law. 1986 for England and Wales. The appointed administrators were Administrators Messrs. Matthew Smith and Daniel Smith of Deloitte LLP. In January 2020, the Company acquired the full portfolio of trademarks and

other industrial property rights of Links of London, through the write-off of part of Links of London's intra-corporate debt to the Company.

- (iii) In March 2020, meetings of the Company's bond creditors overwhelmingly approved the terms of the Company's initial consolidation agreement, as published by the Company on 14 February 2020 (see Chapter 12 of the Report). In accordance with this agreement in principle, the Company together with a significant portion of its creditors shall draw up the final text of the consolidation agreement, which will be submitted for final approval by the bond creditors' assemblies and then be submitted to the Bankruptcy Court for ratification, according to Articles 106b and 106d of the Bankruptcy Code.
- (iv) As early as 2019, the Management of the Company proceeded to reduce and to streamline the operating expenses, a fact which has made possible the smooth operation of the Company, despite the absolute lack of external funding.
- (v) On 5 June 2020, the subsidiary FF Group Sourcing Limited, under which the results of the Company's APAC sub-group were consolidated and whose basic financial figures turned out to be false and falsified after the publication of the 23.9.2018 report by Alvarez & Marsal, was put under voluntary liquidation.
- (vi) Risk from the spread of coronavirus. In the last two years, the Greek economy has emerged from a ten-year cycle of deep economic recession, albeit at a slow pace. In Greece, GDP in 2018 and 2019 increased by 1.9% mainly due to growth in the tourism and construction sector as well as private investment into residential and non-residential property. Greece in 2018 and 2019, presented improved indicators in private non-permanent consumer goods - a sector in which the Company operates by 2.8% and 5.3%, with increasing trends in the first two months of 2020. However, delays in public works infrastructure partially offset the benefit from private sector activity. Until the coronavirus crisis, the trends for 2020 were generally positive, due to optimism about the recovery of the construction industry, an estimate for the start of major projects within the year, and the initially planned continuation of the positive course of inbound tourism and private consumption. The global health problem caused by the new COVID-19 virus and its treatment measures make it impossible for many people to move and thus, to consume and work. It is therefore a direct blow to overall demand as well as the overall supply to the economy, leading the global economy to recession. The recession in the Greek economy, according to estimates, will be deep, from a minimum of 4% to 10%, in more pessimistic scenarios. Although we have not yet seen the impact of the coronavirus crisis on the Company's activities, the industry will inevitably be affected. The Company focuses on the crisis of the coronavirus and the unprecedented effects it creates on the global economy, taking measures to ensure the health of workers, protect customers and the operational continuity of its activities.

Links (London) Limited

The published financial statements do not include the results of subsidiary Links (London) Limited, which is under administration. The consolidation of the financial results of Links (London) Limited became impossible due to the significant difficulties faced by the Company in obtaining data from the Administrators, as a result of the dismissal of the staff of the specific subsidiary in January 2020 and the inability to access the physical files of the Administrators, due to anti-pandemic measures in the United Kingdom. The current Management is trying to resolve this issue by exhausting all the means of extracting data, especially for their utilization in the context of the conducted forensic investigation.

Exchange rates for financial statements and sensitivity:

The exchange rates used to convert the financial statements of subsidiaries and branches abroad into EUR (€) are:

COMPANY	COUNTRY	CURRENCY	CLOSING RATE 2018	AVERAGE RATE 2018	CLOSING RATE 2017
FOLLI FOLLIE AUSTRALIA LTD	AUSTRALIA	AUD	1,6220000	1,5796776	1,5346000
FF GROUP BULGARIA EOOD	BULGARIA	BGN	1,9558300	1,9558300	1,9558300
FOLLI FOLLIE SHANGHAI (PILION LTD)	CHINA	CNY	7,8751000	7,8080788	7,8044000
FOLLI FOLLIE SHENZHEN LTD	CHINA	CNY	7,8751000	7,8080788	7,8044000
LINKS OF LONDON (ASIA) LTD	CHINA	CNY	7,8751000	7,8080788	7,8044000
FF CYPRUS LTD	CYPRUS	EURO	1,0000000	1,0000000	1,0000000
WARLABY TRADING LTD	CYPRUS	EURO	1,0000000	1,0000000	1,0000000
NARIACO INVESTMENTS LTD	CYPRUS	EURO	1,0000000	1,0000000	1,0000000
FOLLI FOLLIE FRANCE SA	FRANCE	EURO	1,0000000	1,0000000	1,0000000
FOLLI FOLLIE S.A. GREECE	GREECE	EURO	1,0000000	1,0000000	1,0000000
FOLLI FOLLIE HOLDINGS SA	GREECE	EURO	1,0000000	1,0000000	1,0000000
QIVOS SA (SALES MANAGER LTD)	GREECE	EURO	1,0000000	1,0000000	1,0000000
PLANACO SA	GREECE	EURO	1,0000000	1,0000000	1,0000000
FF COSMETICS	GREECE	EURO	1,0000000	1,0000000	1,0000000
MARINA MITILINIS SA	GREECE	EURO	1,0000000	1,0000000	1,0000000
COSMOBRANDS SA	GREECE	EURO	1,0000000	1,0000000	1,0000000
FOLLI FOLLIE GUAM LTD	GUAM	USD	1,1450000	1,1809545	1,1993000
FOLLI FOLLIE HAWAII LTD	HAWAII	USD	1,1450000	1,1809545	1,1993000
FOLLI FOLLIE GROUP SOURCING LTD	HONG KONG	HKD	8,9675000	9,2559373	9,3720000
FOLLI FOLLIE ASIA LTD	HONG KONG	HKD	8,9675000	9,2559373	9,3720000

FF BUSINESS DEVELOP. & TECH. CONSULTING LTD	HONG KONG	HKD	8,9675000	9,2559373	9,3720000
FF INTERNATIONAL HOLDINGS LTD	HONG KONG	HKD	8,9675000	9,2559373	9,3720000
FOLLI FOLLIE HONG KONG INTERNATIONAL LTD	HONG KONG	HKD	8,9675000	9,2559373	9,3720000
JUICY COUTURE IRELAND LTD	IRELAND	EURO	1,0000000	1,0000000	1,0000000
FOLLI FOLLIE JAPAN LTD	JAPAN	JPY	125,8500000	130,3958824	135,0100000
LINKS OF LONDON JAPAN CO. LTD	JAPAN	JPY	125,8500000	130,3958824	135,0100000
FF GROUP FINANCE LUXEMBOURG SA	LUXEMBURG	EURO	1,0000000	1,0000000	1,0000000
FF GROUP FINANCE LUXEMBOURG II SA	LUXEMBURG	EURO	1,0000000	1,0000000	1,0000000
FOLLI FOLLIE MACAU LTD	MACAU	MOP	8,9310000	9,2114451	9,3545400
FOLLI FOLLIE MALAYSIA LTD	MALAYSIA	MYR	4,7317000	4,7633635	4,8536000
FF GROUP ROMANIA SRL	ROMANIA	RON	4,6635000	4,6540145	4,6585000
APPAREL ROMANIA SRL	ROMANIA	RON	4,6635000	4,6540145	4,6585000
FOLLI FOLLIE KOREA LTD	S. KOREA	KRW	1.277,9300000	1.299,0712549	1.279,6100000
FOLLI FOLLIE SINGAPORE LTD	SINGAPORE	SGD	1,5591000	1,5926133	1,6024000
FOLLI FOLLIE SPAIN SA	SPAIN	EURO	1,0000000	1,0000000	1,0000000
FOLLI FOLLIE TAIWAN LTD	TAIWAN	NTD	35,2087500	35,4680001	36,0389650
FOLLI FOLLIE THAILAND LTD	THAILAND	THB	37,0520000	38,1643647	39,1210000
FOLLI FOLLIE UK LTD	UK	GBP	0,8945300	0,8847058	0,8872300
FF ORIGINS LTD	UK	GBP	0,8945300	0,8847058	0,8872300
STRENABY FINANCE LTD	UK	GBP	0,8945300	0,8847058	0,8872300
JUICY COUTURE EUROPE LTD	UK	GBP	0,8945300	0,8847058	0,8872300
LINKS (LONDON) LIMITED	UK	GBP	0,8945300	0,8847058	0,8872300
LINKS OF LONDON (INTERNATIONAL) LTD	UK	GBP	0,8945300	0,8847058	0,8872300
LINKS OF LONDON COM LTD (UK)	UK	GBP	0,8945300	0,8847058	0,8872300
LINKS OF LONDON INC (USA)	USA	USD	1,1450000	1,1809545	1,1993000

The Treasury Management Department prepares cash flow statements that are reviewed by the Management in order to better plan for liquidity management.

Credit risk:

This is the risk of breach of contract by the counterparty. Retail sales are made in cash, through debit and / or credit cards, while regarding wholesale sales, the Company, based on internal procedures, grants credit by examining the creditworthiness of customers on a case-by-case basis. Most wholesale sales take place in well-known department stores and in a network of selected franchisees. In addition, the Company makes provisions for doubtful customers. Finally, as per the company's standard procedures, part of the customer receivables are insured.

Market Risk:

Interest Risk: This risk stems from the Company's bond loans, as well as from the lease agreements for buildings and equipment that the Company has signed, and in particular from the fact that these agreements are expressed in floating interest rates, connected to the EURIBOR index. Therefore, the Company is exposed to the floating interest risk.

Risk of reduced gross profit due to appreciation of foreign currencies: The risk arises from the fact that the Group buys part of its goods at prices expressed in USD and has these goods in the markets that operate, at prices expressed in local currency. The Group also has a loan in CHF.

Price risk - Inflation: In the opinion of the Management, the Company does not run the risk of price fluctuations, as it does not have a significant portfolio of securities and the prices of the products it trades do not fluctuate much. The international rise in inflationary pressures combined with the disruption of the international financial system may alter consumer habits, affecting the Company's sales and profitability.

Risk of financial instruments: Due to the aforementioned pandemic and its significant financial implications, especially in terms of travel retail, the stock price of DUFREY AG, of which the Company holds 804,728 shares, declined by 70% in relation to its stock market price six months ago.

Liquidity risk: See above.

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5. Key financial Ratios:

The basic financial ratios of the year in question 2018, compared to the corresponding indicators of the year 2017 (as they were adjusted on 15.7.2019) are as follows:

			31.12.2018	31.12.2017		31.12.2018	31.12.2017
Liquidity							
Current ratio	Current Assets		154.949.138,86	368.099.138,22	Current Assets / Short-term liabilities	0,27	0,55
	Short-term liabilities		577.762.311,20	663.488.039,75			
Quick ratio	(Current Assets - Inventories)		67.232.268,73	108.570.449,67	(Current Assets - Inventories) / Short-term liabilities	0,12	0,16
	Short-term liabilities		577.762.311,20	663.488.039,75			
Cash ratio	(Cash and cash equivalents+makretable securities)		18.364.923,09	176.679.201,73	(Cash and cash equivalents+makretable securities) / Short-term liabilities	3,18%	26,63%
	Short-term liabilities		577.762.311,20	663.488.039,75			
Working Capital	(Trade receivables+Inventories)		136.584.215,77	191.419.936,49	(Trade receivables+Inventories)- (Trade payables + other short-term liabilities)	1,39	8,48
	(Trade payables + other short-term liabilities)		98.509.973,95	22.570.910,40			
Efficiency			31.12.2018	31.12.2017		31.12.2018	31.12.2017
Current Asset Turnover	Revenue		296.646.947,49	359.218.392,37	Revenue / Current Assets	1,91	0,98
	Current Assets		154.949.138,86	368.099.138,22			
Trade receivables collection period	Average Trade Receivables	365	65.854.022,79	82.841.980,06	(Average Trade Receivables / Revenue)*365	81,03	84,18
	Revenue		296.646.947,49	359.218.392,37			
Inventory turnover	Cost of Sales		137.062.123,96	149.878.041,05	Cost of Sales / Average Inventories	1,40	1,36
	Average Inventories		98.143.659,90	110.524.312,20			
Inventory holding period	Average Inventories	365	98.143.659,90	110.524.312,20	(Average Inventories / (Cost of Sales) *365	261,36	269,16
	Cost of Sales		137.062.123,96	149.878.041,05			
Financial			31.12.2018	31.12.2017		31.12.2018	31.12.2017
Gearing ratio	Debt		467.980.635,31	692.924.872,69	Debt / Total liabilities	77,77%	90,88%
	Total liabilities		601.732.818,32	762.478.189,80			
Gearing ratio	Debt		467.980.635,31	692.924.872,69	Debt / Equity	-2,67	9,96
	Equity		-175.471.433,20	69.553.317,11			
Performance			31.12.2018	31.12.2017		31.12.2018	31.12.2017
Gross Profit Margin	Gross Profit		159.584.823,53	209.340.351,32	Gross Profit / Revenue	53,80%	58,28%
	Revenue		296.646.947,49	359.218.392,37			
Assets turnover	Cumulative Profit		-260.003.814,65	-299.920.291,48	Cumulative Profit / Total assets	-61,00%	-37,74%
	Total assets		426.261.385,12	794.600.809,99			
Return on capital employed	Cumulative Profit		-260.003.814,65	-299.920.291,48	Cumulative Profit / Equity	148,17%	-431,21%
	Equity		-175.471.433,20	69.553.317,11			

6) Developments on the Group's Business activities:

Regarding the difficulties faced by the Company and the Group and the underlying reasons, please refer to the above chapters.

Despite the significant financial difficulties and the consequent restrictions on the possibility of making investments in commercial activities, the Management of the Company has managed to strengthen the existing commercial activities. Indicatively, we mention the following:

- Strengthening the "Collective" stores' network, with the opening of three (3) new stores in Greece and optimizing and repositioning the entire branch network of the Company.
- Recovery of the portfolio of trademarks and other industrial property rights of Links of London; The purpose of the Management for both its proprietary brands, Folli Follie and Links of London, is to develop them on a solid and healthy basis through a modern business model that will allow to restore their prestige and reputation in the international market.
- Operation of a third "FACTORY OUTLET" department store in Agios Stefanos, Attica, on the property on the 22nd km of the Athens - Lamia National Road, which now has the possibility of housing a shopping centre on an area of 5,000 sqm.
- Reinforcement of our online stores, using the factoryoutlet.gr address as our flagship. It should be noted that this activity significantly helped the smooth running of the Company and the continuation of its consolidation process during the difficult period of lock-down due to the measures taken for the pandemic, as the Company's online sales increased by 110% compared to the corresponding period of 2019.

7) Acquisition of own shares:

During the Ordinary General Meeting of June 30, 2017 the Company approved a program for the purchase of own shares, in accordance with Article 16 of the current C.L. 2190/1920, and determined the lowest purchase price in the amount of five (5) Euros and the highest in the amount of fifty (50) Euros.

On May 6, 2018, the Board of Directors decided to implement the program of purchase of own shares within a period of 24 months from the date of the above General Meeting, i.e. until June 30, 2019 until the maximum, 6,636,413 (1/10) shares.

Specifically: a) on 9.5.2018 the Company bought through the member of the Athens Stock Exchange EUROXX Securities SA 30,000 shares with a total value of 273,254.02 Euros with an average purchase price of 9.11 euros per share and b) On 11.5.2018, the Company bought through the member of the Athens Stock Exchange EUROXX Securities SA 5,000 shares with a total value of 42,340.00 Euros, with an average acquisition price of 8.47 euros per share.

On May 25, 2018, the trading of the Company's shares on the Athens Stock Exchange was suspended.

8) Branches:

The Company maintains 70 branches within Greece and 331 abroad.

9) Non-Financial Situation:

On December 31, 2018, the Group employed 1,701 employees, compared to 5,079 employees on December 31, 2017. The corresponding figures for the Company are 1,042 versus 1,142 employees. The Group employs (a) employees with an indefinite employment contract, (b) salaried employees, and (c) hourly paid employees.

The Group respects the Universal Declaration of Human Rights, the Declaration on the Principles and Occupational Rights by the International Labour Organization, as well as the relevant national and European legislation and strengthens the formation of a good working climate through continuous efforts to improve quality of work and good cooperation between its human resources. The Company ensures for its staff the existence of an excellent and safe working environment.

It should be noted that in the context of tackling the COVID-19 pandemic, the Company took all necessary measures in time to protect its employees, consumers and associates, in full compliance with the legislation and the recommendations of the competent bodies.

The Group is fully compliant with the environmental legislation of the countries in which it operates. In particular, it participates in recycling programs and applies the relevant legal provisions regarding (a) packaging materials, (b) electric batteries, etc. materials and spare parts for vehicles, and (c) electrical and electronic equipment. It has signed contracts with recognized and licensed recycling materials management companies and pays periodic contributions. Also, working with our suppliers is based on standards that deny all forms of child labour, discrimination or forced labour in order to ensure that every employee involved in the production process is guaranteed health and safety, equal pay and respect for the rhythms of life. We regularly visit our suppliers to ensure compliance with the principles of social responsibility that inspire us.

During 2019 and until today, the Management of the Company has strengthened the monitoring system of the

implementation of the above policies of the Company regarding environmental, social and labour issues, respect for human rights, the fight against corruption and issues related to bribery.

10) Corporate Governance:

As mentioned in the Annual Report of the Board of Directors for the fiscal year 2017, the Company's compliance with corporate governance rules was found to be insufficient.

As early as 2018, but also during 2019, the Company's corporate governance system was strengthened, especially through the active operation of the Company's Audit Committee, which was staffed with experienced and qualified executives - members of the Board of Directors, through the adoption and the implementation of new policies at the level of the Economic Department and the Human Resources Department (see Chapter 11 of the Report), but also with the establishment of committees, such as the Remuneration and Nomination Committee, and the adoption and strengthening of relevant regulations. After the appointment of the temporary Management of the Company, under the temporary order of 19.2.2020 by the President of the Athens Court of First Instance, the Board of Directors consists of eight (8) members, five (5) of whom are independent non-executive members and two (2) simple non-executive members.

11) Description of the Internal Audit system:

As it became clear from the events that led to the restatement of the financial statements for the fiscal year 2017, the operation of the Company's Internal Audit System was inadequate and inefficient, especially in terms of risk management of the Company regarding the process of drafting and consolidating financial statements. During the fiscal year 2019 and until today, the Management of the Company took the necessary measures for the institutionalization and implementation of policies and procedures for the rationalization of the operation of the Company and the correct presentation and monitoring of financial information within the Group. Specifically:

- A credit policy process has been adopted which, due to the ongoing change in the Company's items sold, is expected to be improved and supplemented by creating an ageing reference report from customer balances from the electronic system that will reflect historical customer ageing data.
- The Company implements a relevant procedure for the full recording of important contracts.
- The Company implements a procedure for the agreement of bank account balances in order to closely monitor the bank accounts kept in the Company's accounting records with the respective bank records.
- The Company monitors the purchases of goods - services (excluding goods) by applying an agreement of the purchase order, the invoice and the receipt.
- Depreciation of tangible fixed assets is calculated according to the useful life for each category of fixed asset.
- A process of managing the registration periods, locking the management monthly periods, is implemented. Previous entries are prevented, and unauthorized staff are not allowed to open / close their monthly management periods.
- The Company maintains a list of related parties and implements a relevant monitoring policy of these related parties.

The Company's Management continues to work to implement all appropriate procedures and policies required by corporate governance and the strengthening of the internal audit system.

12) Important events taken place after the end of the fiscal year and until the date of this Report:

The events that occurred after the end of the fiscal year 2018 and which significantly affect the financial position and the results of the Company are the following:

- | | | |
|---|-----------------------|--|
| ✓ | 9 January 2019: | The Company hired Mr. Georgios Samios as Chief Financial Officer, but it was impossible for him to receive all the data of the Financial Department in a coordinated manner, given that this position remained vacant since July 2018. |
| ✓ | 13 February 2019: | The Board of Directors of the Company approved the conclusion of an updated preliminary agreement (Term Sheet) with a group of its creditors - bondholders regarding its proposed financial restructuring. |
| ✓ | 28 February 2019: | "Warlabby Trading Limited" (a subsidiary of the Cypriot subsidiary of the Company "FF Cyprus Limited") sold the helicopter owned by the Group for a total price of 1,600,000 Euros. |
| ✓ | February 2019: | A loan from the subsidiary "Strenaby Finance Ltd." was repaid through Morgan Stanley, which was covered by the sale of Dufry AG shares, owned by the said subsidiary. |
| ✓ | 28 March 2019: | Sale of a property in Hong Kong, owned by the subsidiary "FF Group Sourcing Ltd", for the amount of 130 million HKD. |
| ✓ | During the year 2019: | Most of the Group's contracts with foreign companies that are part of the Clothing and Footwear segment were terminated / not renewed. The most important cooperation that |

remains in force concerns the operation of the network of NIKE stores in Greece, Romania and Bulgaria, the contractual duration of which expires (where applicable) until 2022.

- ✓ 16 May 2019: Decision No. 2419/2019 of the Single Member Court of First Instance of Athens was issued, through which the application of 56 investors of the Company was accepted and by virtue of which a conservative seizure was imposed on certain accounts of the Company up to the amount of 1.8 million Euros.
- ✓ During the year 2019: The Company received the amount of 2.85 million Euros from dividends of DUFY AG.
- ✓ 16 July 2019: The Company announced that the agreement reached in early February with a portion of its creditors for the financial restructuring of the Group could not be implemented effectively and was withdrawn. The Company announced and published an alternative restructuring proposal and a related term sheet, addressed to all creditors / stakeholders.
- ✓ 16 July 2019: The Company published the restated separate and consolidated financial statements for the fiscal year 2017.
- ✓ 26 August 2019: The Company announces the assignment to Deloitte and Savigny Partners of the full sale of the Links of London.
- ✓ 10 September 2019: The postponed Ordinary General Meeting of the Company approved the Annual Financial Report for the fiscal year 2017 (as it was restated after the adjustments of the relevant financial statements), did not approve the overall management of the Company during this year and did not release the members of the Board of Directors and the Certified Auditor from any compensation liability regarding the preparation and the special audit of the restated financial statements.
- ✓ September 2019: FF Group Sourcing Limited, under which the results of the APAC sub-group are consolidated with those of other Hong Kong subsidiaries, has filed a lawsuit against the directors who signed the financial statements of FF Group Sourcing Limited, as well as the local finance director and the auditors of the APAC sub-group to claim compensation for the unpaid taxes, amounting to USD 78.7 million, which the APAC sub-group paid due to a statement of fictitious profit made to the tax authorities of Hong Kong.
- ✓ 8 October 2019: The subsidiary of the company, Links (London) Limited, was placed under administration under paragraph 22 of Annex B1 of the 1986 Bankruptcy Law of England and Wales. Administrators were appointed Messrs. Matthew Smith and Daniel Smith of Deloitte LLP.
- ✓ 10 October 2019: Two (2) bond creditors of the Company, holding a cumulative percentage of 0.87% on the total loan obligations of the Company, filed for bankruptcy of the Company before the Athens Multi-Member Court of First Instance and a request for precautionary measures (Article 10 before the Single Member). A temporary order was issued on the basis of preventive measures, according to which any disposal of tangible fixed assets by the Company should ensure a minimum residual value of tangible fixed assets amounting to four million Euros (4,000,000).
- ✓ 11 October 2019: The postponed Ordinary General Meeting of the Company elected PricewaterhouseCoopers SA as a certified auditor for the statutory audit of separate and consolidated financial statements for the fiscal year 2018.
- ✓ 26 November 2019: The Company announced it had reached an agreement in principle on trade terms for its financial restructuring with an ad hoc group of creditors.
- ✓ 16 December 2019: The Hellenic Capital Market Commission submitted an application for precautionary measures to the Athens Single-Member Court of First Instance, requesting the replacement of Georgios Koutsolioutsos as a member of the Board of Directors by Dimitrios Valachis and the appointment of Georgios Ioannidis to replace the member Periklis Dontas according to article 40 §2 of Law 4640/2019. Georgios Koutsolioutsos resigned from the position of member of the Board of Directors of the Company and the Company agreed to the request of the Hellenic Capital Market Commission, on which an interim order was issued appointing Messrs. Valachis and Ioannidis to the Board of Directors.
- ✓ During the year 2019: The Company has granted loans to Group subsidiaries, which totalled about 12.90 mil. Euro as follows: Links of London 4.85m, FF France 0.39m, FF Spain 0.09m, FF UK 0.21m, FF Cosmetics 2.96m, APAC 4.37m and to others 0.03m.
- ✓ 8 January 2020: The application of two (2) bond creditors regarding the Company's declaration of bankruptcy was discussed at the Athens Multi-Member Court of First Instance.
- ✓ 29 January 2020: The Company has announced the acquisition of the entire Links of London trademark portfolio under a contract with the administrators of Links (London) Limited.

- ✓ January 2020: The management of the company's subsidiary, FF Group Sourcing Limited, based in Hong Kong, under which the overall results of the APAC sub-group are consolidated, took a loan of 36 million HKD, registering a mortgage on the sole property (warehouse) of the said company in Hong Kong. The transaction took place without the consent of the parent Company, and the proceeds of the loan were disposed in an unapproved and unconfirmed manner by the Company's Management, a fact that aggravated the financial position of the subsidiary and contributed to the decision to put this subsidiary in liquidation, as mentioned above (as well as below, in this chapter).
- ✓ 13 February 2020: Pursuant to Order No. 17 / 13-3-2020 of the President of the Anti-Money Laundering Authority, the freezing of 804,728 shares of DUFY, owned by the Company, was ordered.
- ✓ 14 February 2020: The Company announced the Launch of the Consent Solicitation to the bondholders of the CHF 150,000,000 3.25 per cent Notes due 2021, issued by the FF Group Finance Luxembourg II SA and the bondholders of the €249,500,000 1.75 per cent Guaranteed Exchangeable Notes due 2019, issued by FF Group Finance Luxembourg SA, on the proposed restructuring agreement ("Restructuring Term Sheet").
- ✓ 19 February 2020: The Company announced the notification of Order No. 17 / 13-3-2020 of the President of the Anti-Money Laundering Authority, which orders the freezing of 804,728 DUFY shares, owned by the Company.
- ✓ 19 February 2020: At the request of the Hellenic Capital Market Commission, pursuant to Article 40 §2 of Law 4640/2019, an interim injunction was issued by the President of the Athens Single-Member Court of First Instance, appointing the Company's interim administration to manage the Company's urgent affairs, as well as to proceed to necessary management actions for the smooth operation of the Company, including the necessary actions to achieve the restructuring of the Company.
- ✓ 6 March 2020: The meeting of the bond holders of the bonds amounting to CHF 150,000,000 interest rate 3.25% 2017-2021 approved by a majority of 94.32% the proposed term sheet for the restructuring of the Company.
- ✓ 20 March 2020: The meeting of the bond holders of the convertible bond amounting to € 249,500,000 interest rate 1.75% expiration 2019, approved by a majority of 99.89% the proposed term sheet for the restructuring of the Company.
- ✓ March-May 2020: The Group's commercial stores in Greece remained closed, according to relevant legislation, which were issued as part of measures to handle the pandemic. At the same time, and in accordance with the support measures announced by the competent Ministries, the employment contracts for 85% of the staff of the Group's parent company were suspended.
- ✓ 15 May 2020: Following an order from the Anti-Money Laundering Authority, which has not yet been notified to the Company, the amount of two million Euros was seized from the Company's bank account, which is part of the "FF Group Bulgaria EOOD" distributed by the subsidiary for the fiscal years 2017 and 2018. As the pledged amount comes from a documented legal source, the Company has appealed against this provision before the competent Council for Criminal Courts of Athens and expects the issuance of a relevant judicial decision.
- ✓ 5 June 2020: At the General Meeting of Shareholders of Hong Kong-based FF Group Sourcing Limited, it was decided by a majority of 99.99% of the holders of the issued share capital the positioning of the said company in voluntary liquidation and the appointment of Messrs. Lai Kar Yan (Derek) and Yip Wa Ming (Ben) of Deloitte Touche Tohmatsu (Hong Kong) to act as liquidators.
- ✓ 11 June 2020: The application submitted by two (2) bond holders for the declaration of the Company in bankruptcy was rejected by the decision No. 305/2020 of the Athens Multi-Member Court of First Instance, which ruled that the substantial legal conditions for the declaration of bankruptcy did not exist.

13) Restructuring Process:

As mentioned above, the proposed basic terms of the Company's restructuring, as reflected in the 14.2.2020 Restructuring Term Sheet, were approved by an overwhelming majority of the General Meetings of the Company's bond creditors on 6 and 20 March 2020.

Since then, the Management of the Company, together with its advisors and the advisors of its creditors, specializes and finalizes the terms of the restructuring agreement according to the provisions of articles 106b and 106d of the Bankruptcy Code.

The Company considers that within the next few days it will initiate the process of inviting its bond creditors to a

consensus on the final terms of the above restructuring agreement, which - if approved by the relevant general assemblies - will be submitted to the Athens Multi-Member Court of First Instance. The inclusion of the Company in the restructuring process will make it possible to restructure its debt by creating the required stability in its capital structure and financial position and will allow the functional recovery and the continuation of its business activity on a healthy basis.

14) Legal Actions taken by the Management of the Company:

The recently appointed Management of the Company set from the beginning as one of its most important tasks the defence of all the legitimate interests and rights of the Company for approval.

In this context, the Company filed a memorandum and statement of support for the accusation included in the case pending before the Investigator of the 35th Ordinary Investigative Department of the Athens Court of First Instance, Mr. Konstantina Alexopoulou, against former officials of the Group of the Company for all acts for which prosecution has been instituted.

On the basis of an application by the Company regarding the precautionary seizure of any movable and immovable property (among others) of Messrs. Dimitriou, Aikaterini and Georgiou Koutsolioutsou, the temporary order of 1.6.2020 issued by the President of the Court of First Instance of Piraeus was issued, by which the departure of the yacht named "PHALAROPE", belonging in fact to Dimitrios Koutsolioutsos, was prohibited.

The Company has filed a lawsuit against former executives of the Company regarding payments of 3 million Euros to a specific supplier, who invoiced a total amount of 5 million USD, citing the third party's offer to invest in the Company in the amount of 250 million Euros, but without substantiating the financial substance of that transaction.

The Management of the Company has already prepared a plan for the exercise of all its civil and criminal claims against the persons who have damaged it, and which it regularly updates based on the information that comes to its notice. A milestone in this endeavour is expected to be the delivery of the PricewaterhouseCoopers report on the ongoing forensic investigation.

15) Transactions with related parties:

As mentioned in the report of the Board of Directors on the separate and consolidated financial statements for the fiscal year 2017, during the fiscal year 2018 the Company had not adopted procedures for the implementation of the provisions of the International Accounting Standard 24 / 16.12.2004 regarding the "Related Party Disclosures", which is mainly applied to highlighting the relationships and transactions between affiliated parties and imposes the obligation on companies to notify through their corporate and consolidated financial statements the relationships, transactions, as well as the outstanding balances they may have with their related parties.

The adoption of this procedure took place during the meeting of the Board of Directors of 11 April 2019, on the basis of which full and accurate information on the transactions of affiliated parties is ensured. Transactions are drawn up in accordance with applicable law, the articles of association and the decisions of the decision-making bodies.

The members of the Management, the executives or the members closest to them of the mentioned entity declare by signing any transactions with persons in which they have a share in the share capital and / or administration (related parties). From now on, the Human Resources Department will be responsible for the collection of transactions with the related parties. The Administration sends a relevant request to the above persons at regular intervals. The Financial Department, the Investor Relations Department and the Legal Department of the Company (jointly or separately), perform procedures (background checks) for the recognition and recording of transactions that are not included in the previous list. The Financial Directorate is responsible for compiling the relevant tables included in the financial statements. The Company, under the responsibility of the Board of Directors, will notify in the financial statements, in the Management report of the Board of Directors, the transactions of the related parties together with comments on the conclusion of the transactions. In addition, under the responsibility of the Board of Directors, the provisions of the law on public limited companies (Law 4548/2018 articles 99 & 100) on the transparency and supervision of transactions with related parties are followed.

**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS
(ACCORDING TO ARTICLE 4 §7 LAW. 3556/2007)**

A. Structure of Share Capital

The Company's share capital amounts to € 20,084,463 divided into 66,948,210 common registered shares, with a nominal value of € 0.30 each and is fully paid. Each share provides the right to one vote. All shares are listed for trading on the Athens Stock Exchange in the category of Large Capitalization. Their trading has been suspended since May 25, 2018.

Each share incorporates all the rights and obligations set out in the Company's Law and Articles of Association, which do not contain provisions that are more restrictive than those provided by law. The shareholders' liability is limited to the nominal value of the shares they hold. The possession of the title of the share automatically implies the acceptance by its owner of the Company's articles of association and the legal decisions of the General Meetings of the shareholders. The Company's Articles of Association do not provide specific rights in favour of specific shareholders nor do they contain terms of change of capital and modification of the rights of shares which are more restrictive than the provisions of the Law. The shareholders exercise their rights in relation to the management of the Company through the General Assemblies. Each shareholder is entitled to participate in the General Meeting of the Company's shareholders either in person or by proxy. Each share provides the right to one vote.

Each shareholder may request the annual financial statements and relevant reports of the Board of Directors and the Company's Auditors 10 days prior to the Ordinary General Meeting.

Shareholder Minority Rights

(a) At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board of Directors of the Company is obliged to record additional issues on the agenda of the General Meeting, if the relevant application is submitted to the Board of Directors at least fifteen (15) days before the General Meeting. The application for registration of additional items on the agenda shall be accompanied by a justification or a draft decision for approval at the General Meeting and the revised agenda shall be made public in the same manner as the previous agenda, thirteen (13) days before the date of the General Meeting, and at the same time is made available to shareholders on the Company's website, together with the justification or draft decision submitted by the shareholders as provided in paragraph 4 of Article 123 of Law 4548/2018, as amended and is in force. If these issues are not published, the applicant shareholders are entitled to request the postponement of the General Meeting, in accordance with paragraph 5 of Article 141 of Law 4548/2018, as amended and is in force, and to proceed with the publication themselves, in accordance with the provisions of second paragraph of this paragraph, at the expense of the Company.

(b) Shareholders representing one-twentieth (1/20) of the paid-up capital shall have the right to submit draft decisions on matters included in the original or any revised agenda of the General Meeting. The relevant application must be submitted to the Board of Directors at least seven (7) days before the date of the General Meeting, and the draft decisions are made available to the shareholders as defined in paragraph 3 of Article 123 of Law 4548/2018, as amended, and shall be valid for at least six (6) days before the date of the General Meeting.

(c) At the request of any shareholder, which is submitted to the company at least five (5) full days before the General Meeting, the Board of Directors is obliged to provide the General Meeting with the required specific information on the Company's affairs, as far as they are related to the items on the agenda. There is no obligation to provide information when the relevant information is already available on the company's website, especially in the form of questions and answers. Also, at the request of shareholders, representing one twentieth (1/20) of the paid-in capital, the Board of Directors is obliged to notify the General Assembly, if it is regular, the amounts paid to each member of the Board of Directors during the last two years, or the directors of the Company, as well as any provision to these persons for any reason or contract of the Company with them. In all of the above cases, the Board of Directors may refuse to provide the information for substantial reasons, which is stated in the minutes. Such reason may, as the case may be, represent the applicant shareholders on the Board of Directors in accordance with Articles 79 or 80 of Law 4548/2018, as amended and in force. In the cases referred to in this paragraph, the Board of Directors may respond singlehandedly to applications from shareholders with the same content.

(d) At the request of shareholders representing one-tenth (1/10) of the paid-up capital submitted to the Company at least five (5) full days before the General Meeting, the Board of Directors shall provide the General Meeting with information on the course of corporate affairs and the assets of the Company. The Board of Directors may refuse to provide information on substantive substantive grounds, which shall be recorded in the minutes. Such reason may be, as the case may be, the representation of the applicant shareholders in the Board of Directors, in accordance with Articles 79 or 80 of Law 4548/2018, provided that the respective members of the Board of Directors have received the relevant information adequately.

Corresponding deadlines for any exercise of minority rights of shareholders also apply in case of Repeat General Meetings.

In all the above cases, the applicant shareholders must prove their shareholding capacity and, in addition to the cases referred to in the first subparagraph of paragraph 6 of Article 141 of Law 4548/2018, the number of shares held in the exercise of the relevant right. The proof of shareholding can be done by any legal means and, however, based on information received by the company from the "Hellenic Central Securities Depository SA." ("ELKAT"), which is the Central Securities Depository that provides registry services within the meaning of par. 6 of article 124 of Law 4548/2018. The proof of the share ownership can be done by any legal means and, however, based on information received by the company from ELKAT, or by the presentation by the shareholders, of a written certificate from ELKAT.

The dividend for each share is paid within 2 months from the date of the Ordinary General Meeting that approved the annual financial statements. Dividends are distributed by profits already taxed to the legal entity and therefore the shareholder has no tax liability on the amount of dividends received. Dividends that have not been requested for five years are written off in favour of the State.

Any dispute between the Company on the one hand and the shareholders or any third party on the other hand is subject to the exclusive competence of the regular courts, and the Company is to be brought only before the courts of its base of activities.

B. Limitations to the transfer of the Company's shares

The transfer of the Company's shares is carried out in accordance with the procedures set out in the Law and the Regulation of the Athens Stock Exchange. According to the Company's articles of association, there are no restrictions on their transfer.

C. Important direct or indirect participations within the meaning of the provisions of articles 9 to 11 of Law 3556/2007

On 31 December 2018, the following shareholders owned more than 5% of the Company's total voting rights:

Shareholder	Percentage
DIMITRIOS KOUTSOLIOUTSOS	35.06%
FOSUN INTERNATIONAL HOLDINGS LTD	16.369%
FIDELITY INTERNATIONAL	5.93%

D. Holders of all kinds of shares that provide special control rights.

There are no shares of the Company that provide their holders with special control rights.

E. Limitations to voting rights.

There are no restrictions on the right to vote arising from the Company's shares.

F. Agreements between the Company's shareholders.

It is not known to the Company whether agreements exist between its shareholders or the exercise of voting rights derived from its shares.

Each share is indivisible in terms of the exercise of the rights and the fulfilment of the obligations arising from it. If for any reason there are more co-owners or beneficiaries of a share, they are represented vis-à-vis the company by a person designated by mutual agreement.

The Extraordinary General Meeting of February 20, 2020 decided to harmonize the Company's articles of association with the new provisions of Law 4548/2018 on public limited companies. The amendment of the articles of association will be completed with the registration of the relevant decision in the General Commercial Register.

INFORMATION ON THE SHAREHOLDERS' GENERAL MEETING, ITS BASIC POWERS AND HOW IT WORKS - A DESCRIPTION OF THE SHAREHOLDERS' RIGHTS AND HOW THEY ARE EXERCISED

Mode of Operation of General Assembly

The Board of Directors ensures that the preparation and conduct of the General Meeting of Shareholders facilitates the effective exercise of shareholders' rights, who may be fully informed of all matters relating to their participation in the General Meeting, including the meeting agenda items and their rights at the General Meeting. The Board of Directors utilizes the General Meeting of Shareholders to facilitate their substantive and open dialogue with the Company.

At least twenty (20) days before the General Assembly, the company posts on its website, in Greek and English, information on:

- The exact place, date and time of the meeting.
- The issues and items of the agenda with clarity.
- The names of the shareholders who have the right to participate.
- The rights of the shareholders of paragraphs 2, 3, 6 and 7 of article 141 of Law 4548/2018, with reference to the deadline within which any right can be exercised, or alternatively, the deadline by which these rights can be exercised; detailed information on those rights and the conditions of their exercise should be available with explicit reference to the Company's website.
- Exact instructions on the procedure for exercising the right to vote through a representative and in particular the forms used for this purpose, as well as the means and methods for accepting electronic notifications of appointment and recalling of representatives.
- Procedures for exercising the right to vote by mail or by electronic means.

- The date of registration, with a note on the persons entitled to participate and vote.
- The total number of shares and voting rights on the date of the convocation.
- The place where the full text of the documents and the draft decisions are available (as defined in par. 4 of article 123 of Law 4548/2018) and the manner of obtaining copies of them.
- The address of the Company's website, where the information on the exercise of the rights of the minority is available.

At least The Chairman of the Board of Directors of the company and the Managing Director must at least be present at the General Meeting of Shareholders, in order to provide information and briefing on issues of their competence, that are forwarded for discussion, and on questions or clarifications requested by shareholders. The President of the General Meeting has sufficient time to submit questions to shareholders.

Basic powers of the General Assembly

The General Meeting of Shareholders is the highest body of the Company and is entitled to decide in general on any corporate case. Its legal decisions oblige both absent and disputing shareholders.

The General Assembly is the only competent body to decide on:

- Any matter submitted to it by the Board of Directors or by the beneficiaries in accordance with the provisions of this Law or the Articles of Association to cause its convening.
- Amendments to the Articles of Association. Changes in capital, regular or extraordinary, and capital reductions are also considered as amendments.
- Election of board members and appointment of independent members.
- Election of chartered accountant auditors and determination of their remuneration; a shareholder who is a natural person and a member of the Board of Directors does not participate in the vote of the General Assembly and is not counted for the formation of the quorum and the majority with regards to the assignment of the obligatory auditing of the financial statements to a certified public accountant or auditing company, unless the majority of the independent members of the Board of Directors state that they agree with the assignment of the audit to the proposed persons.
- Approval of annual and consolidated financial statements and disposal of any annual profits.
- Approval of the overall management and dismissal of auditors.
- Approval of the provision of remuneration or advance payment of remuneration, as well as the remuneration policy and the remuneration report.
- Merger, disintegration, conversion, revival, extension or termination of the company and,
- Appointment of liquidators in case of dissolution of the Company.
- Issuance of convertible bond loans and / or loans with the right to withdraw on profits.

Shareholders' rights and ways of exercising them

Everybody that appears as a shareholder in the records of the Dematerialised Securities System managed by ATHEXCSD, which is the Greek Central Securities Depository SA that provides registry services within the meaning of par. 6 of article 124 of Law 4548/2018, is entitled to participate in the General Assembly. The proof of the share ownership can be given by any legal means and, in any case, based on information received by the company from ATHEXCSD, or by the submission by the shareholders of a written certificate from ATHEXCSD. The capacity of the shareholder must exist at the beginning of the fifth (5th) day before the day of the meeting of the General Meeting. Shareholders who have the right to participate in the General Meeting may be represented in it by a person who has been legally authorized by proxy form.

The rights of the Company's shareholders, which derive from its share, depend on the percentage of the capital, to which the paid value of the share corresponds. Each share provides all the rights provided by Law 4548/2018, as amended and in force, as well as the company's articles of association.

The Chairman of the Board of Directors is available for meetings with shareholders of the company with important participations and discusses with them issues concerning the management of the Company. Also, the President ensures that the views of the shareholders are communicated to the Board of Directors.

INFORMATION ON THE COMPOSITION AND OPERATION OF THE BOARD OF DIRECTORS

Composition of the Board of Directors

The Board of Directors, acting collectively, undertakes the management and management of the corporate affairs for the benefit of the Company and its shareholders, ensuring the implementation of the corporate strategy and the fair and equal treatment of all shareholders. It generally decides on any matter concerning the Company except those which, either by law or by the Articles of Association, are the responsibility of the General Meeting of Shareholders.

The members of the Board of Directors are elected by the General Assembly. The General Assembly also determines which members are independent non-executive. The Board of Directors determines which members are executive and non-executive.

The Board of Directors of the company is the custodian of the Corporate Governance Principles of the Company. The Board of Directors consists of seven (7) to eleven (11) members. He is elected by an absolute majority of the General Assembly for a term of five years, which is extended until the next Ordinary General Meeting of the year after the end of his term, which may not exceed six years.

Today it consists of one (1) executive member and seven (7) non-executive members, six (6) of whom meet the conditions for independence of Law 3016/2002. The executive member is employed in the Company by exercising managerial duties. The non-executive members of the Board of Directors do not exercise managerial duties in the Company. The current composition of the Board of Directors is as follows:

Georgios Samios	President & CEO
Panagiotis Alexakis	Independent non-executive member
Periclis Dontas	Independent Non-Executive Member
Georgios Ioannidis	Non-executive member
Georgios Momferratos	Independent non-executive member
Elias Pentazos	Independent non-executive member
Georgios Siganiadis	Independent non-executive member
Haolei Zhang	Non-executive member



TRANSLATION FROM THE ORIGINAL AUDIT REPORT IN GREEK

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the Company "Folli Follie Commercial Manufacturing and Technical Société Anonyme"

Audit report on the separate and consolidated financial statements

Adverse Opinion

We have audited the accompanying separate and consolidated financial statements of the Company "Folli Follie Commercial Manufacturing and Technical Société Anonyme" (Company and/or Group), which comprise the separate and consolidated statement of financial position as of 31 December 2018, the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the separate and consolidated financial statements that also include a summary of significant accounting policies.

In our opinion, due to the significance of the matters referred to in the "Basis for adverse opinion" paragraph of our report, the accompanying separate and consolidated financial statements do not fairly present, in all material respects, the separate and consolidated financial position of the Company and the Group as at 31 December 2018, their separate and consolidated financial performance and their separate and consolidated cash flows, for the year then ended, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and the statutory requirements of Codified Law 2190/1920 (as superseded by Law 4548/2018 effective from 1/1/2019).

Basis for adverse opinion

Our audit procedures resulted in the following:

1. Basis of preparation of financial statements

The separate and consolidated financial statements of the Company have been prepared on a going concern basis of accounting. As stated in Note 30 to the separate and consolidated financial statements, the Group's loan obligations have become due and payable. To date, the Group has not reached an agreement with its lenders for the restructuring its existing debt nor has it secured financing from other parties. During the first half of 2020 the spread of the coronavirus pandemic and the imposed restriction of consumers transportation, as well as the imposed restrictions in operation of shops, led to the further decrease of Company's liquidity. Based on the audit evidence provided to us, we believe that the Company and the Group are not in a position to meet their obligations as they fall due from their continuing operations. The Company has drawn up an operational restructuring plan, with the purpose of applying to be included under the provisions of Article 106b of Law 3588/2007. However, at this stage, there is a material uncertainty that raises significant doubt regarding the Company's and the Group's ability to seamlessly continue their operations. Therefore, the assessment and the decision of Management regarding the method applied in preparing and presenting the accompanying separate and consolidated financial statements, under the going concern basis of accounting cannot be supported. If assets and liabilities had been measured according to their realizable values, in the separate and consolidated financial statements, we believe that this would have had a significant impact on the financial position and results of the Company and the Group.

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2. Unreliable financial reporting system

During our audit and up to the date of preparation of this audit report, the Company has not completed the necessary procedures for identifying weaknesses, shortcomings and omissions in the internal control system, which resulted in the preparation and publication of misstated financial information. More specifically, the engagement assigned to Alvarez & Marsal, which included, inter alia, the investigation of events that led to the preparation and publication of misstated separate and consolidated financial statements for the year ended 31 December 2017, was not completed. Therefore, Group Management is not aware of the reasons that have led to the distortion or concealment of financial information, which individuals were giving the relevant instructions and who was involved in these events. Without the completion of this investigation, there is an inherent inability to apply the appropriate internal control safeguards that would allow Management to have sufficient and reliable data in order to prepare the separate and consolidated financial statements free of any material misstatements, whether due to fraud or error.

As stated in Note 39 to the separate and consolidated financial statements, with the decision 2893/21/11/2018 of Athens Court in First Instance, following Hellenic Capital Market Commission's application, "PRICEWATERHOUSECOOPERS SOCIETE ANONYME" was ordered to proceed with extraordinary forensic investigation in the financial statements of both Company and its subsidiaries for the year ended 31 December 2017. The respective forensic investigation is in progress and any findings are not presented in Company's and its subsidiaries general ledger up to the date of this audit report.

3. Consolidation of subsidiaries

As stated in Note 3.1, Management prepared the consolidated financial statements by omitted the consolidation of its subsidiaries Links of London (International) Ltd, Links (London) Limited, Links of London Com Ltd (UK), Links of London Inc (USA), Links of London Japan Co Ltd, Links of London (Asia) Ltd, Juicy Couture Ireland Ltd, Strenaby Finance Ltd, Juicy Couture Europe Ltd, Folli Follie UK LTD and Qivos S.A.. Moreover, it was not consolidated under equity method accounting Company's participation in Mytilini Marina S.A.. The relevant omissions consist significant departure from the requirements of IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures".

4. Non adoption of new accounting standards

In breach of the provisions stipulated by International Financial Reporting Standards (IFRS), as adopted by European Union, Management did not adopt effective from 1/1/2018 the new accounting standards IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers", as well as IFRIC Interpretation 23 "Uncertainty over income tax treatments".

5. Correction of errors

Management prepared the restated separate and consolidated financial statements of prior financial period ended as of 31 December 2017, relying partially on the findings of the incomplete investigation of Alvarez & Marsal. It was not possible for management to retrospectively correct all the errors identified in the consolidated financial statements, in line with the requirements of International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Therefore, both the separate and consolidated financial statements of the prior financial period ended as of 31 December 2017 are also



misstated, because Management was not able to gather all the necessary information that would allow these statements to be prepared free of material misstatements. From the audit procedures which we were able to complete for financial years 2017 and 2018, we also identified misstatements which, if corrected, would reduce as at 31 December 2018 the Net Asset position of both the Company and the Group by approximately €14m and €19m, respectively.

6. Loans to subsidiaries

As presented in Note 39 to the separate and consolidated financial statements, during both 2019 and 2020, the Company granted loans to subsidiaries, amounting to approximately €12.9m, for which we did not receive the necessary audit evidence. These loans were granted to subsidiaries, from which the Company already had overdue receivables and which Management had classified them as irrecoverable. Considering that on the reporting date parent Company's Management intended to continue financing these subsidiaries to enable them to meet their operating needs, the respective amounts should have been recognised as a liability in the accompanying Company's financial statements. As a result, profit and loss of the year, as well as equity as presented in the accompanying Company's financial statements, are overstated by approximately €12.9m.

7. Inadequate disclosures

It was not possible to obtain reliable and sufficient information on the preparation and presentation of all disclosures/ explanations required by IFRS. For example, the separate and consolidated financial statements do not include sufficient disclosures with respect to:

- Management's assumptions and estimates, including going concern assumption
- Segmental reporting
- Impairment testing of non-financial assets
- Financial risk management
- Contingent liabilities
- The nature and effect of restatements made in 2017 restated financial statements

Additional matters from conduct of the audit

1. Internal control system

In addition to what we describe above in paragraph 2 of the "Basis for adverse opinion" section of our Report, from the performance of our procedures we identified significant weaknesses in the Company's information technology systems and in its internal control system, elements that are necessary for the preparation of financial statements that are free of material misstatements whether due to fraud or error. These weaknesses and the lack of any documented procedures, also did not allow us to complete our necessary audit procedures over significant financial statement line items, and to obtain sufficient audit evidence in order to verify the accuracy and completeness of the disclosures included in the notes to the accompanying separate and consolidated financial statements.



2. Related parties

Up to May 2019, the Company had no procedure in place for identifying and documenting related parties, as well as for the proper and timely recording of the Company's transactions with related parties. Additionally, upon initiating collaboration with suppliers or customers, the Company did not carry out procedures to verify the identity of the ultimate beneficial owner of the counterparty. During the performance of our audit procedures, we identified transactions with companies controlled by related parties, and transactions with related parties which were not presented in the separate and consolidated financial statements being audited. We therefore were not able to confirm that the Company did not also transact with other companies controlled by related parties. The Company's Management, was not able to complete its evaluation of the potential relationship which customers and suppliers of the Group had with related parties, as was identified by the incomplete investigation carried out by Alvarez & Marsal. Consequently, we were unable to confirm the completeness of transactions and balances with related parties, as well as the correct presentation of these in the separate and consolidated financial statements.

Furthermore, during 2019, the Company's main shareholder sent a letter to Management, claiming an amount of \$43.9m from the Company, on the basis that this amount was provided by him to the subsidiary FF Group Sourcing Ltd up to 31 December 2018. The separate and consolidated financial statements of this subsidiary for the year ended 31 December 2017, which had been published on 16 April 2018 and had been signed by him, on behalf of the Directors, presented total liabilities to management amounting to \$11.4m and \$4th. respectively. Due to the fact that we were unable to confirm this claim, we have reservations regarding the completeness of the accounting books and records of the Group.

3. Transaction without economic substance

During the examination of transactions that occurred during the financial period under audit, we identified a contract with a supplier dated 18 May 2018 whereby the Company committed to pay a success fee in the case of a successful intermediation in attracting investors for the Company. This supplier invoiced an amount of \$5 million, which affected the results of 2018, citing a third-party's offer to undertake a €250m. investment in the Company. Until August 2018, the Group had paid this supplier, a total amount exceeding \$3m., through two Group companies. We were not able to confirm the economic substance of this transaction.

4. Cash and cooperation with financial institutions

The Company does not perform bank reconciliations with respect to the bank balances that are reflected in the general ledger and we were therefore unable to obtain the necessary audit evidence to confirm the timely identification and investigation of any resulting differences. We also did not receive confirmations from all financial institutions with which the Group cooperates and consequently we could not confirm the nature of the relationship with each financial institution and to allow us to confirm the appropriateness of the presentation of cash and cash equivalents of €2.4m as well as any possible loans, guarantees and other contingent receivables and liabilities.

5. Contingent liabilities

We did not receive the necessary audit evidence, in order to confirm that all contingent liabilities of the Company and the Group towards third parties are presented in the separate and consolidated financial statements, in line with the requirements of IFRS. Specifically, we were not able to obtain sufficient audit evidence in order to confirm the completeness of contingent liabilities that may arise from guarantees



granted by the Company to third parties, relating to operations of its subsidiaries. Additionally, during the year being audited, the books and records of the Company and its subsidiaries were not adequately maintained, and, among other matters, it was not possible to confirm the completeness of contracts entered into by the Group with suppliers of products and/or providers of services. As a result, we are not in a position to confirm that Note 36 to the separate and consolidated financial statements, where reference is made to contingent liabilities of both the Company and Group, is complete and in accordance with the provisions of International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets".

6. Responses from Legal Advisors

Furthermore, it was not possible for us to receive responses from all legal advisors of the Company and its subsidiaries, in order to have accurate and complete information about the current status of open legal matters and the possible outcome of any legal disputes and any third-party claims from the Company and its subsidiaries. The outcome of these matters, may have a significant impact on the general operation of the Company and the Group.

7. Receivables

In the separate financial statement line items "trade receivables, receivables from affiliates and other receivables", are included receivables from customers, other debtors and related parties amounting to €59.2m. The existence and accuracy of the aforementioned receivables could not be confirmed either through third party confirmations or by examining their subsequent settlement. Specifically, as regards receivables from subsidiaries, we did not receive adequate information and explanations with respect to the differences between the receivables presented in the separate financial statements and the corresponding liabilities presented in the financial statements of the subsidiaries. When preparing the consolidated financial statements, Management partially eliminated intra-group balances because it was not able to recover the financial information and financial records from some subsidiaries.

8. Property, plant and equipment

The Company's Management was not able to perform a count of property, plant and equipment during the period from the beginning of our audit up to the date of this audit report. We were therefore unable to confirm the existence of the Company's property, plant and equipment, other than land, with a value of €10.4m, and the buildings, of a net book value of €28.5m, that are presented in the statement of financial position of the Company and the Group respectively, with regard to which the necessary notarial deeds were provided to us.

9. Investment Property

"Investment Property" includes a property with a value of €7.7m which is held by the Company under a concession agreement expiring on 31 December 2025 and which has been valued at cost and not at fair value, in contravention of the accounting principles. The Company has not carried out an impairment test on this fixed asset due to its inability to calculate its fair value. No information has been provided to us by Management which would allow us to determine the impairment amount.



10. Investments available for sale

Following the sale of the shares of the "Hellenic Duty-Free Shops S.A.", the Company acquired and holds shares of Dufry AG, which had been classified as "Investments available for sale". According to Note 21 of the accompanying separate and consolidated financial statements, the Company is in arbitration with Dufry AG for the release of the latter's shares, which are held in escrow. The Company's Management has not been able to reliably estimate any liability that may arise, as they were not able to make a reliable assessment. We were not able to obtain any information from the Company's legal advisor handling the arbitration case and we are not in a position to assess the contingent liability to Dufry AG.

Furthermore, in the consolidated financial position statement line item "Investments available for sale", it is not included options related to the acquisition of the Dufry AG shares through borrowings for which we have confirmed through the audit procedures of prior financial year, that they expired after 31/12/2018. The relevant amount, of €53.6m, as at 31/12/2017, should be presented in a separate line in the consolidated statement of financial position, as a derivative instrument. Management expressed its inability to consolidate its subsidiary Strenaby Finance Ltd. As stated in Note 39, subsequent to the year under audit the loan was repaid through the proceeds of the sale of the shares and the value of the options was reduced to zero upon the expiry of the exercise period.

11. Inventories

Inventory counts – We performed audit procedures in order to confirm the existence of inventories as at 31/12/2018. However we were unable to complete these procedures because the Company and its subsidiaries do not maintain a reliable warehouse monitoring system with continuous inventory tracking.

Indicatively we mention that we attended the inventory counts that were carried out from 10 December 2018 until 15 January 2019 at the parent Company, and at its following subsidiaries:

- Links (London) Limited
- FF Group Romania Srl
- FF Group Bulgaria EOOD
- Apparel Romania Srl
- FF Cyprus Ltd
- Folli Follie Group Sourcing Ltd
- Folli Follie Japan Ltd
- Folli Follie Taiwan Ltd
- Folli Follie Shenzhen Ltd
- Folli Follie Shanghai (Pilion Ltd)
- Folli Follie Hong Kong International Ltd
- Folli Follie Macau Ltd

Valuation of Inventories and cost of sales - The potential write-down of the inventories as at 31 December 2018 has not yet been evaluated, as stipulated by the provisions of IAS 2 "Inventories". Due to significant weaknesses in the Company's information technology general controls, we attempted to reconcile the relevant records maintained on the information technology systems. Management was not in a position to provide adequate explanations and the necessary audit evidence with regard to the differences we identified. Therefore, we were not able to complete our impairment assessment with respect to



inventories.

As we were not able to verify the Company's inventories on 1 January 2018 and on 31 December 2018, we were also not able to verify the cost of sales, as presented in the statement of comprehensive income.

12. Operating expenses

For a significant part of the sample we chose for the audit of the administration and selling expenses of the year ended as of 31 December 2018, the Company's Management did not provide us with the necessary audit evidence. We are therefore not in a position to confirm the accuracy of these expenses and their correct allocation to the separate operating activities.

13. Trade payables

We were not able to verify the accuracy of Company liabilities amounting to €12.7m, either through confirmation letters or by examining their subsequent settlement.

When preparing the consolidated financial statements, Management proceeded with partial elimination of intra-group balances because it was not able to recover the financial information and trial balances from some subsidiaries.

14. Tax obligations

We are not in a position to assess the completeness of the Company's tax obligations due to the inadequate maintenance of the accounting books and records. We did not receive the transfer pricing documentation file for the fiscal years 2017 and 2018. On the basis of the information made available to us we estimate that the Company's total recognised tax obligations, as presented in the separate financial statements, is understated, but without obtaining sufficient audit evidence to enable us to determine the exact amount. There is also significant uncertainty in relation to the tax effect that the correction of errors made in the separate and consolidated financial statements may have, as these relate to multiple periods and taxation regimes in which the subsidiaries operate.

We note that we were not assigned to carry out a Tax Compliance Audit for the financial years ended 31 December 2017 and 31 December 2018 or for any prior financial year.

15. Reserves

Management could not provide us with sufficient audit evidence in order to verify the nature and accuracy of most items included both in the separate and the consolidated statement of changes in equity. Specifically, we were only able to confirm the accuracy of the €262.6m tax free reserve formed following the carve out of the duty free segment. As stated in Note 28, this reserve will be taxed upon distribution or in the event of the Company's dissolution, with the applicable tax rate, in accordance with article 9, para 2 of Law 1297/1972. Also, in accordance with the provisions of article 6 of Law 3220/2004 and 28 3g of Law 2238/1994 respectively, a €38.6m tax free reserve that was formed as a result of the sale and repurchase of properties, will also be taxed in the same manner.



16. Loan liabilities

We were not able to confirm the amount of the Company's loan liabilities as presented in financial statements line item "Current loan liabilities", because certain financial institutions did not provide us with confirmation letters. Moreover, during January 2018 a partially repayment of amount €25.1m took place from Company to its subsidiary FF Luxembourg II SA, which was relevant to intercompany loan of amount CHF 147.9m. Based on Management the respective amount was transferred as loan to Group's subsidiary FF Group Sourcing Ltd in order to be used for the payment of respective subsidiary's income tax for financial year 2017, which was paid during 2018. We have not been provided with audit evidence relevant to the way of use of the respective amount.

Furthermore, as a result of the above partial repayment, as well as the fact that Company assumed FF Luxembourg II SA's external loan liability of amount CHF 150m, as guarantor, Company's results for 2018 were charged with total amount of €25.1m.

As stated in Note 39 to separate and consolidated financial statements, during January 2020 the Management of company's subsidiary FF Group Sourcing limited, took a loan, of amount HKD 36m, by mortgaged respective subsidiary's property in Hong Kong. Based on Company's Management, the respective transaction took place without parent Company's consent, and the amount of loan was used with a manner that is not approved and confirmed by Company's Management. We have not been provided with audit evidence relevant to lender's identity, loan terms as well as the way of use of the respective amount.

17. Subsequent events

Due to the limitations described above in paragraphs 1, 5 and 6 of the Additional Matters from the performance of the audit we were not able to examine the completeness of subsequent events, as well as their potential effect on the separate and consolidated financial statements as of 31 December 2018.

In addition we have not been provided with the approved Board of Directors' meeting minutes for the period 19 September 2019 until 11 February 2020.

18. Revenue recognition

We did not obtain sufficient and appropriate audit evidence to confirm the occurrence, accuracy and completeness from wholesale and retail sales. Additionally, Management did not provide us with sufficient explanations and evidence in relation to the deposit of or use of its cash proceeds from retail sales for part of the revenue sample we audited. Additionally, the Company has customer loyalty programme which have not been accounted according to IFRS 15 "Revenue from contracts with customers" and IFRIC 13 "Customer Loyalty Programmes". We further note that for informal consignment sales, the Company records the revenues when the goods are sent to the customer and not when the goods are sold to third parties, leading to an erroneous recognition of revenues. Also, customers with an informal consignment status have the right of return, for which the Company does not form a provision, and as a result sales returns are recorded in the incorrect period. We were not able to quantify this impact, and we therefore cannot express an opinion on the accuracy, completeness, or valuation of the revenues generated by informal consignment sales.



19. Audit of subsidiaries

In the framework of our obligations as statutory auditors of the Group, we designed audit procedures over the assets and liabilities, as well as transactions, for selected subsidiaries of the Company. However, we were not able to complete all the planned procedures for these subsidiaries, because we were not be provided with all the requested audit evidence. Any differences or errors identified as a result of the audit procedures we performed, we are not in position to know if they have been corrected and appropriately recorded in the consolidated financial statements, because Management was not able to complete the process of subsidiaries consolidation.

We have conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities, under those standards are further described in the "Auditor's responsibilities for the audit of the separate and consolidated financial statements" section of our Report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Auditor's independence

Throughout our audit we remained independent of the Company and the Group, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017 and the EU Regulation No 537/2014, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, EU Regulation No 537/2014 and the requirements of the IESBA Code.

We declare that the non-audit services that we have provided to the Company and its subsidiaries are in accordance with the aforementioned provisions of the applicable law and regulation and that during our appointment we have not provided non-audit services that are prohibited under Article 5 para (1) of EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its subsidiaries, during the year ended as of 31 December 2018 were of amount €15,000 and are included in the amounts disclosed in Note 8 of the accompanying separate and consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit on the separate and consolidated financial statements of the current financial year. Other than the matters described in the "Basis for adverse opinion" and "Additional matters from conduct of the audit" sections above, we believe that there are no other key audit matters to be included in our Report.

Other information

The members of the Board of Directors are responsible for the Other Information. The Other Information, which is included in the Annual Report in accordance with Law 3556/2007, is the Statements of Board of Directors members and the Board of Directors Report (but does not include the separate and consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.



Our opinion on the separate and consolidated financial statements does not cover the Other Information and, except to the extent otherwise explicitly stated in this section of our Report we do not express an audit opinion or other form of assurance thereon.

In connection with our audit on the separate and consolidated financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We considered whether the Board of Directors Report includes the disclosures required by Codified Law 2190/1920 (as superseded by Law 4548/2018 effective from 1/1/2019), and the Corporate Governance Statement required by article 43bb of Codified Law 2190/1920 (as superseded by Law 4548/2018 effective from 1/1/2019) has been prepared.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the Board of Directors' Report for the year ended as of 31 December 2018 is consistent with the accompanying separate and consolidated financial statements.
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a of Codified Law 2190/1920 (as superseded by Law 4548/2018 effective from 1/1/2019) without providing all the information due to the limitations referred to in previous sections of our Report.
- The Corporate Governance Statement provides the information referred to in points (c) and (d) of paragraph 1 of article 43bb of Codified Law 2190/1920 (as superseded by Law 4548/2018 effective from 1/1/2019).

In addition, in light of the knowledge and understanding of the Company "Folli Follie Commercial Manufacturing and Technical Société Anonyme" and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report and Other Information that we obtained prior to the date of this auditor's report. Due to the matters and limitations described in the "Basis for adverse opinion" and "Additional matters from conduct of the audit" sections of our Report, we have reached the conclusion that the Management Report of the Board of Directors is materially misstated, with regard to the amounts and the other matters referred to above in the "Basis for adverse opinion" and "Additional matters from conduct of the audit" sections of our Report.

Responsibilities of Directors and those in charge of governance for the separate and consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRS, as adopted by the European Union and comply with the requirements of Codified Law 2190/1920 (as superseded by Law 4548/2018 effective from 1/1/2019), and for such internal control as the Board of Directors determines is necessary, to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the



Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements, in their entirety, are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as they have been transposed into Greek Law, will always detect a material misstatement, when it exists. 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 separate and consolidated financial statements.

As part of an audit in accordance with ISAs as they have been transposed into Greek Law, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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 separate and consolidated 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 the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control



that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Report on other legal and regulatory requirements

1. Transactions of Company with members of Board of Directors

- In breach of article 23a of Codified Law 2190/1920 (as superseded by Law 4548/2018 effective from 1/1/2019), the Company granted loans to former Directors and had entered into an agreement with a company related to a former Director, without first receiving a special permission by the General Meeting of Shareholders.
- In breach of articles 24 and 34 of Codified Law 2190/1920 (as superseded by Law 4548/2018 effective from 1/1/2019) and the decision of the ordinary General Meeting of shareholders of 30 June 2017, the Company paid to Board of Directors members fees and benefits which in total exceed the approved distribution amount.

2. Supplementary Report to the Audit Committee

Our opinion on the accompanying separate and consolidated financial statements is consistent with our Additional Report the Company's Audit Committee that is provided in accordance with article 11 of Regulation EU 537/2014.

3. Auditor's Appointment

We were appointed for the first time as certified auditors of the Company following the decision taken at the extraordinary general meeting of shareholders on 21 December 2018. Our appointment has been renewed annually by the decision of the annual general meeting of shareholders for a total uninterrupted period of appointment of 2 years.

4. Negative Net Asset position

Based on financial statements for the year ended 31 December 2018 the Company's net assets are negative and therefore the conditions of paragraph 4 of article 119 of Law 4548/2018 apply. Based on the aforementioned requirements, the Board of Directors must include the respective matter in the agenda of general meeting of shareholders, which will approve the accompanying separate and consolidated financial statements, in order to take necessary measures based on the law.



Athens, 10 July 2020



PricewaterhouseCoopers S.A.
268 Kifissias Avenue
152 32 Chalandri
SOEL Reg. No. 113

The Certified Auditor
Dimitris Sourbis
SOEL Reg. No. 16891

Consolidated and separate statement of comprehensive income for the year ended 31 December 2018

		<u>Group</u>		<u>Company</u>	
	<u>Not e</u>	<u>Year ended 31/12/2018</u>	<u>Year ended 31/12/2017</u>	<u>Year ended 31/12/2018</u>	<u>Year ended 31/12/2017</u>
Continuing operations					
Revenue	4	296.646.947,49	359.218.392,37	126.202.596,73	135.213.028,11
Cost of Sales	8	(137.062.123,96)	(149.878.041,05)	(79.430.960,77)	(87.643.871,46)
Gross Profit		159.584.823,53	209.340.351,32	46.771.635,96	47.569.156,65
% Gross Profit Margin		53,8%	58,3%	37,1%	35,2%
Other income	11	10.069.933,48	9.391.389,27	11.128.052,77	6.383.499,67
Administrative expenses	8	(70.666.168,90)	(55.864.338,57)	(42.347.216,64)	(14.438.944,84)
Selling expenses	8	(148.326.558,73)	(212.817.160,41)	(52.788.400,53)	(59.986.305,95)
Other gains / (losses)	10	(67.586.624,85)	(64.978.897,70)	(1.418.086,36)	(94.730.392,76)
Provision for impairment	12	(39.314.046,54)	-	(57.023.401,35)	(64.306.859,96)
Operating Loss		(156.238.642,01)	(114.928.656,09)	(95.677.416,15)	(179.509.847,19)
Finance income	13	5.719.009,83	8.966.942,72	26.364.640,58	2.381.687,81
Finance expenses	13	(66.523.883,17)	(25.478.444,11)	(62.282.421,10)	(20.636.930,94)
Share of net profit of associates accounted for using the equity method		3.841.982,85	3.637.939,24	-	-
(Loss) before tax		(213.201.532,50)	(127.802.218,24)	(131.595.196,67)	(197.765.090,32)
Income tax	14	(6.363.314,28)	(19.303.878,72)	(3.992.043,13)	
Deferred tax	14	1.623.903,64	10.918.411,66	2.419.827,67	10.789.528,02
(Loss) after tax		(217.940.943,14)	(136.187.685,30)	(133.167.412,13)	(186.975.562,30)
Attributed to:					
Shareholders of the parent company		(217.940.943,14)	(140.998.014,47)	(133.167.412,13)	(186.975.562,30)
Non-controlling interests		-	4.810.329,17	-	-
		(217.940.943,14)	(136.187.685,30)	(133.167.412,13)	(186.975.562,30)
Basic and diluted (losses) per share attributed to the shareholders of the parent company		(3,28)	(2,12)	(1,99)	(2,82)
Other comprehensive income					
Amounts that may be transferred in the statement of comprehensive income in the future					
Foreign exchange differences on translation of foreign operations		(8.683.588,04)	(173.179.950,54)	-	-
Revaluation of Fixed Assets		-	(1.017.352,42)	-	-
Recycled to income statement from the sale of investments available for sale		5.314.676,51		5.314.676,51	
Valuation of investments available for sale		(38.679.409,98)	10.530.239,32	(38.679.409,98)	7.042.975,87
Other total income / (expenses) after taxes		(42.048.321,51)	(163.667.063,64)	(33.364.733,47)	7.042.975,87
Amounts that will not be reflected in the statement of comprehensive income in the future					
Actuarial losses of defined benefit plan		(14.550,00)	(65.542,54)	(14.550,00)	(47.000,00)
Income Tax		-	-	-	-
Other cumulative income losses from related companies		-	-	-	-
Cumulative total (losses) after tax for the period		(14.550,00)	(65.542,54)	(14.550,00)	(47.000,00)
Net total (losses) for the period		(42.062.871,51)	(163.732.606,18)	(33.379.283,47)	14.038.951,74
Cumulative total (losses) for the period		(260.003.814,65)	(299.920.291,48)	(166.546.695,60)	(172.936.610,56)
Collective total (losses) for the period corresponding to:					
Shareholders of the parent company		(260.003.814,65)	(304.731.318,51)	(166.546.695,60)	(172.936.610,56)
Non-controlling interests		-	4.811.027,03	-	-
		(260.003.814,65)	(299.920.291,48)	(166.546.695,60)	(172.936.610,56)

The accompanying notes are an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of financial position of 31 December 2018

		Group		Company	
		31 December		31 December	
Note		2018	2017	2018	2017
Assets					
Non-current assets					
Property, plant and equipment	16	141.604.473,18	135.769.134,30	43.794.474,26	45.129.069,13
Investment Property	17	41.584.673,12	41.534.101,42	41.584.673,12	41.534.101,42
Intangible assets	18	5.214.261,14	7.224.053,80	1.459.974,82	2.045.813,55
Investments in subsidiaries	19	3.087.599,00	-	61.202.444,57	53.255.186,23
Investments in associates	20	175.000,00	31.017.312,31	175.000,00	4.326.947,56
Investments available for sale	21	66.978.468,96	206.948.758,15	66.978.468,96	153.328.730,51
Other long-term assets	22	12.210.871,68	4.008.311,79	1.451.173,32	1.146.830,50
Deferred tax receivables	14	456.899,18	-	-	-
Total non-current assets		271.312.246,26	426.501.671,77	216.646.209,05	300.766.678,90
Current assets					
Inventories	23	87.716.870,13	108.570.449,67	41.044.293,08	46.457.928,54
Trade receivables	24	48.483.854,46	78.221.791,05	34.297.370,45	42.766.849,46
Trade receivables from affiliates	24	-	-	15.426.524,79	22.718.394,41
Other receivables	25	382.211,05	4.620.189,01	9.524.773,69	5.374.966,39
Derivative financial instruments	37	1.280,13	7.506,76	-	-
Cash and cash equivalents	26	18.364.923,09	176.679.201,73	6.415.206,69	155.187.215,71
Total current assets		154.949.138,86	368.099.138,22	106.708.168,70	272.505.354,51
				-	-
Total Assets		426.261.385,12	794.600.809,99	323.354.377,75	573.272.033,41
Equity and liabilities					
Equity attributed to the shareholders of the parent company					
Share Capital	27	20.084.463,00	20.084.463,00	20.084.463,00	20.084.463,00
Share Premium	28	78.441.776,20	78.441.776,20	78.441.776,20	78.441.776,20
Other reserves	28	282.686.656,70	301.012.912,44	267.591.646,14	301.272.772,88
Other equity items	28	(2.983.038,01)	5.700.550,03	-	-
Retained Earnings (deficit)		(558.806.285,42)	(340.865.342,28)	(558.295.064,88)	(425.127.652,75)
		(180.576.427,53)	64.374.359,39	(192.177.179,54)	(25.328.640,67)
Non-controlling interests		5.104.994,33	5.178.957,72	-	-
Total equity		(175.471.433,20)	69.553.317,11	(192.177.179,54)	(25.328.640,67)
Long-term liabilities					
Long-term borrowings	30	5.006.075,21	16.770.646,85	-	16.770.646,85
Other long-term liabilities	31	4.278.538,31	25.477.896,32	222.380,00	222.000,00
Provisions	32	407.529,18	3.482.266,79	-	-
Employee benefit obligations	33	2.532.049,43	3.386.496,33	2.413.319,00	2.443.726,00
Deferred tax liabilities	14	11.746.314,99	12.442.146,84	8.918.508,87	11.338.336,54
Total long-term liabilities		23.970.507,12	61.559.453,13	11.554.207,87	30.774.709,39
Short-term liabilities					
Trade and other liabilities	34	98.509.973,95	22.570.910,40	34.250.095,86	93.385.871,96
Trade and other liabilities to affiliates	34	-	-	15.320.457,49	2.047.205,97
Current tax liabilities	14	1.565.223,26	4.169.507,84	-	-
Short-term borrowings	30	462.974.560,10	628.105.419,12	454.406.796,07	472.064.572,59
Derivative Financial instruments	37	-	328.545,15	-	328.314,17
Income Tax Payable	14	14.469.556,88	8.313.657,24	-	-
Provisions	32	242.997,01	-	-	-
Total short-term liabilities		577.762.311,20	663.488.039,75	503.977.349,42	567.825.964,69

		-	-	-
Total liabilities	<u>601.732.818,32</u>	<u>725.047.492,88</u>	<u>515.531.557,29</u>	<u>598.600.674,08</u>
Total equity and liabilities	<u>426.261.385,12</u>	<u>794.600.809,99</u>	<u>323.354.377,75</u>	<u>573.272.033,41</u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

Consolidated statement of changes in equity for the year ended, 31st December 2018

	Group								
	Share Capital (Note 27)	Share Premium (Note 28)	Consolidation Differences	Treasury shares	Other Reserves	Retained Earnings (Losses)	Foreign Exchange Differences	Non-controlling interests	Total Equity
Balance at 1 January 2017	20.084.463,00	81.730.417,03	(85.563.675,68)	(13.409.548,73)	286.524.611,60	1.362.538.329,58	199.531.909,60	32.926.311,46	1.884.362.817,86
Reforms of Funds	-	(3.288.640,83)	85.563.675,68	-	16.427.994,45	(1.563.890.371,46)	-	(31.482.216,98)	(1.496.669.559,14)
Loss after tax	-	-	-	-	-	(140.998.014,47)	-	4.810.329,17	(136.187.685,30)
Valuation of financial assets	-	-	-	-	6.463.235,35	-	-	-	6.463.235,35
Valuation of available for sale investments	-	-	-	-	10.530.239,32	-	-	-	10.530.239,32
Exchange differences	-	-	-	-	-	-	(193.831.361,57)	-	(193.831.361,57)
Actuarial valuation of employee benefit obligations	-	-	-	-	-	(88.882,90)	-	-	(88.882,90)
Comprehensive income after taxes	-	(3.288.640,83)	85.563.675,68	-	33.421.469,12	(1.704.977.268,83)	(193.831.361,57)	(26.671.887,81)	(1.809.784.014,24)
Return capital	-	-	-	-	(1.160.796,65)	-	-	-	(1.160.796,65)
Changes from Affiliate acquisition	-	-	-	-	(3.851.477,54)	-	-	-	(3.851.477,54)
Equity transfers	-	-	-	-	(511.345,36)	1.586.809,29	2,00	(1.075.465,93)	-
Various expenses in equity	-	-	-	-	-	(13.212,32)	-	-	(13.212,32)
Balance at 31 December 2017	20.084.463,00	78.441.776,20	-	(13.409.548,73)	314.422.461,17	(340.865.342,28)	5.700.550,03	5.178.957,72	69.553.317,11
Profit after tax	-	-	-	-	-	(217.940.943,14)	-	-	(217.940.943,14)
Other total income after taxes	-	-	-	-	(33.364.733,47)	-	(8.683.588,04)	-	(42.048.321,51)
Other total income	-	-	-	-	(33.364.733,47)	(217.940.943,14)	(8.683.588,04)	-	(259.989.264,65)
Increase in share capital	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	(316.393,27)	-	-	-	-	(316.393,27)
Other	-	-	-	-	17.133.299,78	-	-	-	17.133.299,78
Acquisition of non - controlling interest	-	-	-	-	-	-	-	(73.963,39)	(73.963,39)
Transfer for regular reserve	-	-	-	-	(1.778.428,78)	-	-	-	(1.778.428,78)
Balance at 31 December 2018	20.084.463,00	78.441.776,20	-	(13.725.942,00)	296.412.598,70	(558.806.285,42)	(2.983.038,01)	5.104.994,33	(175.471.433,20)

The accompanying notes are an integral part of these consolidated and separate financial statements.

Separate statement of changes in equity for the period ended, 31st December 2018

	Company						
	Share Capital (Note 27)	Share Premium (Note. 28)	Treasury shares	Other Reserves	Retained Earnings (losses)	Total	Total Equity
Balance at 1 January 2017	20.084.463,00	78.441.776,20	(13.409.548,73)	307.639.345,74	(238.225.188,53)	154.530.847,68	154.530.847,68
Loss after tax	-	-	-	-	(186.975.562,30)	(186.975.562,30)	(186.975.562,30)
Other comprehensive income	-	-	-	7.042.975,87	(47.000,00)	6.995.975,87	6.995.975,87
Other comprehensive income	-	-	-	7.042.975,87	(47.000,00)	6.995.975,87	6.995.975,87
Cumulative total loss after tax	-	-	-	7.042.975,87	(187.022.562,30)	(179.979.586,43)	(179.979.586,43)
Debt bond valuation results	-	-	-	-	120.098,08	120.098,08	120.098,08
Balance at 31 December 2017	20.084.463,00	78.441.776,20	(13.409.548,73)	314.682.321,61	(425.127.652,75)	(25.328.640,67)	(25.328.640,67)
Loss after tax	-	-	-	-	(133.167.412,13)	(133.167.412,13)	(133.167.412,13)
Other comprehensive income	-	-	-	(33.364.733,47)	-	(33.364.733,47)	(33.364.733,47)
Other accrued income totals	-	-	-	(33.364.733,47)	(133.167.412,13)	(166.532.145,60)	(166.532.145,60)
Purchase of own shares	-	-	(316.393,27)	-	-	(316.393,27)	(316.393,27)
Balance at 31 December 2018	20.084.463,00	78.441.776,20	(13.725.942,00)	281.317.588,14	(558.295.064,88)	(192.177.179,54)	(192.177.179,54)

The accompanying notes are an integral part of these consolidated and separate financial statements.

Consolidated cash flow statement for the period ended 31 December 2018

	Group	
	Year ended 31/12/2018	Year ended 31/12/2017
Operating Activities		
Loss before taxes (continuing operations)	(213.201.532,50)	(127.802.218,24)
Plus / minus adjustments for:		
Depreciation of property, plant and equipment and intangible assets	25.782.637,08	34.301.291,42
Provisions	39.314.046,54	18.199.641,70
Exchange Differences	(16.158.742,21)	(76.836.569,36)
Results (income, expenses, profits and losses) of investing activity		(2.446.577,64)
Interest and associated costs	25.307.138,35	22.547.757,71
Plus / minus adjustments of working capital related to operating activities:		
Decrease / (increase) in inventories	20.853.579,54	-51.149.320,54
Decrease / (increase) in receivables	29.737.936,59	(48.301.020,46)
Decrease / (increase) in liabilities (excluding loans)	75.939.063,55	(1.927.998,07)
Minus :		
Debt interest and related expenses paid	(28.543.100,64)	(13.684.753,81)
Paid taxes	(27.388.027,81)	(43.568.336,26)
Net inflows (outflows) from operating activities (a)	(68.357.001,51)	(290.668.103,55)
Investing activities		
Acquisition of affiliates , associates, joint ventures & other investments	-	(3.473.051,09)
Purchase of property, plant and equipment and intangible assets	(14.443.132,50)	(33.013.113,73)
Proceeds from sales of property, plant and equipment and intangible assets	8.133.750,95	-
Interest received	5.743.523,88	6.892.794,91
Dividends received	3.906.526,57	-
Proceeds from sale of financial assets	47.598.469,37	1.193.075,90
Decrease / (increase) in other long-term receivables	(8.202.559,89)	(891.624,36)
Net inflows / outflows from investment activities (b)	42.736.578,38	(29.291.918,37)
Financing activities		
Loan Proceeds / Payments	132.377.462,24)	164.395.248,05
Proceeds / Payments related to financial leases	-	5.220.071,27
Purchase / sale of treasury shares	(316.393,27)	0
Dividends paid / Return of capital	-	(1.160.796,65)
Total inflows / outflows from financial activities (c)	(132.693.855,51)	168.454.522,67
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	(158.314.278,64)	(151.505.499,25)
Cash and cash equivalents at the beginning of the year	176.679.201,73	328.184.700,98
Cash and cash equivalents at the end of the year	18.364.923,09	176.679.201,73

The accompanying notes are an integral part of these consolidated and separate financial statement

Separate cash flow statement for the year ended on 31st December 2018

	Company	
	Year ended 31/12/2018	Year ended 31/12/2017
Operating Activities		
(Losses) at end of period:	(131.595.196,67)	(197.765.090,32)
Plus / minus adjustments for:		
Depreciation of property, plant and equipment and intangible assets	3.907.912,68	5.813.153,48
Losses to the revaluation of fair value of investment properties	-	32.452.588,86
Losses from the sale of property, plant and equipment and intangible assets	-	3.039.819,21
Losses from foreign exchange products	328.314,17	520.343,68
(Profits) from bond debt exchange	-	(2.000.000,00)
Impairment of investments in subsidiaries and associates	3.400.000,00	34.274.697,53
Provisions for impairment of receivables from affiliates	52.043.641,35	30.032.162,43
Provisions for impairment of receivables from third parties	1.579.760,00	675.459,27
Guarantee obligations for subsidiary loans	-	56.000.000,00
Losses from impairment for inventory obsolescence	224.233,37	1.865.000,00
Interest l income	(39.708,78)	(46.046,06)
Interest expenses	22.713.506,72	20.116.587,26
Income from dividends	(7.937.474,49)	(2.000.000,00)
Provisions for employee benefit t	(30.407,00)	-
Plus / minus adjustments for changes in working capital accounts related to operating activities		
(Increase) / Decrease in inventories	5.413.635,46	(8.303.625,03)
(Increase) of trade and other receivables	(15.457.005,81)	(29.268.345,03)
(Decrease) of trade and other liabilities	(26.932.886,21)	(6.530.190,33)
Interest paid	(19.140.380,42)	(1.048.129,63)
Income Tax paid	(3.992.043,13)	-
Foreign Exchange Differences from valuation of cash and cash equivalents	-	335.641,75
Net (outflows) from operating activities (a)	(115.514.098,76)	(61.835.972,93)
Investment activities		
Purchases of property, plant and equipment	(1.847.686,20)	(2.684.755,60)
Purchase of intangible assets	(81.272,00)	(787.353,95)
Proceeds from the sale of property, plant and equipment and intangible assets	505.786,97	46.469,30
Proceeds from sale of available for sale	47.598.469,37	-
Acquisition of participation in associates	(175.000,00)	(175.000,00)
Acquisition of subsidiaries	(4.580.000,00)	(1.465.842,05)
Return of parent entity capital	-	697.503,56
Dividends received	3.906.526,57	2.000.000,00
Interest received	-	46.046,06
Income from sale of shares	7.365.000,00	-
Net inflows / outflows from investment activities (b)	52.691.824,71	(2.322.932,68)
Financing Activities		
Change in share capital, net of expenses and contributions	-	-
(Purchase) of own shares	(316.393,27)	-
Loans taken	20.941.694,39	197.108.741,19
Loan repayment	(104.206.052,12)	(4.188.351,87)
Payment of finance lease liabilities	(2.368.983,97)	(3.098.890,75)
Net inflows / outflows from financing activities (c)	(85.949.734,97)	189.821.498,57
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	(148.772.009,02)	125.662.592,96
Cash and cash equivalents at the beginning of the year	155.187.215,71	29.524.622,75
Cash and cash equivalents at the end of the year	6.415.206,69	155.187.215,71

The accompanying notes are an integral part of these consolidated and separate financial statements.

Notes to the Financial Statements

1. General Information

The Company Folli Follie Commercial Manufacturing and Technical Société Anonyme (hereinafter the Company) was founded in Greece in 1982. The Company is the parent company of the Group "Folli Follie Commercial Manufacturing and Technical Societe Anonyme" (called "Group"). The structure of the Group and the subsidiaries are presented in [Note 7](#) of the financial statements.

The Company and its subsidiaries (hereinafter "Group") are active in the fields of jewellery manufacturing, clothing - footwear and department stores. The Company is a Greek Societe Anonyme with General Trading Registration Number 3027701000 and its headquarters are in Ag. Stefanos of Attica. The Company is active in the fields of jewellery manufacturing, clothing - footwear and department stores.

The attached consolidated and corporate financial statements have been approved by the Board of Directors of the Company on 7 July 2020 and are subject to the approval of the shareholders at the annual General Meeting.

2. Framework for structuring and basis for presentation of the financial statements

2.1 Basis of Presentation and consolidation

The consolidated and separate financial statements for the fiscal year ended December 31, 2018, have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and have been adopted by the European Union (EU) and present the financial position, results and cash flows of the Group and the parent Company based on the principle of continuing activity. In this context, the Management considers that the principle of continuing concern is the appropriate basis for the preparation of this financial information. There are no standards and interpretations of standards that have been implemented before the mandatory start date of their implementation.

The consolidated and separate financial statements are based on the principle of historical costs in addition to the following:

- Financial assets and derivative financial instruments valued at fair value and,
- Defined benefits program - assets of the program that are valued at fair value.

Despite the efforts of the Company's Management and given the extremely significant difficulties faced by the latter during the preparation of the financial statements for the fiscal year 2018 and the restated financial statements for the fiscal year 2017, the Company's Management did not manage to prepare financial statements of the Company and the Group for the fiscal year 2018 and restated financial statements for the fiscal year 2017 of the Company and the Group, that will fully correspond with the International Accounting Standards and International Financial Reporting Standards adopted by the European Union.

The publication of the report of the hedge fund Quintessential Capital Management (QCM) on 4.5.2018, which challenged individual elements of the company's consolidated financial statements, was the beginning of a particularly unfavourable period for the Company, during which, the Company was challenged with strong liquidity problems, which were caused mainly due to the burden and / or termination of the Company's relations with both its creditors and important suppliers, but also due to the aggressive legal actions of which the Company became the recipient (such as termination of contracts from Greek banks, complaints of distribution contracts from suppliers, complaints of bond loans, applications for precautionary measures and lawsuits from shareholders and investors, commitment of the Company's properties by the Anti-Money Laundering Authority).

In order to deal with this problem, the Management of the Group and the Company, initially, in the context of ensuring and protecting its activity from the multiplied aggressive actions, submitted an application for precautionary measures in accordance with article 106a par. 6 of the Law. 3588/2007, as amended and in force, on which a temporary order was issued, until the discussion and the issuance of a decision on the precautionary measures of the Company, which was finally issued on 19/10/2018 and was rejected. At the same time, after continuous negotiations, on February 14, 2020, the Board of Directors of the Company approved the conclusion of an updated preliminary agreement (Term Sheet) with a group of creditors - bondholders regarding the proposed Financial Statement of its financial restructuring, aimed at the Company, for the introduction of the latter in the consolidation process, based on an agreement with its creditors according to the provisions of Law 3588/2007 of the Bankruptcy Code, as amended by Law 4446/2016 (Article 106b). This agreement was approved by an overwhelming majority of the General Meetings of the Company's bond creditors on 6 and 20 March 2020.

Since then, the Management of the Company, together with its advisors and the advisors of its creditors, specializes and finalizes the terms of the consolidation agreement as provided in articles 106b and 106d of the Bankruptcy Code.

The Company considers that within the next few days it will initiate the procedure for inviting its bond creditors to a consensus on the final terms of the above consolidation agreement, which - if approved by the relevant general assemblies - will be submitted to the Athens Multi-Member Court of First Instance.

The Management in the attached consolidated financial statements of the year 2018 and in the comparative ones of 2017 as well as in the relevant notes provides information where these could be found. Due to the departure of many executives of the Group in the period May 2018 - December 2019, in many cases it was not possible to find reliable data. Error corrections and adjustments were made based on available data such as the Alvarez & Marsal finding and other data that emerged from the evaluation of the data taken into account by this Management.

The consolidated and separate financial statements are presented in Euros which is the currency in which the Group and the Company operate.

2.2 Critical accounting estimates and judgements

The preparation of financial statements, according to IFRS, requires the Management to make assessments, assumptions and judgments that affect the balances of assets and liabilities accounts, notification of possible receivables and liabilities as well as revenues and expenses presented within the period under examination. The actual results may differ from these estimates.

The Group and the Company make accounting estimates, assumptions and judgments in order to apply the most appropriate accounting principles in relation to future developments and transactions. These estimates, assumptions and judgments are reviewed periodically in order to respond to current data and reflect current risks and are based on the previous experience of Management in relation to the level / volume of related transactions or events. The key estimates and judgments mentioned in the data, the development of which could affect the funds of the financial statements in the next 12 months, are as follows:

2.2.1 Critical accounting estimates and assumptions

(a) Income tax

The Group and the Company are subject to periodic audits by local tax authorities, the process of determining income tax and deferred taxation is complex and requires a great deal of estimates and judgment. There are many transactions and calculations for which the final tax determination is uncertain. In case tax issues have not been settled with the local authorities, the management of the Group and the Company takes into account the past experience and the advice of experts in tax and legal issues in order to analyse the specific facts and conditions, to interpret the relevant tax legislation, to assess the position of the tax authorities in similar cases and to decide whether it is necessary to recognize relevant provisions or to disclose possible obligations.

If the final result of the audit is different from the initially recognized one, the difference will affect the income tax and the deferred tax receivable / payable during the period of finalization of the result.

(b) Recovery of deferred tax receivables

Deferred tax receivables include amounts relating to tax losses of previous years. In most cases, depending on the cause, such tax losses are available for offsetting for a limited period of time from the time they occur. The Group and the Company make assumptions as to whether these deferred tax receivables can be recovered, using the estimated future taxable income in accordance with the approved business plan and the budget of each company.

(c) Fair value of derivatives and other financial instruments

The Group and the Company use derivative financial instruments to offset the risks associated with future interest rate fluctuations but do not apply hedge accounting. The fair value of derivatives is determined by the counterparty banks and its change is reflected in the situation of total income.

(d) Provisions for impairment on receivables

The Management of the Group and the Company estimate the write-downs of receivables based on specific overviews on the open balance of its customers. The Group and the Company shall periodically reassess the adequacy of the provision relating to the amount of doubtful debts under the credit policy and taking into account data of its Legal Service, resulting from the processing of historical data and recent developments in the cases it manages.

(e) Programs of specific benefits

The present value of the pension benefits of the defined staff benefits programs of the Group and the Company, is based on a number of factors determined by the use of actuarial methods and assumptions. One such actuarial assumption is the discount rate used to calculate the cost of the benefit. Any changes to these assumptions will affect the rest of the pension liabilities. The Group and the Company determine the appropriate discount rate at the end of each fiscal year. This is defined as the interest rate that should be used to determine the present value of future cash flows, which are expected to be required to meet the liabilities of retirement plans. To determine the appropriate discount rate, the Group and the Company use the low risk interest of corporate bonds, which are converted into the currency to which the liability will be paid, and whose maturity date is close to that of the relevant pension liability.

Other important assumptions of pension benefits are based in part on current market conditions. Further information is provided in [Note 33](#).

(f) Provisions for legal cases

The Group and the Company have pending legal cases. The Management uses its judgment as well as the available information provided by the legal service of the Group and the Company in order to assess the possible result of these cases and to evaluate the potential pertinent financial opening.

If there is a possibility of a negative outcome, and this can be estimated reliably, then the Group and the Company proceed to the formation of the necessary provisions. The forecasts, where required, are calculated on the basis of the present value of the administration's estimates of the expenditure that will be required to settle the expected liabilities at the date of preparation of the financial statements.

(g) Estimation of the "fair value" of real estate investments

The most appropriate indication of "fair value" is the current values that apply to an active real estate market of related properties. If it is not possible to find such information, the Group and the Company determine the value within a range of rational estimates of "Fair values". To make such a decision, the Group and the Company take into account data from a variety of sources, including:

- (i) Current prices in an active real estate market of a different nature, situation or location, which have been adjusted to reflect these differences.
- (ii) Recent prices of such real estate in less active markets, adjusted to reflect any changes in the economic conditions that took place from the date of the respective transactions at those prices, and

- (iii) Pre-paid future cash flows, based on reliable estimates of future cash flows, derived from terms of contracts / realized transactions, using discounted interest rates that reflect the current market momentum and the uncertainty. cash flows.

(h) Depreciation of tangible fixed assets

The fixed assets of the Group and the Company are depreciated according to their useful life. These useful lives are re-evaluated periodically to assess whether they continue to be appropriate. The useful lives of fixed assets may be differentiated by factors such as technological innovation and maintenance programs.

(i) Possible requirements and obligations

Possible liabilities are not recognized in the financial statements but disclosed, unless the probability of an outflow of resource that incorporates financial benefits is minimal. The Group and the Company make estimates and assumptions on each date of preparation of the financial statements, taking into account all available data, to determine whether a provision for cash flow needs to be recognized. Possible claims are not recorded in the financial statements but are notified in case of a possible inflow of financial benefits. More information regarding the possible obligations of the Group and the Company is included in [Note 36](#) of the consolidated and corporate financial statements.

(j) Continuation of activity (going concern)

The management of the Group and the Company evaluate the Company regarding its ability to continue to apply as a suitable basis for the preparation of financial statements the principle of "Going Concern", according to the approved business plans of the Group and the Company for a period of two years. The assessments and related assumptions used to draw up such business plans are based on experience and a number of other factors that are considered reasonable under the circumstances, and are reviewed on an ongoing basis, taking into account current and expected future market conditions. The preparation of business plans also involves long-term assumptions about important economic factors and also presupposes the use of a high degree of reasonable judgment to determine these assumptions. If these judgements turn out to be wrong over time, the management's assessment regarding the use of the principle of continuing activity may be affected.

The main mission of the current Management of the Company is to progress and carry out the process of consolidation of the Company. In this context, after the favourable vote on the terms of the financial restructuring proposed by the Company ("Restructuring Term Sheet") by the general meetings of the Company's bond creditors with an overwhelming majority on 6 and 20 March 2020 (see below Chapter 12 hereof), the Company specifies and finalizes the terms of its consolidation agreement in accordance with the provisions of Articles 106b and 106d of the Bankruptcy Code. The Management estimates that within the next few days it will initiate the procedure for inviting its bond creditors to an agreement on the final terms of the above consolidation agreement, which - if approved by the relevant general assemblies - will be submitted to the Multi-Member Court of First Instance.

The inclusion of the Company in the consolidation process will make it possible to restructure the Company's debt, creating the required stable capital structure and financial position, which will allow the Company to operate and continue its business activity on a healthier basis.

Based on the above, the Management prepared the financial statements based on the principle of ongoing activity.

2.2.2 Important judgments during the application of accounting policies.

(a) Impairment of the value of financial assets available for sale

The Group and the Company follow the requirements of the IFRS to determine when a financial investment available for sale has been impaired. This decision requires a significant judgement in which the Group and the Company assess, inter alia, the duration and extent to which the fair value of the investment is less than its cost, as well as the financial "health" and the short term, its business future, including factors such as the performance of the operating industry, changes in technology and its operating and financial cash flows.

(b) Impairment of non-financial assets and investments

The Group and the Company check on each date of preparation of the financial statements if there are any indication of impairment for its non-financial assets, its investments in affiliated companies and consortia. If there are indications, the Group and the Company assess the recoverable value of their assets. In order to determine whether there are relevant indications but also to determine the cash flow production units, an exercise of judgement is required.

(c) Classification of assets

The Group and the Company determine whether a property is classified as a tangible fixed asset, inventory or investment property as follows:

- (i) Tangible fixed assets: Land and buildings used mainly by or for the activities of the Group and the Company, are classified as tangible fixed assets.
- (ii) Investment properties: Investment properties include land and buildings, which are not actually used by or for the activities of the Group and the Company, but are mainly held for long-term leases, capital increases or for future sale.

(d) Asset impairment review Tangible fixed assets are considered for impairment when there is evidence that their book value may not be recoverable. If there are indications, the Management assesses the expected future cash flows from the respective assets or cash flow creation unit and selects an appropriate discount rate to calculate the present value of these cash flows.

2.3 Accounting Policies and Disclosures

The accounting policies adopted are in line with those adopted during the previous financial year in addition to the following standards which the Group and the Company have adopted on 1 January 2018. It is noted that it was not possible to adopt IFRS 9 "Financial Assets" and IFRS 15 "Revenues from contracts with customers" by the Group and the

Company. Therefore, the financial instruments were recorded in accordance with IAS 39 and revenues in accordance with IAS 18.

IFRS 2: Classification and measurement of benefits depending on the value of the shares (Amendments)

The amendments provide claims for the accounting requirements (a) of the effects of the conditions of registration and the conditions that do not constitute a registration, of the measurement of benefits that depend on the value of shares and are settled in cash, (b) benefits that depend on the value of shares the possibility of offsetting the obligations of withheld taxes and (c) the accounting handling of the modifications of terms and conditions of benefits depending on the value of the shares, which differentiates the classification of a transaction from cash settlement to a transaction settled by equity securities. The Management evaluated the effect of the amendments and did not affect the accounting policies, the financial position or the financial performance of the Group and the Company.

IAS 40: Reclassification in Investments Properties (Amendments)

The amendments specify when an entity reclassifies a property, including property under construction or development, to or from investments properties. The amendments state that a change in the use of a property takes place when the property meets or ceases to meet, the definition of investment properties and there exists a clear indication of this change. Simply changing the administration's intentions to use the property does not prove a change in its use. The Management evaluated the effect of the amendments and did not affect the accounting policies, the financial position or the financial performance of the Group and the Company.

INTERPRETATION IFRIC 22: Foreign currency transactions and advances

The Interpretation clarifies the accounting handling of transactions involving the collection or payment of an advance in foreign currency. Interpretation examines foreign currency transactions where the entity recognizes a non-monetary asset or non-monetary liability arising from the receipt or payment of an advance, prior to the initial recognition of the relevant asset, output or income. The interpretation states that the date of the transaction, for the determination of the exchange rate, is the date of the initial recognition of a non-monetary asset advance or a deferred income. If there are multiple payments or advance payments, the financial entity must set a transaction date for each payment and advance payment. The Management evaluated the effect of the interpretation and did not affect the accounting policies, the financial position or the financial performance of the Group and the Company.

The IASB has issued a new cycle of annual upgrades of IFRS 2014 -2016, which is a collection of IFRS amendments.

- IAS 28 Investments in associates and joint ventures: the amendments specify that the choice of measurement in fair value through results, an investment in associates or joint ventures held by an entity that is an investment management entity or another similar financial entity, can be effected separately for each investment in associates and joint ventures, upon initial recognition.

2.4 Standards that have been issued but do not apply in the current accounting period and the Group and the Company have not adopted earlier

IFRS 16: Leases

The standard applies to annual accounting periods beginning on, or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and notification of leases for both parties to the contract, i.e. for the customer ("lessee"). and the supplier ("lessor"). The new standard requires tenants to recognize most leases in their financial statements. Employees will have a single accounting framework for all leases, with some exceptions. The accounting of the tenants remains virtually unchanged.

The standard is not expected to significantly affect their consolidated and corporate financial statements during its initial implementation, as discussed below.

Transition to the new standard

The Group and the Company will apply the IFRS 16 for the first time on 1 January 2019 using the modified retroactive approach. Based on this approach, the Group and the Company a) will recognize an obligation which will be measured in the present value as it results from the prepayment of the remaining rents to be paid with the additional lending rate that was in force on the day of initial application and b) will recognize a right to use a fixed asset as well as an obligation with the difference being recorded in the retained earnings. Any effect of the application of the standard will be recorded as an adjustment to the retained earnings on January 1, 2019, without any change in the comparative information. The Group and the Company will additionally use the exception provided by the standard regarding the determination of rents. This practically means that the requirements of IFRS 16 will apply to all contracts that were in force on 1 January 2019 and were recognized as leases based on IAS 17 and IFRIC 4. In addition, the Group and the Company will use its exceptions of the standard with respect to leases lasting less than 12 months on the date of initial application of the standard and for leases of low value fixed assets. Finally, the Group and the Company decided to apply a single discount rate to each category of leases with similar characteristics (such as leases with a similar duration, for similar fixed assets and in a corresponding economic environment).

Based on the available information, the Group and the Company estimate that the impact of the standard on the financial position on January 1, 2019 will be significant and are currently examining the impact of IFRS 16 on financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates Companies and Joint Ventures - Modification: Sale or sale of assets between an investor and his or her co-owner or consortium

The amendments deal with a recognized inconsistency between the requirements of IFRS 10 and those of IAS 28, in dealing with the sale or contribution of assets between the investor and his or her associate or joint venture. The main consequence of the modifications is that a full profit or loss is recognized when the transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when the transaction includes assets that do not constitute a business, even if those assets are housed in a subsidiary. In December 2015, the IASB postponed indefinitely the date of implementation of this amendment, awaiting the result of its work on the equity method. The amendments have not yet been adopted by the European Union.

IFRS 9: Prepayment Features with Negative Compensation (Amendments)

The amendment applies to annual accounting periods beginning on or after January 1, 2019, while earlier application is permitted. The amendment clarifies that financial assets with the right of prepayment that allow or require a Contracting Party to either pay or receive reasonable compensation for the early termination of the contract (in the sense that the holder of the asset may be liable due to early repayment) may be measured at amortised cost or fair value through profit or loss. The Management has assessed the impact of the amendment and considers that it will not affect the accounting policies, the financial position or the financial performance of the Group and the Company.

IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)

The amendments are applied for annual accounting periods starting on or after 1 January 2019, while earlier application is allowed. The amendments relate to whether the measurement (and especially the impairment) of long-term interest in associates and joint ventures, which are essentially part of the net investment in the associate or joint venture, is governed by IFRS 9, IAS 28 or a combination of the two standards. The amendments make it clear that must apply IFRS 9 before applying IAS 28 to these long-term interest for which the equity method does not apply. In implementing IFRS 9, the entity does not take into account any adjustments to the book value of long-term interests arising from the application of IAS 28. The amendments have not yet been adopted by the European Union. The Management has evaluated the impact of the amendments and considers that they will not affect the accounting policies, the financial position or the financial performance of the Group and the Company.

INTERPRETATION IFRIC 23: Uncertainty about Income Tax Considerations

Interpretation applies to annual accounting periods beginning on or after 1 January 2019 while earlier application is permitted. Interpretation provides guidance on how to deal with the uncertainty involved in tax handling, when accounting for income taxes. The interpretation provides additional clarification on the examination of uncertain tax credits individually or jointly, the examination of tax credits by the tax authorities, the appropriate method to reflect the uncertainty of the acceptance of the opinion by the tax authorities as well as the changes in facts and circumstances. The Management has evaluated the effect of the interpretation and considers that it will not affect the accounting policies, the financial position or the financial performance of the Group and the Company.

IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)

The amendments are applied for annual accounting periods starting on or after 1 January 2019, while earlier application is allowed. The amendments require entities to use up-to-date actuarial assumptions to determine the current service cost and net interest for the remainder of the reporting period, after a plan amendment, curtailment or settlement of a defined benefit plan. The amendments also specify that the application of the requirements of the asset's ceiling is affected by the accounting handling of a plan amendment, curtailment or settlement of the specified benefit plan. The amendments have not yet been adopted by the European Union. The Management has evaluated the impact of the amendments and considers that they will not affect the accounting policies, the financial position or the financial performance of the Group and the Company.

Conceptual framework of International Financial Reporting Standards

The IFRS issued the revised conceptual framework for financial information on March 29, 2018. The conceptual framework sets out a comprehensive set of concepts for financial information. These concepts help to set standards, guide authors to develop consistent accounting policies and support their efforts to understand and interpret standards. The International Accounting Standards Council has also issued an accompanying document, Amendments to the References to the Conceptual Framework, which sets out the modifications of the standards that are affected in order to update the references in the revised conceptual framework. The aim of the document is to support the transition to the revised conceptual framework of IFRS for companies adopting the conceptual framework to develop accounting policies when no IFRS standard is reported. For authors who develop accounting policies under the conceptual framework, this applies to annual periods beginning on or after 1 January 2020.

IFRS 3: Business Combinations (Amendments)

The IASB has issued amendments to the definition of a Company (amendments to IFRS 3) in order to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments apply to business mergers for which the acquisition date is determined in the first annual accounting period beginning on or after 1 January 2020 and for the acquisition of assets occurring at or after the commencement of that period, whereas earlier application is permitted. The amendments have not yet been adopted by the European Union. The Management has evaluated the impact of the amendments and considers that they will not affect the accounting policies, the financial position or the financial performance of the Group and the Company.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Significance (Amendments)

The amendments apply to annual accounting periods beginning on or after January 1, 2020, where an earlier application is permitted. The amendments clarify the definition of significance and the way in which it should be implemented. The new definition states that "information is considered significant if, when omitted, concealed or is inaccurate, it is reasonably expected to affect the decisions of the principal users of the financial statements they receive on the basis of these financial statements which provide financial information on that entity". In addition, the explanations that accompany the definition of significance have been improved. The amendments ensure that the definition of significance is consistent with all IFRS standards. The amendments have not yet been adopted by the European Union. The Management has evaluated the impact of the amendments and considers that they will not affect the accounting policies, the financial position or the financial performance of the Group and the Company.

The IASB has issued a new cycle of annual upgrades of IFRS 2015 -2017, which is a collection of IFRS amendments. The amendments are applied for annual accounting periods starting on or after January 1, 2019, while earlier application is allowed. These upgrades have not yet been adopted by the European Union. The Management has evaluated the impact of the upgrades and considers that they will not affect the accounting policies, the financial position or the financial performance of the Group and the Company.

- **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:** Amendments to IFRS 3 clarify that when an entity acquires control of a joint venture, the entity re-measures its previous participation in that business. Amendments to IFRS 11 clarify that when an entity acquires joint control of a joint venture, the entity does not re-measure its previous participation in that business.
- **IAS 12 Income Taxes:** the amendments specify that the implications of tax payments for financial instruments that are categorized as equity, should be recognized depending on where the transactions or events of the past that created the distributable profits have been recognized.
- **IAS 23 Borrowing costs:** the amendments specify paragraph 14 of the standard so that when a property that meets the requirements is ready for use for which it is intended or for sale and part of a loan taken specifically for that asset remains open, at that time, this cost of borrowing this must be included in the capital derived from general borrowing.

1. Significant Accounting Principles

2.1 Basis of Consolidation

The consolidated financial statements include the financial statements of Folli Follie Commercial Manufacturing And Technical Societe Anonyme and all subsidiaries in which the Company is able to exercise control, other than the following for which the collection and processing of the necessary data was not possible:

1. Links of London (International) Ltd
2. Links (London) Limited
3. Links of London Com Ltd (UK)
4. Links of London Inc (USA)
5. Links of London Japan Co Ltd
6. Links of London (Asia) Ltd
7. Juicy Couture Ireland Ltd
8. Strenaby Finance Ltd
9. Juicy Couture Europe Ltd
10. Folli Follie UK LTD
11. Qivos S.A.

3.1.1 Subsidiaries

Apart from the aforementioned, all the subsidiaries of the Group (companies in which the Group has direct or indirect ownership of at least 50% of the voting rights or has the power to exercise control over the Investors' Council) have been consolidated. At each date of the financial statements, the Group shall reconsider whether it exercises effective control over the investments, in the event that there are events or situations which suggest a change in the indications of the effective audit. The subsidiaries are consolidated with total consolidation from the date the control is acquired by the Group and cease to be consolidated from the date that such control does not exist.

Business combinations are accounted for by the Group based on the acquisition method. The cost of the acquisition is calculated as the total of the consideration transferred calculated on the date of acquisition to the fair value and the amount of any non-controlling interests entries (previously minority rights) to the acquired. For each business combination, the acquirer calculates the non-controlling interest on the acquired in proportion to the net recognizable assets of the acquirer. Expenditure on acquisition is recorded in the statement of comprehensive income.

During the acquisition date, the Group assesses the acquired assets and liabilities for their proper classification and determination in accordance with the terms of the contract, the financial circumstances and the relevant conditions at the date of acquisition. This includes the separation of the embedded derivatives in the host contracts from the acquired one. In a merger that is gradually being achieved, the Group is re-counting the pre-existing rights held by the acquired in the fair value at the date of acquisition with the difference being transferred to the results. Any contingent consideration transferred by the acquirer will be recognized at fair value at the date of acquisition. Any subsequent changes in the fair value of the contingent consideration, which are deemed to be an asset or liability, will be recognized in accordance with IFRSs either in results or as a change in other comprehensive income. If the contingency is classified as an item of net assets, it is not recalculated until the subsequent settlement is accounted for in the net assets. If the possible consideration does not fall within the scope of IAS 39, it is measured in accordance with the relevant IFRS.

Goodwill is initially valued at cost in excess of the amount transferred in addition to the amount recognized as non-controlling interest in the net recognized assets acquired and liabilities. If the fair value of the net assets at the date of acquisition of a company is greater than the price given for its acquisition, then the difference is recorded directly in results in the total income statement.

After initial recognition, goodwill is measured in cost minus any accumulated impairment losses. For impairment review purposes, the amount of goodwill obtained from a business combination, from the date of acquisition, is allocated to each of the cash flow creation units, which are expected to benefit from the merger, regardless of whether other assets or liabilities acquired have been assigned to these units.

When goodwill is part of a cash flow creation unit and part of the unit's activity is sold, the goodwill associated with the activity sold is included in the book's carrying amount to determine the profit or loss from the sale of that activity. The goodwill sold in this case is measured on the basis of the relative values of the activity sold and the percentage of the cash flow unit maintained.

Transactions between Group companies, balances and unrealized profits / losses related to transactions between Group companies are eliminated. The accounting authorities applied by the subsidiaries have been adapted where necessary to harmonize with those adopted by the Group. A change in ownership of a subsidiary, without loss of control, is considered a transaction of equity. Profits or losses from transactions between subsidiaries, and other income, are attributed to uncontrolled contributions, even if this leads to a deficit.

3.1.2 Participation in associates and equity method accounting

The Group's investments in other entities in which it has substantial influence but no control, which generally applies when the participation rates range between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method. According to the equity method, investments are initially recognized in acquisition costs, which increase or decrease with the recognition of the group's share in profits or losses of associates after the acquisition, with changes in the investor's share in other changes in equity of the relative company, with dividends received and with any impairment of its value. By way of derogation from the above, the participation in the company "Marina Mytilinis" was not consolidated, as it was not possible to collect and process the necessary data.

When the Group's share in post-acquisition losses is equal to or exceeds the acquisition cost, the Group does not recognize further losses unless it has assumed legal or contractual obligations or made payments on behalf of the associate.

The Group shall consider on each date of preparation of the financial statements, if there are any indications of impairment of participation in associates. If a participation is to be devalued, the Group calculates the amount of the devaluation as the difference between the recoverable amount of the participation and the balance in the Group's books.

The consolidated statements of total income reflect the ratio of the Group to the results of the associate. The consolidated statements of other total income / (losses) reflect the Group's ratio to the other income of the company. Unrealized profits or losses, which come from Group transactions and the related business, are eliminated by the Group's participation rate in the associate. The accounting policies of the associates have been modified appropriately where necessary to reflect the Group's accounting policies.

3.1.3 Joint Arrangements

The Group applies IFRS 11 to all joint arrangements in which it participates. According to IFRS 11, joint arrangements are classified either as joint activities or as joint ventures, depending on the contractual rights and obligations of each investor.

Joint ventures are accounted for by the equity method. Under the equity method, joint venture investments are initially recognized at acquisition costs, which are subsequently increased or decreased by recognizing the Group's share in consortium profits or losses and changes in other total income after acquisition. In the event that the Group's share of the joint venture's losses is equal to or exceeds the value of the investment, the Group does not recognize additional losses, unless payments have been made or further commitments have been made on behalf of the joint venture. Unrealized profits related to transactions between the Group and the joint ventures are eliminated in the Group's participation rate in the joint venture. Unrealized damages are also eliminated unless the transaction is an indication of the impairment of the asset being transferred. The accounting authorities of the joint ventures have been amended where necessary to ensure consistency with the Group's accounting authorities.

Joint operations arise where the Group has rights to the assets and liabilities of the joint operations. The Group recognizes its share of assets, liabilities, revenues and expenses of the joint operations, including the proportion of those held or acquired jointly, in the respective funds of its financial statements.

Following the implementation of the equity method, the Group shall determine whether it is necessary to recognize impairment damage in its investment in the associate or joint venture. On each date of the financial statements, the Group assesses whether there is any objective evidence that the investment in the associate or joint venture has been impaired. In the event that such information exists, the Group calculates the amount of the impairment as the difference between the recoverable value of the investment and its carrying amount and then recognizes the loss on the line "Investments that are accounted for using the equity method" in the consolidated statement of comprehensive income.

3.2 Segment Reporting

The segments are determined and presented in the financial statements based on the internal information received by the Management of the Group and the Company. The Management of the Group and the Company is responsible for the allocation of resources and the evaluation of the efficiency of the sectors as well as for the strategic decisions of the Group. It was not possible to gather the necessary information to present what the IFRS 8 "Operating Segments" stipulates.

3.3 Current/Non-current Classification

The Group and the Company present the assets and liabilities as separate classes in the financial position using the classification of circulating / non-circulating data. An asset is classified as circulating when:

- They expect to liquidate the asset or intends to sell or consume it during the normal course of its exploitation cycle,
- Owns the asset mainly for commercial purposes
- expect to liquidate the asset within twelve months of the reference period

or,

- The asset consists of cash or cash equivalents unless there is a restriction on its exchange or use for the settlement of an obligation for at least twelve months after the reference period.
- The Group and the Company classify all other data as non-circulating.

The Group and the Company classify a liability as short-term when:

- They expect to settle the liability during the normal course of its operation cycle,
- They own the liability mainly for commercial purposes,
- The liability is expected to be settled within twelve months of the reference period

or,

- The entity does not have an unconditional right to defer settlement of the obligation for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as long-term.

Deferred tax receivables and liabilities are classified as non-current assets and liabilities.

3.4 Fair Value of financial assets

Fair value is the price one would receive for the sale of an asset or paid for the transfer of an obligation to a normal transaction between market participants at the date of measurement. The measurement of fair value is based on the assumption that the transaction of selling an asset or transferring an obligation takes place either:

- In the primary market for the asset or liability
- In the absence of a primary market, in the most advantageous market for the asset or liability.

The main or most profitable market should be accessible to the Group and the Company.

The fair value of an asset or liability is measured using the assumption that market participants would use when pricing an asset or liability, assuming that market participants act in their best financial interest.

The measurement of the fair value of a non-financial asset takes into account the ability of a market participant to create financial benefits from the use of the asset in its higher and optimal use or from its sale to another market participant who could use the asset in its highest and best use.

The Group and the Company use appraisal techniques appropriate to the circumstances and for which there is sufficient data available to measure fair value, maximizing the use of relevant observable data and minimizing the use of non-observable data.

For all assets and liabilities for which fair value is measured or disclosed in consolidated and corporate financial statements, it is categorized within the fair value hierarchy. This is described based on the lowest data level that is important for measuring fair value as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs for the asset or liability.

For assets and liabilities recognized in consolidated and separate financial statements, on a recurring basis, the Group and the Company determine whether reclassifications have been made between the levels of the hierarchy by reassessing the classification (based on the lowest level of data available). important for the measurement of fair value as a whole) at the end of each reference period.

For the purpose of disclosure of fair value, the Group and the Company determine the categories of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of value hierarchy, such as explained above.

3.5 Recognition of Revenues

Revenues are measured at the fair value of the amount collected or collected, net of Value Added Tax, discounts and refunds. The Company recognizes the revenue to the extent that it is likely that the financial benefits will flow into the Company and the relevant amounts can be measured reliably. Revenue recognition is as follows:

Sales of Goods

Sales of goods are recognized when the Company delivers the goods to the customers, the goods are accepted by them and the collection of the payable claim is reasonably guaranteed. Wholesale of goods is done mainly on credit.

Rendering of Services

The income from service contracts with a predetermined price is recognized on the basis of the stage of completion of the service on the date of the financial position. According to this method, the revenue is recognized on the basis of the proportion of services provided up to the reporting date of the financial statements, in relation to the total number of services to be performed.

When the result of a transaction involving the provision of services cannot be properly assessed, the revenue is recognized only to the extent that the recognized expenses are recoverable.

In cases where the initial estimates of income, expenses or the degree of completion have changed, these changes may lead to increases or decreases in the estimated income or expenses and appear in the income of the period.

Dividends

Dividends are considered income when the right to collect them is established.

Income from Interest

Interest income is recognized on a time-by-rate basis and using the actual interest rate.

Income from Rent

Revenue from operating leases is recognized in the results by the fixed method during the lease and under the lease agreements.

3.6 Government grants

According to the data available to this Management, the Group and the Company have not received government grants

related to the subsidy of tangible fixed assets.

3.7 Current and Deferred Income Tax

Income taxes include current income tax based on the profits of each company, as adapted to the income tax return, additional income taxes resulting from tax audits by tax authorities and deferred income tax taxes based on the instituted tax rates.

The deferred income tax is calculated using the method of liability for all temporary differences on the date of the consolidated and corporate financial position between the tax base of assets and liabilities, and their accounting values for financial information purposes.

Deferred tax liabilities are recognized for all taxable temporary differences:

- Unless the obligation for deferred income tax arises from the depreciation of the goodwill or the initial recognition of an asset or liability item in a transaction which is not a merger of companies and at the time of the transaction does not affect either the accounting profit or the taxable profit the damage; and,
- Regarding temporary tax disputes related to investments in subsidiaries, related companies and joint ventures other than when the time of reversal of temporary disputes can be controlled and it is possible that temporary disputes will not be reversed in the foreseeable future.

Deferred tax receivables are recognized for all deductible temporary disputes and transferable tax losses, to the extent that it is likely that a taxable profit will be available which will be used against deductible temporary disputes and transferable unused tax credits.

Except in the case where the claim for deferred income tax relating to deductible temporary differences arises from the initial recognition of assets or liabilities in a transaction that is not a merger of companies and at the time of the transaction does not affect either the accounting profit or the tax profit or loss, and,

With regard to deductible temporary differences related to investment in subsidiaries, relatives and joint ventures, a taxable income tax claim is recognized to the extent that it is likely that temporary differences will be reversed in the foreseeable future and a taxable profit will be available. temporary disputes.

Deferred tax receivables are revalued at each date of preparation of consolidated and corporate financial statements and are reduced to the extent that it is not considered likely that there will be sufficient taxable profits against which part or all of the receivables from deferred income taxes may be used.

Deferred tax receivables and liabilities are calculated on the basis of tax rates that are expected to take effect when the claim is made or the obligation is settled, and are based on tax rates (and tax laws) that are in force or have been enacted or substantially be instituted on the date of drafting the consolidated and corporate financial statements.

Deferred tax receivables and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and liabilities and when deferred income taxes relate to the same tax authority. Current tax claims and liabilities are offset when there is a legally enforceable right to offset and the intention to settle on a net basis or to acquire the asset and settle the liability at the same time.

3.8 Conversion of Foreign Currencies

3.8.1 Functional Currency and Presentation Currency

Items included in the financial statements of the Group and Company and each subsidiary are measured using the currency of the primary economic environment in which they operate (functional currency). The consolidated and separate financial statements are presented in euros, which is the functional currency of the Company and its subsidiaries and the Group's presentation currency. The amounts are rounded to two decimal places.

3.8.2 Transactions and balances

Transactions in foreign currencies are converted into operating currency using the exchange rates that exist on the date of the transactions. Receivables and liabilities in foreign currency on the date of preparation of the financial statements are converted using the exchange rates of the day of preparation of the financial statements. Profits and losses from foreign exchange differences arising from the settlement of such transactions and from the conversion of monetary assets and liabilities expressed in foreign currency with the exchange rates of the day of preparation of financial statements, are entered into the corporate and consolidated total income.

Non-monetary items valued at their fair value in foreign currency are converted using exchange rates on the date of determination of the fair value. Foreign exchange differences from assets and liabilities that are valued at fair value are recorded as part of the fair value profit or loss.

The exchange rate differences resulting from the conversion of non-monetary assets into assets and liabilities, valued at their fair value in foreign currency, are converted using exchange rates on the date of determination of the fair value profit / loss. Foreign exchange differences from non-monetary assets, such as bonds available for sale, are recorded in the other total income.

3.8.3 Group Companies

The financial statements of all the companies of the Group which have a functional operating currency other than the presentation currency of the Group, are converted into the presentation currency of the Group as follows:

- The assets and liabilities for each financial position are converted at the exchange rates on the date of each financial position.
- The income and expenses of the statement of results of each company are converted according to the average exchange rates of each period (unless the average exchange rate is a reasonable approach to the accumulated effect of the exchange rates that were valid on the trading dates, in which case the income and costs are converted to the exchange rates that were valid on the trading dates).
- All foreign exchange differences resulting from the above are recorded in the other total income and then included in the equity and specifically in the reserve account "foreign exchange conversion differences".
- When selling a (partial or total) subsidiary operating abroad, the corresponding accumulated foreign exchange differences that exist in the reserve "exchange conversion differences" of the equity, are transferred to the operating results and participate in the calculation of profit or loss from the sale. During the partial sale of a subsidiary operating abroad, the ratio of the accumulated foreign exchange differences is attributed to the uncontrolled participation.

Profits and losses from foreign exchange differences arising from the settlement of transactions during the period and from the conversion of currencies expressed in foreign currency with the current exchange rates on the reporting date are recorded in the total income statement.

3.9 Non-current assets held for sale and discontinued operations.

The Group and the Company classify a non-current asset (or disposal group) as held for sale if its book value is recovered mainly through a sale transaction and not by continuous use. The Group and the Company count a non-current asset (or disposal group) as held for sale at the lowest value between the book value and the fair value minus the cost of selling them. Selling costs are the additional costs that are directly attributed to the disposal of an asset (disposal group), excluding financing costs and income tax.

The criteria for the classification of held for sale are considered to be met only when the sale is very likely, and the asset or disposal group is available for immediate sale in the present situation. The actions required to complete the sale must indicate that it is unlikely that significant changes will be made to the sale or that the decision to sell will be withdrawn. The Management must commit to the plan to sell the asset and the sale that is expected to be completed within one year from the date of classification.

The Group and the Company do not depreciate or sell an asset as long as it is classified as for sale or as part of a disposal group classified as held for sale. Interest and other expenses attributed to the obligations of a sales team classified as held for sale continue to be recognized.

A discontinued activity is an integral part of an entity that has either been made available or classified as being held for sale and:

- Represents a separate large business sector or a geographical area of exploitation
 - Is part of a single, coordinated program to sell a large portion of activities or a geographical area of exploitation
- or,
- Is a subsidiary acquired exclusively with the prospect of resale.

Discontinued activities are excluded from the results of continuing activities and are presented as a single amount as profits or losses after taxes on discontinued activities in the total income statement.

Additional notices are provided in [Note 15](#). All other notes to the financial statements include amounts for ongoing activities, unless otherwise stated.

3.10 Distribution of dividends

The distribution of a dividend to the shareholders of the Company is presented in the consolidated and separate financial statements as a liability during the fiscal year that the distribution of the dividend is approved by the annual General Meeting of Shareholders.

3.11 Property, plant and equipment

Property, plant and equipment include land, buildings, mechanical equipment, transportation means and furniture. The property, plant and equipment, held for operating purposes or for administrative purposes, are depicted in the financial statements in the value of their acquisition, minus the accumulated depreciation and any impairment losses. The acquisition cost includes all the direct costs of acquiring the assets.

Subsequent costs are recorded as an increase in the book value of tangible fixed assets or as a separate asset, where these costs are likely to increase the future economic benefits that are expected to flow from the use of the fixed asset. The cost of repairs and maintenance is recorded in the total income statement at the time of their realization.

Tangible assets under construction are fixed assets that are under construction and listed in costs. The cost includes construction costs, professional fees and other direct costs. Tangible assets under construction are not depreciated, as the fixed assets are not available for use.

Plots are not subject to depreciation. Depreciation of other fixed assets is calculated using the straight-line method during their useful life as follows:

Buildings and Technical construction	50 years
Electromechanical equipment and building installations	20 to 25 years
Installations in third parties' properties	8 to 12 years
Equipment, technical installations and other mechanical equipment	7 to 9 years
Transportation means	7 to 9 years
Furniture and other Equipment	7 years

The residual values and the useful life of property, plant and equipment are reviewed at each financial position date and adjusted accordingly if necessary.

If the accounting value of the asset is greater than its estimated recoverable amount, the difference (impairment) is recorded directly as output to the results.

Profits or losses from the sale of fixed assets are determined by the difference between the price and their net book value. These gains or losses are recognized in the consolidated and separate income statement.

3.12 Leases

The Group - Company as a lessee: Financial leases, which essentially transfer to the Group and the Company all the risks and benefits arising from the ownership of the leased item, are capitalized at the commencement of the lease to the fair value of the lease or, if smaller, at the present value of the minimum rents. Payments for financial leases are divided between the financial expenses and the reduction of the financial liability in order to achieve a fixed interest rate on the remaining balance of the liability.

Financial expenses are charged directly to the total income statement. Capitalized leased assets are depreciated on the basis of the estimated useful life of the asset.

Leases where the landlord retains virtually all of the risks and benefits of ownership of the item are included in the operating leases. Operating rents are recognized as an expense in the consolidated and corporate balance sheet of total income proportionally during the lease.

The Group - Company as a lessor: The leases in which the Group and the Company do not transfer virtually all the risks and benefits of the asset are classified as operating leases. Revenue is recorded in the consolidated and company statement of total income proportionally during the lease.

3.13 Borrowing costs.

Borrowing costs are the total of the interest and other expenses incurred by an entity in relation to the borrowing of funds. Lending costs directly related to the acquisition, construction or production of fixed assets are capitalized for the time required until the completion of construction and until the fixed assets become ready for use.

Borrowing expenses are capitalized if the funds raised were used specifically to acquire fixed assets. If the funds were generally withdrawn and used to acquire fixed assets, the portion of the capitalized borrowing costs is determined by applying a capitalization rate to the cost of acquiring the asset. The remaining borrowing costs are recorded in the total income statement.

3.14 Investment Properties

Properties that are held for long-term rental returns or for a capital increase or both are categorized as investment properties. Properties that are currently held for an indefinite future, as the administration has not yet decided whether these properties will be used by the Group and the Company or will be sold in the short term, are considered to be used for capital investment and are categorized as investment properties.

Investment properties are initially recognized at cost, including the relevant direct acquisition costs as well as where the borrowing costs are applicable. Lending costs are capitalized when the acquisition or construction of an investment property is in progress and ceases when the property is virtually completed or is suspended if the development of the property is suspended.

Following the initial recognition, the Group and the Company have chosen to continue to measure investment properties in costs minus accumulated depreciation and any accumulated impairment losses.

Subsequent costs are added to the property value of the property only when it is likely that future financial benefits, related to that property, will flow into the Group or Company and that the relevant costs can be measured reliably. Repair and maintenance costs are charged to the total income of the year in which they are made.

Investment properties cease to be recognized when they are sold or when the use of an investment property ceases permanently, and no financial benefit is expected from its sale.

In general, reclassifications to and from investment properties take place when there is a change in use which is proved as follows: a) start of investment properties use, transfer from investment properties to property, plant and equipment, b) start of development of investment properties for later sale transfer from the investment properties to inventories, c) expiration of the investment properties use for the transfer from the property, plant and equipment to the investment properties and d) start of the agreement for the functional lease of investment properties in a third party for the transfer from the inventory to the investment properties.

3.15 Intangible Assets

Trademarks

The acquired trademarks are initially recognized at their historical cost. They are amortized by the straight-line method during their useful life.

Other intangible assets

This category includes the group's lease rights, which are initially recognized in their acquisition costs. After the initial recognition, the intangible assets are measured at their cost minus their accumulated amortization and any impairment loss that may have occurred. They also include the acquired software used in production or management. Software licenses are capitalized on the costs incurred to acquire and install the software. The costs associated with maintaining electronic software are recognized in the costs of the period in which they are incurred. The capitalized expenditures are amortized by the straight-line method of during their estimated useful lives.

Software	2 to 7 years
Lease rights	9 to 12 years
Provision of industrial property rights	12 to 25 years

Costs required to maintain the software are recognized when they are incurred as an expense in the consolidated and separate income statement.

Goodwill

Goodwill is not depreciated but is subject to impairment control on an annual basis or more often if events or changes in conditions indicate a possible impairment. The book value of goodwill is comparable to its recoverable value, which is greater than the use value and the fair value minus sales costs. Each impairment is directly recognized as an expense and is not reimbursed later. Profits and losses from the sale of an entity include the book value of the goodwill corresponding to the entity being sold.

Goodwill is distributed in cash generating units for the purpose of performing impairment audits. The distribution takes place in these cash generating units or in groups of cash flow generating units that are expected to benefit from the business combination from which the goodwill arose. Units or groups of units are identified at the lowest level at which goodwill is monitored for internal management reasons, which are the functional areas.

After the initial recognition, the Management of the Group and the Company examine on an annual basis the intangible assets to determine if there are possible indications of an impairment of their value. When it is determined that their recoverable value is less than their book value, an impairment loss is recognized.

3.16 Financial Instruments: Recognition and Subsequent Measurement (according to IAS 39)

A financial instrument is any contract that simultaneously creates a financial asset for an entity and a financial liability or equity for another entity.

i) Financial assets

Initial identification and measurement

The financial assets of the Group and the Company are classified during the initial recognition, as later measured at the depreciated cost, in the fair value through the other total income or in the fair value through the results.

The classification of financial assets at initial recognition depends on the characteristics of the conventional cash flow of the financial asset and the business model of the Group and Company for the management of financial assets. With the exception of commercial claims which do not contain a significant part of the financing or for which the Group and the Company have implemented the practical solution, the Group and the Company initially measure a financial asset now at its fair value in the case of a financial asset that is measured do not measured at fair value through the results, the transaction cost that is directly attributable to the acquisition or issuance of the financial asset.

In order for a financial asset to be classified and accounted for at amortized cost or fair value through other comprehensive income, the contractual terms governing the financial asset must be conducive to generating cash flows on specific cash repayment dates directed exclusively at repaying capital and interest on the rest of the unpaid capital balance. This assessment, which is referred to as an "exclusive capital and interest payments" test, is carried out at the level of an individual financial instrument.

The business model of the Group and the Company for the management of financial assets refers to the way in which the Group and the Company manage the financial assets in order to create cash flows. The business model determines whether cash flows will result from the collection of conventional cash flows, the sale of financial assets, or both.

Purchases and sales of financial assets that require the delivery of assets within a time frame specified in a market regulation or contract (ordinary transactions) are recognized on the date of the transaction, i.e. the date on which the Group and the Company undertake to buy or sell the asset.

Subsequent measurement

For the purposes of measuring a financial asset after initial recognition, the financial assets are classified into the following four categories:

- Financial assets at amortized cost (debt securities)
- Financial assets at fair value through other comprehensive income with recycling of cumulative profits and losses (debt securities)
- Financial assets that are determined at fair value through other comprehensive income without recycling of cumulative gains and losses upon cessation of recognition (equity securities)
- Financial assets at fair value through the profit and loss

Financial assets at amortized cost (debt securities)

This category is the most common in the Group and in the Company. The Group and the Company measure the financial assets at amortized cost if both of the following conditions are met:

- The financial asset is maintained in the context of a business model, the purpose of which is to hold financial assets for the purpose of collecting conventional cash flows.
- and
- Under the conventional terms governing the financial asset, cash flows are generated on specific dates that consist exclusively of capital and interest repayments on the outstanding balance of capital. Financial assets in depreciation expense, after initial recognition, are measured at unpaid cost based on the actual interest rate method and are subject to impairment. Profits and losses are recognized in the total income statement when the financial asset ceases to be recognized, modified or impaired.

Financial assets in the depreciated costs of the Group and the Company include the commercial payables.

Financial assets at fair value through other comprehensive income (debt securities)

The Group and the Company measure the financial assets at fair value through the other comprehensive income if both of the following conditions are met:

- The financial asset is maintained in the context of a business model whose goal is achieved both by collecting conventional cash flows and by selling financial assets
- and
- Under the conventional terms governing the financial asset, cash flows are generated on specific dates that consist exclusively of capital and interest repayments on the outstanding balance of capital.

For financial assets that are measured at fair value through other comprehensive income (debt securities), interest income, foreign exchange rate adjustment and loss or reversal of impairment losses recognized in the same situation as other comprehensive income and income were recognized in the results if the financial assets were measured at amortized costs. The remaining changes in fair value are recognized in the other comprehensive income.

When the recognition of the financial asset is discontinued, the cumulative profit or loss previously recognized in the other comprehensive income is recycled from the net assets to the other comprehensive income as an adjustment from recycling.

Financial assets determined at fair value through other comprehensive income (equity securities)

During the initial recognition, the Group and the Company may irrevocably choose to present to other comprehensive income subsequent changes in the fair value of an investment in equity securities when it meets the definition of equity according to IAS 32 "Financial Instruments: Presentation" and which is not reserved for trading. The classification is determined at the level of an individual financial instrument.

Profits and losses on financial assets that are determined at fair value through other comprehensive income (equity securities) are never recycled to income (results). Dividends are recognized in the other operating income in the total income statement when the right of the Group or Company to collect the dividend has been established; unless the dividend clearly represents a recovery of part of the investment cost. In this case the dividend is recognized on the other total income.

Financial assets that are determined at fair value through other comprehensive income (equity securities) are not subject to impairment.

Financial assets at fair value through the profit or loss

The financial assets valued at fair value through the profit or loss include the financial assets held for trading, the financial assets identified at the initial recognition of the fair value in the fair value due through the profit or loss or finances or the financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them in the near future. Derivatives, including separated embedded derivatives, are also classified as occupied for trading, unless defined as effective means of compensation. Financial assets for which no cash flows are created on specific dates that consist solely of capital and interest repayments on the outstanding balance of capital are classified and measured at fair value through the profit or loss, regardless of the business model in use.

Regardless of the criteria for classifying debt securities at amortized cost or their fair value through the other comprehensive income, as described above, an initial financial instrument may be irrevocably identified as a financial asset through the asset to be measured at if in this way it eliminates or significantly reduces a discrepancy in the measurement or recognition (sometimes referred to as "accounting mismatch") that would otherwise result from the measurement of assets or liabilities or from the recognition of profits and losses on them on different grounds.

The financial assets measured in fair value through the profit or loss are recorded in the statement of financial position in fair value, with the net changes in fair value being recognized in the total income statement.

If a hybrid contract includes a principal contract that does not constitute an asset, the embedded derivative is separated from the main contract and is accounted for as a derivative if, and only if: the economic characteristics and the risks of the embedded derivative are not closely connected with the economic characteristics and the risks of the main contract, a separate financial instrument on the same terms as the embedded derivative would meet the definition of a derivative and the hybrid contract does not count on fair value by recognizing changes in fair value in the results (i.e. a derivative that is embedded a financial liability to fair value through the results is not separated). Embedded derivatives are measured at fair value with changes in fair value being recognized in the results. Subsequent reassessment is made if there is a change in the terms of the contract which significantly changes the cash flows that would otherwise be required under the contract or a reclassification of a financial asset from the fair value category through results.

If a hybrid contract includes a principal contract that constitutes an asset, the incorporated derivative is not separated from the principal contract. The hybrid contract is accounted for and accounted for as a financial asset at fair value through the results.

Termination of financial asset recognition

The Group and the Company ceases to recognize a financial asset when and only when:

- the contractual rights on the cash flows of the financial asset have expired
- Or
- the financial asset is transferred, and the transfer meets the conditions for deletion.

The Group and the Company transfer a financial asset if and only if:

- they transfer the contractual rights on the cash flows of the financial asset
- or
- they retain the contractual rights to the cash flows of the financial asset but undertake a contractual obligation to pay the cash flows to one or more recipients, by agreement.

When the Group and the Company transfer a financial asset, it assesses the extent to which it retains the risks and benefits of ownership of the financial asset.

In this case:

- If the Group and the Company substantially transfer all the risks and benefits of ownership of the financial asset, the Group and the Company cease to recognize the financial asset and are **recognized as a separate inventories or assets or commitments any right or commitment that was created or remained during the transfer.**
- If the Group and the Company substantially maintain all the risks and benefits of the ownership of the financial asset, the Group and the Company continue to recognize the financial asset.
- If the Group and the Company neither transfer nor retain substantially all the risks and benefits of the ownership of the financial asset, the Group and the Company determine whether they have retained control of the financial asset. In this case:

- (i) if the Group and the Company have not retained control, they cease to recognize the financial asset and recognize as distinct assets or liabilities all the rights and obligations created or maintained in the context of the transfer.
- (ii) if the Group and the Company have retained control, they continue to recognize the financial asset to the extent that it continues to be involved in the financial asset.

Impairment of financial assets

The Group and the Company recognize a provision for losses against expected credit losses in all financial assets that are not held at fair value through the profit or loss. In financial assets, credit loss means the present value of the difference between the contractual cash flows due to the Group or the Company under the contract and the cash flows that the entity expects to receive. Expected cash flows include cash flows from the sale of secured collateral or other credit aid under conventional terms.

Expected credit losses are recognized in two phases. If at the reporting date, the credit risk of a financial instrument has not increased significantly from the initial recognition, the Group and the Company shall measure the provision for the said financial instrument in an amount equal to the expected twelve-month credit loss. If the credit risk of the financial instrument has increased significantly since the initial recognition on each reporting date, the Group and the Company shall measure the loss for a financial instrument in an amount equal to the expected credit losses throughout its lifetime.

For trading receivables, the Group and the Company apply the simplified approach to the calculation of expected credit losses. Therefore, the Group and the Company do not monitor changes in credit risk but recognize impairment losses based on expected 12-month credit losses or expected credit losses throughout the life of the financial assets at each reference date.

For debt securities that are measured at fair value through other comprehensive income, the Group and the Company apply a simplified credit risk approach. At each reporting date, the Group and the Company assess whether the debt securities are considered to have a low credit risk using all reasonable and reasonable information, which is available at no unreasonable cost or effort. During this evaluation, the Group and the Company re-evaluate the internal credit rating of the debt title. In addition, the Group and the Company consider that there has been a significant increase in credit risk when conventional payments are over 30 days due to delay.

At each reference date, the Group and the Company assess whether the credit risk of a financial asset has increased significantly since initial recognition. The Group and the Company have a rebuttable presumption and consider that there may be a breach no later than 90 days after a financial instrument has a delay, unless the Group and the Company have reasonable and sound information which shows that a breach criterion that determines a longer delay is more suitable. The definition of breach used for these purposes is consistently applied by the Group and the Company to all financial instruments, unless information indicates that a different definition of infringement is more appropriate for a particular financial instrument. The Group and the Company delete the financial asset when they do not have reasonable expectations for the recovery of the conventional cash flows on the whole or part of the financial asset.

ii) Financial liabilities

Initial identification and measurement

The financial liabilities of the Group and the Company are classified, during the initial recognition, as financial liabilities to the fair value through the profit or loss, loans, suppliers and other liabilities.

Financial liabilities are initially recognized at fair value and in the case of loans reduced by any direct costs of the transaction.

The financial liabilities of the Group and the Company include suppliers and other liabilities as well as loans including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through the profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities determined either at initial recognition or later at fair value as measured through the profit or loss.

Profit or loss on a financial liability measured in fair value is recognized in the total comprehensive income statement. The financial liabilities identified during the initial recognition of fair value through the profit or loss are determined at the initial date of recognition and only if the criteria of IAS 39 are met. The Group and the Company have not set any financial liabilities on the fair value through profit or loss.

Loans

This category is the most common in the Group and in the Company. Loans after initial recognition are valued at unpaid cost based on the effective interest rate method. A profit or loss on a financial loan that is measured in depreciated costs is recognized in the results when the financial liability ceases to be recognized through the amortized cost.

When applying the effective interest rate method, any fee, paid or received unit, transaction costs and other amounts in favour or under the amounts that are an integral part of the actual interest rate are amortized. Amortization of the effective interest rate is included in the financial expenses in the total comprehensive income statement.

This category generally applies to interest-bearing loans and borrowings. Loans are classified as short-term liabilities unless the Group or Company has the right to defer payment of the liability for at least twelve months from the date of the financial position. More information on loans is given in [Note 30](#).

Suppliers and other liabilities

Trade payables are liabilities to be paid for products or services acquired during the exercise of the usual trading activity by suppliers. Payable accounts are classified as short-term liabilities if the payment is due within a year or less. If not, they are presented as long-term liabilities. Trade payables after initial recognition are valued at unpaid costs using the effective interest rate method. More information about suppliers and other liabilities is given in [Note 34](#).

Derecognition of financial liability

The Group and the Company write off a financial liability (or part thereof) from its financial position when, and only when, that is, when the liability specified in the contract is fulfilled, it is cancelled or expired.

In the case where an existing liability is replaced by another by the same lender, but with essentially different terms, or in the case where there are substantial changes to the terms of an existing liability, then the initial liability is re-recognized and a new liability and the difference is recognized. The result is recognized in the total income statement.

The difference between the accounting value of a financial liability (or a portion of a financial liability) that is paid or transferred to another party and the consideration paid, including assets transferred out of cash and receivables, is recognized.

iii) Compensation for financial claims and liabilities

Financial claims and liabilities are offset and the net amount is reflected in the financial position only when the Group or Company has this legal right and intends to offset them on a net basis or claim the asset and settle the liability at the same time.

3.17 Financial Derivatives and hedging activities

The Group and the Company use derivative financial instruments to offset the risks associated with the volatility of interest rates and exchange rates, but do not apply hedge accounting. These derivative financial instruments are initially recognized at fair value at the date of the contract and subsequently measured at fair value. Changes in the fair value of financial instrument derivatives are recognized on each date of preparation of consolidated and separate financial statements in the consolidated and separate income statement.

3.18 Inventories

The inventories include goods, raw materials and supplies, consumables, spare parts and packaging. In addition, the warehouses include plots of land for residential development for later sale.

The inventories include raw materials, materials and goods purchased and are valued at the lowest price between acquisition cost and net realizable value. The net realizable value is the estimated selling price in the normal business activity minus any relative sales costs.

The cost of acquiring inventories is determined by the average cost method, which is consistently followed. The cost of inventories includes all the costs of purchase, conversion as well as the costs incurred to bring the inventories to their current position and condition.

The cost of inventories does not include financial costs. Impairment for slow-moving or obsolete inventories is formed if deemed necessary.

3.19 Impairment on the value of non-financial assets

With the exception of goodwill and the intangible assets with an undetermined useful life which are reviewed for impairment on an annual basis, the book value of other non-financial assets is examined for impairment when events or changes in their terms may indicate that the accounting is recoverable. When the accounting value of an asset exceeds its recoverable value, impairment loss is recognized in the consolidated and separate income statement. Recoverable value is the largest value between fair value reduced by what is required for the sale of an asset and value of use. The fair value reduced by the cost required for the sale is the amount that can be taken from the sale of an asset under a normal transaction between market participants, after deducting any additional direct costs while the value of use is the net present value of the estimated future cash flows that are expected to be made from the continued use of an asset and from the income that is expected to arise from its disposal at the end of its estimated useful life.

For the purposes of determining impairment, assets are grouped at the lowest level for which cash flows can be determined separately. Reduction losses incurred in previous years, other than those related to goodwill, are reversed only when there is sufficient evidence that the cases used to determine the recoverable amount have changed. Under these conditions, the relative reversal is recognized as income. The book value of a non-financial asset after reversal of the impairment loss may not exceed the accounting value of the asset if the impairment loss has not been recognized.

3.20 Cash and cash equivalents

Cash and cash equivalents include cash, cash deposits and other short-term high-liquidity and low-risk investments, with an initial maturity of up to 3 months. Committed deposits include deposits as collateral for loan agreements.

3.21 Share Capital

The share capital represents the value of the shares of the parent company that have been issued and are in circulation. The price paid now of the nominal value per share is recorded in the "Share Premium" account in equity.

Direct costs (net of deferred tax) incurred in connection with the issuance of new shares or rights are recorded in the net position deductible from the product of the issue.

3.22 Provisions and Contingent Liabilities

Provisions are recognized when the Group or the Company has a present legal or constructive obligation as a result of past events, it is probable an outflow of resources embodying economic benefits and the amount of the relevant obligation can be estimated reliably. When the Group or Company expects a provision to be covered by compensation, e.g. from an insurance contract, and there is absolute certainty for its collection then the specific indemnity is registered as a separate claim.

Forecasts are reviewed on each retirement date of consolidated and corporate financial statements and adjusted to reflect the present value of the outflow that is expected to be settled. If the effect of the time value of money is significant, the forecasts are calculated by discounting the expected future cash flows with a tax rate that reflects current market estimates of the time value of the money, and where necessary, the risks associated with it. with the obligation.

Possible liabilities are not recorded in the consolidated and separate financial statements but are disclosed, unless the probability of outflow of resources incorporating financial benefits is minimal. Possible claims are not recorded in the consolidated and separate financial statements but are notified if the inflow of financial benefits is possible.

3.23 Employee Benefits

Short-term benefits

Short-term benefits to employees (other than retirement benefits), in cash and in kind, are recognized as an expense when they become accrued. Any unpaid amount is recorded as an obligation, while in case the amount already paid exceeds the amount of benefits, the excess amount is recognized as an asset (prepaid expense), only to the extent that this down payment is recoverable.

Defined retirement benefit plans

The Group and the Company participate in various retirement programs. The payments are determined by the respective local legislation and the regulations of the funds. The Group and the Company have fixed benefit programs and defined contribution programs.

A defined benefit program is a retirement plan that sets a specific amount of pension that an employee will receive when they retire, which usually depends on one or more factors such as age, years of service, and the amount of pay.

A defined contribution program is a pension program in which the Group and the Company make fixed payments to a separate legal entity.

(a) Defined benefits plan

According to the provisions of labour law in Greece, employees and workers are entitled to compensation due to retirement in the event of retirement, with the amount of payment varying depending on the compensation and service time of the employee or worker. This program is considered a defined benefit program.

The liability recognized in the consolidated and separate financial statements for defined benefits plans is the present value of the liability for the specified benefit, on the date of preparation of financial statements, reduced at fair value of the asset. The obligation of the specified benefit is calculated annually by an independent actuary using the projected credit unit method. The present value of the defined benefit liability is calculated by discounting future cash outflows with a discount rate of long-term high-credit corporate bond maturities that are expressed in the same currency as the contributions payments and have a duration approximately the same with the pension program.

The current service cost of the defined benefit plans, which is recognized in the consolidated and separate statement of total income in retirement benefits, unless it has already been included in the cost of an asset, it represents an increase in the relevant liability as it arises from current employment, the cuts in fixed benefits and the arrangements. Actuarial profits or losses resulting from empirical adjustments and changes in actuarial assumptions are charged or credited to equity in the consolidated statement of other comprehensive income / (losses) during the period in which they arise.

The cost of previous service is recognized directly in the consolidated and separate income statement.

b) Defined contribution plan

The staff of the Group and the Company is mainly covered by the main state insurance company that concerns the private sector that provides pension and medical benefits. Each employee is obliged to contribute part of his monthly salary to the fund, while part of the total contribution is covered by the Group and the Company. When retiring, the fund is responsible for paying pensions to retirees. Consequently, the Group and the Company have no legal or implicit obligation to pay future benefits under this program. These contributions are recognized as an expense when they become accrued and any outstanding amount is recorded as an obligation.

Postretirement **benefits** **Employment** termination benefits are paid by the Group and the Company when employees retire before the retirement date or when the employee voluntarily leaves in exchange for these benefits. The Group and the Company register these benefits earlier than the following dates: (a) when the Group or Company can no longer withdraw the offer of these benefits and (b) when the Group or Company recognizes restructuring costs that fall under the field of application of IAS 37 and includes the payment of termination benefits.

3.24 Segment Reporting

Segment reporting is presented with the same structure as the internal reporting provided to the head business decision-maker. The head of business decision-making is the person (or all the persons) who decides on the allocation of resources in each operating segment and evaluates the operational results of the segments. For reasons of administrative reporting, the Group is organized in the following three functional areas: Jewellery - Watches - Accessories, Clothing - Shoes and

Shops. Each segment consists of a set of operations. For the grouping of the Group's subsidiaries in the operational areas, their activity and the proximity of the economic and political environment in the countries where they operate are taken into account. The head of each department addresses the CEO of the Group. In addition, the Financial Management of the Group is organized respectively in the geographical areas, in order to carry out the financial control and the monitoring of the efficiency of the segments.

3.25 Contingent Assets

Possible inflows of financial benefits for the Group that do not yet meet the criteria of an asset are considered contingent assets and disclosed in the financial statements.

3.26 Contingent liabilities

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of outflow of resources embodying economic benefits is remote. Relevant notices are listed in [Note 36](#).

3.27 Earnings /(Losses) per share

The basic earnings / (losses) per share are calculated by dividing the net profits / (losses) attributed to the shareholders of the parent by the weighted average number of common shares in circulation during the relevant fiscal year, excluding the average of the shares acquired. as own shares.

Diluted earnings / (losses) per share are calculated by dividing the net profits / (losses) attributed to the shareholders of the parent by the weighted average number of common shares in circulation during the year, as adapted to the effect of potential securities convertible. in shares.

4. Sales

The Group's and Company's sales can be analysed as follows:

	Group		Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Sale of goods	284.316.117,73	338.535.050,66	(115.754.417,33)	119.432.048,42
Sales of products	1.091.138,27	6.660.161,12	(1.091.138,27)	6.660.161,12
Sales of other inventories & waste material	188.438,17	476.861,05	(167.512,87)	493.248,14
Rendering of services	11.051.253,32	13.546.319,54	(9.189.528,26)	8.627.570,43
Total	296.646.947,49	359.218.392,37	(126.202.596,73)	135.213.028,11

According to IAS 18, the Company did not recognize the proceeds from transactions with the Asian subsidiaries, FF Spain, FF France, FF UK, Links of London and Juicy Couture for the years 2015-2018 for which the criterion of collectability of the invoiced sales becomes uncertain and the recovery of the receivables created during the three aforementioned years was zero.

5. Segment Reporting

For analyses in the field of the Group for the year ended December 31, 2018, the collection of the necessary information was not possible for the presentation of those defined by IFRS 8 "Operating Segments".

6. Capital Management

Capital Management: The main goal of the Group and the Company in relation to capital management is to ensure the maintenance of a high credit rating and sound capital ratios in order to support its operation and maximize the value of shareholders. The Group and the Company manage its capital structure and adapt it, depending on the prevailing economic conditions. To maintain or adjust its capital structure, the Group and the Company may increase or decrease the debt, change the dividend to the shareholders or return capital to the shareholders.

The Group and the Company monitor the capital structure based on the gearing ratio, which is calculated by dividing the net debt by the total capital. The Group and the Company include in the net loan, the loan liabilities, the trade liabilities, the accrued expenses and the other short-term liabilities, reduced by the cash and cash equivalents, including the disposal of cash available for financial assets. Equity includes equity attributed to the shareholders of the parent company. The purpose of the Group and the Company from the management of the capital is the continuation of its activity and the maintenance of the optimal capital structure for the reduction of the cost of capital.

On 31 December 2018 and 2017, the Gearing ratio stands as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Loan Liabilities (Note. 30)	467.980.635	644.876.066	454.406.796	488.835.219
(Minus) Cash and Cash Equivalent (Note. 26)	(18.364.923)	(176.679.202)	(6.415.207)	(155.187.216)
Net liabilities	449.615.712	468.196.864	447.991.589	333.648.004
Equity attributed to shareholders	(180.576.428)	64.374.359	(192.177.180)	(25.328.641)

Total Equity	<u>(180.576.428)</u>	<u>64.374.359</u>	<u>(192.177.180)</u>	<u>(25.328.641)</u>
Total Equity and net liabilities	<u>269.039.285</u>	<u>532.571.224</u>	<u>255.814.410</u>	<u>308.319.363</u>
Gearing Ratio	167,12%	87,91%	175,12%	108,2%

No changes have been made to the objectives, policies or procedures of capital management during the years ended 31 December 2018 and 2017.

7. Information on the Group

The consolidated financial statements on December 31, 2018 and 2017, include the financial statements of the Company and its subsidiaries and joint ventures:

Company	Country	Relation with Parent Company	Consolidation Method	% Participation	
				31.12.2018	31.12.2017
FOLLI FOLLIE AUSTRALIA LTD	Australia	Indirect	Full	99,99%	99,99%
FF GROUP BULGARIA EOOD	Bulgaria	Direct	Full	100,00%	100,00%
FOLLI FOLLIE FRANCE SA	France	Direct	Full	100,00%	100,00%
FOLLI FOLLIE GUAM LTD	Guam	Indirect	Full	99,99%	99,99%
FOLLI FOLLIE HOLDINGS SA	Greece	Direct	Full	100,00%	100,00%
PLANACO SA	Greece	Direct	Full	100,00%	100,00%
FF COSMETICS	Greece	Direct	Full	100,00%	100,00%
FOLLI FOLLIE JAPAN LTD	Japan	Indirect	Full	99,99%	99,99%
FOLLI FOLLIE SPAIN SA	Spain	Direct	Full	100,00%	100,00%
FOLLI FOLLIE SHANGHAI (PILION LTD)	China	Indirect	Full	99,99%	99,99%
FOLLI FOLLIE SHENZHEN LTD	China	Indirect	Full	99,99%	99,99%
FF CYPRUS LTD	Cyprus	Direct	Full	100,00%	100,00%
NARIACO INVESTMENTS LTD	Cyprus	Direct	Full	100,00%	100,00%
WARLABY TRADING LTD	Cyprus	Direct	Full	100,00%	100,00%
FF GROUP FINANCE LUXEMBOURG SA	Luxembourg	Direct	Full	100,00%	100,00%
FF GROUP FINANCE LUXEMBOURG II SA	Luxembourg	Direct	Full	100,00%	100,00%
FOLLI FOLLIE MACAU LTD	Macau	Indirect	Full	99,99%	99,99%
FOLLI FOLLIE MALAYSIA LTD	Malaysia	Indirect	Full	99,99%	99,99%
FF ORIGINS LTD	British Virgin Islands	Indirect	Full	99,99%	99,99%
FOLLI FOLLIE KOREA LTD	South Korea	Indirect	Full	99,99%	99,99%
FF GROUP ROMANIA SRL	Romania	Direct	Full	100,00%	100,00%
APPAREL ROMANIA SRL	Romania	Indirect	Full	49,00%	49,00%
FOLLI FOLLIE SINGAPORE LTD	Singapore	Indirect	Full	99,99%	99,99%
FOLLI FOLLIE TAIWAN LTD	Taiwan	Indirect	Full	99,99%	99,99%
FOLLI FOLLIE THAILAND LTD	Thailand	Indirect	Full	99,99%	99,99%
FOLLI FOLLIE HAWAII LTD	Hawaii	Indirect	Full	99,99%	99,99%
FOLLI FOLLIE GROUP SOURCING LTD	Hong Kong	Direct	Full	99,99%	99,99%
FOLLI FOLLIE ASIA LTD	Hong Kong	Indirect	Full	99,99%	99,99%
FOLLI FOLLIE HONG KONG INTERNATIONAL LTD	Hong Kong	Indirect	Full	99,99%	99,99%
FF BUSINESS DEVELOP. & TECH. CONSULTING LTD	Hong Kong	Indirect	Full	99,99%	99,99%
FF INTERNATIONAL HOLDINGS LTD	Hong Kong	Indirect	Full	99,99%	99,99%

During the current fiscal year and despite the efforts of the Management, it was not possible to obtain data for the fiscal year 2018 for the following companies: QIVOS SA (SALES MANAGER LTD), MARINA MYTILINIS, COSMOBRANDS S.A, LINKS OF LONDON INC (USA), LINKS OF LONDON JAPAN CO. LTD, JUICY COUTURE IRELAND LTD, LINKS OF LONDON (ASIA) LTD, STRENBAY FINANCE LTD, FOLLI FOLLIE UK LTD, JUICY COUTURE EUROPE LTD, LINKS (LONDON) LIMITED, LINKS OF LONDON (INTERNATIONAL) LTD, LINKS OF LONDON COM LTD (UK).

8. Operating Expenses

The operating expenses in the attached statements of total comprehensive income statements of the Group and the Company are analysed as follows:

	Group		Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Cost of sales	137.062.123,96	149.878.041,05	79.430.960,77	87.643.871,46
Administrative expenses	70.666.168,90	55.864.338,57	42.347.216,64	14.438.944,84
Selling Expenses	148.326.558,73	212.817.160,41	52.788.400,53	59.986.305,95
	356.054.851,59	418.559.540,03	174.566.577,94	162.069.122,25

The total operating costs of the Group and the Company are analysed as follows:

	Group		Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Cost of inventories recognized in cost of sales	132.564.611,20	150.902.667,29	77.844.288,59	83.906.502,05
Staff remuneration and expenses	75.394.300,92	99.735.834,49	30.053.378,45	30.480.315,41
Fees and expenses	44.315.760,01	8.205.549,83	28.096.052,16	6.265.935,62
Credit card commissions and commissions for wholesale	2.555.258,84	3.377.351,25	2.136.088,31	1.650.743,60
Electricity, water supply, heating, cleaning	4.086.303,16	4.271.390,78	1.465.976,60	2.089.161,00
Telephone expenses	1.672.813,44	1.993.717,56	874.575,63	829.586,00
Operating leases	26.369.004,04	73.966.005,11	8.817.466,56	8.252.166,28
Finance leases	394.938,96	479.300,26	387.161,16	360.980,82
Insurance Expenses	1.474.082,12	1.704.622,87	871.118,27	996.748,26
Repairs & maintenance	3.021.154,82	4.830.299,11	1.350.701,42	1.140.365,77
Non-income tax	7.765.658,48	2.625.748,92	4.142.223,26	1.540.790,24
Transportation costs - logistics	5.573.710,24	8.582.602,02	3.297.145,49	3.917.049,63
Travel expenses	1.906.550,81	-	565.164,27	-
Promotional - advertising and exhibition expenses	12.380.318,57	13.371.073,21	4.482.091,45	8.402.571,22
Consumables	2.047.471,97	-	18.760,78	41.685,94
Depreciation of property, plant and equipment	12.271.484,56	1.426.991,06	1.072.750,38	85.898,93
Amortization of intangible assets	1.221.174,69	22.077.358,28	3.907.912,68	5.813.153,48
Impairment of inventories	1.914.277,28	2.148.399,16	1.745.544,00	1.865.000,00
Impairment from doubtful debts	8.759.878,00	7.589.768,00	1.089.724,77	707.796,05
Other Expenses	10.366.099,48	11.270.860,83	2.348.453,71	3.722.671,95
Total	356.054.851,59	418.559.540,03	174.566.577,94	162.069.122,25

9. Staff remuneration and expenses

Staff remuneration and expenses of the Group and the Company are analysed as follows:

	Group		Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Wages and salaries	61.366.172,97	82.318.760,00	23.825.698,47	24.097.466,41
Social security expenses and other employer contributions	11.156.667,67	13.968.263,59	5.639.210,04	5.777.426,52
Other Expenses	1.723.586,12	71.744,63	-	-
Pension costs of defined benefit programs	1.147.874,16	3.377.066,27	588.469,94	605.422,48
Total	75.394.300,92	99.735.834,49	30.053.378,45	30.480.315,41

The average numbers of the Group's staff for the years ended December 31, 2018 and 2017, were 1,701 and 5,079, respectively. The average numbers of the Company's staff for the years ended December 31, 2018 and 2017, were 1,042 and 1,142, respectively.

10. Other gain / (losses)

Other gain /(losses) for the Group are analysed as follows

	Group	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Other gains /(losses)		
Penalties and fines	-	165.362,82
Duties and taxes on deficit	-	34.492,71
Loss from the impairment of property, plant and equipment	1.046.432,69	4.397.954,78
Loss from damage and obsolescence of inventories	-	2.148.399,16
Bad debts	-	7.589.768,00
Provisions for risks and expenses	236.211,07	7.180.115,74
Foreign exchange losses	13.280.423,83	9.607.565,99
Prior year expenses		396.527,61
Loss from the sale of financial instruments	5.314.676,51	32.406.220,60
Other operating expenses	47.708.880,75	1.052.490,29
Total	67.586.624,85	64.978.897,70

Other gains / (losses) for the Company are analysed as follows

Other gain /(losses)	Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Other expenses		
Fines and surcharges	(2.594.526,96)	(15.082,43)
Losses from sale/ measurement of property, plant and equipment	(208,31)	(4.452.822,09)
Bad debts	-	(675.459,27)
Losses from exchange differences	(2.688.000,09)	(3.191.035,58)
Expenses from previous years	(161.796,62)	(176.529,57)
Other expenses	(7.474,18)	0
Losses from fair value revaluation	(2.832,60)	(32.452.588,86)
Guaranteed loans from subsidiaries	-	(56.000.000,00)
Loss from the sale of financial instruments	(5.314.676,51)	-
Other earnings		
Gains from sale of property, plant and equipment	2.212,79	1.413.002,88
FX difference gains	1.779.937,32	166.531,24
Other operating income (extraordinary revenue)	2.606,47	179.075,57
Income from previous years	128.137,38	474.515,35
Other revenue	7.438.534,95	-
Total	(1.418.086,36)	(94.730.392,76)

11. Other Income

The other revenues of the Group are analysed as follows:

	Group	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Marketing Income	2.500.817,17	211.729,75
Other Income	3.921.790,33	4.303.454,27
Rental revenues	1.060.597,30	1.050.804,27
Income from previous years	-	495.678,38
Grants for Expenses	7.339,94	186.093,75
Other operating income (extraordinary revenue)	1.968.392,63	326.921,74
Revenues from exchange differences	610.996,11	2.816.707,11
Total	10.069.933,48	9.391.389,27

Proceeds from Marketing relate to revenues from Foreign Dealerships for the promotion and promotion of their products in the Market and were made by the subsidiary of the Group "FF Cosmetics".

Other revenue of the Company are analysed as follows:

	Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Marketing Income	(69.658,50)	(169.933,05)
Revenue from Promoters & Merchandisers	4.828,00	741.973,50
Other Income	2.200.188,18	2.762.374,62
Rental Income	1.055.220,60	1.049.084,60
Dividends from Other Investments	7.937.474,49	2.000.000,00
Total Other Income	11.128.052,77	6.383.499,67

12. Provisions for Impairment

The provisions for impairment on the Group and Company are as follows:

	Group		Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Provisions for impairment				
Impairment on participations to subsidiaries	-	-	3.400.000,00	34.099.697,53
Impairment on participations to associates	-	-	-	175.000,00
Losses from impairment of trade receivables from affiliates	4.491.454,40	-	5.843.583,23	21.145.699,34
Loss from impairment of loan and other receivables from affiliates	34.822.592,14	-	47.779.818,12	8.886.463,09
Total provisions for impairment	39.314.046,54	-	57.023.401,35	64.306.859,96

13. Finance income and expenses

The finance expenses of the Group and the Company are analysed as follows:

	Group		Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Exchange losses	2.372.361,06	-	724.530,62	520.343,68
Investment valuation losses at fair value	-	3.020.161,01	-	-
Losses on valuation of other assets	-	23.612,72	-	-
losses on derivatives	-	1.274.212,43	-	-
Other financial expenses	-	1.482.534,95	-	-
Interest and borrowing expenses	22.359.342,54	15.416.130,37	20.985.842,69	18.344.943,84
Financial costs of benefits due to retirement	40.036,00	-	40.036,00	-
Valuation of property, plant and equipment	-	1.487.434,88	-	-
Interest on financial leases	749.963,83	855.325,89	710.300,86	723.513,79
Bank charges and taxes	1.494.236,84	1.875.074,44	977.327,17	1.048.129,63
Losses from borrowing debt assumption	38.844.383,76	-	38.844.383,76	-
Other Interest	663.559,14	43.957,42	-	-
Total finance expenses	66.523.883,17	25.478.444,11	62.282.421,10	20.636.930,94

The finance income of the Group and the Company are analysed as follows:

	Group		Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Gains from foreign exchange products	-	72.927,17	-	-
Gains from bond exchange rights	-	-	200.000,00	2.000.000,00
Gains from derivatives	498.263,92	2.000.000,00	298.263,92	-
Interest from Reserves	44.715,71	2.758.690,58	35.005,49	10.368,62
Other Interest	215.564,10	295.014,06	4.703,29	35.677,44
Profits from the sale / valuation of property, plant and equipment	1.948.314,77	1.475.411,01	-	-
Profits from the sale of associate	-	-	25.826.667,88	-
Other finance income	3.012.151,33	2.364.899,90	-	335.641,75
Total finance income	5.719.009,83	8.966.942,72	26.364.640,58	2.381.687,81

14. Income tax and deferred taxation

The income tax shown in the consolidated and separate statement of total comprehensive income is analysed as follows:

	Group		Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Current tax for fiscal period	(2.371.271,15)	(17.029.342,56)	-	-
Tax of previous years	(3.992.043,13)	-	(3.992.043,13)	-
Deferred income tax	1.623.903,64	8.643.875,50	2.419.827,67	10.789.528,02
Income tax (debit) credit to the total income statement	(4.739.410,64)	(8.385.467,06)	(1.572.215,46)	10.789.528,02

With the tax law 4334 / Government Gazette A '80 / 16.07.2015 the tax rate of legal entities residing in Greece amounts to 29% from January 1, 2015. The income tax agreement that appears in the total income situation and the amount of income tax determined by the application of the Greek tax rate on pre-tax profits is summarized as follows:

	Group		Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
	(213.201.532,5 0)	(127.802.218,2 4)	(131.595.196,6 7)	(197.765.090,3 2)
Losses before Income Tax				
Tax calculation based on applicable tax rates (2018: 29%, 2017: 29%)	41.772.266,97	37.062.643,29	38.162.607,03	57.351.876,19
Non-taxable income	-	-	-	580.000,00
Expenses not deductible for tax purposes	(30.280.612,11)	(6.976.311,25)	(30.252.019,19)	(47.142.348,17)
Tax losses for which no deferred tax recognized	(6.748.262,20)	-	-	-
Change in tax rates	(5.490.760,17)	(39.606.144,56)	(5.490.760,17)	-
Deferred taxes that were deleted / not calculated		1.134.345,46	-	-
Tax of previous years	(3.992.043,13)	-	(3.992.043,13)	-
Total	(4.739.410,64)	(8.385.467,06)	(1.572.215,46)	10.789.528,02

According to the provisions of article 23 of Law 4579/2018, the tax rate of profits from business activity acquired by legal persons and legal entities is gradually reduced by one percentage point per year, starting from the reduction for the income of the tax year. 2019. Specifically, for the income of the tax year 2018 the current tax rate will be applied (29%), while for the income of the tax year 2019 the tax rate is set at twenty-eight percent (28%), for the income of the tax in 2020 at twenty-seven percent (27%), for the income of the tax year 2021 at twenty-six percent (26%) and for the income of the tax year 2022 and onwards the rate is set at twenty-five percent (25%) .

The Group and the Company recognize a deferred tax liability for tax arrears to the extent that it is likely that there will be a taxable profit that will be used against the transferred unused tax losses. Significant estimates from management are required to determine the amount of deferred tax receivables that can be recognized, based on the probable timing and level of future taxable profits, along with future tax planning capabilities.

Greek tax legislation and related provisions are subject to interpretation by the tax authorities. Income tax returns are filed on an annual basis but the profits or losses declared for tax purposes remain temporary until the tax authorities review the taxpayer's tax returns and books, at which time the relevant tax liabilities will be settled. The tax losses, to the extent that are recognized by the tax authorities can be used to offset the profits of the next five fiscal years following the fiscal year they pertain to.

It is estimated that for the years up to 2017, the companies of the APAC sub-group paid unduly taxes, amounting to 78.7 million USD due to a declaration of fictitious profits to the tax authorities of Hong Kong. The Company, through its subsidiaries, has already sued the directors who signed the financial statements, the local finance director and the auditors of the APAC sub-group for claiming compensation.

Unaudited tax periods

The unaudited tax periods of the Group's companies are analysed as follows:

Company	Country	Unaudited tax periods
FOLLI FOLLIE S.A.	Greece	2012 - 2018 (*)
FOLLI FOLLIE AUSTRALIA LTD	Australia	-
FF GROUP BULGARIA EOOD	Bulgaria	2012 - 2018
FOLLI FOLLIE FRANCE SA	France	2012 - 2018
FOLLI FOLLIE GUAM LTD	Guam	2012 - 2018
FOLLI FOLLIE HOLDINGS SA	Greece	2012 - 2018 (*)
PLANACO SA	Greece	2012 - 2018 (*)
FF COSMETICS	Greece	2012 - 2018 (*)
QIVOS SA (SALES MANAGER LTD)	Greece	2012 - 2018
ATTICA DEPARTMENT STORES S.A.	Greece	2012 - 2018 (*)
MARINA MYTILINIS SA	Greece	-
COSMOBRANDS S.A.	Greece	-
LINKS OF LONDON INC (USA)	U.S.A.	2012 - 2018
FOLLI FOLLIE JAPAN LTD	Japan	2015 - 2018
LINKS OF LONDON JAPAN CO. LTD	Japan	2012 - 2018
JUICY COUTURE IRELAND LTD	Ireland	2015 - 2018
FOLLI FOLLIE SPAIN SA	Spain	2012 - 2018
FOLLI FOLLIE SHANGHAI (PILION LTD)	China	2016 - 2018
FOLLI FOLLIE SHENZHEN LTD	China	2016 - 2018
LINKS OF LONDON (ASIA) LTD	China	2012 - 2018
FF CYPRUS LTD	Cyprus	2012 - 2018
NARIACO INVESTMENTS LTD	Cyprus	2016 - 2018
WARLABY TRADING LTD	Cyprus	2016 - 2018
FF GROUP FINANCE LUXEMBOURG SA	Luxemburg	2015 - 2018
FF GROUP FINANCE LUXEMBOURG II SA	Luxemburg	2017 - 2018
FOLLI FOLLIE MACAU LTD	Macau	2016 - 2018
FOLLI FOLLIE MALAYSIA LTD	Malaysia	2015 - 2018
FF ORIGINS LTD	British Virgin Islands	There is no income tax
STRENABY FINANCE LTD	Great Britain	2015 - 2018
FOLLI FOLLIE UK LTD	Great Britain	2012 - 2018
JUICY COUTURE EUROPE LTD	Great Britain	2016 - 2018
LINKS (LONDON) LIMITED	Great Britain	2012 - 2018
LINKS OF LONDON (INTERNATIONAL) LTD	Great Britain	2012 - 2018
LINKS OF LONDON COM LTD (UK)	Great Britain	2012 - 2018
FOLLI FOLLIE KOREA LTD	South Korea	2016 - 2018
FF GROUP ROMANIA SRL	Romania	2012 - 2018
APPAREL ROMANIA SRL.	Romania	2015 - 2018
FOLLI FOLLIE SINGAPORE LTD	Singapore	2016 - 2018
FOLLI FOLLIE TAIWAN LTD	Taiwan	2015 - 2018
FOLLI FOLLIE THAILAND LTD	Thailand	2016 - 2018
FOLLI FOLLIE HAWAII LTD	Hawaii	2012 - 2018
FOLLI FOLLIE GROUP SOURCING LTD	Hong Kong	2016 - 2018
FOLLI FOLLIE ASIA LTD	Hong Kong	2016 - 2018
FOLLI FOLLIE HONG KONG INTERNATIONAL LTD	Hong Kong	2016 - 2018
FF BUSINESS DEVELOP. & TECH. CONSULTING LTD	Hong Kong	2016 - 2018
FF INTERNATIONAL HOLDINGS LTD	Hong Kong	2016 - 2018

For the fiscal years 2012, 2013, in order to be considered tax-completed, the provisions of par. 1a of article 6 of the POL ministerial decision 1159/2011 must be in effect, while for the fiscal years 2014 and after, tax closure is effected based on POL 1124/2015. This audit may be carried out within the period in which the right of the Tax Administration to issue tax determination acts applies. Within the fiscal year 2017 and specifically in the last quarter, a control order was notified to the parent company by the competent Tax Authority, for the years 2012, 2013 and 2014. The audit is in progress and has not been completed until the date of approval of the annual financial statements. However, we note that the fiscal year 2012 has been audited by the statutory auditor in accordance with the provisions of par. 5 of article 82 of Law 2238/1994 and a report of tax compliance has been issued without reservation. Also according to the provisions of par. 1 and 4 of article 5 of POL 1159/2011 and the decision of the Council of State 1738 / 27.6.17, the fiscal period is considered tax-completed.

Deferred taxes

Deferred income tax is calculated using the method of liability for all temporary differences arising between the tax base of assets and liabilities and their value for financial information purposes. Deferred tax receivables and liabilities are assessed on the basis of the tax rates expected to be applied in the year in which the claim is made or the obligation is settled, and are based on the tax rates established or substantially established by the date of the financial position.

Deferred taxes in the attached consolidated and separate statements of financial position are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Deferred tax receivables	456.899,18	9.915.991,21	-	-
Deferred tax liabilities	(11.746.314,99)	(22.358.138,05)	(8.918.508,87)	(11.338.336,54)
	(11.289.415,81)	(12.442.146,84)	(8.918.508,87)	(11.338.336,54)

The movement of the deferred income tax of the Group and the Company is as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Balance at January 1st	(12.442.146,84)	(21.086.022,34)	(11.338.336,54)	(22.127.864,56)
Credit / (Debit) of total income statement	1.623.903,64	8.643.875,50	2.419.827,67	10.789.528,02
Currency conversion differences	(471.172,61)	-	-	-
Balance at December 31st	(11.289.415,81)	(12.442.146,84)	(8.918.508,87)	(11.338.336,54)

The movement in deferred tax receivables / liabilities of the Group and the Company on 31st December 2018 and 2017 is as follows:

Group

	Statement of financial position		Statement of comprehensive income	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Property, plant and equipment	(11.363.842,88)	(27.078.527,30)	(1.823.676,85)	10.285.714,45
Intangible assets	(2.938.692,96)	(1.449.417,73)	2.449,48	1.260.056,62
Provisions	2.765.469,79	13.140.803,87		(17.497.953,82)
Accrued expenses	6.518,80	2.651.253,01		(2.854.913,01)
Other temporary differences	241.131,44	293.741,31	197.323,73	163.220,26
Debit / (credit) of total income statement			(1.623.903,64)	(8.643.875,50)
Deferred tax liabilities	(11.289.415,81)	(12.442.146,84)		

Company

	Statement of financial position		Statement of comprehensive income	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Property, plant and equipment	(12.790.482,14)	(12.513.406,34)	2.419.827,67	(10.910.696,32)
Intangible assets	1.099.984,68	(1.170.457,46)	-	1.307.997,71
Provisions	2.765.469,79	2.588.126,25	-	(1.214.193,40)
Accrued expenses	6.518,80	(242.598,99)	-	27.363,99
Debit / (credit) of total income statement			2.419.827,67)	(10.789.528,02)
Deferred tax liabilities	(8.918.508,87)	(11.338.336,54)		

15. Earnings per share

The key earnings per share are calculated by dividing the net profits attributed to the shareholders of the parent by the weighted average number of common shares in circulation during the relevant fiscal year.

The diluted earnings per share are calculated by dividing the net profits attributed to the shareholders of the parent by the weighted average number of common shares in circulation during the year, as adapted to the effect of potential securities convertible into shares.

The following table shows the calculation of key and diluted earnings per share on 31 December 2018 and 2017:

	Group		Company	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Net profit / loss attributable to parent company shareholders	(217.940.943,14)	(140.998.014,47)	(133.167.412,13)	(186.975.562,30)
Average weighted number of shares	66.364.127,00	66.364.127,00	66.948.210,00	66.364.127,00
Basic and diluted losses per share	(3,28)	(2,12)	(1,99)	(2,82)

There were no potential stock securities on 31 December 2018 and 2017 and thus the key and diluted earnings per share are the same.

16. Property, plant and equipment

The property, plant and equipment of the Group are analysed as follows:

	Land	Buildings and buildings installations	Machinery & mechanical equipment	Vehicles	Furniture and other equipment	Advances and fixed assets under construction	Total
Cost							
Balance at January 1st, 2017	46.008.071,55	184.509.663,50	11.937.818,16	5.138.789,44	124.773.660,63	42.397.336,63	414.765.339,91
Additions	-	16.954.006,72	521.516,32	204.878,52	14.015.858,36	1.076.967,49	32.773.227,41
Sales/ Write-offs	-	(5.064.413,25)	(75.500,93)	(177.034,41)	(4.413.362,32)	-	(9.730.310,91)
Change of consolidation method	-	(26.556.941,21)	(158.132,85)	(268.236,45)	(6.662.607,12)	(26.440,00)	(33.672.357,63)
Valuation	(6.021.542,90)	7.640.931,22	-	-	-	-	1.619.388,32
Reclassification	(0,39)	96.425,83	5.655,88	25,31	45.188,97	(25.096,46)	122.199,14
Exchange differences	(3.277.817,92)	(6.548.838,40)	1.077.223,41	(5.041,29)	(443.195,40)	(2.237.017,38)	(11.434.686,98)
Balance at 31 December 2017	36.708.710,34	171.030.834,41	13.308.579,99	4.893.381,12	127.315.543,12	41.185.750,28	394.442.799,26
Balance at January 1st 2018	36.708.710,34	171.030.834,41	13.308.579,99	4.893.381,12	127.315.543,12	41.185.750,28	394.442.799,26
Additions	-	7.915.285,84	6.569,92	3.473,51	5.554.810,39	808.215,54	14.288.355,20
Sales/ Write-offs	-	(3.408.995,56)	(272.502,22)	(63.176,66)	(2.757.392,92)	-	(6.502.067,36)
Reclassification	-	750.777,40	259.502,84	-	1.072.244,76	(1.220.875,75)	861.649,25
Exchange differences	656.422,99	2.017.698,35	(334,29)	21.325,45	1.512.049,58	996.785,52	5.203.947,60
Balance at 31 December 2018	37.365.133,33	178.305.600,44	13.301.816,24	4.855.003,42	132.697.254,93	41.769.875,59	408.294.683,95
Accumulated depreciation.							
Balance at January 1st 2017	0,39	54.359.809,21	10.353.170,45	2.140.186,63	72.330.094,08	1.323.544,45	140.506.805,21
Depreciation	-	12.588.589,68	774.016,73	726.091,67	10.693.347,33	-	24.782.045,41
Impairments	-	77.851.956,66	-	-	-	19.523.707,00	97.375.663,66
Sales/ Write-offs	(0,39)	(4.354.546,00)	(54.497,59)	(102.436,97)	(3.426.575,32)	-	(7.938.056,27)
Reclassification	-	-	-	-	-	-	-
Exchange differences	-	3.069.722,54	319.848,89	4.564,65	553.070,87	-	3.947.206,95
Balance at 31 December 2017	-	143.515.532,09	11.392.538,48	2.768.405,98	80.149.936,96	20.847.251,45	258.673.664,96
Balance at January 1st 2018	-	143.515.532,09	11.392.538,48	2.768.405,98	80.149.936,96	20.847.251,45	258.673.664,96
Depreciation	-	6.059.585,93	728.511,21	31.647,43	4.962.383,14	-	11.782.127,71
Impairments	-	-	-	-	-	-	-
Sales/ Write-offs	-	(2.433.013,37)	(1.546,25)	(46.144,84)	(2.419.654,64)	64.688,59	(4.835.670,51)
Reclassification	-	364.095,65	-	-	39.292,37	-	403.388,02
Exchange differences	-	259.039,83	(319,35)	18.313,15	389.666,96	-	666.700,59
Balance at 31 December 2018	-	147.765.240,13	12.119.184,09	2.772.221,72	83.121.624,79	20.911.940,04	266.690.210,77
Written-down value 31.12.2017	36.708.710,34	27.515.302,32	1.916.041,51	2.124.975,14	47.165.606,16	20.338.498,83	135.769.134,30
Written-down value 31.12.2018	37.365.133,33	30.540.360,31	1.182.632,15	2.082.781,70	49.575.630,14	20.857.935,55	141.604.473,18

The property, plant and equipment of the Company are analysed as follows:

	Land	Buildings and buildings installations	Machinery & mechanical equipment	Vehicles	Furniture and other equipment	Advances and fixed assets under construction	Total
Cost							
Balance at January 1st, 2017	14.204.662,45	48.496.095,18	1.411.659,54	541.313,12	23.636.913,87	-	88.290.644,16
Additions	-	1.093.924,22	4.141,85	-	1.770.644,31	19.405,41	2.888.115,79
Sales/ Write-offs	-	(93.859,21)	(462,93)	(25.000,00)	(582.814,31)	-	(702.136,45)
Impairment on buildings	(3.759.688,57)	(638.266,21)	-	-	-	-	(4.397.954,78)
Reclassification	-	33.127,40	-	-	-	-	33.127,40
Balance at 31 December 2017	10.444.973,88	48.891.021,38	1.415.338,46	516.313,12	24.824.743,87	19.405,41	86.111.796,12
Balance at January 1st 2018	10.444.973,88	48.891.021,38	1.415.338,46	516.313,12	24.824.743,87	19.405,41	86.111.796,12
Additions	-	714.750,54	-	3.473,51	267.842,31	808.215,54	1.794.281,90
Sales/ Write-offs	-	-	-	-	(505.786,97)	-	(505.786,97)
Reclassification	-	180.247,88	-	-	827.620,95	(827.620,95)	180.247,88
Balance at 31 December 2018	10.444.973,88	49.786.019,80	1.415.338,46	519.786,63	25.414.420,16	-	87.580.538,93
Accumulated depreciation.							
Balance at January 1st 2017	-	17.381.228,03	1.160.139,99	469.028,88	19.086.766,40	-	38.097.163,30
Depreciation	-	1.926.967,11	60.257,99	15.123,23	1.525.324,30	-	3.527.672,63
Impairments	-	-	-	-	-	-	-
Sales/ Write-offs	-	(44.817,07)	(462,93)	(15.566,57)	(581.262,37)	-	(642.108,94)
Balance at 31 December 2017	-	19.263.378,07	1.219.935,05	468.585,54	20.030.828,33	-	40.982.726,99
Balance at January 1st 2018	-	19.263.378,07	1.219.935,05	468.585,54	20.030.828,33	-	40.982.726,99
Depreciation	-	1.998.929,10	52.290,71	11.837,31	1.178.857,05	-	3.241.914,17
Impairments	-	-	-	-	-	-	-
Sales/ Write-offs	-	(6.647,08)	-	-	(431.929,41)	-	(438.576,49)
Balance at 31 December 2018	-	21.255.660,09	1.272.225,76	480.422,85	20.777.755,97	-	43.786.064,67
Written-down value 31.12.2017	10.444.973,88	29.627.643,31	195.403,41	47.727,58	4.793.915,54	19.405,41	45.129.069,13
Written-down value 31.12.2018	10.444.973,88	28.530.359,71	143.112,70	39.363,78	4.636.664,19	-	43.794.474,26

On the Company's property, plant and equipment, the following encumbrances apply for loans received by subsidiaries:

- For a loan of € 1,064 thousand that the subsidiary QIVOS SA has received, there is a real burden / commitment on the property located at 96 Vouliagmenis, Glyfada with a value of € 886 thousand.
- For a loan of € 1,543 thousand that FF Romania has received, there are encumbrances on the commercial store located in Psychiko and on the storage space in Agios Stefanos with a value of € 3mn. and € 540 thousand respectively.

The Company has signed sales and lease-back agreements for the buildings it uses in Maroussi as a retail store and in Koropi as a warehouse with the following terms:

- i. For the property in Maroussi, a contract is kept with NBG Leasing, which sets an annual minimum fixed interest rate of 4.25%, ending in July 2021.
- ii. For the property in Koropi, a contract is kept with Eurobank, which sets an annual minimum fixed interest rate of 2.45%, ending in November 2020.

In addition, in 2017 the company acquired a property on a location in Thessaloniki (October 26, 43) for which there was a contract of sale and lease which expired in August 2017.

No fixed assets were assessed, beyond the buildings and plots, for the fiscal year 2018.

17. Investment Properties

The investment properties of the Group and the Company are analysed as follows:

	Group and Company		
	Investment Properties at historical cost	Investment Properties at fair value	Total
Cost			
Balance at January 1st 2017	19.940.922,03	67.453.476,17	87.394.398,20
Additions	33.885,75	195.320,34	229.206,09
Transfers from / (to) used properties		(70.707,34)	(70.707,34)
Balance at 31 December 2017	19.974.807,78	67.578.089,17	87.552.896,95
Balance at January 1st 2018	19.974.807,78	67.578.089,17	87.552.896,95
Additions	53.404,30	-	53.404,30
Balance at December 2018	20.028.212,08	67.578.089,17	87.606.301,25
Accumulated Depreciations			
Balance at January 1st 2017	10.962.249,65	1.283.934,86	12.246.184,51
Depreciations	1.320.022,16	-	1.320.022,16
Impairment of fair value	-	32.452.588,86	32.452.588,86
Balance at 31 December 2017	12.282.271,81	33.736.523,72	46.018.795,53
Balance at January 1st 2018	12.282.271,81	33.736.523,72	46.018.795,53
Depreciations	2.832,60	-	2.832,60
Balance at 31 December 2018	12.285.104,41	33.736.523,72	46.021.628,13
Written-down value 31.12.2017	7.692.535,97	33.841.565,45	41.534.101,42
Written-down value 31.12.2018	7.743.107,67	33.841.565,45	41.584.673,12

Investment properties other than Factory Outlet Airport have been valued at the fair value of level 3 as assessed by the independent external certified auditors from RICS (Royal Institution of Chartered Surveyors).

Especially regarding the Factory Outlet Piraeus, the value on 31.12.2017 has been based on the liquidation value which has been calculated at € 26.6 million discounting the market value with an interest rate of 2.5%.

The method of comparative purchase data or purchase prices and discounted cash flows (DCF) was mainly used to estimate the fair value of the Company's investment properties. During the assessment, the location of the property, the area, the urban planning status of the area, the networks and facilities / infrastructure, the state of maintenance of the properties, the marketability and technical specifications of construction where there exist buildings as well as any environmental issues were taken into account.

Regarding the Factory of the Airport, there is a rebuttable presumption that the entity is able to determine the fair value of an investment property reliably on a continuous basis. However, in exceptional cases, when the entity acquires an investment property (or when an existing property becomes an investment property after the completion of construction or development or after a change in use), there is clear evidence that the reliable determination of the fair value of the investment is not feasible on an ongoing basis. This arises only when comparable market transactions are rare and alternatively reliable estimates of fair value (for example, based on discounted budget cash flows) are not available. In such cases, the entity will value this investment property using the IAS cost method 16. The residual value of the investment property will be considered as zero. The entity will continue to apply IAS 16 until the investment property is made available.

In exceptional cases, when the entity is required, for the reason given in the preceding paragraph, to assess an investment property using the cost method in accordance with IAS 16, it will evaluate all its other investment properties at fair value. In these cases, although the entity uses the cost method for an investment property, it will continue to account for each remaining investment property using the fair value method.

The investment property of Factory Outlet at the Athens Airport is owned by the Company under a concession contract that expires on December 31, 2025. The building was constructed at the expense of the Company and has been valued at the historic construction cost and any improvements, which are amortized during the 20-year contract.

For the Factory Outlet at Piraeus, the Company maintains a finance lease agreement with Eurobank with an annual fixed interest rate of 4.05% which expires in July 2027.

The Group's investment properties are leased and used as described below:

- A. Tsakalof Building, Kolonaki: The lease is used as a warehouse-shop of a healthcare facility.
- B. Building K2, 23rd km. EO Athens-Lamia Ag. Stefanos: The lease is used as head office of DUTY FREE SHOPS S.A.
- C. Building L. Vouliagmenis 96: The property is rented for leased office use and showroom use.
- D. Factory Outlet Piraeus and Airport: The two properties are used as commercial properties (Factories) and the Company receives a minimum monthly fixed amount as rent and a percentage of commission on sales. Regarding the property of Piraeus, it is owned by the Company with a finance lease contract that expires in November 2024

For the Factory Outlet of Piraeus, the Company maintains a finance lease agreement with Eurobank with an annual fixed interest rate of 4.05% which expires in July 2027.

18. Intangible assets

The intangible assets of the Group are analysed as follows:

	Computer software	Rental Rights	Trademarks	Concessions and industrial property rights	Goodwill	Total
Cost						
Balance at January 1st 2017	52.712.858,17	5.657.606,00	112.301,58	8.240.669,64	95.687.990,78	162.411.426,17
Additions	1.789.616,18	378.681,32		-		2.168.297,50
Sales/ Write-offs	(18.759.891,80)	(202.938,82)		-	(95.687.990,78)	(114.650.821,40)
Change of consolidation method	(1.310.880,98)	-		-	-	(1.310.880,98)
Exchange differences	(2.003.343,38)	690.805,04		(935.899,22)	-	(2.248.437,56)
Balance at 31 December 2017	32.428.358,19	6.524.153,54	112.301,58	7.304.770,42	-	46.369.583,73
 Balance at January 1st 2018	 32.428.358,19	 6.524.153,54	 112.301,58	 7.304.770,42	 -	 46.369.583,73
Additions	101.373,00	-	-	-	-	101.373,00
Sales/ Write-offs	(8.363,00)	-	-	-	-	(8.363,00)
Exchange differences	182.892,60	-	14.838,05	(321.250,00)	-	(123.519,35)
Balance at 31 December 2018	32.704.260,79	6.524.153,54	127.139,63	6.983.520,42	-	46.339.074,38
 Accumulated depreciation						
Balance at January 1st 2017	24.313.068,12	3.520.012,85	72.952,61	2.192.584,37	290.462,00	30.389.079,95
Amortization	6.900.719,11	1.135.268,44	9.044,72	107.823,38		8.152.855,65
Sales/ Write-offs	(470.120,76)	(8.974,46)	-	-	(290.462,00)	(769.557,22)
Exchange differences	876.906,39	197.493,28	-	298.751,88	-	1.373.151,55
Balance at 31 December 2017	31.620.572,86	4.843.800,11	81.997,33	2.599.159,63	-	39.145.529,93
 Balance at January 1st 2018	 31.620.572,86	 4.843.800,11	 81.997,33	 2.599.159,63	 -	 39.145.529,93
Amortization	466.941,81	405.829,15	2.919,19	122.068,92	-	997.759,07
Sales/ Write-offs	(669,51)	-	-	-	-	(669,51)
Exchange differences	184.080,55	295.079,74	9.595,12	493.438,34	-	982.193,75
Balance at 31 December 2018	32.270.925,71	5.544.709,00	94.511,64	3.214.666,89	-	41.124.813,24
 Written-down value 31.12.2017	 807.785,33	 1.680.353,43	 30.304,25	 4.705.610,79	 -	 7.224.053,80
Written-down value 31.12.2018	433.335,08	979.444,54	32.627,99	3.768.853,53	-	5.214.261,14

The intangible assets of the Company are analysed as follows:

	Computer Software	Rental Rights	Trademarks	Concessions and industrial property rights	Total
Cost					
Balance at January 1st 2017	2.370.433,47	7.439.637,24	112.301,58	57.000,00	9.979.372,29
Additions	574.128,95	213.225,00	-	-	787.353,95
Sales/ Write-offs	-	(20.000,00)	-	-	(20.000,00)
Balance at 31 December 2017	2.944.562,42	7.632.862,24	112.301,58	57.000,00	10.746.726,24
Balance at January 1st 2018	2.944.562,42	7.632.862,24	112.301,58	57.000,00	10.746.726,24
Additions	81.272,40	-	-	-	81.272,40
Balance at 31 December 2018	3.025.834,82	7.632.862,24	112.301,58	57.000,00	10.827.998,64
Accumulated depreciation.					
Balance at January 1st 2017	2.165.728,35	5.491.234,58	72.952,61	14.950,88	7.744.866,42
Amortization	464.453,85	449.473,04	9.044,72	42.049,12	965.020,73
Sales/ Write-offs	-	(8.974,46)	-	-	(8.974,46)
Balance at 31 December 2017	2.630.182,20	5.931.733,16	81.997,33	57.000,00	8.700.912,69
Balance at January 1st 2018	2.630.182,20	5.931.733,16	81.997,33	57.000,00	8.700.912,69
Amortization	261.393,11	398.380,87	7.337,15	-	667.111,13
Balance at 31 December 2018	2.891.575,31	6.330.114,03	89.334,48	57.000,00	9.368.023,82
Written-down value 31.12.2017	314.380,22	1.701.129,08	30.304,25	-	2.045.813,55
Written-down value 31.12.2018	134.259,51	1.302.748,21	22.967,10	-	1.459.974,82

Intangible assets consist of software and licenses, which are depreciated in 5 to 10 years.

19. Investments in subsidiaries

The movement of the Company's participations in subsidiaries is analysed below

	31/12/2018	31/12/2017
Opening Balance at beginning of period	53.255.186,23	73.868.520,17
Increase in share capital	12.312.933,00	1.016.644,85
Decrease in share capital	(965.674,66)	-
Impairment of investments in subsidiaries	(3.400.000)	(21.629.978,79)
Closing Balance at end of period	61.202.444,57	53.255.186,23

The following table lists the holdings of the Company

Name	Net Book Value 31.12.2018	Net Book Value 31.12.2017	Country of establishment	Relation to Parent company	Holding Percentage	
					31/12/2018	31/12/2017
FOLLI FOLLIE GROUP SOURCING LTD	-	-	HONG KONG	Direct	99,99%	99,99%
FOLLI-FOLLIE UK LTD	-	-	GREAT BRITAIN	Direct	100,00%	100,00%
FOLLI-FOLLIE FRANCE SA	-	-	FRANCE	Direct	100,00%	100,00%
FOLLI-FOLLIE SPAIN SA	-	-	SPAIN	Direct	100,00%	100,00%
FOLLI-FOLLIE CYPRUS LTD	7.545.983,00	7.545.983,56	CYPRUS	Direct	100,00%	100,00%
PLANACO SA	10.412.943,57	5.000.000,00	GREECE	Direct	100,00%	100,00%
FOLLI FOLLIE HOLDINGS S.A.	25.565.933,00	25.565.933,82	GREECE	Direct	100,00%	100,00%
FF GROUP FINANCE LUXEMBOURG SA	-	-	LUXEMBURG	Direct	100,00%	100,00%
FF GROUP FINANCE LUXEMBOURG II SA	-	-	LUXEMBURG	Direct	100,00%	100,00%
QIVOS S.A. (SALES MANAGER LTD)	-	-	GREECE	Direct	48,99%	48,99%
STRENABY FINANCE LTD	3.087.599,00	4.053.274,46	GREAT BRITAIN	Direct	100,00%	100,00%
FF GROUP ROMANIA SRL	13.045.971,00	8.545.971,25	ROMANIA	Direct	100,00%	100,00%
FF GROUP BULGARIA EOOD	1.544.023,00	1.544.023,14	BULGARIA	Direct	100,00%	100,00%
FF COSMETICS SA - (SHISEIDO)	-	1.000.000,00	GREECE	Direct	100,00%	100,00%
LINKS OF LONDON (INTERNATIONAL) LTD	-	-	GREAT BRITAIN	Direct	100,00%	100,00%
LINKS (LONDON) LIMITED	-	-	GREAT BRITAIN	Direct	25,00%	25,00%
JUICY COUTURE EUROPE LTD	-	-	GREAT BRITAIN	Direct	100,00%	100,00%
Total	61.202.444,57	53.255.186,23				

The Sub-subsidiaries (through subsidiaries) Indirect% holdings are listed below

<u>Sub-subsidiary (through subsidiaries) Indirect% of holding</u>	<u>Country of establishment</u>	<u>31/12/2018</u>	<u>31/12/2017</u>
FOLLI FOLLIE ASIA LTD	HONG KONG	99,99%	99,99%
FOLLI FOLLIE TAIWAN LTD	TAIWAN	99,99%	99,99%
FOLLI FOLLIE KOREA LTD	S. KOREA	99,99%	99,99%
FOLLI FOLLIE SINGAPORE LTD	SINGAPORE	99,99%	99,99%
FOLLI FOLLIE MACAU LTD	MAKAU	99,99%	99,99%
FOLLI FOLLIE SHANGHAI (PILION LTD)	CHINA	99,99%	99,99%
FOLLI FOLLIE SHENZHEN LTD	CHINA	99,99%	99,99%
FOLLI FOLLIE GUAM LTD	GUAM	99,99%	99,99%
FOLLI FOLLIE HAWAII LTD	HAWAII	99,99%	99,99%
FOLLI FOLLIE MALAYSIA LTD	MALAYSIA	99,99%	99,99%
FOLLI FOLLIE THAILAND LTD	THAILANDH	99,99%	99,99%
FOLLI FOLLIE HONG KONG INTERNATIONAL LTD	HONG-KONG	99,99%	99,99%
FOLLI FOLLIE JAPAN LTD	JAPAN	99,99%	99,99%
FOLLI FOLLIE AUSTRALIA LTD	AUSTRALIA	99,99%	99,99%
LINKS (LONDON) LIMITED	GREAT BRITAIN	75,00%	75,00%
LINKS OF LONDON COM LTD (UK)	GREAT BRITAIN	100,00%	100,00%
LINKS OF LONDON INC (USA)	USA	100,00%	100,00%
JUICY COUTURE IRELAND LTD	IRELAND	100,00%	100,00%
LINKS OF LONDON (ASIA) LTD	HONG KONG	100,00%	100,00%
LINKS OF LONDON JAPAN CO. LTD	JAPAN	100,00%	100,00%
LINKS OF LONDON (CANADA) LIMITED	CANADA	100,00%	100,00%
LT APPAREL ROMANIA SRL	ROMANIA	49,00%	49,00%
WARLABY TRADING LTD	CYPRUS	100,00%	100,00%
NARIACO INVESTMENTS LTD	CYPRUS	100,00%	100,00%

The following table lists the Group's holdings that are not included in the consolidated financial statements for the fiscal year 2018.

<u>Name</u>	<u>Net Book Value 31.12.2018</u>	<u>Net Book Value 31.12.2017</u>	<u>Country of establishment</u>	<u>Relation to Parent company</u>	<u>Holding Percentage</u>	
					<u>31/12/2018</u>	<u>31/12/2017</u>
FOLLI-FOLLIE UK LTD	-	-	GREAT BRITAIN	Direct	100,00%	100,00%
QIVOS S.A. (SALES MANAGER LTD)	-	-	GREECE	Direct	48,99%	48,99%
STRENABY FINANCE LTD	3.087.599,00	-	GREAT BRITAIN	Direct	100,00%	100,00%
LINKS OF LONDON (INTERNATIONAL) LTD	-	-	GREAT BRITAIN	Direct	100,00%	100,00%
JUICY COUTURE EUROPE LTD	-	-	GREAT BRITAIN	Direct	100,00%	100,00%
Total	3.087.599,00	-				

20. Investments in associates

The table below lists the Group's holdings in related businesses.

<u>Name</u>	<u>Net book value 31.12.2018</u>	<u>Net book value 31.12.2017</u>	<u>Country of Establishment</u>	<u>Relation to Parent company</u>	<u>Holding Percentage</u>	
					<u>31/12/2018</u>	<u>31/12/2017</u>
ATTICA DEPARTMENT STORES SA	-	4.326.947,56	GREECE	Direct / Indirect	0,00%	32,51%/13,39%
MARINA MITILINIS SA	175.000,00	-	GREECE	Direct	50,00%	50,00%
Total	175.000,00	4.326.947,56				

Attica Department Stores S.A

The Group participates through the associate company "Attica" in the operation of three "Attica" department stores in Athens (in the city centre, in the shopping centre "Golden Hall" and in "The Mall Athens"), as well as in two "Attica" department stores in Thessaloniki (in the city centre and in the shopping centre "Mediterranean Cosmos Mall"). During the previous years, the Group was wrongly consolidating Attica using the full consolidation method. The remaining € 31,017,312.31 in the reformed consolidated financial statements of 31 December 2017 concerns the Group's participation in Attica, using the equity method. On December 12, 2018, an electronic auction for 35.67% of Attica's shares was held. For more information, see [Note 30](#).

Marina Mitilinis SA

During 2018, a share capital increase of € 350,000 was made. The Company participated with the amount of € 175,000.

21. Investments available for sale

The investments available for sale by the Group and the Company are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening Balance at beginning of period	206.948.758,15	204.611.230,09	153.328.730,51	146.329.538,59
Purchases	-	-	-	-
Sales	(52.594.964,79)	(583.029,39)	(52.594.964,79)	-
Investments available for sale by a company which was not consolidated	(53.626.492,91)	-	-	-
Transfer	-	(1.012.933,10)	-	-
Valuation	(33.748.831,49)	3.933.490,55	(33.755.296,76)	6.999.191,92
Opening Balance at end of period	66.978.468,96	206.948.758,15	66.978.468,96	153.328.730,51

Group

	Dufry	Collar & Booster Hedge Instr.	Eurobank	Various Securities	Total
Balance at 01/01/2017	145.606.286,43	57.661.275,72	414.386,05	929.281,89	204.611.230,09
Sales	-	-	-	(583.029,39)	(583.029,39)
Transfer	-	(1.014.621,80)	-	1.688,70	(1.012.933,10)
Valuation	6.851.124,01	(3.020.161,01)	131.704,10	(29.176,55)	3.933.490,55
Balance at 31/12/2017	152.457.410,44	53.626.492,91	546.090,15	318.764,65	206.948.758,15

	Dufry	Collar & Booster Hedge Instr.	Eurobank	Various Securities	Total
Balance at 01/01/2018	152.457.410,44	53.626.492,91	546.090,15	318.764,65	206.948.758,15
Sales	(52.594.964,72)	-	-	-	(52.594.964,72)
Investments available for sale by a company which was not consolidated	-	(53.626.492,91)	(219.720,83)	-	(53.626.492,91)
Valuation	(33.364.733,47)	-	-	(164.377,19)	(33.748.831,49)
Balance at 31/12/2018	66.497.712,18	-	326.369,32	154.387,46	66.978.468,96

Company

	Dufry	Eurobank	Various Securities	Total
Balance at 01/01/2017	145.606.286,43	414.386,05	308.866,11	146.329.538,59
Valuation	6.851.124,01	131.704,10	16.363,81	6.999.191,92
Balance at 31/12/2017	152.457.410,44	546.090,15	325.229,92	153.328.730,51

	Dufry	Eurobank	Various Securities	Total
Balance at 01/01/2018	152.457.410,44	546.090,15	325.229,92	153.328.730,51
Sales	(52.594.964,72)	-	-	(52.594.964,72)
Valuation	(33.364.733,47)	(219.720,83)	(170.842,46)	(33.755.296,76)
Balance at 31/12/2018	66.497.712,18	326.369,32	154.387,46	66.978.468,96

The investments of the Company available for sale concern shares listed on the Athens Stock Exchange which were valued at the current closing prices of the Stock Exchange meeting on December 31, 2018 and 2017 (level 1) as well as shares of Dufry AG which are traded on the Swiss Stock Exchange (SIX) and they are reviewed for impairment at each balance sheet date through other comprehensive income.

During the second half of 2018 and following the release of 426,505 shares of Dufry AG, the Company sold those shares for € 47.6 million.

The Company owns shares of Dufry AG, of which:

804,728 shares of the Company are escrow and which are the subject of an ongoing dispute with Dufry AG, to which the Company sold in 2012 and 2013 51% and 49% respectively the shares held in the company Hellenic Duty Free Shops SA (see "Contingent liabilities").

There is a wide range in terms of value, which results from:

- The result of the arbitration (and therefore the release or not of the shares)
- The possible payment of an amount to Dufry AG as a result of a possible adjustment of the selling price, according to the initial Transaction and Purchase Agreement of the company. Hellenic Duty-Free Shops SA in 2012, which governs the acquisition described above.

Due to the fact that part of the implementation of the agreement depends on third party decisions (European Union Directive and date of implementation of this Directive in Greece), the Company does not have the necessary information to assess the relevant contingent liability on the date of writing the financial statements.

The various securities concern shares of the companies "LITO" and "I. BOUTARIS & SON HOLDING SA" owned by the Company.

At Group level, the "Collar & Booster Hedge Instrument" is also available for sale, which consists of the shares of Dufry held by the subsidiary Strenaby, together with options on these shares. These shares of Dufry were acquired with a loan received by the subsidiary from a foreign bank that was repaid in February 2019 from the product of the sale of shares held by Strenaby. At the same time, the voting rights expired. The subsidiary Strenaby was not consolidated for the fiscal year 2018 (Note 7).

22. Other long-term assets

The other long-term assets of the Group and the Company are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Existing guarantees	8.333.610,29	4.008.311,79	1.450.425,62	1.146.082,80
Other receivables	3.877.261,39	-	747,70	747,70
Total	12.210.871,68	4.008.311,79	1.451.173,32	1.146.830,50

The Group and the Company have granted guarantees for public utility services and for lease of transportation means.

23. Inventories

The Group and Company's inventories are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Goods	112.105.771,21	113.997.281,65	35.719.721,77	44.634.501,01
Finished goods - Raw and auxiliary materials	4.804.392,04	98.675,76	4.657.440,07	3.339.839,15
Packaging materials	2.267.435,88	143.289,89	1.416.681,23	1.070.534,51
Minus: Impairment for slow-moving and obsolete inventories	(31.460.729,00)	(5.668.797,63)	(749.549,99)	(2.586.946,13)
Total	87.716.870,13	108.570.449,67	41.044.293,08	46.457.928,54

The inventories are measured at the lowest value between acquisition value and net liquidable value, as provided by the IAS 2. Cost is determined by the average cost method. The net liquidable value is estimated on the basis of the current selling prices of the stocks in the context of the usual activity deducted and any sales expenses where applicable. The Management has not been able to gather sufficient data regarding the impairment for obsolete inventories carried out by the subsidiaries of FF Group Sourcing and FF Pilon in the amount of € 14.8 million and € 12.3 million respectively.

Inventories in custody

The Group and the Company have entered into agreements with customers under which the customer undertakes to sell goods on behalf of the Group with its trademarks.

After the delivery of the goods to the Customer, the risk of destruction, loss, theft or any other damage is borne exclusively by the Customer, who must have them insured and at all risk with the Insurer as the beneficiary of the insurance.

The Customer is obliged to send to the Group the liquidation of the total sales of the previous month and to attribute the value of the sold products minus the agreed supply.

The period for which the goods are in the customer's premises and until their sale or return are monitored in the "Inventories in deposit" account.

In case of unknown losses (deficits) after inventory or return of the goods, the lost goods are invoiced by the Group in accordance with the terms of each contract.

The amount of return to the Customer (gross value of sales - supplies) is recognized when the goods are sold and the relevant clearance is sent by the customer.

24. Trade receivables

The Group's trade receivables are analysed as follows:

Trade Receivables	Group	
	31/12/2018	31/12/2017
Trade Receivables (customers)	36.408.441,89	56.324.487,46
Trade receivables post-dated cheques and notes	12.075.412,57	21.897,59
Total	48.483.854,46	56.346.385,05

The movement of provision for doubtful receivables of the Group is analysed as follows:

	Group	
	31/12/2018	31/12/2017
Provision for impairment		
Provision for impairment balance	(6.319.560,01)	(8.880.529,49)
(+) Formed provision in the current period	(39.314.046,54)	(7.589.768,00)
(-) Provision write-off	-	10.150.737,48
Provision for impairment balance	(45.633.606,55)	(6.319.560,01)

Trade receivables of the Company from third parties are analysed as follows:

	Company	
	31/12/2018	31/12/2017
Trade receivables from third parties		
Customers	17.107.999,00	16.546.975,74
Advances for purchase of inventory	-	1.577.933,59
Consignment	1.179.293,94	684.874,26
Total	18.287.292,94	18.809.783,59
Less: Provision for impairment of receivables	(2.897.437,38)	(4.477.197,38)
Net trade receivables	15.389.855,56	14.332.586,21
Trade receivables - retail customers	143.727,04	1.382.274,66
Trade receivables - factoring customers	9.480.251,47	5.420.698,93
Disputed customers	(271.519,99)	(271.519,99)
Cheques and notes receivable	8.131.263,12	19.564.425,78
Credit Card Sales receivables	1.423.793,25	2.338.383,87
Total	34.297.370,45	42.766.849,46

Trade receivables from affiliates are analysed as follows:

	Company	
	31/12/2018	31/12/2017
Trade receivables from affiliates		
Trade receivables from affiliates	33.321.146,67	23.029.952,53
Trade receivables from affiliates - factoring	-	11.567.662,58
Advances for purchase of inventory from affiliates	25.600.617,12	25.772.435,22
Total	58.921.763,79	60.370.050,33
Provisions for impairment of receivables from affiliates	(17.894.621,88)	(11.969.828,95)
Provisions for impairment of advances to affiliates	(25.600.617,12)	(25.681.826,97)
Net trade receivables from related	15.426.524,79	22.718.394,41

The movement of provision for doubtful receivables of the Company is analysed as follows:

	Company	
	31/12/2018	31/12/2017
Provision for impairment		
Provision for impairment balance	(42.128.853,30)	(23.794.873,10)
(+) Formed provision in the current period	(5.843.583,00)	(20.903.182,79)
(-) Provision write-off	1.579.759,92	2.569.202,59
Provision for impairment balance	(46.392.676,38)	(42.128.853,30)

25. Other Receivables

The other receivables of the Group and the Company are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Short term loan receivables	-	-	179.877.201,38	77.959.526,50
Less: Provision for impairment	-	-	(179.423.716,04)	(75.390.520,24)
Net Loan receivables	-	-	453.485,34	2.569.006,26
Receivables from the State	-	1.211.591,65	157.136,83	1.112.458,08
Staff advances	-	163.540,40	188.792,50	110.342,34
Accrued Income	198.343,61	153.565,58	-	123.081,04
Prepaid Expenses	183.867,44	3.091.491,38	382.928,71	442.687,18
Purchases under settlement	-	-	360.858,94	224.279,09
Other receivables	-	-	7.981.571,37	793.112,40
Total	382.211,05	4.620.189,01	9.524.773,69	5.374.966,39

The "Short-term loan receivables" account comes mainly from a loan from the parent company to subsidiaries of the FF Group, with the exception of the amount of € 835 thousand that concerns the Duty Free Shops. Loan receivables have been reviewed for impairment similar to trade receivables, and the Company has completely impaired its loans to FF Sourcing and Links of London.

The fair value of the above receivables does not differ substantially from their book value.

26. Cash and cash equivalents

The cash and cash equivalents of the Group and the Company are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash on hand	2.079.689,90	714.779,11	1.676.739,42	506.495,62
Cash in banks	16.285.233,19	175.964.422,62	4.738.467,27	154.680.720,09
Total	18.364.923,09	176.679.201,73	6.415.206,69	155.187.215,71

The cash and cash equivalents of the Group and the Company are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Euro (EUR)	11.191.929,37	80.659.901,61	5.946.145,05	80.659.901,61
US dollars (USD)	312.861,38	42.857.006,42	12.384,88	42.857.006,42
UK sterling (GBP)	22.726,23	28.064,74	8.655,13	28.064,74
Japanese yen (JPY)	732.335,96	39,15	42,00	39,15
Swiss franc (CHF)	6.231,72	31.642.203,79	447.979,63	31.642.203,79
Bulgarian lev (BGN)	2.958.394,40	-	-	-
Romanian leu (RON)	596.215,33	-	-	-
Hong Kong Dollar (HKD)	1.825.990,14	-	-	-
Other currencies	718.238,56	21.491.986,02	-	-
Total	18.364.923,09	176.679.201,73	6.415.206,69	155.187.215,71

Bank deposits and time deposits are interest-bearing interest rates based on monthly bank interest rates. Short-term time deposits are made for periods that vary between one day and three months, depending on the immediate liquidity needs of the Group and are interest-bearing with the corresponding interest rates for short-term time deposits. The accounting values of cash and time deposits approach their fair value due to the relatively short-term maturity of these financial instruments.

The decrease in cash availability during the year is due to the purchase of goods amounting to € 117.3 million, to the payment of advisors amounting to € 18.2k, to the payment of taxes amounting to € 6.6 million and loans to subsidiaries amounting to € 12.9m. In addition, € 47.6m, which was in the Company's pledged account, was spent to cover the Company's guarantee in favour of FF Group Sourcing Limited to repay the latter's loan.

On December 12, 2018, the electronic auction of the Group's participation (35.67% of the share capital) was held in the company "ATTICA DEPARTMENT STORES SA". For the 10%, the company "ATTICA DEPARTMENT STORES SA" outperformed and for the remaining 25.7%, the National Bank of Greece SA overbid.

As a result of the auction, the Group's liabilities to the four creditor banks were fully repaid. The remaining amount of € 4.9 million was pledged by the National Bank of Greece on 31/12/2018. During 2019 and 2020, this amount was used with the management of the National Bank of Greece to repay the Company's liabilities to the State as well as to cover letters of guarantee.

27. Share Capital

The movement of the share capital of the Group and the Company is analysed in the following table:

	Number of shares	Common shares	Total
Balance at January 1st 2017	66.948.210	20.084.463,00	20.084.463,00
Share capital increase with cash payment	-	-	-
Balance at 31 December 2017	66.948.210	20.084.463,00	20.084.463,00
Balance at January 1st 2018	66.948.210	20.084.463,00	20.084.463,00
Share capital increase with cash payment	-	-	-
Balance at 31 December 2018	66.948.210	20.084.463,00	20.084.463,00

The share capital is divided into 66,948,210 common shares with a nominal value of € 0.30 each.

On December 31, 2018, the Company owned 654,083 pieces of its own shares. On December 31, 2017, the Company owned 584,083 pieces of its own shares.

28. Reserves

The Group's reserves are analysed as follows:

	Group	
	31/12/2018	31/12/2017
Premium reserves	78.441.776,20	78.441.776,20
Treasury shares	(13.725.942,00)	(13.409.548,73)
Other reserves	296.412.598,70	314.422.461,17
Exchange differences	(2.983.038,01)	5.700.550,03

Retained Earnings	(558.806.285,42)	(340.865.342,28)
Total	(200.660.890,53)	44.289.896,39

The movement of the Company's reserves is analysed as follows:

	Statutory reserve	Treasury Shares	Reserves Law 3697/2008-Tax 10%	Tax-free investment reserves	T rese
Balance at 1st of January 1, 2017	22.813.222,81	(13.409.548,73)	11.597.776,62	12.631.662,23	262.
Valuation of financial assets at fair value	-	-	-	-	
Balance at December 31, 2017	22.813.222,81	(13.409.548,73)	11.597.776,62	12.631.662,23	262.
Valuation of financial assets at fair value	-	-	-	-	
Purchase of own shares	-	(316.393,27)	-	-	
Balance at December 31, 2018	22.813.222,81	(13.725.942,00)	11.597.776,62	12.631.662,23	262.

Regular (Statutory) Reserve.

Under Greek law, companies are required to transfer at least 5% of their annual net profit, as shown in their books, to a regular reserve, until that reserve rises to a third of the paid-up share capital. This reserve may not be distributed during the operation of the Company.

Tax-free reserves of special legal provisions

The tax-free reserves of special legal provisions concern non-distributed profits which are exempt from taxation on the basis of special provisions of development laws. These reserves relate mainly to investments and are not distributed. No tax liabilities have been accounted for these reserves.

Tax-free reserves of fair value

The tax-free reserves of fair value came from the secession of the Taxpayers' Branch (KAE) and concern the tax-free secession profits of ND 1297/72 amounting to € 264,729,190.02 reduced by the amount of participations amounting to € 2,154,699.34.

The reserves are taxed at the time of distribution or the dissolution of the Company with the current tax rate, in accordance with the provisions of article 9 par. 2 of Law 1297/1972

Reserves Law. 3697 / 2008- tax 10%

In case of distribution or capitalization, these are taxed according to the applicable provisions, deducting the paid tax of 10% (article 16, par. 1, Law 3697/2008).

New investment reserve

These are tax-free reserve development laws up to L.2601 / 1998 for which according to the provisions of L.1473 / 84 it is possible to tax with 5% if they are capitalized or taxed with the current rate if they are distributed. In order for the reduced rate of 5% mentioned above to apply, the Company must remain listed, otherwise the rate becomes 10%.

Profits / losses from sale / valuation

In order to be distributed or capitalized, they must be taxed as income from business activity with the applicable tax rate.

29. Dividends

Under Greek corporate law, companies are required to distribute dividends at least 35% of post-tax profits each year (calculated at the entity level) and after the formation of a regular reserve and the deduction of any profits from the sale of shares, representing at least 20% of the subsidiary's paid-up share capital, in the share capital of which they have participated for at least 10 years, as the case may be. The net profit remaining from the valuation of the financial instruments at fair value, after deducting the losses incurred by these financial instruments, shall not be taken into account for the above calculation of the minimum dividend. In addition, the annual General Meeting of a Greek company may decide (i) by a majority of at least 65% of the paid-up share capital not to distribute the above minimum dividend or to distribute a smaller share or not to distribute a dividend and in any case the transfer of the undistributed dividend in a special reserve which must be distributed within four years from the date of the General Meeting or (ii) by a majority of at least 70% of the paid-up share capital, the non-distribution of the above minimum dividend or the distribution of a smaller share or the non-distribution of a share, in any case without having the obligation to transfer the unpaid dividend to the reserve mentioned above.

In addition, Greek corporate law and more specifically according to paragraph 1 of Article 44a of Law 2190/1920 on Societe Anonymes, the distribution of a dividend to shareholders is prohibited if, at the expiration date of the last fiscal year, all the equity of the company, as shown in the statement of financial position is or, after this distribution, will become less than the amount of the share capital, increased by the reserves for which their distribution is prohibited by law or the articles of association.

No dividends have been paid or proposed for the distribution for the years ended December 31, 2018 and 2017 by the Company.

30. Borrowings

The borrowings of the Group and the Company are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Borrowings				
Bond loans	438.342.708,49	517.051.050,96	437.690.120,37	411.208.193,50
Bank loans	12.145.831,10	105.906.192,62	-	47.124.387,92
Liabilities from finance leases	17.492.095,72	21.918.822,39	16.716.675,70	18.556.835,81
Factoring	-	-	-	11.945.802,21
Total Borrowings	467.980.635,31	644.876.065,97	454.406.796,07	488.835.219,44

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Long-term borrowings	5.006.075,21	16.770.646,85	-	16.770.646,85
Short-term borrowings	462.974.560,10	628.105.419,12	454.406.796,07	472.064.572,59
Total	467.980.635,31	644.876.065,97	454.406.796,07	488.835.219,44

The maturity dates of the Group and Company's borrowings and the are as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Bond Loans				
Over 5 years	-	-	-	-
1 to 5 years	-	510.525.141,84	-	-
Up to 1 year	438.342.708,49	6.525.909,12	437.690.120,37	411.208.193,50
Total	438.342.708,49	517.051.050,96	437.690.120,37	411.208.193,50

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Bank loans				
Over 5 years	-	-	-	-
1 to 5 years	5.006.075,21	2.451.027,24	-	-
Up to 1 year	7.139.755,89	103.455.165,38	-	47.124.387,92
Total	12.145.831,10	105.906.192,62	-	47.124.387,92

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Finance leases				
Over 5 years	-	9.512.647,83	-	9.512.647,83
1 to 5 years	-	9.531.161,55	-	7.257.999,02
Up to 1 year	17.492.095,72	2.875.013,01	16.716.675,70	1.786.188,96
Total	17.492.095,72	21.918.822,39	16.716.675,70	18.556.835,81

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Factoring				
Up to 1 year	-	-	-	11.945.802,21
Total	-	-	-	11.945.802,21

The Company has the following loan agreements concerning bond loans:

- A. Contract for convertible bond loan € 250 million 5 years with maturity in 2019 (Fixed Interest Rate: 1.75%)
- B. Loan agreement € 50 million for a 4-year term ending in December 2021 (EURIBOR plus margin of 3.10%)
- C. The "FOLLI FOLLIE COMMERCIAL MANUFACTURING AND TECHNICAL SOCIETE ANONYME" completed on October 11, 2017 the issuance of a bond in Swiss francs, through its subsidiary "FF Group Finance Luxembourg II S.A." based in Luxembourg. The issue is unsecured and unrated (unrated senior unsecured), for 4 years with an expiration date of 2021 and for a total amount of 150 million Swiss francs (CHF). The bond has a fixed coupon of 3.25% and the issuance price was set at 100%.

The total liability from the bond loans of € 437 million and € 411 million for the years 2018 and 2017 respectively comes from contracts entered into with FF Luxembourg I SA and FF Luxembourg II SA for which the Company is the guarantor and for which The Company is jointly and severally liable as the first debtor.

From 6 to 10 September 2018, the four creditor banks (National Bank of Greece SA, Piraeus Bank SA, Eurobank Bank - Ergasias SA and Alpha Bank SA) issued statements denouncing the entire credit agreement with the open mutual account with the amount of 47 million Euros.

On December 12, 2018, the electronic auction of the Group's participation in the company "ATTICA DEPARTMENT STORES SA" was held and 35.67% of the share capital acquired by "ATTICA DEPARTMENT STORES SA" and for the remaining 25.7%, the National Bank of Greece SA.

As a result of the auction, the Group's liabilities to the four creditor banks were fully repaid. The remaining amount was pledged by the National Bank of Greece and during 2019 and 2020 it was used to repay the Company's liabilities to the State as well as to cover warranty defaults. Because the online auction was also held with the participation of Folli Follie Holdings A.E., the parent company has recognized an obligation of € 12.1 million.

The Company had provided Cash Collateral of € 10m. for a loan received by the subsidiary Links of London and guaranteed for a loan received by its subsidiary in Asia, FF Group Sourcing Ltd, from Safra Sarasin in the amount of € 46m. The results of the fiscal year 2017 have been burdened with the amount of € 56 million, with a corresponding recognition of obligation, which was paid by the Company during 2018 with the termination of the guarantees.

Amounts prepaid by commercial credit intermediaries with a right of recourse are shown in the short-term borrowings in the statement of financial position.

Long-term borrowings arising from bond loans were reclassified to short-term as the loans were overdue as they were immediately due before the contractual maturity of the bondholders.

31. Other long-term liabilities

The other long-term liabilities of the Group and the Company are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Liabilities from received building guarantees	144.872,25	11.000,00	11.380,00	11.000,00
Other long-term liabilities	4.133.666,06	25.466.896,32	211.000,00	211.000,00
Total	4.278.538,31	25.477.896,32	222.380,00	222.000,00

32. Provisions

The provisions the Group and the Company are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Provisions for additional taxes	242.997,01	1.030.209,17	-	-
Provisions for risks and expenses	407.529,18	2.452.057,62	-	-
Total	650.526,19	3.482.266,79	-	-

33. Employee benefit obligations

Under Greek labour law, employees have the right to compensation in the event of dismissal or retirement with the amount of payment calculated on the basis of the employee's or employee's remuneration, seniority and the manner of termination of employment (dismissal or retirement). Employees who resign or are fired with reason are not entitled to compensation. The compensation payable in the event of retirement is equal to 40% of the amount to be paid for dismissal without cause. In Greece, according to local practice, these programs are not funded.

According to this practice, the Group and the Company do not fund these programs. The Group and the Company enter in the results the accrued benefits in each period with a corresponding increase of the pension liability. Pension payments made to retirees at any time are charged against this liability.

An independent actuary has assessed the obligations of the Group and the Company arising from the obligation to pay compensation due to retirement. The details and main assumptions of the actuarial study on December 31, 2018, and 2017, are as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Liabilities of the Financial Position Statement for:				
Retirement Benefits	2.532.049,43	3.386.496,33	2.413.319,00	2.443.726,00

The amounts that have been recorded in the statement of total comprehensive income of the Group and the Company are the following:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current service costs	261.597,00	633.248,00	199.605,00	182.691,00
Finance	42.462,00	109.602,00	40.036,00	40.088,00
Recognition of a past service cost	387.667,00	-	67.838,00	-
Other income - expense	-	-	(69.139,00)	-
Effect from curtailment/ settlement/termination benefits	994.014,00	635.528,00	904.670,00	384.891,00
	1.685.740,00	1.378.378,00	1.143.010,00	607.670,00

The change in the present value of the defined benefit obligation at the Group's financial position and the Company is as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Present value of defined benefit obligation	3.386.496,33	4.442.997,91	2.443.726,00	2.290.083,00
Current service costs	261.597,00	633.248,00	199.605,00	182.691,00
Finance cost	42.462,00	109.602,00	40.036,00	40.088,00
Paid compensation	(2.175.933,90)	(1.166.273,67)	(1.160.168,00)	(501.027,00)
Effect of curtailment / settlement / termination benefits	994.014,00	635.528,00	904.670,00	384.891,00
Change of consolidation method	-	(1.357.488,91)	-	-
Actuarial (gains) / losses	23.414,00	88.883,00	(14.550,00)	47.000,00
Present value of defined benefit obligation	2.532.049,43	3.386.496,33	2.413.319,00	2.443.726,00

The principal actuarial assumptions used for the calculation of the liability are as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Discount rate	1,86%	1,66%	1,86%	1,66%
Salary growth rate	0,00%	0,00%	0,00%	0,00%
Inflation	0,00%	1,75%	0,00%	1,75%
Duration of Liabilities	16,48	16,78	16,89	16,78

	Company	
	31/12/2018	31/12/2017
Adjustments		
Adjustments to obligations from change of affairs	85.692,00	42.055,00
Empirical adjustments to liabilities	(71.142,00)	(89.055,00)
Total actuarial gain / loss in equity	14.550,00	(47.000,00)
Changes in the net liability recognized in the balance sheet		
Net liability at the beginning of the year	2.443.726,00	2.290.083,00
Benefits paid by the employer	(1.160.168,00)	(501.027,00)
Total amount recognized in profit or loss	1.144.311,00	607.670,00
Total amount recognized in equity	(14.550,00)	47.000,00
Net liability at end of year	2.413.319,00	2.443.726,00
Finance		
Expected benefits from the plan in the next fiscal period	133.255	63.869
Expected expense in the income statement the next year	01/01/2019-31/12/2019	01/01/2018-31/12/2018
Current service costs	128.652	199.605
Net interest on the liability / (asset)	22.167	40.036
Expected regular expense in the results account	150.819,00	239.641,00

34. Trade and other payables

Trade and other payables of the Group and the Company are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Trade payables	63.721.585,41	7.389.540,06	12.715.986,65	13.477.436,15
Payable cheques - Promissory notes	246.839,84	6.294.535,45	235.181,79	5.841.851,10
Customer prepayments	499.490,51	1.225.602,30	0,00	9.471.883,42
Wages and salaries payable	1.029.123,55	691.106,11	275.143,30	74.819,01
Pay beneficiaries	1.407.948,11	2.345.205,76	1.646.008,11	1.629.993,51
Liabilities to insurance institutions	17.957.766,53	2.495.994,04	1.404.072,58	1.501.239,83
VAT and other taxes	2.242.842,73	-	14.914.710,96	2.728.154,97
Other liabilities	6.798.063,78	895.290,07	1.325.727,71	1.554.865,16
Accrued staff expenses	4.338.406,92	958.583,12	1.465.358,19	991.218,92
Deferred income	267.906,57	275.053,49	267.906,57	114.409,89
Loans guarantees to subsidiaries	-	-	-	56.000.000,00
Total	98.509.973,95	22.570.910,40	34.250.095,86	93.385.871,96

Commercial liabilities are not interest-bearing and are usually settled between 30 and 90 days.

Trade and other payables to affiliates are analysed as follows:

	Group		Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Trade payables to affiliates	-	-	15.320.457,49	2.047.205,97
Total	-	-	15.320.457,49	2.047.205,97

35. Transactions with related parties

The Management of the Company found that the Company had not adopted procedures for the implementation of the provisions of the International Accounting Standard 24 regarding the "Related Party Disclosures", which is mainly applied to highlighting the relationship between transactions and transactions between connected businesses to communicate through their corporate and consolidated financial statements the relationships, transactions, and unpaid balances they may have with their affiliates.

The present Management of the Company proceeded to the adoption of relevant procedures and policies, which it approved at its relevant meeting on April 11, 2019, in order to ensure complete and accurate information on these transactions.

When hiring new members of the Board of Directors and / or Executives, the Company takes care to obtain notifications concerning natural persons who have access to preferential information (in the context of application of Law 3340/2005)

as well as to legal entities that may there be a conflict of interest with its purposes. Transactions will be drawn up in accordance with applicable law, the articles of association and the decisions of the decision-making bodies.

Obtaining transaction information

The Human Resources Department receives the structure of the Group, the composition of the Boards of Directors of the companies and the structure of the services, in order to identify the persons (hereinafter referred to as the "reported persons") to whom it sends communication for the declaration of transactions with the reporting entity. The communication has a notice period of twenty (20) working days and will be renewed at the end of each year.

To the mentioned persons, a Request for the Notification of Transactions of Related Parts is sent as well as a form for the registration of the transactions. This request is sent at the end of each calendar year. The Human Resources Department sends the completed forms collectively (per country and reported person) to the Financial Department

The Financial Directorate is responsible for the recognition of actions relating to transactions between the parent company and the Group's companies, related companies and other companies in accordance with IAS 24 (\$9).

In addition, the Finance Department, the Shareholder Service Department, the Procurement Department and the Legal Department, jointly or severally, and for significant transactions (over € 10,000 per year) will perform additional procedures (background checks) to certify the transactions of the Connected Some counterparties to the said entity.

The additional procedures may, for example, relate to the comparison of contact details and tax identities. Other procedures may relate to the review of data obtained from the respective company registers.

Approval of Transactions

The tables formed with the values of the transactions will be submitted to the Audit Committee of the Board of Directors for approval.

The Audit Committee, with the participation of executives of the Financial Department, meets on the approval of transactions after receiving the relevant recommendation of the Finance Director with the personalized explanation of the transactions and will decide on the approval of the transactions.

36. Commitments and contingent liabilities

Contingent Liabilities

Pending lawsuits

Complaints have been filed against (among others) the Company by investors, who are seeking damages (for the material damage and moral damage allegedly suffered) of a total amount of 11.6 million Euros. In the event that either a provisionally enforceable or final court decision is issued, the Company will be required to pay the relevant amounts.

Imposition of fine

The Company has been fined by the Hellenic Capital Market Commission in relation to the aforementioned events which have been challenged by the filing of an appeal - totalling € 720 thousand.

Tax issues

Regarding the unaudited fiscal periods of the years 2013 (1/1/2013 to 31/12/2013), 2014 (01/01/2014 to 31/12/2014) and 2015 (1/1/2015 to 31/12/2015), for which control orders of K.E.M.E.P. have been notified to the Company. It is important to note that the Company [may be charged a complementary amount of tax \(after interest and surcharges\)](#). Regarding the unaudited fiscal periods of years 2016 (1/1/2016 to 31/12/2016), 2017 (01/01/2017 to 31/12/2017), 2018 (01/01/2018 to 31/12/2018) and 2019 (1/1/2019 to 31/12/2019), no tax burden is expected due to damages transferred from previous years.

Revenue from operating leases - As a lessor:

The Group and the Company have entered into operating contracts for the lease of fixed assets. Commercial real estate leases last between 3 and 9 years, with fixed and variable rents. All leases include as a condition the annual upward revision of the lease, based on the prevailing market conditions.

The future minimum required rents from non-void operating leases of the Group and the Company on 31 December 2018 and 2017 were as follows:

	Group	Company
	31/12/2018	31/12/2018
Up to 1 year	627.927,24	627.927,24
From 2-5 years	2.259.387,27	2.259.387,27
More than 5 years	1.338.130,05	1.338.130,05
Total	4.225.444,56	4.225.444,56

Liabilities from operating leases - As a lessee:

The Group and the Company have entered into operating lease agreements for the lease of buildings and stores. These agreements have several expiration dates with the possibility of renewal in some of these contracts. The future minimum rents paid based on these operating rents on December 31, 2018 and 2017 amount to 27.8 million and 61.5 million respectively.

37. Objectives and Financial Risk Management Policies

The main risks to the market for the Group and the Company are credit risk, foreign exchange risk, liquidity risk, and interest rate risk. The overall risk management by the management focuses on the volatility of money markets and seeks methods to minimize potential adverse effects on the Group and Company's cash flows. The Group and Company use derivative financial instruments to offset the risk exposure.

Risk management is carried out in a controlled manner, which is compatible with the policies set by the Board of Directors. The procedures set by the Group and the Company are as follows:

- Risk assessment related to the activities and functions of the Group and the Company;
- Design of methodology and selection of appropriate financial means to reduce risks; and
- Implementation / execution of risk management based on the approved procedure by the administration.

Fair Value: The book value shown in the accompanying consolidated and separate statements of the financial position of cash and cash equivalents, trade and other receivables, trade and other payables and accrued expenses due to their reasonable expenses and short-term liabilities maturation of these financial instruments. The fair values of the financial data available for sale and the derivatives of the financial instruments in the accompanying consolidated and separate statements of financial position, reflect their fair value and are determined on the basis of stock market prices and current market valuations. The fair value of interest-bearing loans with a variable interest rate approaches their book value.

Credit Risk: Credit risk is the risk of a customer or contractor causing financial damage to the Group and Company due to breach of contractual obligations. The maximum exposure of the Group and the Company to credit risk, due to non-performance of obligations by the counterparties on December 31, 2018, in relation to each category of recognized financial assets, is the recorded value of these data as mentioned in the accompanying consolidated and separate financial position statements.

Foreign Exchange Risk: Foreign exchange risk is the probability that the fair value of cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The exposure of the Group and the Company to foreign exchange risk is limited as foreign currency transactions are limited.

Interest Risk: The interest rate risk is the probability that the fair value of future cash flows of a financial asset will fluctuate due to changes in market interest rates. The Group and Company's exposure to interest rate risk is mainly related to long-term borrowing. The Management monitors, on a continuous basis, the fluctuations of interest rates and assesses the need to take relevant positions to compensate for the risks arising from them. For this reason, derivative financial instruments are used to manage the risk of interest rates associated with the Group and Company's underlying activities. Relevant reference is made to the compensatory activity below. The Group and the Company do not enter into financial compensation contracts for speculative purposes.

Derivatives are valued at their fair value. Their fair value is provided by the financial institutions and represents assumptions and estimates of the aforementioned institutions based on the available information on market trends.

Liquidity risk: Liquidity risk is the risk that the Group or Company will not be able to meet their financial obligations when required. The Group and the Company actively manage the liquidity risk to secure working capital in order to meet its short-term and long-term liabilities. The Group and the Company manage the liquidity risk by maintaining sufficient cash and contracts with banks, access to markets and continuous monitoring of its projected and actual cash flows.

38. Dividends per share

The Board of Directors of the Company did not propose a dividend for the year 2018 (2017: € 0), a fact which is expected to be ratified at the annual regular General Meeting of Shareholders.

39. Subsequent events

- ✓ 9 January 2019: The Company hired Mr. Georgios Samios as Chief Financial Officer, but it was impossible for him to receive all the data of the Financial Department in a coordinated manner, given that this position remained vacant since July 2018.
- ✓ 13 February 2019: The Board of Directors of the Company approved the conclusion of an updated preliminary agreement (Term Sheet) with a group of its creditors - bondholders regarding its proposed financial restructuring.
- ✓ 28 February 2019: "Warlabby Trading Limited" (a subsidiary of the Cypriot subsidiary of the Company "FF Cyprus Limited") sold the helicopter owned by the Group for a total price of 1,600,000 Euros.
- ✓ February 2019: A loan from the subsidiary "Strenaby Finance Ltd." was repaid through Morgan Stanley, which was covered by the sale of Dufry AG shares, owned by the said subsidiary.
- ✓ 28 March 2019: Sale of a property in Hong Kong, owned by the subsidiary "FF Group Sourcing Ltd", for the amount of 130 million HKD.
- ✓ During the year 2019: Most of the Group's contracts with foreign companies that are part of the Clothing and Footwear segment were terminated / not renewed. The most important cooperation that remains in force concerns the operation of the network of NIKE stores in Greece, Romania and Bulgaria, the contractual duration of which expires (where applicable) until 2022.
- ✓ 16 May 2019: Decision No. 2419/2019 of the Single Member Court of First Instance of Athens was issued, through which the application of 56 investors of the Company was accepted and by virtue

of which a conservative seizure was imposed on certain accounts of the Company up to the amount of 1.8 million Euros.

- ✓ During the year 2019: The Company received the amount of 2.85 million Euros from dividends of DUFY AG.
- ✓ 16 July 2019: The Company announced that the agreement reached in early February with a portion of its creditors for the financial restructuring of the Group could not be implemented effectively and was withdrawn. The Company announced and published an alternative restructuring proposal and a related term sheet, addressed to all creditors / stakeholders.
- ✓ 16 July 2019: The Company published the restated separate and consolidated financial statements for the fiscal year 2017.
- ✓ 26 August 2019: The Company announces the assignment to Deloitte and Savigny Partners of the full sale of the Links of London.
- ✓ 10 September 2019: The postponed Ordinary General Meeting of the Company approved the Annual Financial Report for the fiscal year 2017 (as it was restated after the adjustments of the relevant financial statements), did not approve the overall management of the Company during this year and did not release the members of the Board of Directors and the Certified Auditor from any compensation liability regarding the preparation and the special audit of the restated financial statements.
- ✓ September 2019: FF Group Sourcing Limited, under which the results of the APAC sub-group are consolidated with those of other Hong Kong subsidiaries, has filed a lawsuit against the directors who signed the financial statements of FF Group Sourcing Limited, as well as the local finance director and the auditors of the APAC sub-group to claim compensation for the unpaid taxes, amounting to USD 78.7 million, which the APAC sub-group paid due to a statement of fictitious profit made to the tax authorities of Hong Kong.
- ✓ 8 October 2019: The subsidiary of the company, Links (London) Limited, was placed under administration under paragraph 22 of Annex B1 of the 1986 Bankruptcy Law of England and Wales. Administrators were appointed Messrs. Matthew Smith and Daniel Smith of Deloitte LLP.
- ✓ 10 October 2019: Two (2) bond creditors of the Company, holding a cumulative percentage of 0.87% on the total loan obligations of the Company, filed for bankruptcy of the Company before the Athens Multi-Member Court of First Instance and a request for precautionary measures (Article 10 before the Single Member). A temporary order was issued on the basis of preventive measures, according to which any disposal of tangible fixed assets by the Company should ensure a minimum residual value of tangible fixed assets amounting to four million Euros (4,000,000).
- ✓ 11 October 2019: The postponed Ordinary General Meeting of the Company elected PricewaterhouseCoopers SA as a certified auditor for the statutory audit of separate and consolidated financial statements for the fiscal year 2018.
- ✓ 26 November 2019: The Company announced it had reached an agreement in principle on trade terms for its financial restructuring with an ad hoc group of creditors.
- ✓ 16 December 2019: The Hellenic Capital Market Commission submitted an application for precautionary measures to the Athens Single-Member Court of First Instance, requesting the replacement of Georgios Koutsolioutsos as a member of the Board of Directors by Dimitrios Valachis and the appointment of Georgios Ioannidis to replace the member Periklis Dontas according to article 40 §2 of Law 4640/2019. Georgios Koutsolioutsos resigned from the position of member of the Board of Directors of the Company and the Company agreed to the request of the Hellenic Capital Market Commission, on which an interim order was issued appointing Messrs. Valachis and Ioannidis to the Board of Directors.
- ✓ During the year 2019: The Company has granted loans to Group subsidiaries, which totalled about 12.90 mil. Euro as follows: Links of London 4.85m, FF France 0.39m, FF Spain 0.09m, FF UK 0.21m, FF Cosmetics 2.96m, APAC 4.37m and to others 0.03m.
- ✓ 8 January 2020: The application of two (2) bond creditors regarding the Company's declaration of bankruptcy was discussed at the Athens Multi-Member Court of First Instance.
- ✓ 29 January 2020: The Company has announced the acquisition of the entire Links of London trademark portfolio under a contract with the administrators of Links (London) Limited.
- ✓ January 2020: The management of the company's subsidiary, FF Group Sourcing Limited, based in Hong Kong, under which the overall results of the APAC sub-group are consolidated, took a loan of 36 million HKD, registering a mortgage on the sole property (warehouse) of the said company in Hong Kong. The transaction took place without the consent of the parent Company, and the proceeds of the loan were disposed in an unapproved and unconfirmed manner by the Company's Management, a fact that aggravated the financial position of the subsidiary and contributed to the decision to put this subsidiary in liquidation, as mentioned above (as well as below, in this chapter).
- ✓ 13 February 2020: Pursuant to Order No. 17 / 13-3-2020 of the President of the Anti-Money Laundering Authority, the freezing of 804,728 shares of DUFY, owned by the Company, was ordered.
- ✓ 14 February 2020: The Company announced the Launch of the Consent Solicitation to the bondholders of the CHF 150,000,000 3.25 per cent Notes due 2021, issued by the FF Group Finance Luxembourg

II SA and the bondholders of the €249,500,000 1.75 per cent Guaranteed Exchangeable Notes due 2019, issued by FF Group Finance Luxembourg SA, on the proposed restructuring agreement ("Restructuring Term Sheet").

- ✓ 19 February 2020: The Company announced the notification of Order No. 17 / 13-3-2020 of the President of the Anti-Money Laundering Authority, which orders the freezing of 804,728 DUFY shares, owned by the Company.
- ✓ 19 February 2020: At the request of the Hellenic Capital Market Commission, pursuant to Article 40 §2 of Law 4640/2019, an interim injunction was issued by the President of the Athens Single-Member Court of First Instance, appointing the Company's interim administration to manage the Company's urgent affairs, as well as to proceed to necessary management actions for the smooth operation of the Company, including the necessary actions to achieve the restructuring of the Company.
- ✓ 6 March 2020: The meeting of the bond holders of the bonds amounting to CHF 150,000,000 interest rate 3.25% 2017-2021 approved by a majority of 94.32% the proposed term sheet for the restructuring of the Company.
- ✓ 20 March 2020: The meeting of the bond holders of the convertible bond amounting to € 249,500,000 interest rate 1.75% expiration 2019, approved by a majority of 99.89% the proposed term sheet for the restructuring of the Company.
- ✓ March-May 2020: The Group's commercial stores in Greece remained closed, according to relevant legislation, which were issued as part of measures to handle the pandemic. At the same time, and in accordance with the support measures announced by the competent Ministries, the employment contracts for 85% of the staff of the Group's parent company were suspended.
- ✓ 15 May 2020: Following an order from the Anti-Money Laundering Authority, which has not yet been notified to the Company, the amount of two million Euros was seized from the Company's bank account, which is part of the "FF Group Bulgaria EOOD" distributed by the subsidiary for the fiscal years 2017 and 2018. As the pledged amount comes from a documented legal source, the Company has appealed against this provision before the competent Council for Criminal Courts of Athens and expects the issuance of a relevant judicial decision.
- ✓ 5 June 2020: At the General Meeting of Shareholders of Hong Kong-based FF Group Sourcing Limited, it was decided by a majority of 99.99% of the holders of the issued share capital the positioning of the said company in voluntary liquidation and the appointment of Messrs. Lai Kar Yan (Derek) and Yip Wa Ming (Ben) of Deloitte Touche Tohmatsu (Hong Kong) to act as liquidators.
- ✓ 11 June 2020: The application submitted by two (2) bond holders for the declaration of the Company in bankruptcy was rejected by the decision No. 305/2020 of the Athens Multi-Member Court of First Instance, which ruled that the substantial legal conditions for the declaration of bankruptcy did not exist.

Decisions for fines to be imposed by the Hellenic Capital Market Commission

By virtue of decision No. 1/825 / 2.8.2018 of the Board of Directors of the Hellenic Capital Market Commission, a fine of 600,000.00 Euro was imposed on the Company for breach of articles 12 and 15 of Regulation (EU) 596/2014 and by extension Article 37 of the Law. 4443/2016 (prohibiting market manipulation). The respondent accepted that the Company disclosed false and misleading information about its cash reserves through the consolidated financial statements for the year 2017. Against this decision was filed No. 1347/2018 appeal before the Athens Administrative Court of Appeal. According to Management there is a reasonable likelihood of a 20-30% reduction in the fine.

By virtue of decision No. 12/825 / 2.8.2018 of the Board of Directors of the Hellenic Capital Market Commission imposed on the Company a fine of 20,000.00 Euros due to breach of articles 36 §11 of Law No. 4443/2016, 23 §2 (a) and (c) 3556/2007 and 76 §12 of the Law No. 1969/1991, for failing to provide the Commission with the information requested by the latter, thereby obstructing the investigation of the content of its consolidated financial statements. Against this decision was filed No. PR1358 / 30.10.2018 appeal before the Athens Administrative Court of Appeal, which has been determined to be discussed postponed 11.12.2019. According to Management there is a likelihood of small reduction in the fine.

By virtue of decision No. 1/838 / 28.02.2019 of the Board of Directors of the Hellenic Capital Market Commission imposed on the Company a fine of 100,000.00 Euro due to breach of articles 12 and 15 of Regulation (EU) 596/2014 and article 37 of Law no. 4443/2016 (prohibiting market manipulation). The Hellenic Capital Market Commission has stated that the Company has distributed, through the consolidated financial statements for the year 2016, false and misleading information about the amount of cash, turnover, trade receivables, stock advances, gross profits and equity, and that this information has been provided, however, it was likely to give false and misleading indications about the supply, demand, and price of the Company's financial instruments. Against this decision was filed No. 487/2019 Appeal before the Athens Administrative Court of Appeal. According to Management there is a reasonable likelihood of a 20-30% reduction in the fine.

Agios Stefanos, Attica, 07 July 2020

THE PRESIDENT OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

THE MEMBER

GEORGIOS SAMIOS

PANAGIOTIS ALEXAKIS

THE HEAD OF THE ACCOUNTING DEPARTMENT

IOANNIS LAMPATHAKIS