

**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 31.12.2019**

**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 01.01.2019 - 31.12.2019 is the one that was approved by the Board of Directors of the Company on 30 June 2021 and has been made public with its posting on the internet, at the address [www.ffgroup.com](http://www.ffgroup.com). The Annual Financial Report has been translated from the original statutory financial statements which have been prepared in Greek language. If differences exist between this translation and the original Financial Statements in Greek, the original Financial Statements in Greek will still prevail over this document.

**Content of Financial Statements**

	<b>Page</b>
<b>Annual Report of the Board of Directors .....</b>	<b>5</b>
<b>on the consolidated and separate financial statements of .....</b>	<b>5</b>
Consolidated and corporate statement of total income for the year ended December 31, 2019 .....	24
Consolidated statement of changes in equity for the year ended, 31st December 2019 .....	26
Notes to the Financial Statements .....	29
1. General Information .....	29
2. Framework of preparation and basis of presentation of Financial Statements .....	29
2.1. Basis of presentation.....	29
2.2. Critical accounting estimates and judgements.....	30
2.2.1. Critical accounting estimates and assumptions .....	30
2.2.2. Important judgments during the application of accounting policies. ....	32
2.3. Changes in accounting policies and disclosures .....	33
2.4. Standards issued but not applicable in the current accounting period and not adopted earlier by the Group and the Company ...	34
3. Significant accounting principles.....	35
3.1. Basis of consolidation .....	35
3.1.1. Subsidiaries.....	35
3.1.2. Investments in associates and equity consolidation method .....	36
3.2. Information by operating segment .....	36
3.3. Division between current/non-current assets .....	37
3.4. Fair value of financial assets .....	37
3.5. Revenue recognition .....	37
3.6. Income tax, current and deferred .....	38
3.7. Foreign currency translation.....	39
3.7.1. Functional and reporting currency.....	39
3.7.2. Transactions and balances .....	39
3.7.3. The Group companies.....	39
3.8. Non-current assets held for sale and discontinued operations .....	40
3.9. Dividend distribution.....	40
3.10. Tangible fixed assets.....	40
3.11. Leases.....	40
3.12. Investment property .....	41
3.13. Intangible assets.....	42
3.14. Financial instruments - initial recognition and subsequent measurement (in accordance with IAS 39) .....	42
3.15. Impairment of financial assets .....	44
3.16. Inventory .....	44
3.17. Impairment of non-financial assets .....	45
3.18. Cash and cash equivalents .....	45
3.19. Share Capital.....	45
3.20. Personnel benefits and allowances .....	45
3.21. Contingent assets.....	46
3.22. Contingent liabilities and provisions.....	46
3.23. Earnings/(Loss) per share .....	46
4. Turnover.....	46
5. Capital management.....	46
6. Group information.....	47
7. Operating expenses .....	48
8. Staff remuneration and expenses .....	49
9. Other income .....	49
10. Other gains/(losses).....	49
11. Impairment provisions .....	50
12. Financial income and expenses.....	51
13. Losses from the derecognition of unconsolidated subsidiaries .....	51
14. Investments accounted under the equity method .....	51
15. Income tax and deferred taxation .....	51
16. Loss per share.....	55
17. Tangible fixed assets.....	56

18.	Investment Properties .....	58
19.	Intangible assets.....	59
20.	Investments in subsidiaries.....	60
21.	Investments in associates .....	61
22.	Investments available for sale .....	62
23.	Other long-term receivables.....	63
24.	Inventory .....	63
25.	Trade receivables .....	63
26.	Other receivables .....	64
27.	Cash and short-term deposits.....	65
28.	Share Capital.....	66
29.	Reserves .....	66
30.	Borrowings .....	68
31.	Other long-term liabilities .....	70
32.	Provisions.....	70
33.	Provisions for post-employment benefits .....	70
34.	Trade and other payables .....	71
35.	Transactions with related parties .....	72
36.	Commitments and contingent liabilities .....	74
37.	Financial Risk Management Objectives and Policies .....	75
38.	Information by segment .....	76
39.	Dividends per share .....	76
40.	The effect of IFRS 16 .....	76
41.	Comparison with un-audited published financial statements .....	78
42.	Subsequent events .....	84

## 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 Samios - CEO and Chairman of the Board of Directors
2. Panagiotis Alexakis - Independent, non-executive member of the Board of Directors and President of the Audit Committee
3. Periklis 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 2019, 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 2019 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**”), as well as the companies included in the consolidation as a whole, as defined in Article 4, par 3 & 4, Law 3556/2007, as amended and in force. The Annual Report of the Board of Directors accurately reflects the information required under Article 4 of Law 3556/2007.

**Agios Stefanos, Attica, 30 July 2021**

**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 1 January to 31<sup>st</sup> December 2019**

**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 2019 up to and including the date of the writing of this Report.

Taking into account that the fiscal year 2019 in question concerns a period of time 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, the Board of Directors states that the present financial statements reflect the Company's financial data for the fiscal year 2019 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 2019, faced particular difficulties in extracting and confirming data, mainly from the subsidiaries of the Group 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 such - 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 1.1.2019 to 31.12.2019.

#### **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 2019, was appointed under decision number 2096/2020 of the Single Member Court of First Instance of Athens (hereinafter referred to as "Decision 2096").

The Decision 2096 was adopted on the basis of the application dated 14.2.2020 (with a filing number 14244 / 677 / 2020) of the Capital Market Commission before the Single Member Court of First Instance of Athens in accordance with Article 40 of Law 4640/2019. Under Decision 2096, an eight-member Board of Directors was appointed, with the sole task of carrying out the necessary management operations for the smooth continuation of the operation of the Company until its rehabilitation, consisting of the following persons:

1. GEORGE SAMIOS - Chairman of the Board and Chief Executive Officer, executive member
2. PANAGIOTIS ALEXAKIS - non-executive member
3. PERICLES DONTAS - non-executive member
4. GEORGE IOANNIDIS - non-executive member
5. GEORGIOS MOMFERRATOS - non-executive member
6. GEORGIOS SIGANIDIS - non-executive member
7. ILIAS PENTAZOS - non-executive member
8. HAOLEI ZHANG - non-executive member

*It should be noted that Messrs. Ioannidis, Alexakis, Dontas, Momferratos, Pentazos and Siganidis, meet the criteria of article 4 of Law 3016/2002 for their characterization as independent members of the Board of Directors. However, since - according to the relevant provisions - the independent members are appointed by the General Meeting, these members are not given the status of "independent member" in the absence of a relevant decision of the General Meeting of the Company. In any case, Messrs. Ioannidis, Alexakis, Dontas, Momferratos, Pentazos and Siganidis have stated that they operate and will continue to operate as independent members of the Board of Directors.*

The issuance of Decision 2096 was preceded by the issuance of the interim order of 20.2.2020 by the President of the Athens Court of First Instance (upon the above request of the Hellenic Capital Market Commission), by which an interim administration was appointed to manage the Company's urgent matters and carrying out the necessary management for the smooth operation of the Company, including necessary actions to achieve the rehabilitation of the Company.

In this context, following the adoption of the main terms of the company's financial restructuring from its confessional creditors in March 2020, the Administration focused on the specification of the agreed terms in order to sign the company rehabilitation agreement with its creditors as provided for in Articles 106b and 106d of the Bankruptcy Code, as the incorporation of the Company into those provisions was a key prerequisite for the survival of the business.

Following the outbreak of the new coronavirus (SARS-Cov-2) pandemic, the imposition of known restrictions on the operation of retail stores, and the decline in consumer purchasing power (due to the suspension of most employment contracts of a large part of the population) an additional strain on the already highly stressed liquidity of the Company was created. The measures already taken by the Management and in particular the rationalization of costs, the cessation of loss-making activities, as well as the strengthening of the e-commerce network, mitigated the effects of the pandemic on the operation and liquidity of the Company, but it became clear that the continuation of the Company's business activity until the completion of the rehabilitation could not be ensured without external financing for the interim period.

In this context, the Company made efforts to ensure an interim financing, which resulted in reaching an agreement with Arena Investors for lending through collateral (see below in Chapter 2 of the Report). The terms of the interim financing had to be incorporated into the consolidation plan, which required further discussions with the Company's existing bond creditors and apparently added an additional factor of complexity in the project of achieving the final rehabilitation agreement.

The diligent efforts finally succeeded on December 31, 2020 with the signing of the rehabilitation agreement and the submission of a relevant application for ratification to the Athens Court of First Instance, as well as the signing of the interim financing agreement (see below in Chapter 2 of the Report).

Parallel to the above, the Management implemented a plan of operational consolidation and reorganization of the Company, with the establishment and strengthening of policies in the context of Corporate Governance and Internal Audit rules and the overall rationalisation of the company's operation (see below in Chapter 4 of the Report).

It is noteworthy that, despite the objective and subjective difficulties, which Management has been called upon to face and which were unprecedented based on Greek and international facts, the Company's business activity showed exceptional resilience, and even developing individual sectors, through the opening of new stores and the creation of new concepts in the fashion sector (see Chapter 9 of the Report).

Finally, it should be noted that the Management has set as one of the priorities of the Company the provision of assistance and the overall implementation of necessary actions for the progress of the extraordinary management audit by PricewaterhouseCoopers SA, in compliance with Decision No 2893 / 2018 of the Single-Member Court of Athens. The result of these actions was the completion and delivery of the Interim Report of an Extra-Ordinary Management Audit by PricewaterhouseCoopers (hereinafter referred to as the **"Interim Management Audit Report"**) to the Company, to the Hellenic Capital Market Commission and to the investigating authorities and which was based in particular on data received from the Company and FF Group Sourcing Limited. Interim Management Audit Report will be utilized by the Company and the Group to continue the legal pursuit of company claims (see Chapter 3 of the Report below).

## **1. Consolidation process and interim financing:**

On November 18, 2020, the Company published the consent solicitation memoranda to the holders of the Guaranteed Convertible Bonds amounting to € 249.5 million with an interest rate of 1.75% maturing in 2019 (hereinafter the **"Eurobonds"**) and the holders of Bonds amounting to CHF 150 million with an interest rate of 3.25% maturing in 2021 (hereinafter referred to as **"Swissbonds"**), through which the Meetings of these bondholders were convened for December 9, 2020 to decide on (i) the Company's admission as the first borrower of the bond loans, in the position of the subsidiaries "FF Group Finance Luxembourg SA" (issuer of Eurobonds) and "FF Group Finance Luxembourg II SA" (issuer of Swissbonds) respectively and (ii) the approval of the company rehabilitation agreement. At the same time, corresponding consents were requested by the holders of Schuldschein bonds maturing in 2021, amounting to € 31 million and € 20 million respectively (hereinafter **"Schuldscheine"**).

On December 9, 2020, the meetings of the above mentioned bondholders took place, during which the proposed decisions and, in particular, the meeting of the Eurobond holders unanimously approved the admission of the Company as a first debtor and the meeting of the Swissbond holders approved the admission of the Company as a first debtor with a majority of 99.67% and the Draft Rehabilitation Agreement with a majority of 99.47%.

As mentioned above, following a market investigation and related negotiations, the company agreed with Arena Investors to provide interim financing with collateral on the Group's real estate of the MINION building complex and on the property (industrial building) in Koropi, Attica.

Within the framework of the aforementioned calls for consent, the company offered to its existing bond holders the possibility to participate in the interim financing, up to a maximum of 15% of the total funding amount.

Following the above, on December 31, 2020 the company:

- (i) signed the rehabilitation agreement with the holders of the Eurobonds, the holders of the Swissbonds and the holders of the Schuldscheine (hereinafter referred to as the "Rehabilitation Agreement") and submitted same day the Rehabilitation Agreement to the Multi-Member Court of First Instance for its ratification according to articles 99 et seq. of the Greek Bankruptcy Code (until then in force). The signing of the Rehabilitation Agreement was preceded by the company signing the agreements to enter into the obligations of FF Group Finance Luxembourg SA and FF Group Finance Luxembourg II SA based on these bond loans.
- (ii) signed an interim financing subscription agreement of secured split coupon bridge notes of an amount of € 13,007,018 maturing in 2021 (hereinafter referred to as the "**Subscription Agreement**") with Arena Investors (through AIEF FF SPV, LP) as a underwriter and certain existing creditors of the Company, who exercised their right to subscribe for notes up to 15% of the aggregate principal amount of the bridge notes, as well as with Piraeus Bank SA (as Security Agent) and Lucid Agency Services Limited (as Noteholder Agent).
- (iii) The force and effect of the Subscription Agreement and the drawdown of the bridge funding (hereinafter referred to as "Bridge Funding") were subject to the satisfaction of the conditions precedent provided in the Subscription Agreement by the Company, which took place on 5 January 2021, when the entire amount of EUR 13.007.018 was disbursed.

On February 3, 2021, the Company's application for the ratification of the Rehabilitation Agreement (hereinafter the "**Rehabilitation Application**") was discussed before the Greek Bankruptcy Court on 31.12.2020.

In order for the Company to remain protected from aggressive actions of third party creditors, it submitted an application to the Bankruptcy Court for the suspension of all enforcement measures and the prohibition to take precautionary measures against the Company (pursuant to article 106 par. 3 of Law 3588/2007, as valid at the time of submission of the **Rehabilitation Application**). On May 5, 2021, the Bankruptcy Court issued a provisional injunction.

Following the vote against the Rehabilitation Agreement by the Extraordinary General Meeting of Shareholders of March 22, 2021 - and in particular the dissenting vote of the main shareholders of the company Dimitrios Koutsolioutsos and Georgios Koutsolioutsos - the company submitted an application to the Greek Bankruptcy Court, for the appointment of a special agent pursuant to article 101 para. 3 of Law 3588/2007, who will exercise the attendance and voting rights of the shareholders who did not attend or who voted against the approval of the Rehabilitation Agreement at the Company's Extraordinary General Assembly. The application was heard on June 16, 2021 and a decision is expected.

In the meantime, on June 3, 2021, the preliminary decision no. 186/2021 of the Bankruptcy Court on the Rehabilitation Application of the company was issued by which the Court ruled that all conditions for the ratification of the Rehabilitation Agreement are met. However, the Bankruptcy Court deferred the issuance of a final judgement and requested the deletion of the deferral clause of the Rehabilitation Agreement regarding the removal of the criminal nature of seizures on the Company's assets, on the grounds that the lifting of such orders is not solely at the discretion of the contracting parties to the Rehabilitation Agreement, but is subject to the jurisdiction of the competent criminal authorities and bodies. The Bankruptcy Court also requested that certain related terms should be amended.

The Company is in advanced discussions with its creditors for the amendment of the Rehabilitation Agreement in accordance with the preliminary decision no. 186/2021 and management estimates that the amended Rehabilitation Agreement will be filed before the Bankruptcy Court within the following days.

## **2. Legal actions of the Company's Management:**

Given the circumstances which led to the appointment of the current interim Management of the Company, the main concern of the Board of Directors was to carry out appropriate actions to defend the legitimate interests and rights of the Company, in particular:

- Submission of a memorandum and statement of support for the prosecution, concerning cases pending before the 35<sup>th</sup> Investigating Judge of the Athens Court of First Instance, against former executives of the company's regarding all criminal offenses for which prosecution has been instituted.
- Achieving the imposition of a precautionary seizure on the yacht named "PHALAROPE", which actually belonged to Dimitrios Koutsolioutsos, as well as the issuance of a temporary order, by which the departure of the vessel "GINGER AEGEAN", owned by Dimitrios Koutsolioutsos, was prohibited. Pursuant to an out-of-court settlement, the Company consented to the sale of the vessel "Phalarope" and the lifting of the precautionary seizure imposed by the Company, after the payment of the total sale price, amounting to Euro 1,737,972.56, to the Company, as provided in the settlement.

By this means, the company became the first creditor, obtaining through juridical actions to satisfy at least part of its claims against Dimitrios Koutsolioutsos.

Filing of complaints (i) against former executives of the company and the APAC sub-group for acts of infidelity, which took place during the management of the company's affairs and assets of the company and the APAC sub-group; (ii) against former executives of the Company for a payment of the amount of 3 million Euros, to a specific creditor, who invoiced an amount of 5 million USD, invoking the offer of a third party for the realization of an investment in the company amounting to 250 million Euros, without substantiating the financial substance of the transaction in question.

- Providing access to Alvarez & Marshal's data room to PricewaterhouseCoopers AE in order to facilitate the work of its management audit.

Upon receipt of the Interim Management Audit Report from PricewaterhouseCoopers SA, the Board of Directors instructed its legal advisors to assess the Interim Report, in order for the Company to take appropriate legal actions within a short time against individuals who damaged the company and its Group.

### 3. Corporate Governance - Internal Control System

A major cause for the crisis in 2018 was the serious shortcomings in respect of corporate governance rules and the internal control system of the Company and the Group.

The corporate governance system has been strengthened, inter alia, through the active action of the Company's Audit Committee, which supervised the implementation of specific audits leading to significant findings, which have been used both by the Company in the exercise of its own legal claims and by PricewaterhouseCoopers as part of the extraordinary management audit.

The role of the Remuneration and Nomination Committee is highlighted especially at this stage, after the submission of the Rehabilitation Agreement, as it contributes to the Company's executive management in rationalizing the organizational structure and filling senior positions in key areas of the Company,

Changes have already taken place in the senior management of the Company, with the recruitment of experienced and qualified executives in order to occupy important positions (Chief Financial Officer, Chief Operations Officer, Chief Marketing Officer), and who will be in charge of the related activities for the entire Group and not only on Company level.

This change was deemed appropriate taking particular account of the fact that one of the most important shortcomings of the Corporate Governance system under the previous Management was the lack of adequate supervision of the parent Company in its worldwide subsidiaries.

The Management of the Company took the necessary measures for the institutionalization and implementation of new and / or updated policies and procedures for the streamlining of the Company's operation, the strengthening of the Internal Audit system and the correct presentation and monitoring of financial information within the Group. In particular:

- The following new procedures were envisaged and adopted:
  - (i) Procedure for managing accounting entry periods and locking down monthly management periods in order to prevent earlier entries and prevent unauthorized personnel from accessing the opening / closing of monthly management periods.
  - (ii) Electronic application ("Click View"), which presents all the information about the Company's revenues in real time.
  - (iii) Related party procedure (*see Chapter 14 of this report*).
  - (iv) Procedure for monthly balances of general accounts, customers - suppliers and debtors - creditors.
  - (v) Monthly agreement procedure for other bank accounts.
- The following procedures have been strengthened in order to optimize the flow of financial information:
  - (i) Credit policy procedure, which was further enriched by the creation of a reference to the aging of customer receivables from the electronic system, which reflects historical data on receivables from customer.
  - (ii) Market monitoring procedure for the purchase of goods - services, to mandate purchase agreements, invoices and receipts ("3-way-match"), in order to strengthen the already existing electronic application of "E-Procurement," aiming for full and dispersive transparency of assigned tenders and purchases.
  - (iii) A number of procedures, which were in their original form or were inactive, which were recast, strengthened and implemented by the Company's departments, such as e.g. business process policies by sector, commercial and pricing policy, program and data access policy and corresponding user deletion / deactivation policy, cash management policy, asset withdrawal and destruction policy, disbursement policy, staff appraisal policy, staff benefits and expenses policy.
  - (iv) A number of processes, which were in an early stage or were inactive, have been redrafted, strengthened and implemented by the company departments, such as business processes by sector, commercial and pricing policy, policy for the access to programs and data and corresponding policy to delete / deactivate users, treasury policy, withdrawal and destruction policy, disbursement policy, personnel evaluation policy, personnel and expense policy.
- Two (2) new positions were established for Regulatory Compliance (Compliance) and Operational Control (Controlling), in order to strengthen the Internal Audit Scheme, managing all kind of risks and, more generally, the effective operation of the Company.
- Management has included the investment in the purchase of a new Business Accounting System (ERP) system in its budget, which will be common for all companies of the Group, in order to facilitate an immediate and reliable flow of financial information (without the need for interventions or informal collection and consolidation of data) the information should be uniform, comparable and the control should be easy and objective.



The aim of the Management is, that the beginning of the implementation of the Rehabilitation Agreement should find the Company and the Group in operational readiness and already operationally restructured, in order to have the necessary background for the immediate implementation of the Rehabilitation Business Plan and the achievement of the relevant objectives.

After all, the proof of a direct progress in quality is that, despite the objective (pandemic, economic hardship) and the subjective problems encountered, the Company has managed to continue the prospect of its rehabilitation by making new investments and partnerships (id. Chapter 9 below).

It should be noted that after the final appointment of the provisional management of the company, pursuant to the decision no. 2096/2020 of the Athens Court of First Instance, the Board of Directors consists of eight (8) members, six (6) of which meet all the criteria of independence according to corporate governance legislation.

#### 4. Overview of the financial situation of the Company and the Group during the fiscal year 1.1.2019 - 31.12.2019:

Taking into account the signing of the Rehabilitation Agreement and its submission for ratification before the Multi Member First Instance Court of Athens, as well as the disbursement of the Interim Financing amounting to 13,007,018 Euros, management considers that the Company - and the Group - as a result of the restructuring - is able to meet its liabilities from its ongoing activity and that, therefore, the financial statements should be prepared on the basis of the principle of continuing activity.

The continuation of the activity of the Company and the Group is, after all, the key objective of the Rehabilitation Agreement and the Board of Directors.

For these reasons, the consolidated and corporate financial statements for the year ended 31 December 2019 have been prepared based on the principle of continuing activity.

The key financial figures of the Group and the Company for the fiscal year 2019 and 2018 are presented in detail below:

	Note	Group		Company	
		Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2019	Year ended 31/12/2018
<b>Continuing Operations</b>					
Revenue	4	204.212.643,80	296.646.947,49	75.301.577,98	126.202.596,73
Cost of Goods Sold	7	(132.554.111,08)	(137.062.123,96)	(48.195.496,44)	(79.430.960,77)
<b>Gross Profit</b>		<b>71.658.532,72</b>	<b>159.584.823,53</b>	<b>27.106.081,54</b>	<b>46.771.635,96</b>
<b>% Gross Profit Margin</b>		<b>35,1%</b>	<b>53,8%</b>	<b>36,0%</b>	<b>37,1%</b>
Other Income	9	3.636.308,79	10.069.933,48	2.385.519,47	11.128.052,77
Administrative expenses	7	(51.637.402,03)	(70.666.168,90)	(19.241.978,21)	(42.347.216,64)
Distribution expenses	7	(89.308.892,58)	(148.326.558,73)	(40.655.739,29)	(52.788.400,53)
Other income/(loss)	10	(21.034.838,89)	(67.586.624,85)	(3.758.916,15)	(1.418.086,36)
Impairment Provisions	11	(3.513.327,41)	(39.314.046,54)	(205.330,84)	(57.023.401,35)
<b>Operating Loss</b>		<b>(90.199.619,40)</b>	<b>(156.238.642,01)</b>	<b>(34.370.363,48)</b>	<b>(95.677.416,15)</b>
Financial income	12	3.628.496,16	5.719.009,83	2.944.352,56	26.364.640,58
Financial expenses	12	(21.969.782,44)	(66.523.883,17)	(20.690.919,08)	(62.282.421,10)
Losses from deletion of subsidiaries which were not consolidated	13	(3.087.599,00)	-	-	-
Holdings accounted through equity method	14	-	3.841.982,85	-	-
<b>Operating loss before Tax</b>		<b>(111.628.504,68)</b>	<b>(213.201.532,50)</b>	<b>(52.116.930,00)</b>	<b>(131.595.196,67)</b>
Income tax	15	(3.198.869,76)	(6.363.314,28)	(1.583.081,00)	(3.992.043,13)
Deferred tax	15	(1.468.027,63)	1.623.903,64	(1.503.606,85)	2.419.827,67
<b>Operating loss after Tax</b>		<b>(116.295.402,07)</b>	<b>(217.940.943,14)</b>	<b>(55.203.617,85)</b>	<b>(133.167.412,13)</b>

#### Information by segment:

The operational areas in which the Company was active during the fiscal year 2019 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.

## Review of the consolidated operating results by operational segment 2019:

Financial Year ended on 31/12/2019	Jewellery - Watches - Accessories	Clothing - Footwear (Retail/ Wholesale)	Department Stores	Total	Eliminations	Consolidated Figures
Revenue	42.302.023,00	157.057.771,77	19.620.100,57	218.979.895,34	(14.767.251,54)	204.212.643,80
Cost of Goods Sold	(21.423.420,61)	(104.472.732,80)	(7.653.202,20)	(133.549.355,61)	995.244,53	(132.554.111,08)
<b>Gross Profit</b>	<b>20.878.602,39</b>	<b>52.585.038,97</b>	<b>11.966.898,37</b>	<b>85.430.539,73</b>	<b>(13.772.007,01)</b>	<b>71.658.532,72</b>
Other income	6.694.409,51	2.137.923,08	404.715,00	9.237.047,59	(5.600.738,80)	3.636.308,79
Administrative expenses	(35.802.772,39)	(13.927.764,77)	(1.906.864,87)	(51.637.402,03)	-	(51.637.402,03)
Distribution expenses	(27.067.461,95)	(52.684.431,19)	(9.556.999,43)	(89.308.892,58)	-	(89.308.892,58)
Other income/(loss)	(18.929.843,16)	(1.868.130,09)	(236.865,62)	(21.034.838,89)	-	(21.034.838,89)
Impairment Provisions	(47.548,70)	(494.258,37)	185.747,82	(356.059,25)	(3.157.268,16)	(3.513.327,41)
<b>Operating Loss/Profit per segment (EBIT)</b>	<b>(54.274.614,32)</b>	<b>(14.251.622,37)</b>	<b>856.631,27</b>	<b>(67.669.605,43)</b>	<b>(22.530.013,97)</b>	<b>(90.199.619,40)</b>

With the exception of the breakdown by segment of the consolidated statement of comprehensive income for the year ended 31 December 2019, the remaining segmental breakdowns of the Group for the year ended 31 December 2019 are not presented, as it was not possible to gather the necessary information for the presentation of the provisions of IFRS 8 "Operating Segments."

For all of the Group's segmental analyses for the year ended 31 December 2018, it has not been possible to collect the necessary information for the presentation of the provisions of IFRS 8 "Operating Segments."

## 5. Significant events 2019

9 January 2019:	The Company hired Mr. Georgios Samios as its Chief Financial Officer, but he was unable to receive in a coordinated manner all the data of the Finance Department, as 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:	"Warlaby Trading Limited" (a subsidiary of the Cypriot subsidiary of the Company "FF Cyprus Limited") sold the group helicopter for a total price of 1,600,000 Euros.
February 2019:	A loan by the subsidiary "Strenaby Finance Ltd." with Morgan Stanley, which was covered by the sale of shares in Dufry AG, owned by that subsidiary was repaid.
28 March 2019:	Sale of a property in Hong Kong, owned by the subsidiary "FF Group Sourcing Ltd", for the amount of HKD 130 million
During 2019:	Most of the Group's contracts with foreign companies within the Clothing - Footwear operating segment were terminated / not renewed. The most important cooperation that remains in force relates to the operation of the NIKE store network in Greece, Romania and Bulgaria, the contractual term of which expires (where applicable) until 2022.
16 May 2019:	The decision of the Athens Court of First Instance No. 2419/2019 was issued, by which the petition 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 EUR 1.8 million.
During 2019:	The Company received from dividends of DUFY AG shares the amount of EUR 2.85 million.
16 July 2019:	The Company announced that the in principle agreement reached in February with part of its creditors on the financial restructuring of the Group could not be implemented effectively and was withdrawn. It also announced and published an alternative restructuring proposal and related term sheet, addressed to all creditors/stakeholders.
16 July 2019:	The Company published the revised corporate and consolidated financial statements for the financial year 2017.
26 August 2019:	The Company announces the appointment of Deloitte and Savigny Partners to investigate the full sale of the Links of London business.
10 September 2019:	The adjourned Annual General Meeting of the Company approved the Annual Financial Report for the financial year 2017 (as restated after the restatement of the relevant financial statements), did not approve the overall management of the Company during that financial year and did not release the members of the Board of Directors and the Statutory Auditor from any liability for compensation in connection with the preparation and special audit of the restated financial statements.
September 2019:	FF Group Sourcing Limited, which consolidates the financial results of the APAC sub-group, together with other subsidiaries in Hong Kong, has filed a lawsuit against the directors who

signed the financial statements of FF Group Sourcing Limited, the local CFO and the auditors of the APAC sub-group to claim compensation for undue taxes paid, amounting to USD 78.7 million, which the APAC sub-group paid due to the declaration of fictitious profits to tax authorities of Hong Kong.

8 October 2019:	The Company's subsidiary, Links (London) Limited was placed under administration in accordance with paragraph 22 of Annex B1 to the Insolvency Act 1986 of England and Wales. Mr Matthew Smith and Mr Daniel Smith of Deloitte LLP have been appointed as administrators.
10 October 2019:	Two (2) bondholders of the Company, holding a cumulative 0.87% of the Company's total debt obligations, filed a petition for bankruptcy of the Company before the Athens Court of First Instance and a petition for precautionary measures before the Athens Court of First Instance (pursuant to Article 10 of the Greek Civil Code). An interim order was issued on the application for precautionary measures, according to which any disposal of tangible fixed assets by the Company would have to ensure a minimum residual value of tangible fixed assets of four million Euros (EUR 4 000 000). This request was rejected by decision No 305/2020 of the Athens Court of First Instance (see below in the section on subsequent events).
11 October 2019:	The adjourned Annual General Meeting of the Company elected PricewaterhouseCoopers SA as statutory auditor for the regular audit of the consolidated financial statements for the financial year 2018.
26 November 2019:	The Company announced that it has reached an in principle agreement on the commercial terms for its financial restructuring with an ad hoc group of its creditors.
16 December 2019:	The Hellenic Capital Market Commission has filed an application for precautionary measures before the Athens Court of First Instance, requesting the replacement of George Koutsolioutsos as a member of the Board of Directors by Dimitrios Valachis and the appointment of Georgios Ioannidis to replace the resigned member Pericles Dontas, pursuant to the provisions of article 40 §2 of Law 4640/2019. George Koutsolioutsos resigned from the position as member of the Board of Directors of the Company and the Company agreed to the request of the Hellenic Capital Market Commission, on which a temporary injunction was issued, appointing Messrs. Dimitrios Valachis and Georgios Ioannidis to the Board of Directors of the Company.
During 2019:	The Company granted loans to subsidiaries of the Group, amounting to a total of approximately EUR 12.90 million, as follows: Links (London) Limited 4.85 million Euros, Folli Follie France SAS 0.39 million Euros, Folli Follie Spain SA 0.09m Euros, Folli Follie (UK) Limited 0.21m. Euros, FF Cosmetics SA 2.96 million Euros, FF Group Sourcing Limited and its subsidiaries 4.37 million Euros and 0.03 million Euros to other subsidiaries.

## 6. Key risks and points of uncertainty

The main risks faced by the Company and the Group as a whole during 2019, as well as 2020, are related to the derecognition of individual items of the Company's financial statements, particularly with regard to the Company's APAC sub-group based on the preliminary report on 23.9.2018 by Alvarez & Marsal. This event had an extremely adverse impact on the financial performance of the latter, in particular:

- Termination of all financing contracts with Greek banks.
- Termination of all bond loans of the Company.
- Emerging of difficulties and/or termination of the Company's contractual relationships with its major suppliers and a thinning of the apparel, footwear and accessories distribution sector, which significantly affected the Company's turnover for the years 2019 and 2020.
- Enormous pressure on the Company's liquidity due to the lack of external financing, but also the demand of suppliers for full advance payment of the price of goods.
- Enforcement measures against the Company, i.e. applications for precautionary measures and lawsuits from shareholders and investors, imposition of precautionary seizures and other measures, as described in the chapters regarding material events.
- Seizure of real estate, DUFY shares and cash of the Company by the Anti-Money Laundering Authority due to the criminal prosecution of former executives of the Company for the offence of money laundering.

The Company's financial and commercial difficulties were exacerbated by the inability to implement the Company's in principle agreement with its bondholders (which was reached in December 2018).

These points of key risks and uncertainties have already been largely mitigated due to the following actions and events:

- (i) On 31 December 2020, the Company's Rehabilitation Agreement with its creditors was signed and submitted for ratification before the competent Athens Court of First Instance. The implementation of the Rehabilitation Agreement will ensure the continuation of the business and the bailout of the Company.
- (ii) Also on 31 December 2020, the Interim Financing Bond Coverage Agreement was signed for an amount of €13,007,018, which was disbursed on 5 January 2021. The Interim Financing has made it possible - for the first time since May 2018 - to externally finance the Company's activities and provide the liquidity required to continue business operations until the ratification of the Rehabilitation Agreement.
- (iii) Two subsidiaries, which in recent years have been absorbing significant funding from the parent Company, have been liquidated. Initially, in October 2019, Links (London) Limited was placed under administration and in June 2020, FF Group Sourcing Limited was placed under voluntary liquidation (creditors' voluntary liquidation), under which financials of the APAC sub-group of the Company were consolidated and whose basic financial figures turned out to be false and falsified following the publication of the Alvarez & Marsal report dated 23.9.2018.
- (iv) Already from the year 2019 onwards, the Company's management proceeded to reduce and rationalize operating expenses, which contributed to the normalization of the Company's operation, despite the absolute lack of external financing.

#### **Risk from the spread of the new coronavirus (SARS-CoV-2)**

The rapid spread of the coronavirus and its development into a pandemic is an unprecedented test for the whole world, with an uncertain course.

From the very first moment, the Company closely monitored the developments and designed and implemented the appropriate business plan in order to ensure the safety and health of its employees and the consumer on the one hand, and to strengthen early enough the electronic sales channels in order to ensure the continuation of its business activity.

The Group has enacted precautionary measures in accordance with the government instructions of each state. In Greece, in line with government directives, appropriate protection policies were implemented, including homeoffice, travel suspension, frequent disinfection of headquarters and branches, as well as the implementation of all health and other measures imposed by the State.

Furthermore, in view of the apparent (initially) reduction of purchasing traffic, but also the purchasing power of consumers, the Company provided to avoid the accumulation of a large volume of unallocated stock of products, by focusing on items and categories of products that have higher consumption.

Furthermore, in view of the apparent (initially) decrease in purchasing activity, but also in the purchasing power of consumers, the Company has taken steps to avoid the accumulation of a large volume of unsold stock, by focusing on types and categories of products with higher demand.

#### **Dormant Companies**

The dormant companies were not consolidated in the consolidated financial statements. During the financial years 2018 and 2019 as part of the Group's restructuring plan, certain subsidiaries of the Group have ceased/suspended operations, namely 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. (αδρανής), vi) Folli Follie Malaysia Ltd., vii) Folli Follie Hawaii Ltd., viii) Folli Follie Guam Ltd., ix) Folli Follie Singapore Ltd. x) Folli Follie Korea Ltd., xi) Links of London Inc. (USA).

**Exchange rate conversions and sensitivity**

The exchange rates used to translate the financial statements of subsidiaries and foreign branches into EUR (€) are as follows:

COMPANY	Country	Currency	Closing Rate 31.12.2019	Average Rate 2019	Closing Rate 31.12.2018
FOLLI FOLLIE AUSTRALIA LTD	Australia	AUD	1,5995	1,5209	1,6220
FF GROUP BULGARIA EOOD	Bulgaria	BGN	1,9558	1,9558	1,9558
FF ORIGINS LTD *	British Virgin Islands	USD	1,1234	1,1195	1,1450
FOLLI FOLLIE FRANCE SA	France	EUR	1,0000	1,0000	1,0000
FOLLI FOLLIE GUAM LTD **	Guam	USD	1,1234	1,1195	1,1450
FOLLI FOLLIE ΣΥΜΜΕΤΟΧΩΝ ΑΕ	Greece	EUR	1,0000	1,0000	1,0000
PLANACO ABEE	Greece	EUR	1,0000	1,0000	1,0000
FF COSMETICS AE	Greece	EUR	1,0000	1,0000	1,0000
QIVOS AE *	Greece	EUR	1,0000	1,0000	1,0000
MAPINA ΜΥΤΙΑΗΝΗΣ ΑΕ *	Greece	EUR	1,0000	1,0000	1,0000
LINKS OF LONDON INC (USA) **	USA	USD	1,1234	1,1195	1,1450
FOLLI FOLLIE JAPAN LTD	Japan	JPY	121,9400	122,0700	125,8500
LINKS OF LONDON JAPAN CO. LTD **	Japan	JPY	121,9400	122,0700	125,8500
JUICY COUTURE IRELAND LTD **	Ireland	EUR	1,0000	1,0000	1,0000
FOLLI-FOLLIE SPAIN SA	Spain	EUR	1,0000	1,0000	1,0000
FOLLI FOLLIE SHANGHAI (PILION LTD) *	China	CNY	7,8205	7,7338	7,8751
FOLLI FOLLIE SHENZHEN LTD *	China	CNY	7,8205	7,7338	7,8751
LINKS OF LONDON (ASIA) LTD **	China	CNY	7,8205	7,7338	7,8751
FOLLI FOLLIE CYPRUS LTD	Cyprus	EUR	1,0000	1,0000	1,0000
WARLABY TRADING LTD *	Cyprus	EUR	1,0000	1,0000	1,0000
NARIACO INVESTMENTS LTD *	Cyprus	EUR	1,0000	1,0000	1,0000
FF GROUP FINANCE LUXEMBOURG SA	Luxembourg	EUR	1,0000	1,0000	1,0000
FF GROUP FINANCE LUXEMBOURG II SA	Luxembourg	EUR	1,0000	1,0000	1,0000
FOLLI FOLLIE MACAU LTD	Macau	MOP	9,0050	9,0378	8,9310
FOLLI FOLLIE MALAYSIA LTD **	Malaysia	MYR	4,5953	4,6374	4,7317
STRENABY FINANCE LTD **	United Kingdom	GBP	0,8508	0,8772	0,8945
FOLLI FOLLIE UK LT	United Kingdom	GBP	0,8508	0,8772	0,8945
JUICY COUTURE EUROPE LTD **	United Kingdom	GBP	0,8508	0,8772	0,8945
LINKS (LONDON) LIMITED *	United Kingdom	GBP	0,8508	0,8772	0,8945
LINKS OF LONDON (INTERNATIONAL) LTD **	United Kingdom	GBP	0,8508	0,8772	0,8945
LINKS OF LONDON COM LTD (UK) **	United Kingdom	GBP	0,8508	0,8772	0,8945
FOLLI FOLLIE KOREA LTD **	South Korea	KRW	1296,2800	1304,8500	1277,9300
FF GROUP ROMANIA SRL	Romania	RON	4,7830	4,7878	4,6635
APPAREL ROMANIA SRL. *	Romania	RON	4,7830	4,7878	4,6635
FOLLI FOLLIE SINGAPORE LTD **	Singapore	SGD	1,5089	1,5271	1,5591
FOLLI FOLLIE TAIWAN LTD	Taiwan	TWD	35,5390	34,5940	35,2088
FOLLI FOLLIE THAILAND LTD **	Thailand	THB	33,4150	34,7600	37,0520
FOLLI FOLLIE HAWAII LTD **	Hawaii	USD	1,1234	1,1195	1,1450
FOLLI FOLLIE GROUP SOURCING LTD	Hong Kong	HKD	8,7473	8,7712	8,9675
FOLLI FOLLIE ASIA LTD **	Hong Kong	HKD	8,7473	8,7712	8,9675
FOLLI-FOLLIE HONG KONG INTERNATIONAL LTD	Hong Kong	HKD	8,7473	8,7712	8,9675
FF BUSINESS DEVELOP. & TECH. CONSULTING LTD *	Hong Kong	HKD	8,7473	8,7712	8,9675
FF INTERNATIONAL HOLDINGS LTD *	Hong Kong	HKD	8,7473	8,7712	8,9675

(\*) During the current financial year and despite management's efforts it was not possible to collect financial data.

(\*\*) The companies are inactive or under liquidation and it has not been possible to collect financial data.

**Credit Risk:**

This is the risk of default by the counterparty. Retail sales are made in cash through debit and/or credit cards, while for wholesale sales the Company, based on internal procedures, grants credit by examining the creditworthiness of customers on a case-by-case basis. For the most part, the majority of wholesale sales are made to well-known department stores and a network of selected franchisees. In addition, the Company makes provision for bad debts. Finally, as a standard practice of the Company, a portion of receivables from customers is insured.

**Market Risk:**

**Interest rate risk:** Following the signing of the Rehabilitation Agreement (under which the Company is released from its obligations under the bond loans), this risk stems in particular from leasing contracts for buildings and equipment that the Company has concluded, and in particular, from the fact that these agreements are denominated in a floating interest rate linked to the EURIBOR index. As a result, the Company is exposed to interest rate 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 denominated in USD and sells these goods in the markets it operates at prices denominated in local currency.

**Price Risk - Inflation:** The Company is not exposed to price risk, as the prices of the products it trades do not vary significantly. The increase in international inflationary pressures combined with the disruption of the international financial system may modify consumption patterns, affecting the Company's sales and results.

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

**Liquidity risk:** Liquidity risk is the risk that the Group or the 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 during the transitional period, after the submission of the Rehabilitation Agreement until its ratification and the general completion of the consolidation.

## 7. Key Financial Ratios:

The key financial ratios of the current financial year 2019, compared to the corresponding ratios of the financial year 2018, are as follows:

Liquidity			31.12.2019	31.12.2018		31.12.2019	31.12.2018
Current ratio	Current Assets		142.792.894,85	154.949.138,86	Current Assets / Short term liabilities	0,22	0,27
	Short-term liabilities		648.407.384,85	577.762.311,20			
Quick ratio	(Current Assets - Inventories)		75.566.925,97	67.232.268,73	(Current Assets - Inventories) / Short-term liabilities	0,12	0,12
	Short-term liabilities		648.407.384,85	577.762.311,20			
Cash ratio	(Cash and cash equivalents+marketable securities)		17.325.121,76	18.364.923,09	(Cash and cash equivalents+marketable securities) / Short-term liabilities	0,03	0,03
	Short-term liabilities		648.407.384,85	577.762.311,20			
Working Capital	(Trade receivables+Inventories)		125.467.773,09	136.584.215,77	(Trade receivables+Inventories)- (Trade payables +other short term liabilities)	0,75	1,19
	(Trade payables+short term liabilities)		167.380.217,21	114.544.754,09			
Efficiency			31.12.2019	31.12.2018		31.12.2019	31.12.2018
Current asset turnover	Revenue		204.212.643,80	296.646.947,49	Revenue / Current Assets	1,43	1,91
	Current Assets		142.792.894,85	154.949.138,86			
Trade receivables collection period	Average Trade Receivables	365	39.865.137,51	63.352.822,76	(Average Trade Receivables / Revenue)*365	71,25	77,95
	Revenue		204.212.643,80	296.646.947,49			
Inventory Turnover	Cost of sales		132.554.111,08	137.062.123,96	Cost of Sales / Average Inventories	1,71	1,40
	Average Inventories		77.471.419,51	98.143.659,90			
Inventory holding period	Average Inventories	365	77.471.419,51	98.143.659,90	(Average Inventories / (Cost of Sales)*365	213,32	261,36
	Cost of sales		132.554.111,08	137.062.123,96			
Financial			31.12.2019	31.12.2018		31.12.2019	31.12.2018
Gearing ratio	Debt		683.742.969,02	587.046.924,72	Debt / Total Capital	1,72	1,43
	Total Capital		398.439.023,42	411.575.491,52			
Gearing ratio	Debt		683.742.969,02	587.046.924,72	Debt / Equity	-2,40	-3,35
	Equity		(285.303.945,60)	(175.471.433,20)			
Performance			31.12.2019	31.12.2018		31.12.2019	31.12.2018
Gross Profit Margin	Gross Profit		71.658.532,72	159.584.823,53	Gross Profit / Revenue	0,35	0,54
	Revenue		204.212.643,80	296.646.947,49			
Assets Turnover	Cumulative Profit		(116.295.402,07)	(217.940.943,14)	Cumulative Profit / Total assets	-0,28	-0,51
	Total assets		412.442.686,38	426.261.385,12			
Return on capital employed	Cumulative Profit		(116.295.402,07)	(217.940.943,14)	Cumulative Profit / Equity	0,41	1,24
	Equity		(285.303.945,60)	(175.471.433,20)			

## 8. Business developments of the Group

Already before reaching the Rehabilitation and the Interim Financing Agreement and despite the significant financial difficulties, the Company's Management has managed to strengthen existing commercial activities. Indicatively, we mention the following:

- Strengthening of the Collective store network, with the opening of nine (9) new stores in Greece, optimization and repositioning of the Company's entire store network.



- Development of new retail concepts, with the creation of sub-brands in "Collective Sport" and "Collective Underwear", as well as the launch of a limited network of discount stores under the name "Factory Outlet Local".
- Following the conversion of the Company's property at the 22<sup>nd</sup> km on Athens-Lamia Highway into a department store "FACTORY OUTLET", expansion of the capacity of the building as a department store from 600 sq.m. to 5.000 sq.m.
- Transfer of the Company's central warehouses to the Group's industrial property in Koropi, which leads to a significant reduction of the related costs for the Company. In this context, following management actions, the building is now fully licensed as an industrial building and as a Warehousing and Distribution Centre, while its capacity has been increased from 9,000 sqm to 15,600 sqm.
- Reinforcement of online stores, with factoryoutlet.gr as the flagship. It should be noted that this activity significantly supported the smooth operation of the Company and the continuation of its rehabilitation process during the lock-downs of physical stores as part of the pandemic measures in 2020, while the Company's online sales increased significantly compared to 2019.
- Recovery of Links of London's portfolio of trademarks and other industrial property rights in January 2020.

## 9. 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.

In particular: a) on 9.5.2018 the Company purchased through the member of the Athens Exchange EUROXX Stock Exchange SA, at an average price of EUR 9,11 per share, 30.000 shares of total value EUR 273.254,02 and b) on 11.5.2018 the Company purchased through the member of the Athens Exchange EUROXX Stock Exchange SA, at an average price of EUR 8,47 per share, 5.000 shares of total value EUR 42.340,00.

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

## 10. Branches

The Company currently operates 47 branches in Greece and - at Group level - 19 branches in Romania, 15 branches in Bulgaria and 8 in Cyprus.

## 11. Non-financial Situation

As of December 31, 2019, the Group employed 1,600 employees, compared to 1,701 employees on December 31, 2018. The corresponding figures for the Company are 696 on December 31, 2019 compared to 1,042 employees on December 31, 2018. The Group employs (a) employees with an indefinite employment contract, (b) daily wage workers, and (c) hourly paid employees.

The Group respects the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization and the relevant national and European legislation and fosters the creation of a good working environment through the continuous effort to improve the quality of work and good cooperation of 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 the response to the COVID-19 pandemic, the Company took all necessary measures in a timely manner to protect its employees, consumers and its partners, in full compliance with the legal provisions and the recommendations of the competent organizations.

The Group fully complies with the environmental legislation of the countries in which it operates. In particular, it participates in recycling programs and applies the relevant legislation with regard to (a) packaging materials, (b) electric batteries and other materials and vehicle spare parts, and (c) electrical and electronic equipment. It has signed contracts with recognized and licensed companies for the management of recycled materials and pays periodic contributions. In addition, the cooperation with our suppliers is based on standards that deny any form of child labour, discrimination or forced labour, in order to ensure for every worker involved in the production process a health and safety guarantee, equal pay and respect for the rhythms of life. We regularly visit our suppliers to ensure that they all comply with the principles of social responsibility that inspire us.

During 2019 and to date, the Company's Management has strengthened the system of monitoring the implementation of the above mentioned Company's Policies regarding environmental, social and labour issues, respect for human rights, anti-corruption and issues related to bribery.

## 12. Significant events after the end of the financial year and up to the date of preparation of the Report

The events that occurred after the end of the fiscal year 2019 and which significantly affect the financial position and results of the Company are the following:

- ✓ 8 January 2020: The application of two (2) bondholders for the declaration of bankruptcy of the Company was discussed before the Athens Court of First Instance.
- ✓ 29 January 2020: The Company announced the acquisition of the entire trademark portfolio of Links of London, pursuant to a sale and purchase agreement with the administrators of Links (London) Limited.
- ✓ January 2020: The management of the Company's Hong Kong-based subsidiary, FF Group Sourcing Limited, under which the results of the APAC sub-group are consolidated, took a loan of HKD36 million by registering a mortgage on the sole property (warehouse) of the said company in Hong Kong. Such transaction was made without the consent of the Parent Company and the proceeds of the loan were disposed of in a manner not approved and not confirmed by the management of the Company, which deteriorated the financial position of the said subsidiary and contributed to the decision to place the said subsidiary into liquidation.
- ✓ 13 February 2020: Pursuant to Order No. 17/13-3-2020 of the President of the Anti-Money Laundering Authority, the seizure of 804,728 DUFY shares, owned by the Company, was ordered.
- ✓ 14 February 2020: The Company has announced the opening of a call for consent to bondholders in the amount of CHF 150,000,000 at 3.25% interest rate due 2021 issued by FF Group Finance Luxembourg II SA and the holders of bonds amounting of EUR 249,500,000 at 1.75% interest rate due 2019 issued by FF Group Finance Luxembourg SA, on the proposed in principle 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, ordering the seizure 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, a temporary order was issued by the President of the Athens Court of First Instance, by which a temporary management of the Company was appointed, in order to manage the urgent affairs of the Company and to carry out the necessary management actions for the smooth operation of the Company, including the necessary actions for the achievement of the Company's rehabilitation.
- ✓ 6 March 2020: The meeting of the bondholders of the bonds amounting to CHF 150,000,000 with an interest rate of 3.25% 2017-2021 approved the proposed restructuring term sheet of the Company with a majority of 94.32%.
- ✓ 20 March 2020: The meeting of the bondholders of the convertible bonds amounting to €249,500,000 with an interest rate of 1.75% maturing in 2019 approved with a majority of 99.89% the proposed restructuring term sheet of the Company.
- ✓ March - May 2020: The Group's commercial stores in Greece remained closed, in accordance with the relevant legislative acts, which were issued in the context of the measures addressing the pandemic. During the same period and in accordance with the support measures announced by the competent Ministries, the employment contracts of 85% of the Group's parent company's employees were suspended.
- ✓ 15 May 2020: Pursuant to an order of the Anti-Money Laundering Authority, which has not been notified to the Company to date, the amount of two million Euros was bound from the Company's bank account, which is part of the dividend distributed by the subsidiary "FF Group Bulgaria EOOD" for the years 2017 and 2018. This distraint is expected to be lifted after the ratification of the Resolution Agreement.
- ✓ 5 June 2020: During the General Meeting of shareholders of the Hong Kong based company, FF Group Sourcing Limited, it was resolved by a majority of 99.99% of the holders of the issued share capital, to place the company into voluntary liquidation and to appoint Mr. Lai Kar Yan (Derek) and Mr. Yip Wa Ming (Ben) of Deloitte Touche Tohmatsu (Hong Kong) as liquidators.
- ✓ 11 June 2020: The petition filed by two (2) bondholders for the declaration of bankruptcy of the Company was rejected by decision No. 305/2020 of the Athens Court of First Instance, judging that the substantial legal conditions for the declaration of bankruptcy do not exist.
- ✓ 10 July 2020: Publication of the consolidated and corporate financial statements for the year ended December 31, 2018.
- ✓ 6 August 2020: Issuance of a provisional order by the President of the Athens Court of First Instance,



- ordering the preventative measures provided in article 106A para. 6 of the Greek Bankruptcy Code, forbidding any measure - pending or not - of individual or collective enforcement by the creditors against the Company, the taking and enforcing of any injunction against the Company, including the provisional seizure and the registration of a prenotation of mortgage and the bankruptcy declaration of the Company.
- ✓ 7 Αυγούστου 2020: The Company published the unaudited statements of comprehensive income and financial position at corporate and consolidated level for the year ended December 31, 2019.
- ✓ 10 September 2020: The adjourned Annual General Meeting of the Company's shareholders, approved the corporate and consolidated financial statements for the fiscal year 1.1.2018 - 31.12.2018, did not approve the overall management of the Company during the said fiscal year, did not discharge the members of the Board of Directors from any liability for compensation for the management of the Company, did not release the members of the Board of Directors and the Auditor - Auditor from any liability for compensation in connection with the preparation and regular audit of the annual corporate and consolidated financial statements for the said fiscal year, assigned the regular audit of the corporate and consolidated financial statements for the fiscal year 2019 to the auditing company PricewaterhouseCoopers SA, setting its fee at the amount of 600.000 Euro, did not approve the remuneration and compensation of all kinds of the members of the Board of Directors paid in the 2018 financial year, did not determine the kind of the Company's Audit Committee, the term and the status of the members thereof. During the meeting, the report of the Company's Audit Committee was presented in accordance with article 44 of L. 4449/2017.
- The Annual General Meeting of the Company's shareholders for the financial year 2019 was postponed with regard to all the items on the agenda.
- ✓ 21 September 2020: There was a significant change in the Company's voting rights and, in particular, (i) "Fidelity Management & Research LLC" (a company controlled by FMR LLC), which held 6,694,812 shares and 6,694,812 voting rights, representing 9.99% of the total voting rights, reduced its shareholding in the Company below the 5% threshold and (ii) J.P. Morgan Securities plc (indirectly controlled by JPMorgan Chase & Co.) increased its direct shareholding above the 5% threshold to 6,537,230 shares and 6,537,230 voting rights, representing 9.76% of the total voting rights of the Company, and 143,000 voting rights through a Right to Recall financial instrument, representing 0.21% of the total voting rights of the Company. Accordingly, JPMorgan Chase & Co. after this transaction indirectly holds 9.97% of the voting rights of the Company.
- ✓ 24 September 2020: Decision No. 4666/2020 of the Single-Member Court of First Instance of Athens (during the interlocutory proceedings) was issued, pursuant to which the suspension of any measure - pending or non-individual or collective enforcement of creditors against the Company was ordered and the taking was prohibited. and execution of any precautionary measure against the Company's property, including precautionary seizure and registration of a mortgage note (consensual or in dispute) and the declaration of the Company in bankruptcy, until December 6, 2020.
- ✓ 17 November 2020: The Board of Directors appointed pursuant to Decision 2096, consisting of the current members of the Board of Directors, Mr. Georgios Samios, Georgios Ioannidis, Panagiotis Alexakis, Pericles Dontas, Georgios Momferratos, Ilias Pentazos, Georgios Siganidis and Haolei Zhang, with the exclusive task of carrying out the necessary management actions for the smooth continuation of the Company's operation until its rehabilitation is achieved. Decision 2096 was issued following the appointment of the Hellenic Capital Market Commission on 14.2.2020, for a temporary management of the Company.
- ✓ 18 November 2020: The Company has published the consent solicitation memoranda to the holders of the Eurobonds and the holders of the Swissbonds, by which the meetings of these bondholders have been convened for December 9, 2020 to decide on (i) the subordination of the Company as the primary debtor, in place of FF Group Finance Luxembourg SA (issuer of the Eurobonds) and FF Group Finance Luxembourg II SA (issuer of the Swissbonds) respectively and (ii) the approval of the draft Rehabilitation Agreement.
- ✓ 09 December 2020: The Eurobonds Meeting unanimously approved the aforementioned subordination of the Company and the draft Rehabilitation Agreement and the Swissbonds Meeting unanimously approved the subordination of the Company with a majority of 99.67% and the draft Resolution Agreement with a majority of 99.47%.
- ✓ 18 December 2020: The Company announced that it has received the Interim Report of the Extraordinary Management Audit, which was prepared by the audit firm "PricewaterhouseCoopers SA" pursuant to the decision No. 2893/2018 of the Athens Court of First Instance.
- ✓ 31 December 2020: The Company signed the Rehabilitation Agreement with its creditors, namely the holders of the Eurobonds, the holders of the Swissbonds and the holders of the Schuldscheine and submitted the Rehabilitation Agreement on the same day to the Bankruptcy Court for its ratification in accordance with Articles 99 et seq. of the Insolvency Code (as then in force). Prior to the signing of the Rehabilitation Agreement, agreements had been signed for the subordination of the Company to the obligations of FF Group Finance Luxembourg SA and FF Group Finance Luxembourg II SA under these bond loans.

- ✓ 31 December 2020: 

The Company signed the Interim Financing Bond Coverage Agreement for the amount of €13,007.018 maturing in 2021 with AIEF FF SPV, LP as underwriter and original bondholder and with the existing bondholders of the Company who exercised the right to cover bonds up to 15% of the total nominal value of the bonds, as well as with Piraeus Bank SA (as Bondholders' Representative) and Lucid Agency Services Limited (as Payment Administrator).

The validity of the Coverage Agreement and the disbursement of the interim financing was subject to the fulfilment by the Company of the conditions stipulated in the Coverage Agreement.
- ✓ During 2020: 

The Company granted loans to subsidiaries of the Group, which totalled approximately EUR 0.81 million, namely, Folli Follie France SAS EUR 0.19 million, Folli Follie Spain SA EUR 0.28 million, Folli Follie Japan EUR 0.33 million, and others EUR 0.005 million.
- ✓ During 2021: 

The Company granted loans to subsidiaries of the Group, which totalled approximately EUR 0.13 million. Folli Follie Spain SA EUR 0.2 million, and others EUR 0.014 million.
- ✓ 5 January 2021: 

The Company fulfilled all the obligations provided for in the Subscription Agreement and, as a result, the total amount of the interim financing of EUR 13.007.018 was disbursed. Arena Investors, through its affiliate AIEF FF SPV, LP, covered the majority (97.16%) of the bonds.
- ✓ 3 February 2021: 

The Company's application for the ratification of its Rehabilitation Agreement from 31.12.2020 was discussed before the Bankruptcy Court (during the procedure of ex parte jurisdiction).
- ✓ 22 March 2021: 

During the Extraordinary General Meeting of the Company's Shareholders, which was held after the cancellation of the original Extraordinary General Meeting on 10 March 2021 due to lack of quorum, the General Meeting did not approve the Rehabilitation Agreement - Transfer of the Company's Business dating from 31.12.2020 and did not authorize the Board of Directors to carry out the relevant actions in execution of the Rehabilitation Agreement. Specifically, on the only item of the Extraordinary General Meeting, shareholders representing 25,078,595 shares, or 69.30% of the total number of shares represented, voted against. Shareholders representing 11,111,071 shares, i.e. 30.70% of the total number of shares represented, voted in favour. There were no abstentions.
- ✓ 16 April 2021: 

Pursuant to an out-of-court settlement, the Company consented to the sale of the vessel "Phalarope" and the lifting of the precautionary seizure imposed by the Company, after the payment of the total sale price of EUR 1.737.972,56 to the Company, as provided for in the settlement.
- ✓ 5 May 2021: 

Following an application of the Company before the Multi-Member Court of First Instance (the "Court") pursuant to article 106 para. 3 of Law 3588/2007, the Court issued a provisional order, forbidding the taking of any measure - pending or not - of individual and collective enforcement against the Company and the taking and enforcing of any injunction measure against the Company, until the issuance of a decision on the Rehabilitation Application.
- ✓ 11 May 2021: 

The decision of the Court of Arbitration (JAMS) is issued, following opposite applications filed by the Company and DUFY AG, it was ruled that the sale consideration of 49% of the shares of the company "DUTY FREE SHOPS" must be reduced based on the Stock Purchase Agreement from 11.12.2013 by the amount equal to the agreed upon price of the Dufry Shares, being 53,015,561.01 EUR (the "**Payable Amount**").

Since the Company failed to pay the Payable Amount to DUFY AG within five (5) business days of the JAMS decision, DUFY AG requested the escrow agent to return (transfer) all of the Dufry Shares to the Company. The judicial costs awarded in favour of DUFY AG amount to USD 3,085,224.78 plus EUR 280,106.05.

It is noted that the Dufry Shares remain seized by virtue of the Order no. 17/2020 of the Chairman of the Anti-Money Laundering Authority and the Order no. 827/2020 of the Judge of the 35th Investing Department of the Athens Court of First Instance.
- ✓ 3 June 2021: 

The Bankruptcy Court's preliminary ruling number 186/2021 is issued on the Company's application for the ratification of the Company's Rehabilitation Agreement, which ruled as follows:

The preliminary ruling No. 186/2021 of the Bankruptcy Court on the Company's application for the ratification of the Company's Rehabilitation Agreement is issued, which ruled as follows:

  - i) It was ruled that: (a) the Company's business plan is realistic and feasible and that the implementation of the Rehabilitation Agreement will render the business viable; (b) the principle of equal treatment among creditors of the Company that are in the same position has been observed by their proposed treatment under the Rehabilitation Agreement, while any deviations were

judged to be justified by a significant business or social reason; and (c) the Company's creditors will not be placed in a worse financial position than the one they would have been placed in under any bankruptcy proceedings relating to the Company.

- ii) The interventions of Dimitrios Koutsolioutsos and the Unified Social Security Fund, which were filed with a request to dismiss the Company's application for the ratification of the Rehabilitation Agreement, were rejected.
- iii) The condition precedent to the effectiveness of the Rehabilitation Agreement relating to the lifting of the anti-money laundering orders and the orders of the 35th Investigating Judge of the Athens Court of First Instance, by virtue of which certain assets of the Company have been seized, was ruled unlawful. The Bankruptcy Court objected to these provisions on the basis that the lifting of such orders is not solely at the discretion of the contracting parties to the Rehabilitation Agreement, but is subject to the jurisdiction of the competent criminal authorities and bodies. Therefore, the Bankruptcy Court ruled that the relevant condition precedent must be deleted and that, for the coherence of the Rehabilitation Agreement, certain related provisions must be amended.
- iv) The Bankruptcy Court deferred the issuance of a final judgement on ratification of the Rehabilitation Agreement, setting a four-month deadline to the Company and its contracting creditors to file the amended Rehabilitation Agreement (taking into account the amendments outlined above), in order to set a new date for a final judgment.

✓ 16 June 2021:

The Company's application for the appointment of a special agent, who will exercise the attendance and voting rights of the shareholders who did not attend or who voted against the approval of the Rehabilitation Agreement at the Company's Extraordinary General Assembly on 22 March 2021, pursuant to article 101 para. 3 of Law 3588/2007, as it was in force at the time of the filing of the Rehabilitation Agreement, was heard before the Bankruptcy Court.

✓ 29 July 2021:

The Company was notified by the Tax Authorities (Centre for the Control of Large Enterprises) Partial Audit Reports for the period 01.07.2018 - 30.11.2020 on the items of Value Added Tax, Withholding Taxes and Stamp Duties, which present non-significant findings.

### 13. Related-Party Transactions

On 11 April 2019, the Company adopted a specific procedure for the application of the provisions of International Accounting Standard 24/16.12.2004 regarding "Related-Party Transaction Disclosures", which applies mainly to the identification of relationships and transactions between related parties and requires companies to disclose through their corporate and consolidated financial statements the relationships, transactions and outstanding balances they may have with related parties.

The adopted procedure ensures complete and accurate information on related party transactions and the transactions are prepared in accordance with the applicable legislation, the Articles of Association and the decisions of the competent corporate bodies. In particular: Members of the management, directors or persons closely associated with them of the reporting entity shall disclose in writing any transactions with persons participating in the share capital and/or management (related parties). The human resources department is responsible for collecting the related party transactions. The department sends on a regular basis a request to the above persons.

The Finance Department, the Investor Relations Department and the Legal Department of the Company (jointly or separately), carry out procedures (background checks) in order to identify and record transactions which are not included in the previous list. The Finance Department is responsible for compiling the relevant tables included in the financial statements. The Company - under the responsibility of the Board of Directors - discloses the related party transactions in the Financial Statements, together with comments on the conclusion of the transactions. Furthermore, with the responsibility of the Board of Directors, the provisions of the legislation for Public Limited Companies (Law 4548/2018 Articles 99 & 100) on transparency and supervision of related party transactions are complied.

**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 "Greek Central Securities Depository SA" ("ATHEXCSD"), 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 ATHEXCSD, or by the presentation by the shareholders, of a written certificate from ATHEXCSD.

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. Restrictions on 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**

As of 31 December 2019, the following shareholders held more than 5% of the total voting rights of the Company:

Shareholder	Percentage
DIMITRIOS KOUTSOLIOUTSOS	34,83%
FOSUN INTERNATIONAL HOLDINGS LTD	16,369%
FIDELITY INTERNATIONAL	5,93%

**D. Holders of any kind of shares conferring special control rights.**

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

**E. Restrictions on voting rights.**

There are no restrictions on voting rights arising from the Company's shares.

**F. Agreements between the Company's shareholders.**

The Company is not aware of any agreements between its shareholders or in 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 several joint holders or beneficiaries of a share, they shall be represented vis-à-vis the company by a person appointed by common agreement between them.

**INFORMATION ON THE MODE OF OPERATION OF THE GENERAL MEETING OF SHAREHOLDERS AND ITS MAIN POWERS - DESCRIPTION OF SHAREHOLDERS' RIGHTS AND THEIR MODE OF EXERCISE**
**Mode of Operation of the 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

Anyone who 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 duly 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

- 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

*It should be noted that Mr. Ioannidis, Mr. Alexakis, Mr. Dontas, Mr. Momferratos, Mr. Pentazos and Mr. Siganiadis meet the criteria of article 4 of Law 3016/2002 for their qualification as independent members of the Board of Directors. However, since - according to the relevant provisions - independent members are appointed by the General Meeting, these members are not granted the status of "independent members" in the absence of a relevant resolution of the Company's General Meeting. In any case, Mr. Ioannidis, Mr. Alexakis, Mr. Dontas, Mr. Moberratos, Mr. Pentazos and Mr. Siganiadis have declared that they are and will continue to act as independent members of the Board of Directors.*



## ΕΚΘΕΣΗ ΑΝΕΞΑΡΤΗΤΟΥ ΟΡΚΩΤΟΥ ΕΛΕΓΚΤΗ ΛΟΓΙΣΤΗ

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## Consolidated and corporate statement of total income for the year ended December 31, 2019

	Note	Group		Company	
		Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2019	Year ended 31/12/2018
<b>Continuing Operations</b>					
Revenue	4	204.212.643,80	296.646.947,49	75.301.577,98	126.202.596,73
Cost of Goods Sold	7	(132.554.111,08)	(137.062.123,96)	(48.195.496,44)	(79.430.960,77)
<b>Gross Profit</b>		<b>71.658.532,72</b>	<b>159.584.823,53</b>	<b>27.106.081,54</b>	<b>46.771.635,96</b>
% Gross Profit Margin		35,1%	53,8%	36,0%	37,1%
Other Income	9	3.636.308,79	10.069.933,48	2.385.519,47	11.128.052,77
Administrative expenses	7	(51.637.402,03)	(70.666.168,90)	(19.241.978,21)	(42.347.216,64)
Distribution expenses	7	(89.308.892,58)	(148.326.558,73)	(40.655.739,29)	(52.788.400,53)
Other income/(loss)	10	(21.034.838,89)	(67.586.624,85)	(3.758.916,15)	(1.418.086,36)
Impairment Provisions	11	(3.513.327,41)	(39.314.046,54)	(205.330,84)	(57.023.401,35)
<b>Operating Loss</b>		<b>(90.199.619,40)</b>	<b>(156.238.642,01)</b>	<b>(34.370.363,48)</b>	<b>(95.677.416,15)</b>
Financial income	12	3.628.496,16	5.719.009,83	2.944.352,56	26.364.640,58
Financial expenses	12	(21.969.782,44)	(66.523.883,17)	(20.690.919,08)	(62.282.421,10)
Losses from deletion of subsidiaries which were not consolidated	13	(3.087.599,00)	-	-	-
Holdings accounted through equity method	14	-	3.841.982,85	-	-
<b>Operating loss before Tax</b>		<b>(111.628.504,68)</b>	<b>(213.201.532,50)</b>	<b>(52.116.930,00)</b>	<b>(131.595.196,67)</b>
Income tax	15	(3.198.869,76)	(6.363.314,28)	(1.583.081,00)	(3.992.043,13)
Deferred tax	15	(1.468.027,63)	1.623.903,64	(1.503.606,85)	2.419.827,67
<b>Operating loss after Tax</b>		<b>(116.295.402,07)</b>	<b>(217.940.943,14)</b>	<b>(55.203.617,85)</b>	<b>(133.167.412,13)</b>
Attributed to:					
Shareholders of the parent company		(116.295.402,07)	(217.940.943,14)	(55.203.617,85)	(133.167.412,13)
Non-controlling interests		-	-	-	-
		<u>(116.295.402,07)</u>	<u>(217.940.943,14)</u>	<u>(55.203.617,85)</u>	<u>(133.167.412,13)</u>
<b>Basic and diluted (losses) per share attributed to the shareholders of the parent company</b>		<b>(1,75)</b>	<b>(3,28)</b>	<b>(0,83)</b>	<b>(1,99)</b>
<b>Other comprehensive income</b>					
<b>Other income that may be classified in the statement of comprehensive income in subsequent periods</b>					
Exchange differences arising from the conversion of foreign holdings		5.661.077,26	(8.683.588,04)	-	-
Reclassification to income statement from sale of investments available for sale		1.236.413,27	5.314.676,51	1.236.413,27	5.314.676,51
Valuation of investments available for sale	22	4.673.334,25	(38.679.409,98)	4.673.334,25	(38.679.409,98)
<b>Other comprehensive income/(expenses) after tax</b>		<b>11.570.824,78</b>	<b>(42.048.321,51)</b>	<b>5.909.747,52</b>	<b>(33.364.733,47)</b>
<b>Net other (losses) that will not be classified in the statement of comprehensive income in subsequent periods</b>					
Actuarial losses on defined benefit plans	33	(99.760,00)	(14.550,00)	(99.760,00)	(14.550,00)
Income tax		-	-	-	-
<b>Cumulative total (losses) after taxes</b>		<b>(99.760,00)</b>	<b>(14.550,00)</b>	<b>(99.760,00)</b>	<b>(14.550,00)</b>
<b>Net other gains / (losses) for the period</b>		<b>11.471.064,78</b>	<b>(42.062.871,51)</b>	<b>5.809.987,52</b>	<b>(33.379.283,47)</b>
<b>Cumulative total (losses) for the period</b>		<b>(104.824.337,29)</b>	<b>(260.003.814,65)</b>	<b>(49.393.630,33)</b>	<b>(166.546.695,60)</b>
<b>Cumulative total (losses) for the period corresponding to:</b>					
Shareholders of the parent company		(104.824.337,29)	(260.003.814,65)	(49.393.630,33)	(166.546.695,60)
Non-controlling interests		-	-	-	-
		<u>(104.824.337,29)</u>	<u>(260.003.814,65)</u>	<u>(49.393.630,33)</u>	<u>(166.546.695,60)</u>

The accompanying notes form an integral part of these consolidated and corporate financial statements.



## Consolidated and corporate statement of financial position as of December 31, 2019

		Group		Company	
		31 December		31 December	
	Note	2019	2018	2019	2018
Assets					
Non-current assets					
Property, plant and equipment	17	142.637.885,47	141.604.473,18	62.963.947,39	43.794.474,26
Investment Property	18	41.584.673,12	41.584.673,12	41.584.673,12	41.584.673,12
Intangible assets	19	6.323.345,35	5.214.261,14	623.262,64	1.459.974,82
Investments in subsidiaries	20	-	3.087.599,00	48.769.893,01	61.202.444,57
Investments in associates	21	-	175.000,00	-	175.000,00
Investments available for sale	22	71.344.897,45	66.978.468,96	71.344.897,45	66.978.468,96
Other long-term assets	23	7.671.220,43	12.210.871,68	5.729.265,66	1.451.173,32
Deferred tax receivables	15	87.769,71	456.899,18	-	-
Total non-current assets		269.649.791,53	271.312.246,26	231.015.939,27	216.646.209,05
Current assets					
Inventories	24	67.225.968,88	87.716.870,13	34.323.925,93	41.044.293,08
Trade receivables	25	31.246.420,55	48.483.854,46	9.815.808,36	34.297.370,45
Trade receivables from affiliates	25	-	-	20.558.349,33	15.426.524,79
Other receivables	26	26.995.383,66	382.211,05	18.403.241,31	9.524.773,69
Derivative financial instruments		-	1.280,13	-	-
Cash and cash equivalents	27	17.325.121,76	18.364.923,09	3.601.132,71	6.415.206,69
Total current assets		142.792.894,85	154.949.138,86	86.702.457,64	106.708.168,70
Total Assets		412.442.686,38	426.261.385,12	317.718.396,91	323.354.377,75
Equity and liabilities					
Equity attributed to the shareholders of the parent company					
Share Capital	28	20.084.463,00	20.084.463,00	20.084.463,00	20.084.463,00
Share Premium	29	78.441.776,20	78.441.776,20	78.441.776,20	78.441.776,20
Other reserves	29	288.496.644,22	282.686.656,70	273.401.633,66	267.591.646,14
Other items in equity	29	2.678.389,92	(2.983.038,01)	-	-
Retained earnings		(675.101.687,49)	(558.806.285,42)	(613.498.682,73)	(558.295.064,88)
		(285.400.414,15)	(180.576.427,53)	(241.570.809,87)	(192.177.179,54)
Non-controlling interests		96.468,55	5.104.994,33	-	-
Total equity		(285.303.945,60)	(175.471.433,20)	(241.570.809,87)	(192.177.179,54)
Long-term liabilities					
Long-term borrowings	30	29.967.942,37	5.006.075,21	19.444.729,71	-
Other long-term liabilities	31	5.367.641,80	4.278.538,31	11.380,00	222.380,00
Provisions	32	-	407.529,18	-	-
Employee benefit obligations	33	2.547.149,06	2.532.049,43	2.165.684,00	2.413.319,00
Deferred tax liabilities	15	11.456.513,90	11.746.314,99	10.422.115,72	8.918.508,87
Total long-term liabilities		49.339.247,13	23.970.507,12	32.043.909,43	11.554.207,87
Short-term liabilities					
Trade and other liabilities	34	151.055.093,29	84.769.476,26	19.913.529,22	20.509.598,17
Trade and other liabilities to affiliates	34	-	-	15.767.578,41	15.320.457,49
Current tax liabilities	34	14.784.316,53	15.305.720,95	14.784.316,53	13.740.497,69
Short-term borrowings	30	481.027.167,64	462.974.560,10	476.779.873,19	454.406.796,07
Income Tax Payable	34	1.540.807,39	14.469.556,88	-	-
Provisions	32	-	242.997,01	-	-
Total short-term liabilities		648.407.384,85	577.762.311,20	527.245.297,35	503.977.349,42
Total liabilities		697.746.631,98	601.732.818,32	559.289.206,78	515.531.557,29
Total equity and liabilities		412.442.686,38	426.261.385,12	317.718.396,91	323.354.377,75

The accompanying notes form an integral part of these consolidated and corporate financial statements.

	Όμιλος							
	Share Capital (Note 28)	Share Premium (Note 29)	Treasury shares (Note 29)	Other Reserves (Note 29)	Retained Earnings/ (Losses)	Foreign Exchange Differences	Non- controlling interests	Total Equity
Balance on 1 January 2018	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
Losses after tax	-	-	-	-	(217.940.943,14)	-	-	(217.940.943,14)
Other comprehensive income after tax	-	-	-	(33.364.733,47)	-	(8.683.588,04)	-	(42.048.321,51)
Total other comprehensive income	-	-	-	(33.364.733,47)	(217.940.943,14)	(8.683.588,04)	-	(259.989.264,65)
Purchase of treasury shares	-	-	(316.393,27)	-	-	-	-	(316.393,27)
Other	-	-	-	17.133.299,78	-	-	-	17.133.299,78
Acquisition of non-controlling interests	-	-	-	-	-	-	(73.963,39)	(73.963,39)
Transfer for ordinary reserve	-	-	-	(1.778.428,78)	-	-	-	(1.778.428,78)
Balance, 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)
Loss after tax	-	-	-	-	(116.295.402,07)	-	-	(116.295.402,07)
Other comprehensive income after tax	-	-	-	5.809.987,52	-	5.661.077,26	-	11.471.064,78
Total other comprehensive income	-	-	-	5.809.987,52	(116.295.402,07)	5.661.077,26	-	(104.824.337,29)
Loss of control of affiliates	-	-	-	-	-	350,67	(5.008.525,78)	(5.008.175,11)
Balance, 31 December 2019	20.084.463,00	78.441.776,20	(13.725.942,00)	302.222.586,22	675.101.687,49	2.678.389,92	96.468,55	(285.303.945,60)

## Corporate statement of changes in equity for the year ended December 31, 2019

	Εταιρεία					
	Share Capital (Note 28)	Share Premium (Note 29)	Treasury shares (Note 29)	Other Reserves (Note 29)	Retained Earnings/ (Losses)	Total Equity
<b>Balance, 1 January 2018</b>	20.084.463,00	78.441.776,20	(13.409.548,73)	314.682.321,61	(425.127.652,75)	(25.328.640,67)
Loss after tax	-	-	-	-	(133.167.412,13)	(133.167.412,13)
Other comprehensive income	-	-	-	(33.364.733,47)	-	(33.364.733,47)
Total other comprehensive income	-	-	-	(33.364.733,47)	(133.167.412,13)	(166.532.145,60)
Purchase of treasury shares	-	-	(316.393,27)	-	-	(316.393,27)
<b>Balance, 31 December 2018</b>	<b>20.084.463,00</b>	<b>78.441.776,20</b>	<b>(13.725.942,00)</b>	<b>281.317.588,14</b>	<b>(558.295.064,88)</b>	<b>(192.177.179,54)</b>
Loss after tax	-	-	-	-	(55.203.617,85)	(55.203.617,85)
Other comprehensive income	-	-	-	5.809.987,52	-	5.809.987,52
Total other comprehensive income	-	-	-	5.809.987,52	(55.203.617,85)	(49.393.630,33)
<b>Balance, 31 December 2019</b>	<b>20.084.463,00</b>	<b>78.441.776,20</b>	<b>(13.725.942,00)</b>	<b>287.127.575,66</b>	<b>(613.498.682,73)</b>	<b>(241.570.809,87)</b>

The accompanying notes form an integral part of these consolidated and corporate financial statements.

## Consolidated cash flow statement for the period ended 31 December 2019

	Group	
	Year ended 31/12/2019	Year ended 31/12/2018
<b>Operating Activities</b>		
Loss before taxes (continuing operations)	(111.628.504,68)	(213.201.532,50)
<b>Plus / minus adjustments for:</b>		
Depreciation of property, plant and equipment and intangible assets	13.345.029,17	25.782.637,08
Provisions for impairment of third party receivables	3.513.327,41	39.314.046,54
Foreign exchange differences	586.765,23	(16.158.742,21)
Losses on sale of tangible and intangible fixed assets	1.629.568,36	-
Interest and related expenses	21.969.782,44	25.307.138,35
<b>Plus / minus adjustments for working capital changes related to operating activities:</b>		
Decrease / (increase) in inventories	20.490.901,25	20.853.579,54
Decrease / (increase) in trade and other receivables	(10.140.160,80)	29.737.936,59
Decrease / (increase) in trade and other payables (excluding loans)	56.272.407,77	75.939.063,55
<b>Minus:</b>		
Debt interest and related expenses paid	(19.708.384,36)	(28.543.100,64)
Taxes paid	-	(27.388.027,81)
<b>Net inflows (outflows) from operating activities (a)</b>	<b>(23.669.268,21)</b>	<b>(68.357.001,51)</b>
<b>Investing activities</b>		
Acquisition of affiliates , associates, joint ventures & other investments	(100.000,00)	-
Purchase of property, plant and equipment and intangible assets	(1.042.307,94)	(14.443.132,50)
Proceeds from sale of tangible and intangible fixed assets	4.475.571,29	8.133.750,95
Interest received	775.609,52	5.743.523,88
Dividends received	2.852.886,64	3.906.526,57
Proceeds from sale of financial assets	-	47.598.469,37
Decrease / (increase) in other long-term receivables	4.539.651,25	(8.202.559,89)
<b>Net inflows / outflows from investment activities (b)</b>	<b>11.501.410,76</b>	<b>42.736.578,38</b>
<b>Financing activities</b>		
Loan Proceeds / Payments	19.205.990,96	(132.377.462,24)
Proceeds / Payments related to financial leases	(11.165.533,84)	-
Deletion of subsidiaries	3.087.599,00	-
Purchase / sale of treasury shares	-	(316.393,27)
<b>Total inflows / outflows from financial activities (c)</b>	<b>11.128.056,12</b>	<b>(132.693.855,51)</b>
<b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>(1.039.801,33)</b>	<b>(158.314.278,64)</b>
Cash and cash equivalents at the beginning of the period	18.364.923,09	176.679.201,73
<b>Cash and cash equivalents at the end of the period (Note 27)</b>	<b>17.325.121,76</b>	<b>18.364.923,09</b>

It is noted that the above does not include other cash inflows from the disposal of assets of affiliated companies, the results of which were not consolidated - as mentioned above in Chapter 7 of the Management Report of the Board of Directors.  
The accompanying notes form an integral part of these consolidated and corporate financial statements.  
**Corporate cash flow statement for the year ended on 31 December 2019**

	Company	
	Year ended 31/12/2019	Year ended 31/12/2018
<b>Cash Flows related to Operating Activities</b>		
Loss before taxes (Continuing operations)	(52.116.930,00)	(131.595.196,67)
<b>Plus / minus adjustments for:</b>		
Depreciation of property, plant and equipment and intangible assets	7.586.398,22	3.907.912,68
Profits from the sale of tangible and intangible fixed assets	(708.959,04)	-
Exchange differences		328.314,17
Impairment of investments in subsidiaries and associates	12.707.551,56	3.400.000,00
(Reversal of impairment provision) / Impairment of related party receivables	(15.963.751,89)	52.043.641,35
Provisions for impairment of third party receivables	3.439.417,39	1.579.760,00
Loss from destruction of inventory		224.233,37
Financial income	(591,22)	(39.708,78)
Financial expenses	20.690.919,08	22.713.506,72
Dividends received	(2.852.886,64)	(7.937.474,49)
Provision for staff termination benefits	147.875,00	(30.407,00)
<b>Plus / minus adjustments for working capital changes related to operating activities:</b>		
Decrease of inventory	6.720.367,15	5.413.635,46
(Increase)/decrease in trade and other receivables	18.562.246,34	(15.457.005,81)
Decrease/ (increase) in trade and other payables	683.870,81	(26.932.886,21)
Interest paid	(2.211.861,62)	(19.140.380,42)
Income tax paid	-	(3.992.043,13)
<b>Net cash inflows/(outflows) from Operating Activities (a)</b>	<b>(3.316.334,86)</b>	<b>(115.514.098,76)</b>
<b>Investing Activities</b>		
Purchases of property, plant and equipment	(347.646,32)	(1.847.686,20)
Purchases of intangible assets	-	(81.272,00)
Proceeds from sale of tangible and intangible assets	77.968,24	505.786,97
Proceeds from the sale of financial assets available for sale	305.005,43	47.598.469,37
Acquisition of participation in associates	(100.000,00)	(175.000,00)
Acquisition of subsidiaries	-	(4.580.000,00)
Dividends received	2.852.886,64	3.906.526,57
Interest received	591,22	-
Proceeds from sale of financial assets	-	7.365.000,00
<b>Net cash inflows/(outflows) from Investing Activities (b)</b>	<b>2.788.805,21</b>	<b>52.691.824,71</b>
<b>Financing Activities</b>		
Purchase / sale of treasury shares		(316.393,27)
Loans taken	11.083.137,67	20.941.694,39
Loan repayment	-	(104.206.052,12)
Payment of finance lease liabilities	(10.477.740,92)	(2.368.983,97)
Committed deposits	(2.891.941,08)	
<b>Net cash inflows/(outflows) from Financing Activities (c)</b>	<b>(2.286.544,33)</b>	<b>(85.949.734,97)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(2.814.073,98)</b>	<b>(148.772.009,02)</b>
Cash and cash equivalents at the beginning of the period	6.415.206,69	155.187.215,71
Cash and cash equivalents at the end of the period (Note 27)	<b>3.601.132,71</b>	<b>6.415.206,69</b>

The accompanying notes form an integral part of these consolidated and corporate 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 Société Anonyme" (called "Group"). The structure of the Group and the subsidiaries are presented in [Note 6](#) of the Financial Statements.

The Company and its subsidiaries (hereinafter referred to as the "Group") are active in the sectors of jewellery (design, processing and marketing), clothing - footwear (wholesale and retail) and operation of department store. The Company is a Greek limited liability company with General Commercial Register Number 3027701000 and its registered office is in Agios Stefanos, Attica. The Annual Financial Statements of the Company and the Group are posted on the Company's website [www.ffgroup.com](http://www.ffgroup.com).

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.

The present consolidated and corporate Financial Statements, concerning the year ended 31 December 2019 (01 January to 31 December 2019) have been approved by the Board of Directors of the Company on 30 July 2021 and are subject to the approval of the shareholders at the Annual General Meeting.

### 2. Framework of preparation and basis of presentation of Financial Statements

#### 2.1. Basis of presentation

Despite the efforts made by the Company's Management and given the significant difficulties encountered by the Company in the preparation of the Financial Statements for the financial years 2019 and 2018 and the restated Financial Statements for the financial year 2017, the Company's Management has not been able to prepare Financial Statements for the financial year 2019 of the Company and the Group that fully comply with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The consolidated and corporate Financial Statements for the year ended 31 December 2019 have been prepared based on the principle of continuing activity. In this context, Management considers that the principle of continuing activity (going concern) is the appropriate basis for the preparation of this financial information. There are no standards and standard interpretations that have been applied before their mandatory effective date.

The consolidated and corporate financial statements have been prepared on a historical cost basis other than the following:

- Financial assets and derivative financial instruments valued at fair value;
- Defined benefit scheme - benefit plan assets measured at fair value.

The publication of the report of the hedge fund Quintessential Capital Management (QCM) on 4.5. 2018, which questioned certain elements of the consolidated financial statements of the Company, was followed by an investigation of the Hellenic Capital Market Commission and a forensic investigation by the auditing firm Alvarez & Marsal, marked the beginning of a particularly difficult period for the Company, during which (period) there were severe liquidity problems, which were mainly caused due to the rebuttal of the financial figures of the Company's Asian (APAC) sub-group, the strain and/or disruption of the Company's relations with its creditors and with its major suppliers, but also due to the aggressive legal actions of which the Company has been the recipient (applications for precautionary measures and lawsuits from shareholders and investors for injunctions, the freezing of the Company's properties by the Anti-Money Laundering Authority and by the Investigating Authorities).

Efforts to bring the Company during 2018 and 2019 under rehabilitation regulations of the Bankruptcy Code (until then in force) were unsuccessful.

At the request of the Hellenic Capital Market Commission - when this became possible with the adoption of article 40 of Law 4046/2019 - the Athens Court of First Instance appointed on 19 February 2020 an interim management, consisting of 11 independent members of the Board of Directors, with the main mandate to promote and complete the rehabilitation of the Company.

The Company's Management cooperated with the vast majority of the Company's creditors, namely the holders of the Company's Eurobond, Swissbond and Schuldschein notes.

On November 18, 2020, the Company published the consent solicitation memoranda to the holders of the Guaranteed Convertible Bonds in the amount of €249.5 million with an interest rate of 1.75% due 2019 (hereinafter the "Eurobonds") and the holders of the Bonds in the amount of CHF 150 million (hereinafter the "Eurobonds"). with an interest rate of 3.25% maturing in 2021 (hereinafter the "Swissbonds"), whereby the Meetings of these bondholders were convened for December 9, 2020 to decide on (i) the subordination of the Company as principal debtor of the bonds, in place of the subsidiaries "FF Group Finance Luxembourg SA" (the issuer of the Eurobonds) and "FF Group Finance Luxembourg II SA" (the issuer of the Swissbonds) respectively and (ii) the approval of the draft Company Rehabilitation Agreement. At the same time, corresponding consents were requested from the holders of the Schuldschein notes due 2021, in the amount of €31 million and €20 million respectively (hereinafter "Schuldscheine").

On December 9, 2020, the Meetings of the above bondholders took place, at which the proposed resolutions were adopted and, in particular, the Eurobonds Meeting unanimously approved the subordination of the Company as the primary debtor and the draft Resolution Agreement and the Swissbonds Meeting approved the subordination of the Company as the primary debtor with a majority of 99.67% and the draft Resolution Agreement with a majority of 99.47%.

As mentioned above, following market research and relevant negotiations, the Company has agreed with Arena Investors to provide interim financing with the provision of collateral on the Group's properties in the MINION building complex and on the property (industrial building) in Koropi, Attica. As part of the aforementioned consent solicitation memoranda, the Company offered its existing bondholders the possibility to participate in the interim financing up to a maximum of 15% of the total amount of the financing. Following the foregoing, as of December 31, 2020, the Company:

- (i) (i) signed the Rehabilitation Agreement with its creditors, namely the holders of the Eurobonds, the holders of the Swissbonds and the holders of the Schuldscheine (hereinafter the **"Rehabilitation Agreement"**) and submitted the Rehabilitation Agreement on the same day to the Athens Court of First Instance (hereinafter referred to as the **"Bankruptcy Court"**) for its ratification in accordance with Articles 99 et seq. of the Insolvency Code (as then in force). Prior to the signing of the Rehabilitation Agreement, agreements had been signed for the subordination of the Company to the obligations of FF Group Finance Luxembourg SA and FF Group Finance Luxembourg II SA under these bond loans.
- (ii) signed the Interim Financing Bond Coverage Agreement for the amount of €13,007.018 maturing in 2021 (hereinafter the **"Subscription Agreement"**) with Arena Investors (through AIEF FF SPV, LP) as underwriter and original bondholder and with the existing bondholders of the Company who exercised the right to cover bonds up to 15% of the total nominal value of the bonds, as well as with Piraeus Bank SA (as Bondholders' Representative) and Lucid Agency Services Limited (as Payment Administrator). The force and effect of the Subscription Agreement and the drawdown of the bridge funding (hereinafter the **"Bridge Funding"**) were subject to the satisfaction by the company of the conditions precedent provided in the Subscription Agreement by the Company, which took place on 5 January 2021, when the full amount of EUR 13,007,018 was disbursed.

On February 3<sup>rd</sup>, 2021 the Company's application for the ratification of its Rehabilitation Agreement from 31.12.2020 was discussed before the Bankruptcy Court (hereinafter the **"Rehabilitation Agreement"**).

In order for the Company to remain protected from aggressive actions by third party creditors, it filed an application before the Bankruptcy Court (pursuant to article 106 para. 3 of Law 3588/2007 as in force at the time of the submission of the Rehabilitation Application). On 5 May 2021, the Bankruptcy Court issued a related provisional order.

On June 3, 2021, the preliminary decision No. 186/2021 of the Bankruptcy Court on the Rehabilitation Application of the Company was issued, by which it was ruled that all the conditions for the ratification of the Rehabilitation Agreement are met. However, the Bankruptcy Court deferred the issuance of a final judgement and requested the deletion of the relevant condition precedent of the Rehabilitation Agreement regarding the removal of the criminal nature of the seizures on the Company's assets, on the grounds that the removal of these seizures is not solely at the discretion of the contracting parties, but is subject to the jurisdiction of the competent criminal authorities and bodies. The Bankruptcy Court ruled that the relevant condition precedent must be amended. The Management will take the necessary steps to file an amended Rehabilitation Agreement before the Bankruptcy Court, in agreement with its creditors.

The Management in the attached consolidated and corporate financial statements for the year 2019 and in the comparative ones of 2018 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.

Management has provided information in the accompanying consolidated and corporate financial statements for the financial year 2019 and the comparative 2018 financial statements and related notes wherever it could be found. Due to the departure of several Group executives between May 2018 and December 2019, it was not possible, in many cases, to find reliable information.

The consolidated and corporate financial statements are presented in Euro, which is the Company's operating currency and the presentation currency of the Company and the Group. [Note 6](#) shows the subsidiaries included in the Group's consolidated financial statements for the current and prior financial year and the relative status of the subsidiaries.

## 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) 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. The Group and the Company have not adopted IFRS 9 and therefore do not apply the approach for calculating expected credit losses.

**(d) Specific benefit schemes**

The present value of the pension benefit obligations 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](#) of the corporate and consolidated financial statements.

**(e) Provisions for litigation**

The Group and the Company have pending litigation. Management uses its judgment and information available from the Group's and the Company's legal department to assess the likely outcome of these cases and to evaluate the potential financial exposure.

If a negative outcome is probable and can be reliably estimated, the Group and the Company make the necessary provisions. Provisions, where required, are calculated based on management's present value estimates of the expenditure required to settle the expected obligations at the date of the financial statements.

**(f) Assessment of the "fair value" of investment property**

The most appropriate indication of 'fair value' is the current values prevailing in an active market for similar properties. If such information cannot be obtained, the Group and the Company determine value within a range of reasonable estimates of 'fair values'. In making such a determination, the Group and the Company consider inputs from a variety of sources, including:

- (i) Current prices in an active property market of a different nature, condition or location, adjusted to reflect those differences.
- (ii) Recent prices of similar properties in less active markets, adjusted to reflect any changes in economic conditions that have occurred since the date of the relevant transactions in those prices; and
- (iii) Discounted future cash flows, based on reliable estimates of future cash flows, derived from contract terms/transactions executed, using discount rates that reflect the current market assessment of the uncertainty of the amount and timing of those cash flows.

**(g) 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 periodically re-evaluated 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.

**(h) Contingent claims and liabilities**

Potential liabilities are not recognized in the financial statements but disclosed unless the probability of an outflow of resources incorporating financial benefits is minimal. The Group and the Company make estimates and assumptions at each financial statement date of preparation of the financial statements, taking into account all available data, to determine whether a provision for cash outflow needs to be recognized. Possible claims are not recorded in the financial statements, but are disclosed if the inflow of financial benefits is probable. Further information regarding the Group's and the Company's contingent liabilities is included in [note 36](#) to the consolidated and corporate financial statements.

**(i) Continuing activity (going concern)**

The Company's management has carried out an extensive assessment of the Company's ability to continue to apply the principle of "Continuing Activity" as a suitable basis for the preparation of the financial statements.

As mentioned above ([note 2.1](#)), the Company has entered into a Rehabilitation Agreement with its main financial creditors dated 31.12.2020, the implementation of which will enable the restructuring of the Company's debt and will create the required stable capital

structure and financial position, which will allow the operational recovery and the continuation of the Company's business activity on a sound basis.

As part of entering into the Rehabilitation Agreement, the Company prepared an eight-year business plan for consolidation, which demonstrates the viability of the Company's business as it will be transferred to the incorporated companies (new entities), which will be controlled by the Company's current bondholders. The estimates and related assumptions used in preparing such business plans, are based on experience and various other factors 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 involves also long-term assumptions about important economic factors and requires as well the use of a high degree of reasonable judgment in determining these assumptions.

It is further noted that the viability of the Company's business through the implementation of the Rehabilitation Agreement is confirmed by the report under Article 106 §3-6 of the expert, chartered accountant - auditor, Mr. Christodoulou Seferi, and which was submitted to the Bankruptcy Court together with the application for ratification of the Rehabilitation Agreement and the adequacy of which has already been confirmed by the preliminary ruling No. 186/2021 of the Bankruptcy Court.

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

## 2.2.2. Important judgments during the application of accounting policies.

### (a) Impairment of financial assets available-for-sale

The Group and the Company follow the IFRS guidance to determine when a financial investment available-for-sale is impaired. This determination requires the exercise of significant judgment in which the Group and the Company assess, among other things, the duration and extent to which the fair value of the investment is less than its cost, as well as its financial "health" and near-term business prospects, including factors such as the performance of the industry in which it operates, changes in technology and its operating and financing cash flows. It should be noted that it was not possible for the Group and the Company to adopt IFRS 9.

### (b) Impairment of non-financial assets

The Group and the Company review at each financial statement date whether there is any indication of impairment of its non-financial assets. If there are indications, the Group and the Company estimate the recoverable amount of their assets. Judgement is required to determine whether there are any indications and in order to calculate future cash flows. It should be noted that it was not possible for the Group and the Company to adopt IFRS 9.

### (c) Impairment review of investments in subsidiaries

The parent Company examines at each balance sheet date whether or not there is any indication of impairment of investments in subsidiaries. Determining the existence of evidence of impairment requires the Management to make judgments regarding external and internal factors as well as the extent to which they affect the recoverability of these assets. If it is assessed that there are indications of impairment, the Company calculates the recoverable amount. Determining the recoverable amount requires making estimates regarding the future cash flows related to the investment, the business plans of these companies and the determination of the discount rate and growth rates. It is noted that it was not possible for the Group and the Company to adopt IFRS 9 standard.

### (d) Asset classification

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

- (i) Tangible fixed assets: Land and buildings used primarily by or for the activities of the Group and the Company are classified as property, plant and equipment.
- (ii) Investment in real estate: Investment property includes land and buildings that are not substantially used by or for the operations of the Group and the Company, but are held primarily for long-term leases, capital appreciation or for future sale. The Group and the Company values investment properties at fair values as determined by independent valuers. In cases where there is an inability to reliably measure fair value, the Group and the Company measure investment properties at cost less accumulated depreciation and any accumulated impairment losses. Determining the fair values of properties requires estimates to be made with respect to future rental income or using a Discounted Cash Flow (DCF) basis.

### (e) Asset impairment test

Property, plant and equipment are reviewed for impairment when there are indications that their carrying amount may not be recoverable. If there are indications, management estimates the expected future cash flows from the related assets or cash-generating unit and selects an appropriate discount rate to calculate the present value of those cash flows. Value in use is calculated by applying a cash flow discounting method taking into account management's estimates (business plans) and any impairment is determined by comparing the carrying amount with value in use.



#### (f) Right-of-use assets

At the commencement date of the lease term, a right-of-use asset and a liability are recognized by calculating the present value of the lease payments that remain outstanding discounted at the lease rate (the rate that the lessee would accept to borrow the necessary funds on similar terms). The Company defines the lease term as the contractual lease term, including the period covered by (a) a right to extend the lease if it is reasonably certain to be exercised, or (b) a right to terminate the lease if it is reasonably certain to be exercised. The Company applies a single discount rate to each category of leases with similar characteristics (such as leases with similar terms, for similar assets and in a similar economic environment). Subsequently, the asset is measured at cost less depreciation and any impairment losses, while the liability is measured by increasing the carrying amount by the interest on the liability and decreasing the carrying amount by the payment of rent. It should be noted that it has not been possible to apply IFRS 16 and its provisions to the whole Group other than the parent company.

### 2.3. Changes in accounting policies and disclosures

Certain new standards, amendments to standards and interpretations have been issued, which are mandatory for accounting periods beginning on or after 1 January 2019. The Group's assessment of the impact of applying these new standards, amendments and interpretations is set out below. It is noted that already from 2018, it was not possible for the Group and the Company to adopt IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". Therefore, financial instruments were accounted for in accordance with IAS 39 and revenue in accordance with IAS 18.

#### IFRS 16: Leases

IFRS 16 was issued in January 2016 and replaces IAS 17. The purpose of the standard is to ensure that lessees and lessors provide useful information that fairly presents the substance of lease transactions. IFRS 16 introduces a single model for lessee accounting, which requires the lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of negligible value. With respect to the lessor's accounting treatment, IFRS 16 incorporates substantially the requirements of IAS 17. Therefore, the lessor continues to categorize leases into operating and finance leases, and to follow a different accounting treatment for each type of lease. It is noted that as of 1 January 2019 it was not possible to apply IFRS 16 and its provisions for the entire Group except for the parent company. The impact of the standard on the Company is discussed in [note 40](#).

#### IFRS 9: Early repayment right with deferral of a repayment penalty (Amendment)

The amendments provide the option to companies, if they meet a specified condition, to measure financial assets with an early repayment option and negative compensation at amortized cost or at fair value through other comprehensive income instead of at fair value through profit or loss. The Management of the Group and the Company estimates that this amendment will have no impact on the financial statements.

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

The amendments clarify that entities shall account for their long-term holdings in an associate or joint venture - to which the equity method is not applied - in accordance with IFRS 9. The Management of the Group and the Company estimates that this amendment will have no impact on the financial statements.

#### IFRIC 23 INTERPRETATION: Uncertainty about the handling of income tax issues

The Interpretation provides guidance on the recognition and measurement of current and deferred income tax when there is uncertainty about the tax treatment of some items.

IFRIC 23 applies to all aspects of income tax accounting when such uncertainty exists, including taxable profit/loss, the tax base of assets and liabilities, taxable profits and tax losses and tax rates. The management of the Group and the Company has not assessed the impact of the interpretation on the financial statements.

IASB issued a new cycle of annual update to IFRS 2015 -2017, which is a collection of amendments to IFRS. The management of the Group and the Company estimates that this amendment has no impact on the financial statements.

- IFRS 3 "Business Combinations"
- The amendments clarify how an entity remeasures its previous share in a jointly controlled operation when it obtains control of that operation.
- IFRS 11 "Joint Arrangements"
- The amendments clarify that an entity does not remeasure the stake it previously held in a jointly controlled operation when it obtains joint control of that operation.
- IAS 12 "Income tax"
- The amendments clarify that an entity accounts for all the income tax impacts of dividend payments in the same way.
- IAS 23 "Borrowing Costs"
- The amendments clarify that an entity treats any loan that incurred specifically for the development of an asset, as part of general borrowing when the asset is ready for its intended use or sale.

## 2.4. Standards issued but not applicable in the current accounting period and not adopted earlier by the Group and the Company

### **IFRS 3 (Amendments) 'Definition of a business combination' (effective for annual periods beginning on or after 1 January 2020)**

The new definition focuses on the concept of a firm's return in the form of providing goods and services to customers as opposed to the previous definition which focused on returns in the form of dividends, lower costs or other economic benefits to investors and other parties. It further clarifies that, in order to be considered a business combination, an integrated set of activities and assets must include at least one input and one substantive process which combined contribute significantly to its ability to generate an output. Finally, it introduces the possibility of an optional test (the merger test) which simplifies the assessment of whether an acquired set of activities and assets does qualify as a business combination.

### **IAS1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Defining Significance (Amendments)**

The amendments clarify the definition of materiality and how it should be used, supplementing the definition with guidance previously provided in other parts of IFRSs. In addition, the clarifications accompanying the definition have been improved. Finally, the amendments ensure that the definition of materiality is applied consistently across IFRSs.

### **IFRS 9, IAS 39 and IFRS 7 (Amendments) "Restatement of Benchmark Interest Rates" (effective for annual periods beginning on or after 1 January 2020)**

The amendments change certain requirements on hedge accounting to provide guidance on the potential impact of the uncertainty that a change in benchmark interest rates will cause. In addition, the amendments require companies to provide additional information to investors about their hedging relationships that are directly affected by these uncertainties.

### **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) "Restatement of Benchmark Interest Rates - Phase 2" (effective for annual periods beginning on or after 1 January 2021)**

The amendments complement those issued in 2019 and focus on the impact on the financial statements when an entity replaces the old benchmark rate with an alternative benchmark rate as a result of the restatement. More specifically, the amendments relate to how an entity will account for changes in the contractual cash flows of financial instruments, how it will account for changes in its hedging relationships and the information it must disclose. The amendments have not yet been adopted by the European Union.

### **IAS 16 (Amendment) "Property, Plant and Equipment - Revenue Before Intended Use" (effective for annual periods beginning on or after 1 January 2022)**

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from the sale of items produced while the entity is preparing the item for its intended use. In addition, it requires entities to disclose the amounts of revenue and costs associated with such manufactured items that are not the result of the entity's ordinary activities separately. The amendment has not yet been adopted by the European Union.

### **IAS 37 (Amendment) "Onerous Contracts - Cost of Fulfilling a Contract"» (effective for annual periods beginning on or after 1 January 2022)**

The amendment clarifies that "the cost of fulfilling a contract" includes the directly related costs of fulfilling that contract and the allocation of other costs directly related to its performance. The amendment also clarifies that, before recognising a separate provision for an onerous contract, an entity recognises any impairment loss on the assets used to fulfil the contract, rather than on assets that were dedicated solely to that contract. The amendment has not yet been adopted by the European Union.

### **3 (Amendment) "Conceptual Framework Reference" (effective for annual periods beginning on or after 1 January 2022)**

The amendment updated the standard to refer to the Conceptual Framework for Financial Reporting issued in 2018 where it is necessary to determine what constitutes an asset or liability in a business combination. In addition, an exemption was added for certain types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer shall not recognise contingent assets, as defined in IAS 37, at the acquisition date. The amendment has not yet been adopted by the European Union.

### **1 (Amendment) "Classification of liabilities as current or non-current" (effective for annual periods beginning on or after 1 January 2023)**

The amendment clarifies that liabilities are classified as current or non-current based on the rights in force at the end of the reporting period. The classification is not affected by the entity's expectations or by events after the reporting date. In addition, the amendment clarifies the meaning of the term 'settlement' of an IAS 1 liability. The amendment has not yet been adopted by the European Union.

### **IFRS 16 (Amendment) 'Concessions on leases related to COVID-19' (effective for annual periods beginning on or after 1 June 2020)**

The amendment provides lessees (but not lessors) with an optional exception to the assessment of whether a COVID-19-related lease assignment is a lease modification. Lessees may elect to account for concessions to rents in the same manner as they would for changes that are not lease modifications.

### **IAS 1 (Amendments) "Presentation of Financial Statements" and Second IFRS Statement of Practice "Disclosure of Accounting Policies" (effective for annual periods beginning on or after 1 January 2023)**

The amendments require entities to provide information about their accounting policies when they are material as well as guidance on the meaning of material when applied to disclosures of accounting policies. The amendments have not yet been adopted by the European Union.

### **IAS 8 (Amendments) 'Accounting policies, changes in accounting estimates and errors: Definition of Accounting Estimates' (effective for annual accounting periods beginning on or after 1 January 2023)**

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments have not yet been adopted by the European Union.

**Annual Improvements to IFRSs 2018-2020 (effective for annual periods beginning on or after 1 January 2022)**

The amendments listed below include changes to four IFRSs. The amendments have not yet been adopted by the European Union.

- IFRS 9 "Financial Instruments"  
The amendment addresses which costs should be included in the 10% assessment for the derecognition of financial liabilities. The related costs or fees could be paid either to third parties or to the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% assessment.
- IFRS 16 "Leases"  
The amendment removed the example of payments by the lessor in respect of leasehold improvements in Example 13 of the Standard in order to eliminate any potential confusion about the treatment of lease incentives.
- IAS 41 "Agriculture"  
The amendment has removed the requirement for entities to exclude tax cash flows when measuring fair value in accordance with IAS 41.

**3. Significant accounting principles**
**3.1. Basis of consolidation**

The consolidated financial statements include the financial statements of Folli Follie Commercial Manufacturing and Technical Company and all subsidiaries in which the Company has the ability to exercise control, except for the following, for which it was not feasible to collect and process the necessary data:

A/A	Company	Status	31.12.2019	31.12.2018
1	FF ORIGINS LTD	(*)	Not consolidated	Consolidated
2	FOLLI FOLLIE GUAM LTD	Dormant	Not consolidated	Consolidated
3	QIVOS AE	(*)	Not consolidated	Not consolidated
4	LINKS OF LONDON INC (USA)	In Liquidation	Not consolidated	Not consolidated
5	LINKS OF LONDON JAPAN CO. LTD	Dormant	Not consolidated	Not consolidated
6	JUICY COUTURE IRELAND LTD	Dormant	Not consolidated	Not consolidated
7	LINKS OF LONDON (CANADA) LIMITED	In Liquidation	Not consolidated	Not consolidated
8	FOLLI FOLLIE SHANGHAI (PILION LTD)	(*)	Not consolidated	Consolidated
9	FOLLI FOLLIE SHENZHEN LTD	(*)	Not consolidated	Consolidated
10	LINKS OF LONDON (ASIA) LTD	In Liquidation	Not consolidated	Not consolidated
11	NARIACO INVESTMENTS LTD	(*)	Not consolidated	Consolidated
12	WARLABY TRADING LTD	(*)	Not consolidated	Consolidated
13	FOLLI FOLLIE MALAYSIA LTD	Dormant	Not consolidated	Consolidated
14	STRENABY FINANCE LTD	Dormant	Not consolidated	Not consolidated
15	FOLLI FOLLIE UK LTD	Dormant	Not consolidated	Not consolidated
16	JUICY COUTURE EUROPE LTD	In Liquidation	Not consolidated	Not consolidated
17	LINKS OF LONDON LIMITED	In Liquidation	Not consolidated	Not consolidated
18	LINKS OF LONDON INTERNATIONAL LTD	In Liquidation	Not consolidated	Not consolidated
19	LINKS OF LONDON COM LTD (UK)	In Liquidation	Not consolidated	Not consolidated
20	FOLLI FOLLIE KOREA LTD	Dormant	Not consolidated	Consolidated
21	FOLLI FOLLIE SINGAPORE LTD	Dormant	Not consolidated	Consolidated
22	FOLLI FOLLIE THAILAND LTD	Dormant	Not consolidated	Consolidated
23	FOLLI FOLLIE HAWAII LTD	Dormant	Not consolidated	Consolidated
24	FF BUSINESS DEVELOP. & TECH. CONSULTING LTD	(*)	Not consolidated	Consolidated
25	FF INTERNATIONAL HOLDINGS LTD	(*)	Not consolidated	Consolidated
26	APPAREL ROMANIA SRL.	Sold within 2019	Not consolidated	Consolidated

(\*)During the corresponding financial year and despite the efforts of the Management it was not possible to collect financial and non-financial data.

Also, for both fiscal year 2018 and 2019, the Company's participation in Marina Mytilene has not been consolidated through the equity method.

In addition, it is worth noting that the Management handled the non-consolidation of the Group's subsidiaries in 2018 and 2019 differently. More specifically, in fiscal 2018, no eliminations of balances and transactions with the non-consolidated companies were made, as they were considered third parties and not intragroup companies. In 2019, some eliminations were made, even for balances and transactions with Group companies that were not consolidated, to the extent that the information is available, and a related loss from the non-consolidation of subsidiaries was recognized in the Group's statement of comprehensive income.

**3.1.1. Subsidiaries**

Apart from subsidiaries which are dormant, or in liquidation, or for which it has not been possible to collect and process the necessary data, all other subsidiaries of the Group (companies in which the Group directly or indirectly holds at least 50% of the voting rights or has the power to exercise control over the Board of Investors) have been consolidated. At each financial statement date, the Group reviews whether it exercises effective control over the investments, in case there are events or circumstances that indicate a change in the evidence of effective control. Subsidiaries are consolidated on a full consolidation basis from the date that control is obtained by the Group and cease to be consolidated from the date that such control ceases to 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 noncontrolling 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 at 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. Investments in associates and equity consolidation method

Investments in associates are the Group's investments in other entities over which it has significant influence, but not control. This generally applies when ownership interests are between 20% and 50% of the voting rights. These are accounted for using 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.

When the Group's share of post-acquisition losses equals or exceeds the cost of acquisition, the Group does not recognise further losses unless it has incurred legal or contractual obligations or made payments on behalf of the associate. The Group assesses at each financial statement date whether there is any indication of impairment of investments in associates. If an investment should be impaired, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and the balance in the Group's books.

The consolidated statements of comprehensive income reflect the Group's share of the results of the associates. The consolidated statements of other comprehensive income/(loss) reflect the Group's share of other income of the business. The consolidated statements of other comprehensive income/(loss) reflect the Group's share of the other income of the enterprise. The accounting policies of associates have been appropriately modified where necessary to reflect the Group's accounting policies. In preparing the consolidated financial statements, these eliminations have been made to the extent that it has been possible to retrieve the financial information and accounting records.

### 3.2. Information by operating segment

The information by operating segments is presented in the financial statements with the same structure as the internal information received by the Management of the Group and the Company, and is provided to the head of operational decision making. The Management of the Group and the Company is responsible for the distribution of resources and the evaluation of the efficiency of the segments as well as for the strategic decisions of the Group. The head of operational decision making is the person (or number of persons) who decides the allocation of resources to each operational segment and makes an assessment of the operational results of the segments. For management reporting purposes, the Group is organized into the following three operational segments: Jewellery - Watches - Accessories, Clothing - Footwear and Department Stores. Each segment consists of a range of operations. The grouping of the Group's subsidiaries into operating segments takes into account their activity and the proximity of the economic and political environment in the countries they operate. The Head of each division reports to the Group CEO. In addition, the Group's Finance Department is organized accordingly in the geographical segments in order to carry out financial control and monitor the performance of the segments. The classification by operational segment takes into account the nature of the products and services, and the quantitative limits set out in IFRS 8. Based on the above, the Group presents information by operating segment as follows:

- (i) Jewellery - Watches - Accessories (design, manufacturing, processing and marketing)
- (ii) Department stores (operation)
- (iii) Branded Clothing & Footwear (wholesale and retail)

It has not been feasible to collect the mandatory information for the complete presentation as defined and required by IFRS 8 'Operating Segments'.

### 3.3. Division between current/non-current assets

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

- there is an expectation to liquidate the asset or intention to sell or dispose it in the normal course of its operating cycle,
  - the asset is held primarily for commercial purposes,
  - it is expected to liquidate the asset within twelve months of the reporting period
- or
- the asset consists of cash or cash equivalents, unless there is a restriction on its exchange or use to settle a liability for at least twelve months after the reporting period.

The Group and the Company classifies all other assets as non-current.

The Group and the Company classifies a liability as current when:

- there is an expectation to settle the liability in the normal course of its operating cycle,
  - holds the obligation mainly for commercial purposes,
  - the liability is expected to be settled within twelve months of the reporting period
- or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

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

### 3.4. Fair value of financial assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a transaction made under normal market conditions between participants on measurement date. Fair value measurement is based on the assumption that the transaction of selling an asset or transferring a liability takes place either:

- in the main market for the asset or liability
- in the absence of a principal market, the most favorable market for the asset or liability.

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

The fair value of an asset or liability is measured using the assumptions that market participants would use in pricing the asset or liability, assuming that market participants are acting in their best economic interests.

Measuring the fair value of a non-financial asset takes into account the ability of a market participant to generate economic benefits from the optimal use of the asset or from its sale to another market participant that could make optimal use of the asset.

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

The values for all assets and liabilities for which fair value is measured or disclosed in the consolidated and corporate financial statements are categorized within the rank of fair value, which is divided into the following levels, as follows:

- Level 1 - Listed (unadjusted) purchase prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level of data that is significant for measuring fair value is directly or indirectly observable.
- Level 3 - Valuation techniques, for which the lowest level of data that is significant for fair value measurement is unobservable.

For assets and liabilities recognized in the consolidated and corporate financial statements on a recurring basis, the Group and the Company determine whether transfers have been made between levels of the hierarchy by reassessing the categorization (based on the lowest level of data that is relevant for measuring fair value as a whole) at the end of each reporting period.

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

### 3.5. Revenue recognition

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:

Revenue is measured at the fair value of the payment received or receivable, net of Value Added Tax, discounts and rebates. The Company and the Group recognize revenue to the extent that it is probable that the economic benefits will flow to the Company and the Group and the related amounts can be measured reliably. Revenue is recognised as follows:

#### **Sales of Goods**

Sales of goods are recognised when the Company and the Group deliver the goods to customers, the goods are accepted by them and collection of the receivable is reasonably assured. Wholesale sales of goods are mainly made on credit.

#### **Rendering of Services**

Revenue from fixed-price service contracts is recognised based on the stage of completion of the service at the date of the statement of financial position. Under this method, revenue is recognised on the basis of the proportion of services provided up to the reporting date of the financial statements in relation to the total services to be performed.

When the outcome of a transaction involving the provision of services cannot be reasonably estimated, revenue is recognised only to the extent that the costs recognized are recoverable.

In cases where initial estimates of revenue, expenditure or stage of completion change, then these changes may result in increases or decreases in estimated revenue or expenditure and are reflected in revenues for the period.

#### **Dividends**

Dividends are recognized as income when the right to receive them is established.

#### **Interest income**

Interest income is recognized on a time proportion basis using the effective interest rate.

#### **Lease income**

Lease income is recognized in the income statement using the straight-line method over the term of the lease and based on the lease agreements.

It is noted that already from 2018, it was not possible for the Group and the Company to adopt IFRS 15 "Revenue from Contracts with Customers". As a result, revenue was reported in accordance with the requirements of IAS 18.

### **3.6. Income tax, current and deferred**

Income tax includes current year income tax based on each company's profits as adapted in the income tax declaration, additional income tax resulting from tax audits by tax authorities and deferred income tax based on statutory tax rates.

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 recognised 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 assets are revalued at each date of preparation of the consolidated and corporate financial statements and reduced to the extent that it is not considered probable that sufficient taxable profit will be available against which part or all of the deferred income tax assets can be utilized

Deferred tax assets are revalued at each consolidated financial statements and are reduced to the extent that it is not probable that there will be sufficient taxable profits against which part or all of the deferred income tax receivables may be utilized. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, and are based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the consolidated and corporate income statements.

Income tax relating to items recognized directly in equity is directly recorded in equity rather than in the consolidated and corporate statement of comprehensive income.



Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax relates to the same tax authority. Current tax assets and liabilities are offset when there is a legally enforceable right of set-off and an intention to settle on a net basis or to acquire the asset and settle the liability concurrently.

### 3.7. Foreign currency translation

#### 3.7.1. Functional and reporting currency

The items included in the financial statements of the Company's Group and each subsidiary are measured using the currency of the primary economic environment in which they operate (functional currency). The consolidated and company financial statements are presented in Euro, which is the functional currency of the Company and its subsidiaries and the reporting currency of the Group.

#### 3.7.2. Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign currency assets and liabilities at the date of the financial statements are translated using the exchange rates prevailing at the date of the financial statements. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the date of the financial statements, are recognized in the consolidated and corporate income statements.

In case they relate to financial hedging transactions or net investment hedging transactions, they shall be transferred directly to equity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined. Exchange differences on assets and liabilities measured at fair value are recorded as part of the fair value gain or loss.

Exchange differences arising from intragroup loans and receivables classified as part of an entity's net investment in an overseas operating subsidiary, shall be recognized in the statement of comprehensive income of the entity's consolidated financial statements or in the consolidated financial statements of the subsidiary operating overseas, where appropriate.

In the consolidated financial statements, such foreign exchange differences will be recognized in other comprehensive income and will be included in the other reserve account "foreign exchange reserve for transactions that have been classified as part of the net investment in a subsidiary operating abroad".

When the repayment of intragroup long-term loans and receivables is scheduled or likely to occur in the foreseeable future, these transactions cease to be part of the net investment in a subsidiary operating abroad.

Exchange differences arising up to the date of derecognition are recognized in other comprehensive income and thereafter recognized in the statement of comprehensive income.

Upon the sale of the subsidiary, the accumulated exchange rate differences in the other reserves will be reclassified from the reserves to profit or loss in the statement of comprehensive income.

Foreign exchange differences arising from the translation of non-monetary financial assets and liabilities are measured at fair value in a foreign currency and translated using the exchange rate at the date of determination of fair value, are included in the income statement as part of fair value gains/losses.

Exchange differences on non-monetary financial assets, such as securities available-for-sale, are recorded in other comprehensive income.

#### 3.7.3. The Group companies

The financial statements of all Group companies (except those operating in hyperinflationary economies) that have a functional currency other than the Group's reporting currency are translated into the Group's reporting currency as follows:

- The assets and liabilities for each statement of financial position are translated at the exchange rates prevailing at the date of that statement of financial position.
- Revenues and expenses in each company's income statement are translated at the average exchange rates for the period (unless the average exchange rate is not a reasonable approximation of the cumulative effect of the exchange rates prevailing at the dates of the transactions, in which case revenues and expenses are translated at the exchange rates prevailing at the dates of the transactions).
- Exchange differences arising from the above are recorded in other comprehensive income and subsequently included in equity, specifically in the reserve "Exchange differences from translation".
- On the sale (partial or total) of a subsidiary operating abroad, the corresponding accumulated exchange differences existing in the reserve "Exchange differences on translation" in equity are transferred to the profit and loss account and participate in the calculation of the gain or loss on sale. On the partial sale of a subsidiary operating abroad, the non-controlling interest shall be attributed the proportion of the accumulated exchange differences to the non-controlling interest.

Goodwill and fair value adjustments arising on the acquisition of subsidiaries operating abroad are recorded as assets/liabilities of the foreign subsidiary and translated at the exchange rates at the reporting date. The resulting exchange differences are recognised in other comprehensive income.

Foreign exchange gains and losses arising from the settlement of transactions during the period and from the translation of monetary items denominated in foreign currencies at the exchange rates prevailing at the reporting date are recognized in the statement of comprehensive income.

### 3.8. 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 carrying amount is recovered principally through a sale transaction rather than through continuing use. The Group and the Company measure a non-current asset (or disposal group) as held for sale at the lower of its carrying amount and fair value less its disposal cost. Cost of disposal is the incremental cost directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax.

The criteria for classification as held for sale are considered to be met only when a sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management shall be committed to the plan to sell the asset and the sale shall be expected to be completed within one year from the date of classification.

The Group and the Company do not depreciate a non-current asset while the asset is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other costs attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognized.

A discontinued operation is a unit of an entity that has either been disposed of or classified as held for sale; and:

- represents a large separate segment of business activities or a geographical area of operations
  - is part of a single, coordinated programme of divestment of a large part of activities or a geographical area of holdings
- or
- is a subsidiary acquired exclusively with the prospect of being resold.

Discontinued operations are excluded from the results of continuing operations and presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

### 3.9. Dividend distribution

The distribution of dividends to the Company's shareholders is disclosed in the consolidated and corporate financial statements as a liability in the financial year in which the dividend distribution is approved by the Annual General Meeting of Shareholders.

### 3.10. Tangible fixed assets

Tangible fixed assets include mainly land, buildings, machinery, transport equipment and furniture. Property, plant and equipment held for operational or administrative purposes are carried in the financial statements at cost less accumulated depreciation and any accumulated impairment losses. The acquisition cost includes all direct costs incurred in acquiring the assets.

Subsequent expenditure is recognized as an increase in the carrying amount of property, plant and equipment or as a separate asset, where it is considered probable that the expenditure will increase the future economic benefits expected to flow from the use of the asset and its cost can be measured reliably. The cost of repairs and maintenance is recognized in the statement of comprehensive income when incurred.

Assets under construction are fixed assets under construction and are recorded at cost. Costs include construction costs, professional fees and other direct costs. Assets under construction are not depreciated since the asset to which it relates is not available for use.

Land is not subject to depreciation. Depreciation of other tangible fixed assets is calculated using the straight-line method over their useful lives, which are as follows:

Buildings and technical construction	50 years
Electromechanical equipment and installations of buildings	20 to 25 years
Premises on third-party properties	8 to 12 years
Machinery - technical facilities and other mechanical equipment	7 to 9 years
Means of transportation	7 to 9 years
Office furniture and equipment	7 years

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

If the carrying amount of the asset is greater than its estimated recoverable amount, the difference (impairment) is recognised immediately as an expense in the consolidated and corporate statement of comprehensive income.

Gains or losses on the sale of tangible fixed assets are determined by the difference between the price paid and their net book value. These gains or losses are recognized in the consolidated and corporate statement of comprehensive income.

### 3.11. Leases

**The Company as lessee:** Until 2018, leases were classified as operating and finance leases. Operating lease payments (net of any incentives received by the lessee) were recognized in the statement of comprehensive income using the straight-line method over the term of the lease.

From 1 January 2019, leases are recognised in the statement of financial position as a right to use an asset and a lease liability on the date the leased asset becomes available for use. The impact of the adoption of the standard for the Company on 1 January 2019 is described in [note 40](#).



Lease liabilities include the net present value of the following lease payments:

- fixed rents (including substantially fixed payments)
- variable rents, which are related to an index or interest rate, and which are initially measured using the index or interest rate at the inception of the lease term
- amounts expected to be paid based on guaranteed residual values
- the exercise price of a purchase option, if it is reasonably certain that the Company will exercise that option; and
- the payment of a penalty for termination of a lease, if the term of the lease reflects the exercise of the Company's right to terminate the lease.

Lease payments are discounted at the implicit interest rate of the lease or, if that rate cannot be determined from the contract, at the lessee's incremental borrowing rate, ie the rate at which the lessee would be required to borrow the necessary capital to acquire an asset of similar value to the leased asset, for a similar period of time, with similar collateral and in a similar economic environment.

After their initial recognition, lease liabilities are increased by their financial cost and decreased by the payment of rent. The lease liability is recalculated to reflect any revaluations or modifications to the lease.

The Company has opted to use the recognition exceptions in the standard for short-term leases, i.e. leases with a term of less than 12 months that do not include a right of redemption, and leases in which the underlying asset has a low value.

For the above leases, the Company recognizes such rent expense in the statement of comprehensive income on a straight-line basis over the term of the lease.

Finally, the Company has chosen not to separate non-leasehold and leasehold assets and, instead, to account for each leasehold and related non-leasehold asset as a single leasehold asset for all categories of assets to which the rights of use refer.

The cost of the right to use an asset consists of:

- the amount of the initial assessment of the lease obligation
- any rent paid on or prior to the inception date of the lease term, less any lease incentives received
- any initial direct expenses incurred by the lessee; and
- an estimate of the cost to the lessee of dismantling and demounting the underlying asset, restoring the premises where it has been placed, or reinstating the underlying asset to the condition required by the terms and conditions of the lease, unless those costs involve the creation of inventories. The lessee undertakes an obligation to bear the related expenses either at the date the lease is initiated or as a result of the use of the underlying asset for a specified period of time.

Rights to use assets are initially measured at cost, and subsequently reduced by the amount of accumulated depreciation and impairment. Depreciation is calculated using the straight-line method over the shortest period between the useful life of the asset and the lease term.

Finally, the rights to use of assets are adjusted on specific re-measurements of the corresponding lease obligation. Where asset usage rights qualify as investment property, they are measured initially at cost and subsequently at fair value in accordance with the Company's accounting policy.

It is noted that on 1 January 2019 it has not been feasible to implement IFRS 16 and its related provisions for the entire Group apart from the parent company.

**The Group besides the Company as lessee:** Finance leases, that transfer to the Group excluding the parent essentially all the risks and benefits of ownership of the leased asset, are capitalised at the inception of the lease at the fair value of the lease or, if lower, at the present value of the minimum lease payments. Payments for finance leases are allocated between financial expenses and the deduction of the financial liability to obtain a fixed interest rate on the outstanding balance of the liability.

Financial expenses are charged directly to the statement of comprehensive income. Capitalised leased assets are depreciated over the estimated useful life of the asset.

Leases where the lessor substantially retains all the risks and rewards of ownership of the asset are included in operating leases.

Operating leases are recognised as an expense in the consolidated statement of comprehensive income on a pro rata basis over the lease term.

**The Group - Company as lessor:** Leases in which the Group and Company do not convey substantially all the risks and rewards of ownership of the asset are classified as operating leases. Income is recorded in the consolidated and corporate statement of comprehensive income on a pro rata basis over the term of the lease.

### 3.12. Investment property

Properties held for long-term rental yields or capital appreciation or both are classified as investment property. Properties that are being held at present with an undetermined future use, as management has not yet decided whether these properties will be used by the Group and the Company or sold in the near term, are considered to be used for capital investment and are categorized as investment property.

Investment property is initially recognized at cost, including direct related acquisition costs and, where applicable, borrowing costs. Borrowing costs are capitalized when the acquisition or construction of an investment property is in progress and cease when the property is effectively completed, or are suspended if the development of the property is interrupted.

Subsequent to initial recognition, the Group and the Company have elected to account for investment properties using the fair value method. In cases where there is an inability to reliably assess fair value, the Group and the Company account for investment properties at cost net of accumulated depreciation and any accumulated impairment losses.

Subsequent costs are added to the carrying amount of a property only when it is probable that future economic benefits associated with that property will accrue to the Group or the Company and that the associated costs can be reliably measured. Repair and maintenance costs are charged to the statement of comprehensive income in the financial year in which they incurred.

Investment property is derecognised when the property is sold or when the investment property is permanently withdrawn from use and no economic benefit is expected from its sale.

More generally, reclassifications to and from investment property are made when a change in use occurs which is evidenced as follows:

a) start of owner occupation of real estate, for the transfer from investment properties to owner-occupied properties, (b) starting of development of a property for subsequent sale for the transfer from investment property to inventories, (c) expiry of owner-occupied property for the transfer from owner-occupied to investment property; and (d) entering with a third party into an operating lease agreement to transfer inventory to investment property.

### 3.13. Intangible assets

#### Trademarks

Acquired trademarks are initially recognized at historical cost. They are amortized using the straight-line method over their useful lives.

#### Other intangible fixed assets

This category includes the Group's lease rights, which are initially recognised at cost. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any impairment loss that may have occurred. Also included is the acquired software used in manufacturing or management. Acquired licences relating to software are capitalised based on the costs incurred to acquire and install the software. Expenditure relating to the maintenance of computer software is recognised as an expense in the period in which it is incurred. Costs that are capitalised are amortised using the straight-line method over their estimated useful lives.

Software programs	2 to 7 years
Leasehold rights	9 to 12 years
Industrial property rights grants	12 to 25 years

Expenditure required for the maintenance of software is expensed as incurred in the consolidated and corporate statements of comprehensive income.

### 3.14. Financial instruments - initial recognition and subsequent measurement (in accordance with IAS 39)

A financial instrument is any contractual agreement that creates both a financial asset for one entity and a financial liability or equity instrument for another entity in accordance with IAS 39 - 'Financial instruments'.

#### i) Financial assets

##### Initial identification and measurement

Financial assets of the Group and the Company are classified, on initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. On initial recognition, financial assets are recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the financial asset. Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are recognised in profit or loss in the period in which they are incurred.

##### Subsequent measurement

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

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets

##### Loans and receivables

"Loans and receivables" is the most common category in the Group and the Company. It includes non-derivative financial assets with fixed or specified payments that are not traded in active markets. They are included in current assets, except those with maturities greater than twelve months from the date of the statement of financial position. The latter are included in non-current assets. Loans and receivables granted are included in 'trade receivables' and 'other receivables' in the statement of financial position. Loans and receivables subsequent to initial recognition are measured at amortised cost using the effective interest method. Further information on receivables is given in [notes 25](#) and [26](#).

##### Held-to-maturity investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or defined payments and fixed maturity, which the Group's and the Company's management has the intention and ability to hold to maturity. In the event that the Group or the Company sells a significant portion of held-to-maturity financial assets, the entire portfolio of assets classified in this category is reclassified as available-for-sale financial assets. Held-to-maturity financial assets are classified as non-current assets, except for those with a maturity of less than twelve months from the reporting date of the financial information, which are classified as current assets. Financial assets held to maturity subsequent to initial recognition are measured at amortised cost using the effective interest method.

- **Available-for-sale financial assets**

Includes non-derivative financial assets that are either identified in this category or cannot be included in any of the above categories. These are included in non-current assets if management has no intention of realising them within twelve months of the date of the statement of financial position. Available-for-sale financial assets are measured at fair value and the related gains or losses from changes in fair value are recognised in other comprehensive income until the assets are sold or classified as impaired. On sale or when classified as impaired, the gain or loss is recognized in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income are not reversed through profit or loss.

**Derecognition of a financial asset**

The Group and the Company derecognize a financial asset when, and only when:

- the contractual rights to the cash flows of the financial asset expire
- or
- the financial asset is transferred and the transfer qualifies for derecognition.

The Group and the Company transfers a financial asset when, and only when:

- the contractual rights is transferred to the cash flows of the financial asset
- or
- the contractual rights to the cash flows of the financial asset is retained, but a contractual obligation to pay the cash flows to one or more recipients on an agreed basis is assumed

When the Group or the Company transfers 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 or the Company substantially transfers all risks and benefits of ownership of the financial asset, the Group or the Company discontinues recognizing the financial asset, and separately recognizes as assets or liabilities any rights and obligations created or retained on transfer.
- if the Group or Company has neither transferred nor retained substantially all risks and rewards of ownership of the financial instrument, the entity assesses whether it has retained control of the financial instrument. In this case:
  - (i) if the Group or Company has not retained control, it shall derecognize the financial asset and recognize all rights and obligations created or retained in the transfer separately as assets or liabilities.
  - (ii) if the Group or the Company has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

**Impairment of financial assets**

At each statement of financial position date, the Group and the Company assess whether there is objective evidence that financial assets are impaired. A financial asset or a group of assets is impaired and the Group/Company incurs an impairment loss when, and only when, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an "adverse event") and that adverse event (or events) has an impact that can be reliably estimated on the estimated future cash flows of the financial asset.

**Financial assets stated at amortised cost**

The Group and the Company assess whether there is objective evidence of impairment for financial assets carried at amortised cost. An impairment loss on trade receivables is recognised whenever there is objective evidence that the Group or the Company will not be able to collect all amounts due according to the contractual terms of the receivables.

Severe difficulties of the customer, the possibility of bankruptcy or financial restructuring and the inability to meet regular payments are considered to be indications that the receivable is impaired. The amount of the impairment provision is the difference between the carrying amount of the receivables and the present value of estimated future cash flows, discounted at the effective interest rate, and is recognised as an expense in the statement of comprehensive income for the year. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the reversal of the recognised impairment loss is recognised in the statement of comprehensive income.

If there is objective evidence of impairment of held-to-maturity financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between their carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. Impairment losses on held-to-maturity financial assets are recognized in the statement of comprehensive income.

**Available-for-sale financial assets**

In respect to shares of companies classified as financial assets available-for-sale, a significant or prolonged decline in fair value relative to the acquisition cost is an indication. If an impairment is evidenced, the accumulated loss in equity, being the difference between cost and fair value, is transferred to the statement of comprehensive income.

**ii) Financial liabilities**

**Initial recognition and measurement**

The financial liabilities of the Group and the Company are classified, on initial recognition, as financial liabilities at fair value through profit or loss, loans, trade and other payables.

Financial liabilities are recognised initially at fair value and, in the case of loans, less any direct transaction costs.

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

### Subsequent measurement

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

#### *Loans*

Loans subsequent to initial recognition are measured at amortized cost using the effective interest method. Any difference between the amount received (net of related costs) and the redemption value is recognized in profit or loss over the period of the loan using the effective interest method. Loan expenses paid when signing new credits are recognized as loan expenses if part or all of the new credit line is withdrawn. Loans are classified as current liabilities unless the Group or the Company has the right to defer repayment of the liability for at least twelve months from the date of the statement of financial position. Further information on loans is provided in [note 30](#).

#### *Suppliers and other liabilities*

Trade payables are obligations to pay for goods or services obtained in the ordinary course of commercial activity from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Otherwise, they are recorded as long-term liabilities. Trade payables that are subsequent to initial recognition are measured at amortized cost using the effective interest method. Further information on suppliers and other liabilities is disclosed in [note 34](#).

#### *Derecognition of a financial liability*

The Group and the Company derecognizes a financial liability (or part of it) from its statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is fulfilled, cancelled or expires.

If an existing liability is replaced by one from the same lender but under substantially different terms, or if there are material changes in the terms of an existing liability, then the original liability is derecognised and a new liability is recognised and the resulting difference is recognised in the statement of comprehensive income.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred and liabilities assumed, is recognised in a statement of comprehensive income.

### iii) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is disclosed in the statement of financial position only when the Group or the Company has the legal right to do so and intends to net them off against each other or to claim the asset and settle the liability simultaneously.

### 3.15. Impairment of financial assets

At each reporting date the Group and the Company assesses whether there is objective evidence that financial assets are impaired.

Assets valued at amortized cost: If there is objective evidence of impairment of loans and receivables carried at amortised cost, the amount of the impairment loss is calculated as the difference between the asset balance and the present value of estimated future cash flows (excluding unrealized credit losses). Cash flows are discounted using the financial asset's original effective interest rate (the effective interest rate calculated at initial recognition of the asset). The balance of this item may be impaired either through derecognition or through the recognition of a provision.

The current value of the financial asset is reduced through the use of a provision and the impairment loss is recognized in profit or loss. The Group and the Company first assesses whether objective evidence of impairment exists at the level of individual items that are considered significant, while items that are not considered significant are grouped and tested in their entirety. In cases where it is considered that there is no objective evidence of impairment for a particular item, regardless of its significance, that item is included in the impairment assessment of groups of assets with similar credit risks.

Individually assessed financial assets that are tested for impairment and for which impairment losses continue to be recognised are not included in a collective assessment. If, at a later date, the amount of the impairment is reduced and this decrease may be related to an event that occurred after the impairment was recognized, the amount of the impairment previously recognized is reversed. Subsequent reversals of impairment losses are recognized in profit or loss to the extent that the balance of the item does not exceed its amortized cost at the date of the reversal.

### 3.16. Inventory

Inventories include merchandise, raw and auxiliary materials, consumables, spare parts and packaging. Inventories include raw materials, materials and goods purchased and valued at the lowest price between cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business less any related selling expenses.

Production costs of goods include the cost of raw materials, consumables, labor and other costs directly attributable to the item and a reasonable share of fixed and variable costs indirectly attributable to the item, to the degree that these costs relate to the production period.

The cost of inventories is determined using the weighted average cost method, which is consistently applied. The cost of inventories includes all purchase and conversion costs and the costs incurred in order to get the inventories to their present location and condition.

The cost of inventories does not include financial costs. Where necessary, a provision for slow-moving or obsolete inventories is made.

### 3.17. Impairment of non-financial assets

With the exception of goodwill and intangible assets with indefinite useful lives, which are tested on an annual basis for impairment, the carrying amounts of other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the consolidated and corporate statement of comprehensive income. The recoverable amount is the highest value between fair value less selling costs and value in use. Fair value less required selling costs is the amount obtainable from the sale of an asset in a transaction between market participants, after deducting any direct incremental costs, while value in use is the net present value of the estimated future cash flows expected to arise from the continuing use of an asset and from the income expected to arise from its disposal at the end of its estimated useful life.

For impairment testing purposes, assets are grouped at the minimum level at which cash flows can be separately determined. Impairment losses recognised in prior years, other than those relating to goodwill, are only reversed when there is sufficient evidence that the assumptions used to determine the recoverable amount have changed. Under these circumstances, the related reversal is recognized as revenue. The carrying amount of a non-financial asset after the reversal of an impairment loss shall not exceed the carrying amount of the asset, if the impairment loss had not been recognized.

### 3.18. 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.

Earmarked deposits include deposits pledged as collateral for loan agreements.

### 3.19. Share Capital

Share capital reflects the value of the parent company's issued and outstanding shares. The price paid in excess 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 issue of new shares or rights are charged to equity as a deduction from the proceeds of the issue.

### 3.20. Personnel benefits and allowances

#### Short-term benefits

Short-term employee benefits (other than termination benefits), both cash and in kind, are recognized as an expense when accrued. Any outstanding amount is recorded as a liability, and if the amount already paid exceeds the amount of benefits, the excess is only recognised as an asset (prepaid expense) to the extent that the prepayment is recoverable.

#### Defined benefit pension schemes

The Group and the Company are involved in various pension schemes. Payments shall be determined by the local laws and regulations of the Funds. The Group and the Company have defined benefit plans and defined contribution plans.

A defined benefit plan is a pension scheme which determines a specific amount of pension which the employee will receive when he retires normally dependent on one or more factors such as age, years of service and the amount of remuneration.

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

#### (a) Defined benefit plan

According to the provisions of labour legislation in Greece, employees and workers are entitled to severance pay in the event of retirement, with the amount of the payment varying depending on the compensation and the length of service of the employee or worker. This plan is considered a defined benefit plan.

The liability which is recognised in the consolidated and corporate financial statements in relation to defined benefit plans is the present value of the defined benefit obligation at the date of the financial statements less the fair value of the plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is calculated by discounting the future cash outflows at a discount rate equal to the interest rate of long-term highly rated corporate bonds denominated in the same currency as the contribution payments and with a maturity approximately equal to the pension plan.

The current service cost of the defined benefit plans, is recognized in the consolidated and corporate statement of comprehensive income within pension benefits, unless already included in the cost of an asset, unless it represents the increase in the related liability as a result of employee service in the current period, defined benefit curtailments and settlements.

Actuarial gains or losses arising from empirical adjustments and changes in actuarial assumptions are charged or credited to equity in the consolidated statement of other comprehensive income/(loss) in the period in which they arise. Previous service costs are recognized directly in the consolidated and corporate statement of comprehensive income.

#### (b) Defined contribution plan

The Group's and the Company's personnel are mainly covered by the main state insurance institution related to the private sector that provides pension and medical benefits (EFKA). Each employee is obliged to contribute part of his/her monthly salary to the fund, while part of the total contribution is covered by the Group and the Company. On retirement, the fund is responsible for paying pension benefits to pensioners. Accordingly, the Group and the Company have no legal or constructive obligation to pay future benefits under this benefit plan. These contributions are recognised as an expense when accrued and any unpaid amount is recognized as a liability.

### (c) Severance pay

Severance benefits are paid by the Group and the Company when employees leave before their retirement date or when the employee resigns voluntarily in exchange for these benefits. The Group and the Company record these benefits earlier than the following dates: (a) when the Group or the Company can no longer withdraw the offer of these benefits and (b) when the Group or the Company recognizes restructuring costs falling within scope of IAS 37 and includes the payment of termination benefits.

### 3.21. Contingent assets

Potential inflows of financial benefits for the Group and the Company that do not yet qualify as an asset are considered contingent assets and are disclosed in the notes of the financial statements.

### 3.22. Contingent liabilities and provisions

Provisions are recognized when the Group and/or the Company has present legal or presumptive liabilities as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the exact amount of the obligation can be made.

Provisions are reviewed at the date of the statement of financial position and adjusted to reflect the present value of the estimated expenditure required to settle the obligation.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is probable.

### 3.23. Earnings/(Loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) after tax attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the respective financial year, excluding the average number of shares acquired as treasury shares.

Diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, as adjusted for the effect of potential convertible shares.

## 4. Turnover

The turnover of the Group and the Company is analyzed as follows:

	Group		Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
<b>Turnover</b>				
Sales of Merchandise	175.548.523,58	284.316.117,73	65.453.742,90	115.754.417,33
Sales of Products	18.375.069,70	1.091.138,27	410.701,09	1.091.138,27
Sales of other inventory & waste material	52.750,83	188.438,17	22.876,60	167.512,87
Sales of services	10.236.299,69	11.051.253,32	9.414.257,39	9.189.528,26
<b>Total</b>	<b>204.212.643,80</b>	<b>296.646.947,49</b>	<b>75.301.577,98</b>	<b>126.202.596,73</b>

In accordance with IAS 18, the Company did not recognize revenue arising from transactions with its Asian subsidiaries, FF Spain, FF France, FF UK and Links of London Group for fiscal years 2019 and 2018 for which the collectability of invoiced sales becomes uncertain and the recoverability of receivables generated in the years indicated was nil.

## 5. Capital management

The publication of the report of the hedge fund Quintessential Capital Management (QCM) on 4.5.2018, which included the refutation of certain elements of the Company's financial statements, had an extremely adverse impact on the Company's financial performance, in particular:

- Termination of all financing contracts with Greek banks.
- Notice of termination of all the Company's bond loans.
- The occurrence of difficulties and / or termination of contractual relationships of the Company with its major suppliers and the depletion of the distribution sector of clothing, footwear and accessories, which significantly affected the Company's turnover for the years 2019 and 2020.
- Enormous pressure on the Company's liquidity due to the lack of external financing and the suppliers' demand for full prepayment of the price of the goods.
- Enforcement actions against the Company, i.e. injunctive actions and lawsuits by shareholders and investors, imposition of precautionary seizures and other measures, as described in the Important Events Chapters.
- The seizure of real estate, DUFY shares and cash of the Company by the Anti-Money Laundering Authority due to the criminal prosecution of former executives of the Company for the offence of money laundering.

The above resulted in a situation where the Company, faced during the fiscal year 2019, severe capital management problems. The Treasury Department, in cooperation with the Finance Department, prepares cash flow statements which serve as a basis for the Company's management to manage liquidity more effectively. In addition, the Company does not have access to bank credit.



As mentioned in detail above, at the end of 2020 the Management secured interim financing, while the final decision of the Bankruptcy Court is expected to be issued for the ratification of the Company's Rehabilitation Agreement from 31.12.2020.

The Group and the Company monitor the capital structure on the basis of the gearing ratio, which is calculated by dividing net debt by total capital. The Group and the Company include in net debt the liabilities less cash and cash equivalents and short-term deposits. Equity includes equity attributable to shareholders of the parent company. The Group's and the Company's objective in managing capital is to continue its business and maintain an optimal capital structure to reduce the cost of capital.

The leverage ratio as at 31 December 2019 and 2018 is calculated as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Debt liabilities (Note 30)	510.995.110,01	467.980.635,31	496.224.602,90	454.406.796,07
(Less) Cash and cash equivalents (Note 27)	(17.325.121,76)	(18.364.923,09)	(3.601.132,71)	(6.415.206,69)
<b>Net debt</b>	<b>493.669.988,25</b>	<b>449.615.712,22</b>	<b>492.623.470,19</b>	<b>447.991.589,38</b>
Equity attributed to the shareholders of the Company	(285.400.414,15)	(180.576.427,53)	(241.570.809,87)	(192.177.179,54)
<b>Total equity</b>	<b>(285.400.414,15)</b>	<b>(180.576.427,53)</b>	<b>(241.570.809,87)</b>	<b>(192.177.179,54)</b>
<b>Total equity and net debt</b>	<b>208.269.574,10</b>	<b>269.039.284,69</b>	<b>251.052.660,32</b>	<b>255.814.409,84</b>
<b>Capital structure/leverage ratio</b>	<b>237,03%</b>	<b>167,12%</b>	<b>196,22%</b>	<b>175,12%</b>

Due to the events mentioned above, the objectives, policies and procedures for capital management have been modified in order to address the liquidity problems of the Company and the Group.

## 6. Group information

The consolidated financial statements as at 31 December 2019 and 2018 include the financial statements of the Company and the following subsidiaries and associates, except as disclosed in Note 3.1 - Basis of consolidation, for the reasons set out below:

Company	Registered office	Relationship with parent	Consolidation method	Status	% Participation rate	
					31/12/2019	31/12/2018
FOLLI FOLLIE AUSTRALIA LTD	Australia	Indirect	Full		99,99%	99,99%
FF GROUP BULGARIA EOOD	Bulgaria	Direct	Full		100,00%	100,00%
FF ORIGINS LTD	British Virgin Islands	Indirect	Full	(*)	99,99%	99,99%
FOLLI FOLLIE FRANCE SA	France	Direct	Full		100,00%	100,00%
FOLLI FOLLIE GUAM LTD	Guam	Indirect	Full	Dormant	99,99%	99,99%
FOLLI FOLLIE ZYMMETOXON AE	Greece	Direct	Full		100,00%	100,00%
PLANACO ABEE	Greece	Direct	Full		100,00%	100,00%
FF COSMETICS AE	Greece	Direct	Full		100,00%	100,00%
QIVOS AE	Greece	Direct	Full	(*)	48,99%	48,99%
MAPINA MYTIAHNH AE	Greece	Direct	Equity Method	(*)	50,00%	50,00%
LINKS OF LONDON INC (USA)	USA	Indirect	Full	Under Liquidation	100,00%	100,00%
FOLLI FOLLIE JAPAN LTD	Japan	Indirect	Full		99,99%	99,99%
LINKS OF LONDON JAPAN CO. LTD	Japan	Indirect	Full	Dormant	100,00%	100,00%
JUICY COUTURE IRELAND LTD	Ireland	Indirect	Full	Dormant	100,00%	100,00%
FOLLI FOLLIE SPAIN SA	Spain	Direct	Full		100,00%	100,00%
LINKS OF LONDON (CANADA) LIMITED	Canada	Indirect	Full	Under Liquidation	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%
LINKS OF LONDON (ASIA) LTD	China	Indirect	Full	Under Liquidation	100,00%	100,00%
FOLLI FOLLIE CYPRUS LTD	Cyprus	Direct	Full		100,00%	100,00%
NARIACO INVESTMENTS LTD	Cyprus	Indirect	Full	(*)	100,00%	100,00%
WARLABY TRADING LTD	Cyprus	Indirect	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	Macao	Indirect	Full		99,99%	99,99%
FOLLI FOLLIE MALAYSIA LTD	Malaysia	Indirect	Full	Dormant	99,99%	99,99%
STRENABY FINANCE LTD	Great Britain	Direct	Full	Dormant	100,00%	100,00%
FOLLI FOLLIE UK LTD	Great Britain	Direct	Full	Dormant	100,00%	100,00%
JUICY COUTURE EUROPE LTD	Great Britain	Direct	Full	Under Liquidation	100,00%	100,00%
LINKS OF LONDON LIMITED	Great Britain	Direct / Indirect	Full	Under Liquidation	100,00%	100,00%
LINKS OF LONDON INTERNATIONAL LTD	Great Britain	Indirect	Full	Under Liquidation	100,00%	100,00%
LINKS OF LONDON COM LTD (UK)	Great Britain	Indirect	Full	Under Liquidation	100,00%	100,00%
FOLLI FOLLIE KOREA LTD	South Korea	Indirect	Full	Dormant	99,99%	99,99%
FF GROUP ROMANIA SRL	Romania	Direct	Full		100,00%	100,00%
APPAREL ROMANIA SRL	Romania	Indirect	Full	[Sold during 2019]	49,00%	49,00%
FOLLI FOLLIE SINGAPORE LTD	Singapore	Indirect	Full	Dormant	99,99%	99,99%
FOLLI FOLLIE TAIWAN LTD	Taiwan	Indirect	Full		99,99%	99,99%
FOLLI FOLLIE THAILAND LTD	Thailand	Indirect	Full	Dormant	99,99%	99,99%
FOLLI FOLLIE HAWAII LTD	Hawaii	Indirect	Full	Dormant	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 financial year 2019 and as part of the Group's restructuring and reorganization plan, dormant companies and companies in liquidation, as presented in the table above, were not consolidated in the accompanying consolidated financial statements for the year ended 31 December 2019.

(\*) During the current financial year and despite management's efforts, it was not feasible to compile financial and non-financial information for the year ended 31 December 2019.

During the past fiscal year and despite the efforts of the Management, it was not possible to collect information for the fiscal year 2018 regarding the following companies: i) Qivos S.A., ii) Marina Mytilene, iii) Cosmobrands S.A., iv) Links of London Inc (USA), v) Links of London Japan Co. Ltd, vi) Juicy Couture Ireland Ltd, vii) Links of London (Asia) Ltd, viii) Strenaby Finance Ltd, ix) Folli Follie UK Ltd, x) Juicy Couture Europe Ltd, xi) Links of London Limited, xii) Links of London (International) Ltd, xiii) Links of London Com Ltd (UK).

## 7. Operating expenses

Operating expenses in the accompanying statements of comprehensive income of the Group and the Company are analyzed as follows:

	Group		Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
<b>Operating expenses</b>				
Cost of sales	132.554.111,08	137.062.123,96	48.195.496,44	79.430.960,77
Administrative expenses	51.637.402,03	70.666.168,90	19.241.978,21	42.347.216,64
Selling expenses	89.308.892,58	148.326.558,73	40.655.739,29	52.788.400,53
<b>Total</b>	<b>273.500.405,69</b>	<b>356.054.851,59</b>	<b>108.093.213,94</b>	<b>174.566.577,94</b>

Total operating expenses of the Group and the Company are further analyzed as follows:

	Group		Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
<b>Operating expenses</b>				
Inventory cost recognized in cost of sales	132.329.836,43	132.564.611,20	47.154.944,32	77.844.288,59
Remuneration & staff costs	57.580.160,59	75.394.300,92	25.600.087,10	30.053.378,45
Fees and expenses	25.177.871,52	44.315.760,01	11.972.341,88	28.096.052,16
Credit card & wholesale commissions	678.229,05	2.555.258,84	623.097,48	2.136.088,31
Electricity, water supply, heating, cleaning expenses	4.415.808,02	4.086.303,16	1.957.863,61	1.465.976,60
Telecommunication expenses	1.197.219,43	1.672.813,44	889.961,64	874.575,63
Lease expenses	15.086.256,60	26.763.943,00	2.989.566,57	9.204.627,72
Insurance expenses	1.240.651,83	1.474.082,12	770.549,40	871.118,27
Repairs & maintenance	1.697.739,29	3.021.154,82	981.643,26	1.350.701,42
Non-income tax	2.190.547,07	7.765.658,48	1.255.827,26	4.142.223,26
Transportation costs - logistics	3.335.001,72	5.573.710,24	1.922.668,63	3.297.145,49
Travel expenses	615.333,29	1.906.550,81	166.803,93	565.164,27
Promotional - advertising and exhibition expenses	6.596.847,60	12.380.318,57	2.947.690,44	4.482.091,45
Supplies	704.860,30	2.047.471,97	43.562,95	18.760,78
Depreciation of property, plant and equipment	12.829.977,84	12.271.484,56	7.193.346,15	1.072.750,38
Amortization of intangible assets	515.051,34	1.221.174,69	393.052,07	3.907.912,68
Impairment of inventory	169.317,42	1.914.277,28	-	1.745.544,00
Impairment for doubtful receivables	10.836,80	8.759.878,00	-	1.089.724,77
Other expenses	7.128.859,55	10.366.099,48	1.230.207,25	2.348.453,71
<b>Total operating expenses</b>	<b>273.500.405,69</b>	<b>356.054.851,59</b>	<b>108.093.213,94</b>	<b>174.566.577,94</b>

With regard to rental expenses, it is noted that it was not possible to apply IFRS 16 and its provisions to the entire Group except the parent company. Therefore, the amount shown in the Group relates to the expense for all leases without the application of IFRS 16, while in the Company the amount relates mainly to leases for which exceptions to the standard were used.

## 8. Staff remuneration and expenses

The remuneration and staff costs of the Group and the Company are analyzed as follows:

	Group		Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
Staff remuneration and expenses				
Wages and salaries	45.106.883,27	61.366.172,97	18.721.705,13	23.825.698,47
Social security and other employer's contributions	7.069.028,14	11.156.667,67	4.565.103,41	5.639.210,04
Other expenses	972.344,29	1.723.586,12	394.430,66	-
Pension costs of defined benefit plans	4.431.904,89	1.147.874,16	1.918.847,90	588.469,94
<b>Total staff remuneration and expenses</b>	<b>57.580.160,59</b>	<b>75.394.300,92</b>	<b>25.600.087,10</b>	<b>30.053.378,45</b>

The average number of personnel employed by the Group for the years ended 31 December 2019 and 2018 was 1,398 and 1,701 employees, respectively. The average number of staff employed by the Company for the years ended 31 December 2019 and 2018 was 882 and 1,042 employees respectively.

## 9. Other income

The other income of the Group is analyzed as follows:

	Group	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
<b>Other income</b>		
Marketing income	-	2.500.817,17
Other income	2.766.564,19	3.921.790,33
Rental income	635.735,09	1.060.597,30
Income from prior periods	215.573,51	-
Expenditure grants	18.436,00	7.339,94
Other operating income (extraordinary & non-recurrent)	-	1.968.392,63
Foreign exchange differences	-	610.996,11
<b>Total other income</b>	<b>3.636.308,79</b>	<b>10.069.933,48</b>

The other income of the Company is analyzed as follows:

	Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
<b>Other income</b>		
Marketing income	-	(69.658,50)
Revenue from promoters and merchandisers	-	4.828,00
Other income	1.522.933,42	2.200.188,18
Rental income	630.406,22	1.055.220,60
Income from prior periods	213.743,83	-
Expenditure grants	18.436,00	-
Dividends from other investments	-	7.937.474,49
<b>Total other income</b>	<b>2.385.519,47</b>	<b>11.128.052,77</b>

In accordance with IAS 18, the Company did not recognize revenue from services arising from transactions with the subsidiaries of the Asian sub-group, FF Spain, FF France and Links of London Group for the fiscal year 2019 for which the collectability of invoiced sales becomes uncertain and the recoverability of receivables generated in prior years was nil.

## 10. Other gains/(losses)

Other gains/(losses) of the Group are analyzed as follows:

	Group	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
<b>Other gains/(losses)</b>		
Fines and surcharges	(3.669.199,92)	-
Impairment of fixed assets	-	(1.046.432,69)
Losses on disposal of fixed assets	(1.707.536,60)	-
Gains on disposal of fixed assets	3.747.656,46	-
Provisions for risks and expenses	-	(236.211,07)
Credit / (Debit) exchange differences	586.765,23	(13.280.423,83)
Prior years expenses	(1.515.149,18)	-
Impairment losses on fair value	(99.174,72)	-
Loss on sale of financial instruments	(1.244.327,01)	(5.314.676,51)
Other losses	(17.133.873,15)	(47.708.880,75)
<b>Total other gains/(losses)</b>	<b>(21.034.838,89)</b>	<b>(67.586.624,85)</b>

Other gains/(losses) of the Company are analyzed as follows:

	Εταιρεία	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
<b>Other gains/(losses)</b>		
<b>Other gains</b>		
Gains on sale of fixed assets	77.968,24	2.212,79
Credit exchange differences	793.974,62	1.779.937,32
Other operating income (extraordinary and non-recurrent)	-	2.606,47
Income from prior periods	-	128.137,38
Other gains	1.011.887,69	7.438.534,95
<b>Other losses</b>		
Fines and surcharges	(1.739.772,01)	(2.594.526,96)
Losses from sale / valuation of fixed assets	(708.959,04)	(208,31)
Debit exchange differences	(205.587,45)	(2.688.000,09)
Prior years expenses	(1.504.342,78)	(161.796,62)
Other expenses	(140.583,69)	(7.474,18)
Impairment losses on fair value	(99.174,72)	(2.832,60)
Loss on sale of financial instruments	(1.244.327,01)	(5.314.676,51)
<b>Total other gains/(losses)</b>	<b>(3.758.916,15)</b>	<b>(1.418.086,36)</b>

## 11. Impairment provisions

The impairment provisions of the Group and the Company are analyzed as follows:

	Group		Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
<b>Impairment provisions</b>				
Impairment of investments in subsidiaries	-	-	(12.432.551,56)	(3.400.000,00)
Impairment of investments in associates	(275.000,00)	-	(275.000,00)	-
Losses from impairment of third party trade receivables	(3.238.327,41)	-	(3.461.531,17)	-
Reversal of impairment loss/(loss) of trade receivables from related parties	-	(4.491.454,40)	5.819.125,06	(5.843.583,23)
Impairment of loss / impairment (loss) from loans and other receivables from related parties	-	(34.822.592,14)	10.144.626,83	(47.779.818,12)
<b>Total impairment provisions</b>	<b>(3.513.327,41)</b>	<b>(39.314.046,54)</b>	<b>(205.330,84)</b>	<b>(57.023.401,35)</b>

"Impairment of investments in subsidiaries" in the Company for the financial year 2018, refers to the impairment provision for the subsidiaries Planaco ABEE amounting to €2,399,989.43, FF Cosmetics S.A. amounting to €1,000,000.00 and Strenaby Finance Ltd amounting to €965,675.00. For further information please refer to [note 20](#).

"Impairment loss on loans and other receivables from related parties" for the financial year 2018 in the Company relates to a provision recognised in the financial year 2018 for the subsidiaries. Of this amount, €34,822,592.14 related to the Links of London Group. On a Group level in fiscal 2018, as the Links of London Group was not consolidated, management treated this amount as a third party provision and therefore it is presented as a charge to the Group's results. The same applies to the amount of €4,491,454.40 relating to an impairment provision for trade receivables.

"Impairment of investments in subsidiaries" in the Company for the financial year 2019 refers to the impairment provision for the subsidiaries Planaco ABEE amounting to €4.196.943,41, Strenaby Finance Ltd amounting to €3.087.599,80 and FF Cyprus Ltd amounting to €5.148.008,35. For further information please refer to [note 20](#).

The "Impairment of investments in associates" in the Company for the financial year 2019 refers to the provision for impairment of its investment in Marina Mytilini S.A. of €275,000.00. For further information please refer to [note 21](#).

Furthermore, the Company's fiscal year 2019 includes a reversal of a provision for doubtful trade and other receivables (mainly short-term loan receivables) that was made in previous years.

## 12. Financial income and expenses

The financial income of the Group and the Company is analyzed as follows:

	Group		Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
<b>Financial income</b>				
Foreign exchange gains	315.942,70	-	87.160,60	-
Gains from bond swap option	-	-	-	200.000,00
Derivative gains	-	498.263,92	-	298.263,92
Cash interest	8.726,42	44.715,71	591,22	35.005,49
Other interest	-	215.564,10	3.714,10	4.703,29
Gains on sale/depreciation of fixed assets	-	1.948.314,77	-	-
Equity dividends	2.852.886,64	-	2.852.886,64	-
Gains on sale of investments	-	-	-	25.826.667,88
Other financial income	450.940,40	3.012.151,33	-	-
<b>Total financial income</b>	<b>3.628.396,16</b>	<b>5.719.009,83</b>	<b>2.944.352,56</b>	<b>26.364.640,58</b>

The financial expenses of the Group and the Company are analyzed as follows:

	Group		Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
<b>Financial expenses</b>				
Foreign exchange losses	7.352.415,46	2.372.361,06	7.352.064,79	724.530,62
Interest and expenses on borrowings	11.617.595,63	22.359.342,54	11.083.137,67	20.985.842,69
Financial cost of benefits due to termination of service	43.855,00	40.036,00	43.855,00	40.036,00
Interest on leases (Group: Interest on financial leases)	2.261.398,08	749.963,83	1.936.630,05	710.300,86
Bank commissions and taxes	694.518,27	1.494.236,84	275.231,571	977.327,17
Losses from borrowing debt assumption	-	38.844.383,76	-	38.844.383,76
Other interest	-	663.559,14	-	-
<b>Total financial expenses</b>	<b>21.969.782,44</b>	<b>66.523.883,17</b>	<b>20.690.919,08</b>	<b>62.282.421,10</b>

With regard to interest on leases, it is noted that it was not possible to apply IFRS 16 and its provisions to the whole Group except the parent company. Therefore, the amount shown for the Group relates to the expense without the effect of IFRS 16 for the Group companies other than the Company.

## 13. Losses from the derecognition of unconsolidated subsidiaries

Losses from the write-off of subsidiaries amounting to €3.087.599,00 which are not included in the consolidated financial statements of the Group, relate to the subsidiary Strenaby Finance Ltd which was not fully consolidated in the previous financial year but was presented in the consolidated financial statements at cost less accumulated impairment loss. During the current financial year the value of the investment in Strenaby Finance Ltd was fully impaired resulting in the reported loss.

## 14. Investments accounted under the equity method

The Group participated until the end of the fiscal year 31 December 2018, through its associated company Attica Department Stores ("Attica"), in the operation of three "Attica" department stores in Athens (in the city centre, in the "Golden Hall" shopping centre 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"). The amount of €3,841,982.85 relates to the share of profits of the related company "Attica Department Stores S.A." under the equity method for the period 1 January - 12 December 2018. On 12 December 2018, an electronic auction of 35.67% of Attica's shares was conducted. For further information please refer to [note 21](#).

## 15. Income tax and deferred taxation

Income tax reflected in the consolidated and corporate statement of comprehensive income is analysed as follows:

	Group		Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
Current use tax	(1.615.788,76)	(2.371.271,15)	-	-
Tax on previous years	(1.583.081,00)	(3.992.043,13)	(1.583.081,00)	(3.992.043,13)
Deferred income tax	(1.468.027,63)	1.623.903,64	(1.503.606,85)	2.419.827,67
<b>Income tax (debited) in the comprehensive income statement</b>	<b>(4.666.897,39)</b>	<b>(4.739.410,64)</b>	<b>(3.086.687,85)</b>	<b>(1.572.215,46)</b>

According to tax law 4646/2019, the tax rate for legal entities established in Greece is 24% from January 1, 2019, while for the financial year 2018 it was 29%. The reconciliation of the income tax shown in the statement of comprehensive income and the amount of income taxes determined by applying the Greek tax rate to pre-tax losses is summarised as follows:

	Group		Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
Losses before income tax	(111.628.504,68)	(213.201.532,50)	(52.116.930,00)	(131.595.196,67)
Tax calculated on the basis of current tax rates (2019: 24%, 2018: 29%)	26.790.841,12	41.772.266,97	12.508.063,20	38.162.607,03
Expenses not deductible for tax purposes	(29.874.657,51)	(30.280.612,11)	(14.011.670,05)	(30.252.019,19)
Tax losses on which deferred tax has not been recognised	-	(6.748.262,20)	-	-
Change in tax rates	-	(5.490.760,17)	-	(5.490.760,17)
Taxes on previous years	(1.583.081,00)	(3.992.043,13)	(1.583.081,00)	(3.992.043,13)
<b>Total</b>	<b>(4.666.897,39)</b>	<b>(4.739.410,64)</b>	<b>(3.086.687,85)</b>	<b>(1.572.215,46)</b>

The Group and the Company recognize a deferred tax asset for tax losses carried forward to the extent, that it is probable that an available taxable profit will be utilized against the unused tax losses carried forward.

Significant estimates by management are required in order to determine the amount of deferred tax assets that may be recognised, based on the likely timing and level of future taxable profits, together with future tax planning opportunities. The Group and the Company have not recognized a deferred tax asset for tax losses carried forward in the current and prior year.

Greek tax legislation and the relevant 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 provisional until the tax authorities examine the tax returns and the taxpayer's records, at the time when the relevant tax liabilities will be settled. Tax losses, where recognized by the tax authorities, may be used to offset the profits of the subsequent five financial years following the financial year in which they arise.

It is estimated that for the years up to 2017, the companies of the APAC sub-group paid an estimated USD 78.7 million in undue taxes as a result of the declaration of false profits to the Hong Kong tax authorities.

The Company has already taken action through these subsidiaries against the directors who signed the financial statements, the local CFO and the auditors of the APAC sub-group in order to claim compensation.



**Unaudited tax periods**

The unaudited fiscal years of the Group companies are analyzed as follows:

Company	Registered office	Unaudited fiscal years
FOLLI FOLLIE A.E.B.T.E.	Greece	2015 - 2019 (*)
FOLLI FOLLIE AUSTRALIA LTD	Australia	-
FF GROUP BULGARIA EOOD	Bulgaria	2012 - 2019
FF ORIGINS LTD	British Virgin Islands	There is no income tax
FOLLI FOLLIE FRANCE SA	France	2012 - 2019
FOLLI FOLLIE GUAM LTD	Guam	2012 - 2019
FOLLI FOLLIE HOLDINGS SA	Greece	2012 - 2019 (*)
PLANACO SA	Greece	2012 - 2019 (*)
FF COSMETICS	Greece	2012 - 2019 (*)
QIVOS SA (SALES MANAGER LTD)	Greece	2012 - 2019 (*)
ATTIKA ΠΟΛΥΚΑΤΑΣΤΗΜΑΤΑ Α.Ε.	Greece	2012 - 2019 (*)
MAPINA ΜΥΤΙΛΗΝΗΣ	Greece	-
COSMOBRANDS A.E.	Greece	-
LINKS OF LONDON INC (USA)	USA	2012 - 2019
FOLLI FOLLIE JAPAN LTD	Japan	2015 - 2019
LINKS OF LONDON JAPAN CO. LTD	Japan	2012 - 2019
JUICY COUTURE IRELAND LTD	Ireland	2015 - 2019
FOLLI FOLLIE SPAIN SA	Ireland	2012 - 2019
FOLLI FOLLIE SHANGHAI (PILION LTD)	China	2016 - 2019
FOLLI FOLLIE SHENZHEN LTD	China	2016 - 2019
LINKS OF LONDON (ASIA) LTD	China	2012 - 2019
FF CYPRUS LTD	Cyprus	2012 - 2019
NARIACO INVESTMENTS LTD	Cyprus	2016 - 2019
WARLABY TRADING LTD	Cyprus	2016 - 2019
FF GROUP FINANCE LUXEMBOURG SA	Luxembourg	2015 - 2019
FF GROUP FINANCE LUXEMBOURG II SA	Luxembourg	2017 - 2019
FOLLI FOLLIE MACAU LTD	Macao	2016 - 2019
FOLLI FOLLIE MALAYSIA LTD	Malaysia	2015 - 2019
STRENABY FINANCE LTD	Great Britain	2015 - 2019
FOLLI FOLLIE UK LTD	Great Britain	2012 - 2019
JUICY COUTURE EUROPE LTD	Great Britain	2016 - 2019
LINKS (LONDON) LIMITED	Great Britain	2012 - 2019
LINKS OF LONDON (INTERNATIONAL) LTD	Great Britain	2012 - 2019
LINKS OF LONDON COM LTD (UK)	Great Britain	2012 - 2019
FOLLI FOLLIE KOREA LTD	South Korea	2016 - 2019
FF GROUP ROMANIA SRL	Romania	2012 - 2019
APPAREL ROMANIA SRL	Romania	2015 - 2019
FOLLI FOLLIE SINGAPORE LTD	Singapore	2016 - 2019
FOLLI FOLLIE TAIWAN LTD	Taiwan	2015 - 2019
FOLLI FOLLIE THAILAND LTD	Thailand	2016 - 2019
FOLLI FOLLIE HAWAII LTD	USA	2012 - 2019
FOLLI FOLLIE GROUP SOURCING LTD	Hong Kong	2016 - 2019
FOLLI FOLLIE ASIA LTD	Hong Kong	2016 - 2019
FOLLI FOLLIE HONG KONG INTERNATIONAL LTD	Hong Kong	2016 - 2019
FF BUSINESS DEVELOP. & TECH. CONSULTING LTD	Hong Kong	2016 - 2019
FF INTERNATIONAL HOLDINGS LTD	Hong Kong	2016 - 2019

(\*) In order for fiscal years 2012, 2013 to be considered as expired for tax purposes, the provisions of par. 1a of article 6 of POL 1159/2011 must apply, while for the fiscal years 2014 and later, tax completion is carried out based on POL.1124 / 2015. Such control may take place within the time of the tax administration's right to issue tax notices.

An audit order has been notified to the parent company by the competent tax authority for the financial years 2014 to 2018. The audit is ongoing and has not been completed for all financial years up to the date of approval of the annual financial statements. In September 2020 the audit of the fiscal year 2014 has been completed, according to which an amount of € 3.9 million was charged to the parent company.

However, we note that the Company has been audited for the fiscal year 2012 by the statutory auditor who carried out the regular audit of the fiscal year ended 31 December 2012, and who differs from the statutory auditor of the current fiscal year, in accordance with the provisions of para. 5 of Article 82 of Law 2238/1994 and a tax compliance report has been issued without reservation. Also in accordance with the provisions of paras. 1 and 4 of article 5 of POL 1159/2011 and the decision of the Council of State 1738/27.6.17, the fiscal year is considered as expired. With acts issued by the KEMEEP for the final determination of income tax for the financial year 2013 (financial period 01/01/2012 to 31/12/2012), the following was charged against the company: a) Difference in the main income tax of €2.021.689,67, and b) Additional tax on the main income tax of €1.852.069,91, i.e. a total tax burden of €3.873.759,58, c) Difference on withholding taxes of €85.896,00.

The Company brought an appeal against the abovementioned transactions to the Dispute Resolution Division (D.E.D.) against the above transactions, with a total tax burden of €3.959.655,58, which was implicitly rejected on 25 / 2 / 2019. Subsequently, the Company brought its appeal of 26/03/2019 before the Athens Administrative Court of Appeal against the Greek State, and against the implied rejection of the appeal. The aforementioned, no. PP 277/26-03-2019 appeal of the Company, was scheduled for discussion before the Athens Administrative Court of Appeal for the hearing of 08/10/2019, whereupon it was postponed at the request of the State for 02/06/2020 where it was heard. The administration believes that the appeal will be accepted based on the decision no. 320/2020 of the State Council, which ruled that fiscal years for which a tax certificate has been issued by a statutory certified auditor and hence the above acts of final corrective tax assessment of Tax Audit Center for Large Companies (K.E.ME.EP) will be canceled.

The appeal was discussed on 02/06/2020 and the decision of the Athens Administrative Court of Appeal No.4103/2020 was issued, by which the Company's appeal was partially accepted and the Company's taxable income for the financial period 01/01/2012 to 31/12/2012 was determined at €20.912.232,74 (instead of the amount of €26.042.365,58 as determined by the Audit). Therefore, the imposed income tax of the total amount of €3.873.759,58€ is reduced proportionally (approximately half) after the issuance of the above decision. Furthermore, the above decision cancelled the final determination of the withholding tax on royalties, No. 485/2018.

#### Deferred taxation

Deferred income tax is calculated using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their values for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the date of the statement of financial position.

Deferred taxes in the accompanying consolidated and corporate statements of financial position are analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Deferred tax assets	87.769,71	456.899,18	-	-
Deferred tax liabilities	(11.456.513,90)	(11.746.314,99)	(10.422.115,72)	(8.918.508,87)
	<b>(11.368.744,19)</b>	<b>(11.289.415,81)</b>	<b>(10.422.115,72)</b>	<b>(8.918.508,87)</b>

The Group and Company's deferred income tax movements are as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Balance on January 1 <sup>st</sup>	(11.289.415,81)	(12.442.146,84)	(8.918.508,87)	(11.338.336,54)
Credit/(Debit) to statement of comprehensive income	(1.468.027,63)	1.623.903,64	(1.503.606,85)	2.419.827,67
Exchange rate differences	1.388.699,25	(471.172,61)	-	-
Balance on December 31 <sup>st</sup>	<b>(11.368.744,19)</b>	<b>(11.289.415,81)</b>	<b>(10.422.115,72)</b>	<b>(8.918.508,87)</b>

The movement of deferred tax assets/liabilities of the Group and the Company as of December 31, 2019 and 2018 is as follows:

#### Group

	Statement of financial position		Statement of comprehensive income	
	31/12/2019	31/12/2018	1/1/2019- 31/12/2019	1/1/2018- 31/12/2018
Tangible fixed assets	(11.241.064,21)	(11.363.842,88)	1.648.624,91	(1.823.676,85)
Intangible fixed assets	(2.934.718,35)	(2.938.692,96)	(2.214,36)	2.449,48
Provisions	2.761.594,41	2.765.469,79	-	-
Accrued expenses	6.509,66	6.518,80	-	-
Other provisional differences	38.934,30	241.131,44	(178.382,92)	197.323,73
Debit/(credit) to income statement			<b>(1.468.027,63)</b>	<b>(1.623.903,64)</b>
Deferred tax liabilities	<b>(11.368.744,19)</b>	<b>(11.289.415,81)</b>		

#### Company

	Statement of financial position		Statement of comprehensive income	
	31/12/2019	31/12/2018	1/1/2019- 31/12/2019	1/1/2018- 31/12/2018
Tangible fixed assets	(14.946.880,35)	(12.790.482,14)	(3.462.354,35)	2.419.827,67
Intangible fixed assets	1.285.435,47	1.099.984,68	(380.791,50)	-
Provisions	3.231.711,33	2.765.469,79	2.391.211,09	-
Accrued expenses	7.617,83	6.518,80	(51.672,09)	-
Debit/(credit) to income statement			<b>(1.503.606,85)</b>	<b>2.419.827,67)</b>
Deferred tax liabilities	<b>(10.422.115,72)</b>	<b>(8.918.508,87)</b>		

## 16. Loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the relevant financial year.

Diluted loss per share is calculated by dividing the net loss attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, adjusted for the effect of potential convertible securities.

The following table presents the calculation of basic and diluted loss per share as of December 31, 2019 and 2018:

	Group		Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
Net loss attributable to equity holders of the parent company	(116.295.402,07)	(217.940.943,14)	(55.203.617,85)	(133.167.412,13)
Weighted average number of shares	66.294.127	66.364.127	66.294.127	66.948.210
<b>Basic and diluted loss per share</b>	<b>(1,75)</b>	<b>(3,28)</b>	<b>(0,83)</b>	<b>(1,99)</b>

No dilutive shares were outstanding as of December 31, 2019 and 2018 and thereafter basic and diluted loss per share are the same.

**17. Tangible fixed assets**

The Group's property, plant and equipment are analyzed as follows:

	Land	Buildings & Building Installations	Rights of use of land and buildings	Machinery & mechanical equipment	Vehicles	Rights of use of vehicles	Furniture and other equipment	Advances and PPE under construction	Total
<b>Cost</b>									
<b>Balance January 1<sup>st</sup> 2018</b>	<b>36.708.710,34</b>	<b>162.792.127,20</b>	<b>8.238.707,21</b>	<b>13.308.579,99</b>	<b>4.893.381,12</b>	-	<b>127.315.543,12</b>	<b>41.185.750,28</b>	<b>394.442.799,26</b>
Additions	-	7.622.385,39	292.900,45	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)
Transfers	-	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
<b>Balance December 31<sup>st</sup> 2018</b>	<b>37.365.133,33</b>	<b>169.773.992,78</b>	<b>8.531.607,66</b>	<b>13.301.816,24</b>	<b>4.855.003,42</b>	-	<b>132.697.254,93</b>	<b>41.769.875,59</b>	<b>408.294.683,95</b>
<b>Balance January 1<sup>st</sup> 2019</b>	<b>37.365.133,33</b>	<b>169.773.992,78</b>	<b>8.531.607,66</b>	<b>13.301.816,24</b>	<b>4.855.003,42</b>	-	<b>132.697.254,93</b>	<b>41.769.875,59</b>	<b>408.294.683,95</b>
Differences from non-consolidation of subsidiaries	-	(101.677.060,61)	-	(11.415.218,98)	(3.831.259,52)	-	(82.915.163,56)	(2.391.349,22)	(202.230.051,89)
Additions	-	312.518,64	-	6.314,67	-	-	599.337,89	-	918.171,20
Change in accounting policy due to the adoption of IFRS 16	-	-	26.048.470,06	-	-	481.974,05	-	-	26.530.444,11
Sales/ Write-offs	(6.748.043,77)	(5.914.616,32)	-	(20.394,94)	(332.404,56)	-	(2.560.457,47)	-	(15.575.917,06)
Exchange differences	-	39.999,40	-	-	-	-	24.452,72	-	64.452,12
<b>Balance December 31<sup>st</sup> 2019</b>	<b>30.617.089,56</b>	<b>62.534.833,89</b>	<b>34.580.077,72</b>	<b>1.872.516,99</b>	<b>691.339,34</b>	<b>481.974,05</b>	<b>47.845.424,51</b>	<b>39.378.526,37</b>	<b>218.001.782,43</b>
<b>Accumulated depreciation</b>									
<b>Balance January 1<sup>st</sup> 2018</b>	-	<b>141.719.398,97</b>	<b>1.796.133,12</b>	<b>11.392.538,48</b>	<b>2.768.405,98</b>	-	<b>80.149.936,96</b>	<b>20.847.251,45</b>	<b>258.673.664,96</b>
Depreciation	-	5.530.340,34	529.245,59	728.511,21	31.647,43	-	4.962.383,14	-	11.782.127,71
Sales / write-offs	-	(2.433.013,37)	-	(1.546,25)	(46.144,84)	-	(2.419.654,64)	64.688,59	(4.835.670,51)
Transfers	-	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
<b>Balance December 31<sup>st</sup> 2018</b>	-	<b>145.438.861,42</b>	<b>2.325.378,71</b>	<b>12.119.184,09</b>	<b>2.772.221,72</b>	-	<b>83.121.624,79</b>	<b>20.911.940,04</b>	<b>266.690.210,77</b>
<b>Balance January 1<sup>st</sup> 2019</b>	-	<b>145.438.861,42</b>	<b>2.325.378,71</b>	<b>12.119.184,09</b>	<b>2.772.221,72</b>	-	<b>83.121.624,79</b>	<b>20.911.940,04</b>	<b>266.690.210,77</b>
Differences from non-consolidation of subsidiaries	-	(117.779.939,38)	-	(10.754.318,44)	(1.910.524,20)	-	(46.833.850,16)	(20.911.940,04)	(198.190.572,22)
Depreciation	-	3.254.299,33	4.281.319,49	114.578,75	44.423,41	136.198,10	4.999.158,75	-	12.829.977,83
Impairment	-	(29.520,20)	-	(13.139,59)	-	-	(122.933,37)	-	(165.593,16)
Sales / write-offs	-	(3.744.889,96)	-	(6.563,85)	(301.664,05)	-	(1.602.799,77)	-	(5.655.917,63)
Exchange differences	-	(22.083,38)	-	(295,65)	162,24	-	(121.991,84)	-	(144.208,63)
<b>Balance December 31<sup>st</sup> 2019</b>	-	<b>27.117.727,83</b>	<b>6.606.698,20</b>	<b>1.459.445,31</b>	<b>604.619,12</b>	<b>136.198,10</b>	<b>39.439.208,40</b>	-	<b>75.363.896,96</b>
<b>Residual value 31.12.2018</b>	<b>37.365.133,33</b>	<b>24.334.131,36</b>	<b>6.206.228,95</b>	<b>1.182.632,15</b>	<b>2.082.781,70</b>	-	<b>49.575.630,14</b>	<b>20.857.935,55</b>	<b>141.604.473,18</b>
<b>Residual value 31.12.2019</b>	<b>30.617.089,56</b>	<b>35.417.106,06</b>	<b>27.973.379,52</b>	<b>413.071,68</b>	<b>86.720,22</b>	<b>345.775,95</b>	<b>8.406.216,11</b>	<b>39.378.526,37</b>	<b>142.637.885,47</b>

The Company's property, plant and equipment are analyzed as follows:

	Land	Buildings & Building Installations	Rights of use of land and buildings	Machinery & mechanical equipment	Vehicles	Rights of use of vehicles	Furniture and other equipment	Advances and PPE under construction	Total
<b>Cost</b>									
<b>Balance January 1st 2018</b>	<b>10.444.973,88</b>	<b>40.652.314,17</b>	<b>8.238.707,21</b>	<b>1.415.338,46</b>	<b>516.313,12</b>	-	<b>24.824.743,87</b>	<b>19.405,41</b>	<b>86.111.796,12</b>
Additions	-	421.850,09	292.900,45	-	3.473,51	-	267.842,31	808.215,54	1.794.281,90
Sales / write-offs	-	-	-	-	-	-	(505.786,97)	-	(505.786,97)
Transfers	-	180.247,88	-	-	-	-	827.620,95	(827.620,95)	180.247,88
<b>Balance December 31st 2018</b>	<b>10.444.973,88</b>	<b>41.254.412,14</b>	<b>8.531.607,66</b>	<b>1.415.338,46</b>	<b>519.786,63</b>	-	<b>25.414.420,16</b>	-	<b>87.580.538,93</b>
<b>Balance January 1st 2019</b>	<b>10.444.973,88</b>	<b>41.254.412,14</b>	<b>8.531.607,66</b>	<b>1.415.338,46</b>	<b>519.786,63</b>	-	<b>25.414.420,16</b>	-	<b>87.580.538,93</b>
Change in accounting policy due to the adoption of IFRS 16	-	-	26.048.470,06	-	-	481.974,05	-	-	26.530.444,11
Additions	-	318.131,96	-	3.130,00	-	-	2.007,23	24.377,13	347.646,32
Sales / write-offs	-	(922.310,76)	-	(2.430,00)	-	-	(1.125.761,44)	-	(2.050.502,20)
<b>Balance December 31st 2019</b>	<b>10.444.973,88</b>	<b>40.650.233,34</b>	<b>34.580.077,72</b>	<b>1.416.038,46</b>	<b>519.786,63</b>	<b>481.974,05</b>	<b>24.290.665,95</b>	<b>24.377,13</b>	<b>112.408.127,16</b>
<b>Accumulated depreciation</b>									
<b>Balance January 1st 2018</b>	-	17.467.244,95	1.796.133,12	1.219.935,05	468.585,54	-	20.030.828,33	-	40.982.726,99
Depreciation	-	1.469.683,51	529.245,59	52.290,71	11.837,31	-	1.178.857,05	-	3.241.914,17
Sales / write-offs	-	(6.647,08)	-	-	-	-	(431.929,41)	-	(438.576,49)
<b>Balance December 31st 2018</b>	-	<b>18.930.281,38</b>	<b>2.325.378,71</b>	<b>1.272.225,76</b>	<b>480.422,85</b>	-	<b>20.777.755,97</b>	-	<b>43.786.064,67</b>
<b>Balance January 1st 2019</b>	-	<b>18.930.281,38</b>	<b>2.325.378,71</b>	<b>1.272.225,76</b>	<b>480.422,85</b>	-	<b>20.777.755,97</b>	-	<b>43.786.064,67</b>
Depreciation	-	1.786.472,25	4.281.319,49	47.409,05	12.016,92	136.198,10	929.930,34	-	7.193.346,15
Sales / write-offs	-	(546.034,43)	-	(2.430,00)	-	-	(986.766,62)	-	(1.535.231,05)
<b>Balance December 31st 2019</b>	-	<b>20.170.719,20</b>	<b>6.606.698,20</b>	<b>1.317.204,81</b>	<b>492.439,77</b>	<b>136.198,10</b>	<b>20.720.919,69</b>	-	<b>49.444.179,77</b>
<b>Residual value 31.12.2018</b>	<b>10.444.973,88</b>	<b>22.324.130,76</b>	<b>6.206.228,95</b>	<b>143.112,70</b>	<b>39.363,78</b>	-	<b>4.636.664,19</b>	-	<b>43.794.474,26</b>
<b>Residual value 31.12.2019</b>	<b>10.444.973,88</b>	<b>20.479.514,14</b>	<b>27.973.379,52</b>	<b>98.833,65</b>	<b>27.346,86</b>	<b>345.775,95</b>	<b>3.569.746,26</b>	<b>24.377,13</b>	<b>62.963.947,39</b>

The line 'Change in accounting policy due to the adoption of IFRS 16' refers to the effect of applying IFRS 16. For further details, see the relevant [note 40](#).

It is noted that it is not feasible to apply to IFRS 16 and its provisions for the entire Group except for parent company. Therefore, the amounts shown in the Group for the years 2018 and 2019 relate only to fixed assets related to leases as well as those recognized by applying IFRS 16 for the Company for the respective years.

In the tables above, figures relating to 2018 have been presented in a separate column for cases of assets under finance lease up to 2018, for the purpose of reasonable presentation.

The following encumbrances exist on the Company's properties for loans received by subsidiaries:

- A. For a loan of € 1.064 thousand received by QIVOS S.A., there is a burden/lien on the property located at 96 Vouliagmeni 96, Glyfada with a market value of € 886 thousand..
- B. For a loan of € 1,543 thousand received by FF Romania, there are pledges on the commercial store located in Psychiko and on the warehouse in Agios Stefanos with a commercial value of € 3 million and € 540 thousand respectively..

The Company has signed sale and leaseback contracts for the buildings it owns and uses in Maroussi as a retail store and in Koropi as a warehouse under the following terms:

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

## 18. Investment Properties

The Group's and the Company's investments in real estate are analysed as follows:

	Group and Company		
	Investment Properties at historical cost	Investment Properties at fair value	Total
<b>Cost</b>			
Balance January 1 <sup>st</sup> 2018	19.974.807,78	67.578.089,17	87.552.896,95
Additions	53.404,30	-	53.404,30
<b>Balance December 31<sup>st</sup> 2018</b>	<b>20.028.212,08</b>	<b>67.578.089,17</b>	<b>87.606.301,25</b>
<b>Balance January 1<sup>st</sup> 2019</b>	<b>20.028.212,08</b>	<b>67.578.089,17</b>	<b>87.606.301,25</b>
Additions	-	-	-
<b>Balance December 31<sup>st</sup> 2019</b>	<b>20.028.212,08</b>	<b>67.578.089,17</b>	<b>87.606.301,25</b>
<b>Accumulated depreciation</b>			
Balance January 1 <sup>st</sup> 2018	12.282.271,81	33.736.523,72	46.018.795,53
Depreciation	2.832,60	-	2.832,60
<b>Balance December 31<sup>st</sup> 2018</b>	<b>12.285.104,41</b>	<b>33.736.523,72</b>	<b>46.021.628,13</b>
<b>Balance January 1<sup>st</sup> 2019</b>	<b>12.285.104,41</b>	<b>33.736.523,72</b>	<b>46.021.628,13</b>
Depreciation	-	-	-
<b>Balance December 31<sup>st</sup> 2019</b>	<b>12.285.104,41</b>	<b>33.736.523,72</b>	<b>46.021.628,13</b>
<b>Residual value 31.12.2018</b>	<b>7.743.107,67</b>	<b>33.841.565,45</b>	<b>41.584.673,12</b>
<b>Residual value 31.12.2019</b>	<b>7.743.107,67</b>	<b>33.841.565,45</b>	<b>41.584.673,12</b>

Regarding the Factory Outlet in Piraeus, the Company has a lease agreement with Eurobank at an annual fixed interest rate of 4.05%, which expires in July 2027. The current value of the Piraeus Factory Outlet is estimated at € 33.8 million.

The fair value of the Company's investment properties was primarily estimated by applying the benchmark or market price and discounted cash flow (DCF) method. The assessment took into account the location of the property, the surface area, the urban planning status of the area, the networks and utilities/infrastructure, the state of maintenance of the property, the marketability and technical construction specifications where buildings exist and the potential existence of environmental issues.

With regard to the Factory Outlet at the airport, it is reflected in Investment properties at historical cost in the table above, as the Company is unable to determine the fair value of an investment property reliably on an ongoing basis. However, in exceptional circumstances, when the Company acquires an investment property (or when an existing property becomes an investment property after completion of construction or development or after a change in use), there is clear evidence that a reliable determination of the fair value of the investment is not possible on a continuing basis. This occurs only when comparable market transactions are rare and alternative reliable estimates of fair value (for example, based on discounted cash flow projections) are not available. In such cases, the entity shall measure that investment property using the cost method in IAS 16. The residual value of the investment property will be considered as being nil. The entity shall continue to apply IAS 16 until the disposal of the investment property.

In exceptional circumstances when an entity is required, for the reason stated above, to value an investment property using the cost method in accordance with IAS 16, it shall recognize all its other investments in property at fair value. In such cases, although the entity uses the cost method for an investment property, it shall continue to account for any remaining investment property using the fair value model.

The investment property related to the Factory Outlet Airport is held by the Company under a space concession agreement that expires on December 31, 2025. The building has been built with Company expenditure and has been valued at the historic construction costs and any improvements, which is amortized over the 20-year duration of the concession contract.

In June 2020, investment properties at fair value were measured by DELOITTE BUSINESS SOLUTIONS S.A. This valuation, with a total value of € 35,462 million, has not been recorded in the Company's books as it is higher than the book value (see table above "Investment properties at fair value").

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

- A. Tsakalov Building, Kolonaki: The lease is used as a storage space-preparatory of a health food store.
- B. Building K2, 23rd km Athens-Lamia Highway Agios Stefanos: The building is used as premises of DUTY FREE SHOPS S.A.
- C. Building 96 Vouliagmenis Avenue: the property is leased for office 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 commission rate on sales.



The following amounts related to investment properties have been recognised in the statement of comprehensive income:

	Group		Company	
	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
Rental income from real estate	635.735,17	1.060.597,30	630.406,30	1.050.220,60

## 19. Intangible assets

The Group's intangible assets are analysed as follows:

	Computer software	Rental Rights	Trademarks	Concessions and industrial property rights	Total
<b>Cost</b>					
Balance January 1 <sup>st</sup> 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 December 31 <sup>st</sup> 2018	32.704.260,79	6.524.153,54	127.139,63	6.983.520,42	46.339.074,38
Balance January 1 <sup>st</sup> 2019	32.704.260,79	6.524.153,54	127.139,63	6.983.520,42	46.339.074,38
Differences from non-consolidation of subsidiaries	(92.689,34)	3.140.639,34	1.311.405,80	(1.482.557,81)	2.876.797,99
Additions	55.588,27	68.548,47	-	-	124.136,74
Sales / write-offs	(6.295,64)	(2.949.073,01)	-	-	(2.955.368,65)
Exchange differences	20.710,39	-	-	-	20.710,39
Balance December 31 <sup>st</sup> 2018	32.681.574,47	6.784.268,34	1.438.545,43	5.500.962,61	46.405.350,85
<b>Accumulated depreciation</b>					
Balance January 1 <sup>st</sup> 2018	31.620.572,86	4.843.800,11	81.997,33	2.599.159,63	39.145.529,93
Depreciation	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 December 31 <sup>st</sup> 2018	32.270.925,71	5.544.709,00	94.511,64	3.214.666,89	41.124.813,24
Balance January 1 <sup>st</sup> 2019	32.270.925,71	5.544.709,00	94.511,64	3.214.666,89	41.124.813,24
Depreciation	92.286,79	349.919,31	68.128,00	4.717,24	515.051,34
Impairments	(4.317,79)	-	-	-	(4.317,79)
Sales / write-offs	36.137,40	(1.556.340,04)	-	-	(1.520.202,64)
Exchange differences	(2.793,34)	-	(30.545,31)	-	(33.338,65)
Balance December 31 <sup>st</sup> 2019	32.392.238,77	4.338.288,27	132.094,33	3.219.384,13	40.082.005,50
Residual value 31.12.2018	433.335,08	979.444,54	32.627,99	3.768.853,53	5.214.261,14
Residual value 31.12.2019	289.335,70	2.445.980,07	1.306.451,10	2.281.578,48	6.323.345,35

It should be noted that in the context of the preparation of the revised financial statements for the fiscal year 2017, goodwill was fully impaired, due to the inability of documenting its recoverability based on available data. As a result, there is no goodwill in the Group.

The Company's intangible assets are analysed as follows:

	Computer software	Rental Rights	Trademarks	Concessions and industrial property rights	Total
<b>Cost</b>					
Balance January 1 <sup>st</sup> 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
<b>Balance December 31<sup>st</sup> 2018</b>	<b>3.025.834,82</b>	<b>7.632.862,24</b>	<b>112.301,58</b>	<b>57.000,00</b>	<b>10.827.998,64</b>
<b>Balance January 1<sup>st</sup> 2019</b>	<b>3.025.834,82</b>	<b>7.632.862,24</b>	<b>112.301,58</b>	<b>57.000,00</b>	<b>10.827.998,64</b>
Additions	-	-	-	-	-
Sales / write-offs	-	(2.000.000,40)	-	-	(2.000.000,40)
<b>Balance December 31<sup>st</sup> 2019</b>	<b>3.025.834,82</b>	<b>5.632.862,84</b>	<b>112.301,58</b>	<b>57.000,00</b>	<b>8.827.998,24</b>
<b>Accumulated depreciation</b>					
Balance January 1 <sup>st</sup> 2018	2.630.182,20	5.931.733,16	81.997,33	57.000,00	8.700.912,69
Depreciation	261.393,11	398.380,87	7.337,15	-	667.111,13
<b>Balance December 31<sup>st</sup> 2018</b>	<b>2.891.575,31</b>	<b>6.330.114,03</b>	<b>89.334,48</b>	<b>57.000,00</b>	<b>9.368.023,82</b>
<b>Balance January 1<sup>st</sup> 2019</b>	<b>2.891.575,31</b>	<b>6.330.114,03</b>	<b>89.334,48</b>	<b>57.000,00</b>	<b>9.368.023,82</b>
Depreciation	31.078,52	354.636,55	7.337,00	-	393.052,07
Sales / write-offs	-	(1.556.340,29)	-	-	(1.556.340,29)
<b>Balance December 31<sup>st</sup> 2019</b>	<b>2.922.653,83</b>	<b>5.128.410,29</b>	<b>96.671,48</b>	<b>57.000,00</b>	<b>8.204.735,60</b>
<b>Residual value 31.12.2018</b>	<b>134.259,51</b>	<b>1.302.748,21</b>	<b>22.967,10</b>	<b>-</b>	<b>1.459.974,82</b>
<b>Residual value 31.12.2019</b>	<b>103.180,99</b>	<b>504.451,55</b>	<b>15.630,10</b>	<b>-</b>	<b>623.262,64</b>

Intangible assets consist of software and licences, which are amortised over a period of 5 to 10 years. During the current financial year the Group and the Company wrote off lease rights with an acquisition value of €2,000,000 and accumulated depreciation of €1,556,340 relating to leases that were terminated during the current financial year. This write-off resulted in a loss which is reflected in the sub-category "Losses on sale/depreciation of fixed assets" in note 10 under "Other gains/(losses)" in the Statement of Comprehensive Income.

## 20. Investments in subsidiaries

The development of the Company's investments in subsidiaries is described below:

	31/12/2019	31/12/2018
<b>Opening balance</b>	<b>61.202.444,57</b>	<b>53.255.186,23</b>
Capital increase	-	12.312.933,00
Decrease of share capital	-	(965.674,66)
Impairment of investments in subsidiaries	(12.432.551,56)	(3.400.000,00)
<b>End of year balance</b>	<b>48.769.893,01</b>	<b>61.202.444,57</b>

During the fiscal year 2019, the Company recognized an impairment provision for its investments in subsidiaries in relation to which there were indications based on an impairment test performed, such as after-tax losses, negative working capital and negative equity. The provision for impairment of participations that arose in 2019 amounted to €12.432.551,56 and derived from the subsidiaries Planaco ABEE for the amount of €4.196.943,41, Strenaby Finance Ltd for the amount of €3.087.599,80 and FF Cyprus Ltd for the amount of €5.148.008,35. There are no indications of impairment for the investments in the subsidiaries FF Group Bulgaria EOOD and FF Group Romania SRL as they report profit after tax in the current and previous financial year, have positive working capital and positive equity. The following table shows the Company's holdings in the following subsidiaries:

Company name	Net Book Value 31.12.2019	Net Book Value 31.12.2018	Country of corporate domicile	Relation with parent	Participation rate	
					31/12/2019	31/12/2018
FF GROUP BULGARIA EOOD	1.544.023,14	1.544.023,14	Bulgaria	Direct	100,00%	100,00%
FOLLI FOLLIE FRANCE SA	-	-	France	Direct	100,00%	100,00%
PLANACO ABEE	6.215.989,59	10.412.933,00	Greece	Direct	100,00%	100,00%
FOLLI FOLLIE ΣΥΜΜΕΤΟΧΩΝ ΑΕ	25.565.933,82	25.565.933,82	Greece	Direct	100,00%	100,00%
QIVOS AE	-	-	Greece	Direct	48,99%	48,99%
FF COSMETICS AE	-	-	Greece	Direct	100,00%	100,00%
FOLLI FOLLIE SPAIN SA	-	-	Spain	Direct	100,00%	100,00%
FOLLI FOLLIE CYPRUS LTD	2.397.975,21	7.545.983,56	Cyprus	Direct	100,00%	100,00%
FF GROUP FINANCE LUXEMBOURG SA	-	-	Luxembourg	Direct	100,00%	100,00%
FF GROUP FINANCE LUXEMBOURG II SA	-	-	Luxembourg	Direct	100,00%	100,00%
FOLLI FOLLIE UK LTD	-	-	Great Britain	Direct	100,00%	100,00%
STRENBAY FINANCE LTD	-	3.087.599,80	Great Britain	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%
FF GROUP ROMANIA SRL	13.045.971,25	13.045.971,25	Romania	Direct	100,00%	100,00%
FF GROUP SOURCING LTD	-	-	Hong Kong	Direct	99,99%	99,99%
<b>Total</b>	<b>48.769.893,01</b>	<b>61.202.444,57</b>				

Indirect subsidiaries (participation via subsidiary) indirect % holding are listed below

Indirect subsidiaries (via subsidiary) indirect % participation	Country of corporate domicile	Participation rate	
		31/12/2019	31/12/2018
FOLLI FOLLIE AUSTRALIA LTD	Australia	99,99%	99,99%
FOLLI FOLLIE GUAM LTD	Guam	99,99%	99,99%
LINKS OF LONDON INC (USA)	USA	100,00%	100,00%
FOLLI FOLLIE JAPAN LTD	Japan	99,99%	99,99%
LINKS OF LONDON JAPAN CO. LTD	Japan	100,00%	100,00%
JUICY COUTURE IRELAND LTD	Ireland	100,00%	100,00%
LINKS OF LONDON (CANADA) LIMITED	Canada	100,00%	100,00%
FOLLI FOLLIE SHANGHAI (PILION LTD)	China	99,99%	99,99%
FOLLI FOLLIE SHENZHEN LTD	China	99,99%	99,99%
WARLABY TRADING LTD	Cyprus	100,00%	100,00%
NARIACO INVESTMENTS LTD	Cyprus	100,00%	100,00%
FOLLI FOLLIE MACAU LTD	Macao	99,99%	99,99%
FOLLI FOLLIE MALAYSIA LTD	Malaysia	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%
FOLLI FOLLIE KOREA LTD	South Korea	99,99%	99,99%
LT APPAREL ROMANIA SRL	Romania	49,00%	49,00%
FOLLI FOLLIE SINGAPORE LTD	Singapore	99,99%	99,99%
FOLLI FOLLIE TAIWAN LTD	Taiwan	99,99%	99,99%
FOLLI FOLLIE THAILAND LTD	Thailand	99,99%	99,99%
FOLLI FOLLIE HAWAII LTD	Hawaii	99,99%	99,99%
FOLLI FOLLIE ASIA LTD	Hong Kong	99,99%	99,99%
FOLLI FOLLIE HONG KONG INTERNATIONAL LTD	Hong Kong	99,99%	99,99%
LINKS OF LONDON (ASIA) LTD	Hong Kong	100,00%	100,00%

The following table lists the Company's investments that are not included in the consolidated financial statements for fiscal 2019 and 2018.

Company name	Net book value 31.12.2019	Net book value 31.12.2018	Country of corporate domicile	Relation with parent	Participation rate	
					31/12/2018	31/12/2017
QIVOS AE	-	-	Ελλάδα	Άμεση	48,99%	48,99%
FOLLI-FOLLIE (UK) LTD	-	-	Μεγάλη Βρετανία	Άμεση	100,00%	100,00%
STRENABY FINANCE LTD	-	3.087.599,00	Μεγάλη Βρετανία	Άμεση	100,00%	100,00%
LINKS (LONDON) LIMITED	-	-	Μεγάλη Βρετανία	Άμεση	100,00%	100,00%
JUICY COUTURE EUROPE LTD	-	-	Μεγάλη Βρετανία	Άμεση	100,00%	100,00%
<b>Total</b>	<b>-</b>	<b>3.087.599,00</b>				

Regarding Qivos S.A., it was not possible for the Management to gather financial information both for the current and previous financial year in order to include Qivos S.A. in the consolidated financial statements.

During the financial years 2019 and 2018 and as part of the Group's restructuring plan, Management has ceased and/or suspended the operation of the following subsidiaries:

- Folli Follie UK Ltd is under liquidation and has not been included in the Group's accompanying consolidated financial statements.
- Strenaby Finance Ltd is dormant and has not been included in the Group's accompanying consolidated financial statements.
- Links of London International Ltd is under liquidation and has not been included in the Group's accompanying consolidated financial statements.
- Juicy Couture Europe Ltd is under liquidation and has not been included in the Group's accompanying consolidated financial statements.

## 21. Investments in associates

### Attica Department Stores S.A. ("Attica")

The Group, participated through its affiliated company "Attica" in the operation of Attica department stores. On December 12, 2018, an electronic auction of 35.67% of Attica's shares was conducted. The main shareholders acquired 10% of the shares, while the remaining 25.7% went to the creditor banks for a total amount of €41.6 million. Consequently, the Group has no participation in this company for the financial year 2019.

### Marina Mytilene S.A. ("Marina Mytilene")

The Company holds 50% of the share capital of Marina Mytilini SA, which operates a tourist port in Lesvos, with a capacity of 222 berths for vessels up to 25 meters. The initial investment of €1.900.000 has been fully impaired in the Company's books.

During 2019 and 2018, share capital increases in the amount of €200,000 and €350,000 respectively were carried out. The Company participated with the amount of €100,000 and €175,000 respectively.

Regarding Marina Mytilini S.A. it was not feasible for the Management to gather financial information both in the current and in the previous financial year in order to incorporate Marina Mytilini in the consolidated financial statements using the equity method. Due to the negative equity position of Marina Mytilini S.A., the Company proceeded with the impairment of the investment performed through the share capital increase during the current and the previous financial year.

## 22. Investments available for sale

The Group's and the Company's investments available-for-sale are analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Opening balance	66.978.468,96	206.948.758,15	66.978.468,96	153.328.730,51
Acquisitions	-	-	-	-
Disposals	(306.905,76)	(52.594.964,79)	(306.905,76)	(52.594.964,79)
Investments available for sale by unconsolidated entity	-	(53.626.492,91)	-	-
Valuation	4.673.334,25	(33.748.831,49)	4.673.334,25	(33.755.296,76)
Year-end balance	71.344.897,45	66.978.468,96	71.344.897,45	66.978.468,96

### Group

	Dufry	Collar & Booster Hedge Instr.	Eurobank	Various securities	Total
Balance January 1 <sup>st</sup> 2018	152.457.410,44	53.626.492,91	546.090,15	318.764,65	206.948.758,15
Disposals	(52.594.964,72)	-	-	-	(52.594.964,72)
Investments available for sale by unconsolidated entity	-	(53.626.492,91)	-	-	(53.626.492,91)
Valuation	(33.364.733,47)	-	(219.720,83)	(164.377,19)	(33.748.831,49)
Balance December 31 <sup>st</sup> 2018	66.497.712,18	-	326.369,32	154.387,46	66.978.468,96
	Dufry	Collar & Booster Hedge Instr.	Eurobank	Various securities	Total
Balance January 1 <sup>st</sup> 2019	66.497.712,18	-	326.369,32	154.387,46	66.978.468,96
Acquisitions	-	-	-	-	-
Disposals	-	-	(306.905,76)	-	(306.905,76)
Valuation	4.692.617,41	-	(19.463,56)	180,40	4.673.334,25
Balance December 31 <sup>st</sup> 2019	71.190.329,59	-	-	154.567,86	71.344.897,45

### Company

	Dufry	Eurobank	Various securities	Total
Balance January 1 <sup>st</sup> 2018	152.457.410,44	546.090,15	325.229,92	153.328.730,51
Acquisitions	(52.594.964,72)	-	-	(52.594.964,72)
Disposals	(33.364.733,47)	(219.720,83)	(170.842,46)	(33.755.296,76)
Balance December 31 <sup>st</sup> 2018	66.497.712,18	326.369,32	154.387,46	66.978.468,96
	Dufry	Eurobank	Various securities	Total
Balance January 1 <sup>st</sup> 2019	66.497.712,18	326.369,32	154.387,46	66.978.468,96
Acquisitions	-	-	-	-
Disposals	-	(306.905,76)	-	(306.905,76)
Valuation	4.692.617,41	(19.463,56)	180,40	4.673.334,25
Balance December 31 <sup>st</sup> 2019	71.190.329,59	-	154.567,86	71.344.897,45

The Company's available-for-sale investments relate to shares listed on the Athens Stock Exchange which were valued at the current closing prices of the stock exchange session on 31 December 2019 and 2018 (level 1) and shares of Dufry AG which are traded on the SIX Swiss Exchange and which are reviewed at each balance sheet date for impairment through other comprehensive income. Furthermore, the Company's available-for-sale investments also include non-listed shares.

The Company owns 804,728 shares issued by Dufry AG, which are held in escrow and which are the subject of a dispute with Dufry AG, to which the Company sold in 2012 51% of the shares held in Hellenic Duty Free Shops S.A. and in 2013 the remainder 49% of the shares. The Company announced the decision of the Arbitration Court (JAMS) dated 11.5.2021, according to which it was decided that the sale price should be reduced (under the Stock Purchase Agreement dated 11.12.2013) by an amount equal to the agreed value of the Dufry Shares, i.e. by EUR 53,015,561.01 (the "Payable Amount"). Since the Company failed to pay the Payable Amount to DUFY AG within five (5) business days of the JAMS decision, DUFY AG exercised its right to request from the escrow agent the return (transfer) of all the Dufry Shares to itself. Since the Dufry Shares remain restricted under the Order No. 17/2020 of the Chairman of the Anti-Money Laundering Authority and pursuant to Order No. 17/2020 and Order No. 827/2020 of the Judge of the 35th Investing Department of the Athens Court of First Instance, the shares remain in the ownership of the Company until the lifting of the aforementioned restrictions.

The various securities relate to shares of the companies "LETO", "IDEAL S.A." and "I. BOUTARIS & SON HOLDING S.A." held by the Company.

At Group level, the "Collar & Booster Hedge Instrument", which consists of the Dufry shares held by the subsidiary Strenaby, together with options on these shares, is also classified as available for sale. These Dufry shares were acquired through a loan obtained by the subsidiary from a foreign bank, that was repaid in February 2019 from the proceeds of the sale of the shares held by Strenaby. At the same time, the options expired. The subsidiary Strenaby was not consolidated for the fiscal years 2019 and 2018.

## 23. Other long-term receivables

Other long-term receivables of the Group and the Company are analysed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Other long-term receivables				
Guarantees issued	5.809.546,60	8.333.610,29	5.728.517,96	1.450.425,62
Other receivables	1.861.673,83	3.877.261,39	747,70	747,70
<b>Total</b>	<b>7.671.220,43</b>	<b>12.210.871,68</b>	<b>5.729.265,66</b>	<b>1.451.173,32</b>

The Group and the Company have provided guarantees for utility services and for the rental of vehicles.

The significant variation of €4.2 million for the Company is due to the guarantee granted by the Company to the Athens International Airport following the forfeiture of the relevant letter of guarantee.

## 24. Inventory

The Group's and the Company's inventory is analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Inventory				
Goods	68.912.671,70	112.105.771,21	30.413.743,72	35.719.721,77
Finished products - Raw & auxiliary materials	58.225,55	4.804.392,04	3.243.933,31	4.657.440,07
Packaging Materials	335.025,93	2.267.435,88	666.248,90	1.416.681,23
Minus: Provisions for slow-moving and obsolete stocks	(2.079.954,30)	(31.460.729,00)	-	(749.549,99)
<b>Total</b>	<b>67.225.968,88</b>	<b>87.716.870,13</b>	<b>34.323.925,93</b>	<b>41.044.293,08</b>

Inventories are measured at the lower of cost or net realisable value, as required by IAS 2. Costs are determined using the weighted average cost method. Net realisable value is estimated on the basis of the current selling prices of inventories in the ordinary course of business less any selling costs, if applicable.

It was not possible for the Management to collect sufficient information regarding the provisions for obsolete inventories made in the financial year 2018 by the subsidiaries FF Group Sourcing and FF Pilon amounting to €14.8 million and €12.3 million respectively and for the financial year 2019 by the subsidiary FF Hong Kong amounting to €1.3 million.

### Inventory on consignment

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

After the delivery of the goods to the customer, the risk of destruction, loss, theft or any other damage is carried exclusively by the customer, who must have the goods insured against all risks with the Group as the beneficiary of the insurance. The customer is obliged to send a statement of the total turnover of the preceding month to the Group and to pay the value of the products sold reduced by the agreed commission.

The period during which the goods are held on the customer's premises and up to their sale or return is recorded in the "Stocks on deposit" account.

In case of unknown losses (shortages) after stocktaking or return of goods, the Group shall invoice the lost goods in accordance with the terms of each contract.

The amount of return to the Customer (gross sales - commissions) is recognised when the goods are sold and the customer provides the relevant settlement.

## 25. Trade receivables

The Group's trade receivables are analyzed as follows:

	Group	
	31/12/2019	31/12/2018
Trade receivables		
Trade receivables (customers)	34.572.110,03	36.408.441,89
Post-dated cheques and bills	5.337.958,47	12.075.412,57
Provision for impairment of trade receivables	(8.663.647,95)	-
<b>Total</b>	<b>31.246.420,55</b>	<b>48.483.854,46</b>

The development of the Group's impairment provision is analysed as follows:

	Group	
	31/12/2019	31/12/2018
<b>Impairment provision</b>		
Impairment provision balance	(45.633.606,55)	(6.319.560,01)
(+) Projected forecast for the current period	(3.238.327,41)	(39.314.046,54)
(-) Deletion of provision due to different handling of unconsolidated subsidiaries	40.483.286,01	
<b>Impairment provision balance</b>	<b>(8.388.647,95)</b>	<b>(45.633.606,55)</b>

The Company's trade receivables from third parties are analyzed as follows:

	Company	
	31/12/2019	31/12/2018
<b>Third party trade receivables</b>		
Customers	11.058.958,01	17.107.999,00
Consignment	981.168,58	1.179.293,94
<b>Total</b>	<b>12.040.126,59</b>	<b>18.287.292,94</b>
Less: Provision for doubtful debts	(6.358.969,55)	(2.897.437,38)
<b>Net trade receivables</b>	<b>5.681.157,04</b>	<b>15.389.855,56</b>
Trade receivables - retail customers	252.870,59	143.727,04
Trade receivables - factoring customers	-	9.480.251,47
Disputed customers	(271.519,99)	(271.519,99)
Cheques and promissory notes	3.298.198,08	8.131.263,12
Receivables from credit card sales	855.102,64	1.423.793,25
<b>Total</b>	<b>9.815.808,36</b>	<b>34.297.370,45</b>

The Company's trade receivables from affiliated are analyzed as follows:

	Company	
	31/12/2019	31/12/2018
<b>Trade receivables from affiliated</b>		
Trade receivables from affiliated	33.442.586,68	33.321.146,67
Advances for the purchase of inventories from affiliated	24.791.875,59	25.600.617,12
<b>Total</b>	<b>58.234.462,27</b>	<b>58.921.763,79</b>
Impairment provisions for affiliated customers	(12.884.237,35)	(17.894.621,88)
Provisions for impairment of receivables from advances of affiliated	(24.791.875,59)	(25.600.617,12)
<b>Net trade receivables from affiliated</b>	<b>20.558.349,33</b>	<b>15.426.524,79</b>

The development of the Company's provision for doubtful debts from third parties and related parties is analyzed as follows:

	Company	
	31/12/2019	31/12/2018
<b>Impairment provision</b>		
Impairment provision balance	(46.392.676,38)	(42.128.853,30)
(+) Formed impairment for the current period	(3.461.531,17)	(5.843.583,00)
(-) Reversal of impairment loss	5.819.126,02	1.579.759,92
<b>Impairment provision balance</b>	<b>(44.035.081,53)</b>	<b>(46.392.676,38)</b>

## 26. Other receivables

Other receivables of the Group and the Company are analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Other receivables</b>				
Short-term credit claims	-	-	176.335.039,59	179.877.201,38
Less: Impairment provision	-	-	(169.279.089,21)	(179.423.716,04)
<b>Net loan receivables</b>	<b>-</b>	<b>-</b>	<b>7.055.950,38</b>	<b>453.485,34</b>
Receivables from the State	865.692,53	-	11.855,63	157.136,83
Advances to personnel	122.283,62	-	93.616,46	188.792,50
Purchases under settlement	26.031,79	-	26.031,79	360.858,94
Advances to suppliers	9.728.147,51	-	3.432.038,63	-
Other receivables	14.566.948,37	-	7.541.386,87	7.981.571,37
Prepaid expenses	1.579.110,65	183.867,44	242.361,55	382.928,71
Revenue to be collected	107.169,19	198.343,61	-	-
<b>Total</b>	<b>26.995.383,66</b>	<b>382.211,05</b>	<b>18.403.241,31</b>	<b>9.524.773,69</b>

The account "Short-term loans receivable" relates mainly to loans from the parent company to subsidiaries of the Group, with the exception of the amount of €835 thousand relating to Hellenic Duty Free Shops. Short-term loan receivables have been tested for impairment in the same way as trade receivables, with the Company having fully impaired loans granted to FF Group Sourcing and its Asian sub-group subsidiaries, Links of London Group, FF UK, FF France and FF Spain.



The changes in the Company's provision for short-term borrowings are as follows:

	Company	
	31/12/2019	31/12/2018
<b>Impairment provision</b>		
<b>Impairment provision balance</b>	<b>(179.423.716,04)</b>	<b>(75.390.520,24)</b>
(+) Formed impairment for the current period	-	(104.033.195,80)
(-) Reversal of impairment loss	10.144.626,83	-
<b>Impairment provision balance</b>	<b>(169.279.089,21)</b>	<b>(179.423.716,04)</b>

The fair value of above receivables does not differ materially from their carrying amount.

As of 31 December 2019, there are blocked deposits on the Company's accounts and more specifically in the following banks as follows:

1. Alpha Bank €1.8 million: a group of retail investors invested in financial products of the Company (mainly shareholders and a few bondholders) filed a request for injunctive measures against the Company (among others) before the Athens Court of First Instance, upon which decision 2419/2019 was issued, ordering the conservative seizure of the Company's movable and immovable property up to the amount of €1.8 million. This decision was finally executed on certain accounts of the Company with Alpha Bank.
2. National Bank of Greece SA: €127.6 thousand from a former leasing contract of a property in Maroussi.
3. J. Safra Sarasin: €963.9 thousand from the UK National Crime Agency following a request from the Financial Prosecutor.

The above amounts are disclosed in the line 'Other receivables'.

## 27. Cash and short-term deposits

The Group's and the Company's cash and short-term deposits are analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Cash and short-term deposits</b>				
Cash on hand	1.876.595,49	2.079.689,90	1.472.038,05	1.676.739,42
Cash at banks	15.448.526,27	16.285.233,19	2.129.094,66	4.738.467,27
<b>Total</b>	<b>17.325.121,76</b>	<b>18.364.923,09</b>	<b>3.601.132,71</b>	<b>6.415.206,69</b>

The cash and cash equivalents of the Group and the Company are denominated in the following currencies:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Cash and short-term deposits</b>				
Euro	9.816.614,29	11.191.929,37	3.558.474,80	5.946.145,05
Dollars (USD)	42.069,92	312.861,38	37.678,67	12.384,88
British pound (GBP)	3.764,55	22.726,23	3.764,55	8.655,13
Japanese Yen (JPY)	61.291,09	732.335,96	0,03	42,00
Swiss Franc (CHF)	1.214,66	6.231,72	1.214,66	447.979,63
Bulgarian Lev (BGN)	6.773.954,85	2.958.394,40	-	-
Romanian Leu (RON)	158.641,78	596.215,33	-	-
Hong Kong Dollar (HKD)	150.384,84	1.825.990,14	-	-
Other currencies	317.185,78	718.238,56	-	-
	<b>17.325.121,76</b>	<b>18.364.923,09</b>	<b>3.601.132,71</b>	<b>6.415.206,69</b>

Deposits at banks and fixed-term deposits are subject to variable interest rates based on monthly bank interest rates. Short-term time deposits are made for periods varying between one day and three months, depending on the immediate liquidity needs of the Group and are subject to the same interest rates as short-term time deposits. The carrying amounts of cash and term deposits approximate their fair values given the relatively short-term maturity of these financial instruments.

On 12 December 2018, the electronic auction of the Group's participation (35,67% of the share capital) in the company "ATTICA Department Stores SA" took place. The company "ATTICA Department Stores SA" bid for 10% and National Bank of Greece SA bid for the remaining 25.7%.

With the outcome of the auction, the Group's liabilities to the four creditor banks were fully repaid. The remaining amount of €4.9 million was committed by National Bank of Greece as of 31 December 2018. During 2019 and 2020 this amount was used under the management of the National Bank of Greece for the repayment of the Company's liabilities towards the State as well as to cover the repayment of letters of guarantee. This amount is presented under "Other receivables" in the statement of financial position as at 31 December 2018 and 31 December 2019. As of 31 December 2019, the remaining amount in this account was €4,000.

As at 31 December 2019 there are restricted deposits on the Company's deposits and more specifically in the following banks as follows:

1. Alpha Bank €1.8 million: a group of retail investors in financial products of the Company (mainly shareholders and a few bondholders) filed a request for injunctive measures against the Company (among others) before the Athens Court of First Instance, on which decision 2419/2019 was issued, ordering the conservative seizure of the Company's movable and immovable property up to the amount of €1.8 million. This decision was finally executed on certain accounts of the Company with Alpha Bank.
2. National Bank of Greece SA: €127.6 thousand from a former leasing contract of a property in Maroussi.

3. JSafr Sarasin: €963.9 thousand from the UK National Crime Agency following a request from the Financial Prosecutor. The above amounts are included in the item "Other receivables" in the statement of financial position as at 31 December 2019.

In addition, it is worth noting that during 2020 the Company's deposits from National Bank of Greece S.A., amounting to €2.0 million, are also blocked by the Anti-Money Laundering and Anti-Terrorist Financing Control Authority. Said amount relates to a distributed dividend from its subsidiary FF Group Bulgaria EOOD.

## 28. Share Capital

The development of the Group's and the Company's share capital is described in the following table:

	Number of shares	Common ordinary shares	Total
Balance 1 January 2018	66.948.210	20.084.463,00	20.084.463,00
Share capital increase through cash payment	-	-	-
<b>Balance 31 December 2018</b>	<b>66.948.210</b>	<b>20.084.463,00</b>	<b>20.084.463,00</b>
Balance 1 January 2019	66.948.210	20.084.463,00	20.084.463,00
Share capital increase through cash payment	-	-	-
<b>Balance 31 December 2019</b>	<b>66.948.210</b>	<b>20.084.463,00</b>	<b>20.084.463,00</b>

The share capital is divided into 66,948,210 ordinary shares with a nominal value of € 0.30 each. As of December 31, 2019 and December 31, 2018, the Company held 619,083 treasury shares.

## 29. Reserves

The reserves of the Group and the Company are analyzed as follows:

	Group		Company	
Reserves	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Share premium	78.441.776,20	78.441.776,20	78.441.776,20	78.441.776,20
Treasury Shares	(13.725.942,00)	(13.725.942,00)	(13.725.942,00)	(13.725.942,00)
Other reserves	302.222.586,22	296.412.598,70	287.127.575,66	281.317.588,14
Exchange differences	2.678.389,92	(2.983.038,01)	-	-
Retained earnings	(675.101.687,49)	(558.806.285,42)	(613.498.682,73)	(558.295.064,88)
<b>Total</b>	<b>(305.484.877,15)</b>	<b>(200.660.890,53)</b>	<b>(261.655.272,87)</b>	<b>(212.261.642,54)</b>

The development of the Company's reserves is broken down as follows:

	Statutory reserve	Treasury shares	Reserves according to Law 3697/2008 - 10% tax	Tax-exempt investment reserves	Untaxed fair value reserves	Gains/losses on sale/valuation	Total Reserves
Balance, 1 January 2018	22.813.222,81	(13.409.548,73)	11.597.776,62	12.631.662,23	262.574.490,11	5.065.169,84	301.272.772,88
Valuation of financial assets at fair value	-	-	-	-	-	(33.364.733,47)	(33.364.733,47)
Acquisition of treasury shares	-	(316.393,27)	-	-	-	-	(316.393,27)
<b>Balance, 31 December 2018</b>	<b>22.813.222,81</b>	<b>(13.725.942,00)</b>	<b>11.597.776,62</b>	<b>12.631.662,23</b>	<b>262.574.490,11</b>	<b>(28.299.563,63)</b>	<b>267.591.646,14</b>
Valuation of financial assets at fair value	-	-	-	-	-	5.089.987,52	5.089.987,52
<b>Balance, 31 December 2019</b>	<b>22.813.222,81</b>	<b>(13.725.942,00)</b>	<b>11.597.776,62</b>	<b>12.631.662,23</b>	<b>262.574.490,11</b>	<b>(22.849.576,11)</b>	<b>273.401.633,66</b>

**Ordinary reserve:**

Under Greek law, companies are required to transfer at least 5% of net profits, for the formation of a regular reserve. Deduction for the formation of a reserve ceases to be compulsory as soon as it has reached at least one third (1/3) of the equity capital. The ordinary reserve is exclusively used before each dividend distribution to offset any debit balance in the profit and loss account.

**Tax-exempt reserves under special legal regulations:**

Tax-free reserves under specific legal regulations relate to undistributed profits which are exemptible from taxation under particular provisions of development laws. These reserves relate primarily to investments and are not distributed. There are no tax liabilities accounted for these reserves.

**Untaxed fair value reserves:**

The tax-exempt fair value reserves, resulted from the spin-off of the Duty Free Division (HDFS) and concern the non-taxable spin-off profits of Law 1297/72 for the amount of € 264.729.190,02 reduced by the amount of participations of € 2.154.699,34.

At the time of distribution or liquidation of the company, reserves are taxed at the applicable tax rate, according to the provisions of article 9 paragraph 2 of Law 1297/1972. Furthermore, according to the provisions of articles 6 of Law 3220/2004 and 28 3g of Law 2238/1994 respectively, a tax reserve formed from the profit arising from the sale and repurchase of properties, amounting to €38.638.579,26, will also be taxed in the same way. The Company has not recorded a deferred tax liability on the tax-exempt fair value reserves.

**Reserves according to Law 3697/2008 - 10% tax:**

In case of distribution or capitalization, it is taxed according to the applicable provisions by deducting the 10% tax paid (article 16, paragraph 1, law 3697/2008).

**New investment reserve:**

This concerns tax-free reserves of development laws up to Law 2601/1998 for which, based on the provisions of Law 1473/84, there is the option of a 5% tax rate, if they are capitalized or at current applicable tax rate if they are distributed. In order for the reduced rate of 5% as mentioned above to apply, the company must remain listed, otherwise the tax rate becomes 10%.

**Gains/losses on sale/valuation:**

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

**30. Borrowings**

The Group's and the Company's borrowings are analyzed as follows:

	Group		Company	
<b>Borrowings</b>	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Bond loans	463.016.984,41	438.342.708,49	458.390.092,31	437.690.120,37
Bank loans	6.677.546,14	12.145.831,10	21.148,71	-
Lease liabilities (2018: finance leases)	41.300.579,46	17.492.095,72	37.813.361,88	16.716.675,70
<b>Total</b>	<b>510.995.110,01</b>	<b>467.980.635,31</b>	<b>496.224.602,90</b>	<b>454.406.796,07</b>

	Group		Company	
<b>Borrowings</b>	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Long-term borrowings (Bond and bank loans)	7.057.143,83	5.006.075,21	-	-
Long-term borrowings (Lease liabilities, Group: finance leases)	22.910.798,54	-	19.444.729,71	-
Short-term borrowings (Bond and bank loans)	459.408.762,13	462.974.560,10	458.411.241,02	437.690.120,37
Short-term borrowings (Lease liabilities 2018: finance leases)	21.618.405,51	-	18.368.632,17	16.716.675,70
<b>Total</b>	<b>510.995.110,01</b>	<b>467.980.635,31</b>	<b>496.224.602,90</b>	<b>454.406.796,07</b>

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

	Group		Company	
<b>Bond loans</b>	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Over 5 years	-	-	-	-
From 1 to 5 years	-	-	-	-
Up to 1 year	463.016.984,41	438.342.708,49	458.390.092,31	437.690.120,37
<b>Total</b>	<b>463.016.984,41</b>	<b>438.342.708,49</b>	<b>458.390.092,31</b>	<b>437.690.120,37</b>

  

	Group		Company	
<b>Bank loans</b>	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Over 5 years	-	-	-	-
From 1 to 5 years	-	5.006.075,21	-	-
Up to 1 year	6.677.546,14	7.139.755,89	21.148,75	-
<b>Total</b>	<b>6.677.546,14</b>	<b>12.145.831,10</b>	<b>21.148,75</b>	<b>-</b>

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Lease liabilities</b>				
Over 5 years	8.028.080,27	-	8.028.080,27	-
From 1 to 5 years	11.416.649,44	-	11.416.649,44	-
Up to 1 year	21.855.849,75	17.492.095,72	18.368.632,17	16.716.675,70
<b>Total</b>	<b>41.300.579,46</b>	<b>17.492.095,72</b>	<b>37.813.361,88</b>	<b>16.716.675,70</b>

#### Bond loans

The Company has entered, as guarantor in favor of the following issuing subsidiaries, for the below mentioned bond loans:

- A. Convertible bond loan of € 249 million, with a 5-year maturity in July 2019 (Fixed Interest Rate: 1,75%), issued by the 100% subsidiary of "FF Group Finance Luxembourg SA", based in Luxembourg.
- B. Assignable loan agreement (Schuldschein) of the amount of € 20 million with a 4-year term maturing in December 2021 (Fixed Interest Rate: 3,11%), issued by the 100% subsidiary of the company "FF Group Finance Luxembourg II SA", based in Luxembourg.
- Γ. Assignable loan agreement (Schuldschein) of € 31 million with a 4-year maturity in December 2021 (EURIBOR plus 2.80% margin), through the subsidiary of the company "FF Group Finance Luxembourg II S.A.", based in Luxembourg and guaranteed by the parent company, issued by the 100% subsidiary of the company "FF Group Finance Luxembourg II SA", based in Luxembourg.
- Δ. Bond loan of CHF 150 million 4-year term maturing in 2021 (with a fixed coupon of 3.25%), issued by the 100% subsidiary of "FF Group Finance Luxembourg II SA", based in Luxembourg.

The Company's total liabilities from the above bond loans amounted to € 458 million and € 437 million in 2019 and 2018, respectively..

These bond loans were declared for default during the second half of 2018.

The Company has already substituted the aforementioned Luxembourg issuers of the bond loans, by becoming their primary debtor, and has entered into the aforementioned Rehabilitation Agreement with the bondholders for the restructuring of the respective claims.

#### Bank loans

From 6 to 10 September 2018, the four creditor banks (National Bank of Greece SA, Piraeus Bank SA, Eurobank SA and ALFA Bank SA) issued notices of termination of all credit agreements with current credit facility accounts of the Company, for a total amount of €47 million.

On 12 December 2018, the electronic auction of the Group's participation (35,67% of the share capital) in "ATTICA Department Stores SA" took place. The company "ATTICA Department Stores SA" itself was the successful bidder for 10% and the remaining 25.7% was bid by National Bank of Greece SA.

The auction result fully repaid the Group's liabilities to the four creditor banks and Attica Bank. The remaining amount of €4.9 million was pledged by National Bank of Greece and used during 2019 and 2020 for the repayment of the Company's liabilities to the State and for the coverage of the forfeiture of letters of guarantee. Said amount is reflected in the item "Other receivables" in the statement of financial position as of 31 December 2018 and 31 December 2019. As of 31 December 2019, the remaining amount in said account was €4,000.

Since the electronic auction took also place on the shares held by the subsidiary Folli Follie Holdings S.A., the parent company has recognized a liability of €12.1 million, which is presented in the line item "Trade and other payables to related parties" in the statement of financial position as at 31 December 2019 and 31 December 2018.

The Company had provided Cash Collateral of €10 million for a loan raised by its subsidiary Links of London and has guaranteed a loan obtained by its Asian subsidiary, FF Group Sourcing Ltd, from Safra Sarasin for €46 million. In the financial results for the year 2017, an amount of €56 million has been charged, with the recognition of a corresponding liability, which the Company paid during 2018 upon forfeiture of guarantees.

Long-term debt liabilities arising from the bond loans were reclassified from 2017 to short-term debt liabilities as they were terminated in their entirety and became immediately due and payable prior to contractual maturity by the bondholders.

#### Lease liabilities

On January 1, 2019, the Company adopted IFRS 16 resulting in the recognition of lease liabilities for all contracts in which the Company is a lessee. For more information on the impact of IFRS 16, see note 40. The table below shows, for comparability purposes, the breakdown of the amounts as at 31 December:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Lease liabilities</b>				
Formerly financial	18.474.361,86	17.492.095,72	14.987.144,28	16.716.675,70
Formerly operational	22.826.217,60	-	22.826.217,60	-
<b>Total</b>	<b>41.300.579,46</b>	<b>17.492.095,72</b>	<b>37.813.361,88</b>	<b>16.716.675,70</b>

It is noted that it was not feasible to apply IFRS 16 and its provisions for the whole Group except the parent company and therefore there is no significant change in the Group.

### 31. Other long-term liabilities

Other long-term liabilities of the Group and the Company are analyzed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Other long-term liabilities</b>				
Liabilities arising from guarantees received in respect to buildings	5.367.641,80	144.872,25	11.380,00	11.380,00
Other long-term liabilities	-	4.133.666,06	-	211.000,00
<b>Total</b>	<b>5.367.641,80</b>	<b>4.278.538,31</b>	<b>11.380,00</b>	<b>222.380,00</b>

### 32. Provisions

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

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Provisions</b>				
Provisions for additional taxes	-	242.997,01	-	-
Provisions for risks & charges	-	407.529,18	-	-
<b>Total</b>	<b>-</b>	<b>650.526,19</b>	<b>-</b>	<b>-</b>

### 33. Provisions for post-employment benefits

Under Greek labour law, employees and workers are entitled to compensation in the event of dismissal or resignation with a payment amount calculated on the basis of the employee's or worker's remuneration, length of service and the manner of termination of the employment relationship (dismissal or retirement). Staff members or employees who resign or are dismissed on grounds shall not be entitled to compensation. The compensation payable in the event of retirement is equal to 40% of the amount that would be payable for dismissal without cause. According to local practice in Greece, these schemes are not funded.

In accordance with this practice, the Group and the Company do not fund these programs. The Group and the Company recognise accrued benefits in the income statement in each period with a corresponding increase in the pension liability. Benefit payments made to retirees in each period are charged against this liability. An independent actuary has estimated the Group's and the Company's liabilities arising from the obligation to pay retirement benefits. Details and key assumptions of the actuarial study as at 31 December 2019 and 2018 are as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Liabilities in the statement of financial position for:</b>				
Pension benefits	<b>2.547.149,06</b>	<b>2.532.049,43</b>	<b>2.165.684,00</b>	<b>2.413.319,00</b>

The amounts recorded in the statement of comprehensive income of the Group and the Company are as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Current employment costs	426.720,63	261.597,00	163.986,00	199.605,00
Financial costs	43.855,00	42.462,00	43.855,00	40.036,00
Recognition of past service costs	-	387.667,00	-	67.838,00
Other income expense	-	-	-	(69.139,00)
Effect from curtailment/ settlement/ termination benefits	1.704.908,00	994.014,00	1.704.908,00	904.670,00
	<b>2.175.483,63</b>	<b>1.685.740,00</b>	<b>1.912.749,00</b>	<b>1.143.010,00</b>

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

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Present value of defined benefit obligation</b>	<b>2.532.049,43</b>	<b>3.386.496,33</b>	<b>2.413.319,00</b>	<b>2.443.726,00</b>
Current employment costs	426.720,63	261.597,00	163.986,00	199.605,00
Financial costs	43.855,00	42.462,00	43.855,00	40.036,00
Compensations paid	(2.260.144,00)	(2.175.933,90)	(2.260.144,00)	(1.160.168,00)
Effect of curtailment/settlement/termination benefits	1.704.908,00	994.014,00	1.704.908,00	904.670,00
Actuarial (gains)/losses	99.760,00	23.414,00	99.760,00	(14.550,00)
<b>Present value of defined benefit obligation</b>	<b>2.547.149,06</b>	<b>2.532.049,43</b>	<b>2.165.684,00</b>	<b>2.413.319,00</b>



The main actuarial assumptions used for the purpose of calculating the liability are as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Discount rate	1,03%	1,86%	1,03%	1,86%
Future salary increases	0,00%	0,00%	0,00%	0,00%
Average annual long-term inflation growth rate	0,00%	0,00%	0,00%	0,00%
Duration of Liabilities	16,58	16,48	16,58	16,89
			Company	
			31/12/2019	31/12/2018
Adjustments				
Adjustments to liabilities from changing assumptions			(266.008,00)	85.692,00
Empirical adjustments to liabilities			166.248,00	(71.142,00)
Total actuarial gain/(loss) in equity			(99.760,00)	14.550,00
Changes in net liability recognized in the statement of financial position				
Net liability at the beginning of the year			2.413.319,00	2.443.726,00
Employer-paid benefits			(2.260.144,00)	(1.160.168,00)
Total expenditure recognized in the income statement			1.912.749,00	1.144.311,00
Total amount recognized in the equity statement			99.760,00	(14.550,00)
Net liability at year end			2.165.684,00	2.413.319,00
Cash flow statement				
Expected benefits under the plan for the next fiscal year			27.046,00	133.255,00
Expected expense in the income statement of the following fiscal year				
Current employment costs			128.652,00	
Net interest on the liability/(asset)			22.167,00	
Expected regular expense in the income statement			150.819,00	

#### 34. Trade and other payables

The Group's and the Company's trade and other payables to non-affiliated companies are analysed as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Trade and other payables</b>				
Trade liabilities	129.032.411,63	63.721.585,41	11.453.859,15	12.715.986,65
Cheques payable - bills of exchange and promissory notes payable	5.874,54	246.839,84	4.263,65	235.181,79
Advances from customers	1.928.072,44	499.490,51	790.810,64	-
Staff remunerations payable	731.931,93	1.029.123,55	165.164,57	275.143,30
Fee beneficiaries	1.689.141,67	1.407.948,11	1.689.141,67	1.646.008,11
Social security liabilities	2.465.210,05	4.217.268,64	1.958.112,59	1.404.072,58
Value Added Tax (VAT)	3.512.078,22	2.242.842,73	1.951.000,98	1.174.213,27
Other obligations	9.232.449,68	6.798.063,78	908.367,65	1.325.727,71
Accrued operating expenses	2.434.210,12	4.338.406,92	992.808,32	1.465.358,19
Deferred income	23.713,01	267.906,57	-	267.906,57
<b>Total</b>	<b>151.055.093,29</b>	<b>84.769.476,06</b>	<b>19.913.529,22</b>	<b>20.509.598,17</b>

Trade payables are non-interest bearing, and are usually settled between 30 to 90 days.

Current tax liabilities of the Group and the Company, other than income tax, are as follows:

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
<b>Current tax liabilities</b>				
Other taxes	14.784.316,53	15.305.720,95	14.784.316,53	13.740.497,69
<b>Total</b>	<b>14.784.316,53</b>	<b>15.305.720,95</b>	<b>14.784.316,53</b>	<b>13.740.497,69</b>

During the financial year 2019, it was considered appropriate and for reasons of fair presentation of the line item "Trade and other Payables" of the Company and the Group, to separately disclose in item "Current tax liabilities" the liabilities from taxes other than VAT, amounting to €14,784,316.53 as at 31 December 2019 and €13,740,497.69 as at 31 December 2018, given the materiality of said amount.

During fiscal year 2018 this amount was presented in the line item "trade and other payables" and specifically in the line of the relevant note "VAT and other taxes". It should be noted that income tax is presented under a separate line in the statement of financial position, namely "Income tax payable".

The following tables present, for comparability purposes, the breakdown of the amounts as of 31 December:

Item in the statement of financial position	Group		Company	
	31/12/2018 (after reclassification)	31/12/2018 (published)	31/12/2018 (after reclassification)	31/12/2018 (published)
Trade and other payables	84.769.476,26	98.509.973,95	20.509.598,17	34.250.095,86
Current tax liabilities	15.305.720,95	1.565.223,26	13.740.497,69	-
<b>Total</b>	<b>100.075.197,21</b>	<b>100.075.197,21</b>	<b>34.250.095,86</b>	<b>34.250.095,86</b>

  

Notes	Group		Company	
	31/12/2018 (after reclassification)	31/12/2018 (published)	31/12/2018 (after reclassification)	31/12/2018 (published)
Liabilities to social security institutions ("Trade and other payables")	4.217.268,84	17.957.766,53	1.404.072,58	1.404.072,58
VAT and other taxes ("Trade and other payables")	2.242.842,73	2.242.842,73	1.174.213,27	14.914.710,96
Other taxes ("Current tax liabilities")	15.305.720,95	1.565.223,26	13.740.497,69	-
<b>Total</b>	<b>21.765.832,52</b>	<b>21.765.832,52</b>	<b>16.318.783,54</b>	<b>16.318.783,54</b>

Trade and other payables towards the Company's affiliates are analyzed as follows:

Trade and other payables to affiliates	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Trade payables to affiliates	-	-	3.395.407,67	15.320.457,49
Advances from customers to affiliates	-	-	12.372.170,74	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>15.767.578,41</b>	<b>15.320.457,49</b>

The income tax payable by the Group and the Company is analyzed as follows:

Income tax payable	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Income tax payable	1.540.807,39	14.469.556,88	-	-
<b>Total</b>	<b>1.540.807,39</b>	<b>14.469.556,88</b>	<b>-</b>	<b>-</b>

### 35. Transactions with related parties

The following transactions relate to transactions with related parties, as defined by IAS 24 between parent and subsidiaries:

Company	Transactions between parent company and subsidiaries	
	1/1/2019 - 31/12/2019	
Sale of goods	4.745.838,97	
Sales of services - Other revenue	655.914,26	
Less: Revenue write-off	(1.901.569,72)	
Purchase of goods	3.262.080,40	
Receipt of services - Other expenses	699.471,51	

The revenue write-off relates to the fact that the Company did not recognize the revenue arising from transactions with its Asian subsidiaries, FF Spain, FF France, FF UK, Links of London and Juicy Couture for the years 2018-2019 for which the collectability of invoiced sales becomes uncertain and the recoverability of the receivables generated over the five aforementioned years was nil.

The following transactions relate to transactions with related parties, as defined by IAS 24 between the parent company and other related parties:

Company	Transactions between parent company and other related parties	
	1/1/2019 - 31/12/2019	
Sale of goods	2.183,85	
Sale of services - Other revenue	-	
Purchase of goods and services - Other expenditure	6.280,44	

Other related parties include Marina Mytilini S.A..

The above companies are considered to be related either by virtue of an indirect shareholding or a related party relationship or by virtue of exercising significant influence over management.

The following transactions relate to remuneration of Board members and other benefits:

**Company**
**1/1/2019 - 31/12/2019**

Remuneration of the Board of Directors and other benefits

1.165.913,24

Name of Board Member	Position	Annual basic remuneration	Fees for Committee Membership	Benefits	Total Remuneration
George Koutsolioutsos	Non-Executive Board Member	60.000,00	0,00	28.184,81	88.184,81
Ilias Pentazos*	Independent Non-Executive Board Member	5.000,00	5.000,00	0,00	10.000,00
Georgios Kyriakos	Non-Executive Board Member	32.500,00	65.000,00	29.061,15	126.561,15
Panagiotis Alexakis*	Independent Non-Executive Board Member	2.954,00	6.000,00	689,30	9.643,30
Nicolaos Kanellopoulos *	Non-Executive Board Member	17.500,00	15.000,00	2.372,73	34.872,73
Narkissos Georgiadis*	Deputy CEO/CEO	105.282,14	0,00	2.069,19	107.351,33
Andreas Koutoupis	Non-Executive Board Member	30.000,00	33.000,00	4.527,03	67.527,03
Periklis Dontas	Non-Executive Board Member	25.000,00	25.000,00	0,00	50.000,00
Konstantinos Kefalogiannis	Non-Executive Board Member	30.000,00	66.000,00	21.082,03	117.082,03
Konstantinos Aggelopoulos	Non-Executive Board Member	30.000,00	30.000,00	5.739,19	65.739,19
Avraam Gounaris	Chairman of the Board / Non-Executive Board Member	60.000,00	83.500,00	29.225,03	172.725,03
Anastasios Frangkou*	CEO	230.400,00	0,00	12.872,92	243.272,92
Charalambos Kyrkos*	Independent Non-Executive Board Member	7.500,00	9.000,00	740,45	17.240,45
Byron Mbalis *	Independent Non-Executive Board Member	10.000,00	7.500,00	717,99	18.217,99
Nikolaos Faldamis*	Independent Non-Executive Board Member	17.500,00	17.500,00	2.495,28	37.495,28
<b>Total</b>					<b>1.165.913,24</b>
George Samios**	Deputy CEO/CEO (and Chief Financial Officer)	88.820,62	0,00	2.602,45	91.423,07

The term of office of the following Board members in 2019 was as follows:

- Narkissos Georgiadis: 1.1.2019 - 25.1.2019
- Anastasios Frangkou: 25.1.2019 - 20.6.2019
- Ilias Pentazos: 1.1.2019 - 4.3.2019
- Panagiotis Alexakis: 1.1.2019 - 5.3.2019
- Charalambos Kyrkos: 5.3.2019 - 4.6.2019
- Byron Mbalis: 19.3.2019 - 19.6.2019
- Nicolaos Kanellopoulos: 20.6.2019 - 31.12.2019
- Nikolaos Faldamis: 26.6.2019 - 31.12.2019

\*\* Mr. George Samios was hired on 5 January 2019 by the Company as Chief Financial Officer, on the basis of a dependent employment contract.

As of 20.06.2019, Mr. Georgios Samios joins the Board of Directors, in the position of Managing Director, maintaining the position and duties of Chief Financial Officer. **Mr. Samios' remuneration under the dependent employment contract for the position of Chief Financial Officer remained the same and he did not receive any remuneration (either as a member of the Board of Directors or otherwise) for the position as Chief Executive Officer.** The remuneration of Mr. Samios for the period from 20.6.2019 (pro rata), i.e. from the assumption of his duties as CEO, which do not fall under the provisions of articles 110 et seq. of Law 4548/2018 (same provision paragraph 3 of article 109 of Law 4548/2018).

The balances from and to related parties of the Company for the financial year ended 31 December 2019 are detailed below:

Company	31/12/2019
Trade receivables from subsidiaries	33.442.586,68
Less: provision for trade receivables from subsidiaries	(12.884.237,35)
Advances for purchase of inventory	24.791.875,59
Less: Provision for advances for purchase of inventory	(24.791.875,59)
Loans receivable from subsidiaries	175.499.428,89
Less: provision for loans receivable from subsidiaries	(168.443.478,51)
Trade payables to subsidiaries	3.395.407,67
Loan liabilities to subsidiaries	12.372.170,74
Trade receivables from other related parties	145.955,24
Other liabilities towards other related parties	271.519,99

It should be noted that comparative figures for the Company and the Group are not reported for the 2018 financial year, as the Company's management concluded that the Company and the Group had not adopted the relevant procedures for the application of IAS 24.

Furthermore, for fiscal year 2019, the relevant data for the Group excluding the Company are not presented, due to the impossibility of gathering the required information..

#### **Disclosure Procedure under IAS 24**

The Company's management identified that the Company and the Group had not adopted procedures for the implementation of the provisions of International Accounting Standard 24 on "Related Party Transaction Disclosures" prior to the year 2019, which applies mainly to the identification of relationships and transactions between related parties and requires companies to disclose through their corporate and consolidated financial statements the relationships, transactions, and outstanding balances between related parties of the Company and the Group.

The Company's and the Group's Management, as constituted on April 11, 2019, has adopted relevant procedures and policies, which were approved at its meeting on April 11, 2019, in order to ensure complete and accurate information on such transactions.

Upon the recruitment of new members of the Board of Directors and/or Executives, the Company ensures that disclosures are made regarding natural persons who have access to privileged information (in the context of the application of Law 3340/2005) and legal persons who may have a conflict of interest with the objectives of the Company.

Transactions will be prepared in accordance with the applicable legislation, the Articles of Association and the decisions of the decision-making bodies.

#### **Obtaining Transaction Information**

The Human Resources Department obtains the structure of the Group, and the composition of the Boards of Directors within the companies as well as the structure of the departments, in order to identify the persons (hereinafter, the "Reporting Persons") to whom it addresses related party transaction reporting information to the Reporting Entity. The communication has a twenty (20) working days' notice period and will be renewed at the end of each year.

A Related Party Transaction Notification Request and a form for the registration of transactions are sent to the persons mentioned. Such request is sent at the end of each calendar year. The Human Resources Department submits the completed forms classified (by country and person reported) to the Finance Department.

The Finance Department is responsible for the recognition of transactions between the parent company and Group companies, associates and other companies in accordance with IAS 24 (§9).

Moreover, the Finance Department, the Shareholder Services Department, the Procurement Department and the Legal Department, jointly or separately, will perform additional procedures (background checks) for the authentication of the Related Party Counterparties' transactions with the reporting entity, for significant transactions (over €10,000 per year).

Such additional procedures may include, but are not limited to, the cross-checking of contact details and tax identities. Other procedures may involve the review of data obtained from the respective company registers.

#### **Approval of Transactions**

The compiled transaction data reports will be submitted to the Audit Committee of the Board of Directors for approval..

### **36. Commitments and contingent liabilities**

#### **Contingent liabilities**

##### **Pending legal cases**

Lawsuits have been filed against (among others) the Company by investors claiming damages (for material and punitive damages allegedly suffered) of a total amount of €11.6 million. 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 fines**

Fines have been imposed on the Company by the Hellenic Capital Market Commission in connection with the aforementioned events - which have been contested by filing an appeal for a total amount of €720 thousand.

### Tax issues

With regard to the unaudited financial year 2015 (1/1/2015 to 31/12/2015), on which the Company has been notified of the audit order of the K.E.M.E.P. (Tax Supervisory Center for Major Companies), it is important to note that in case the Company's claims are not accepted before the Tax Authority, it is likely that the total potential tax burden of €2,700,000.00 (including surcharges) will be imposed

With regard to the unaudited financial years 2016 (1/1/2016 to 31/12/2016), 2017 (1/1/2017 to 31/12/2017), 2018 (1/1/2018 to 31/12/2018) and 2019 (1/1/2019 to 31/12/2019), no tax burden is expected due to losses carried forward from prior fiscal years.

### Operating lease income - As lessor:

The Group and the Company have entered into operating leases of its fixed assets. The commercial property leases have terms ranging from 3 to 9 years, under fixed and variable leases. All leases are subject to an annual upward review of the rent, based on the prevailing market conditions.

The future minimum required leases from non-cancellable operating leases of the Group and the Company on December 31, 2019 and 2018 were as follows:

	<u>Group</u>	<u>Company</u>
	<u>31/12/2019</u>	<u>31/12/2019</u>
Up to 1 year	578.283,72	578.283,72
From 2-5 years	2.809.161,59	2.809.161,59
More than 5 years	210.072,01	210.072,01
<b>Total</b>	<b><u>3.597.517,32</u></b>	<b><u>3.597.517,32</u></b>

### Guarantees

For a loan of € 1.064 thousand obtained by QIVOS S.A., there is a charge/lien on the property located at 96 Vouliagmeni 96, Glyfada with a market value of € 886 thousand.

In addition, for fiscal years 2019 and 2018, the relevant data for the Group other than the Company are not presented due to the inability to gather the required information.

## 37. Financial Risk Management Objectives and Policies

The main market risks for the Group and the Company relate to credit risk, currency risk, liquidity risk and interest rate risk. Management's overall risk management focuses on the volatility of financial markets and explores methods to minimize potential adverse effects on the Group's and the Company's cash flow. Both the Group and the Company use derivative financial instruments for the purpose of hedging the exposure to risks.

A controlled risk management is carried out in a manner that is consistent with the policies set by the Board of Directors. The procedures set by the Group and the Company are as follows:

- Assessment of the risk associated with the activities and operations of the Group and the Company,
- Formulating a methodology and selecting the appropriate financial instruments to reduce risks; and,
- Implementation/execution of risk management, based on the procedure approved by the management.

**Fair Value:** The book value reflected in the accompanying consolidated and corporate statements of financial position of cash and short-term deposits, trade and other receivables, trade payables and accrued expenses and short-term liabilities approximates their fair value due to the relatively short maturity of these financial instruments. The fair value of financial assets available-for-sale and derivative financial instruments in the accompanying consolidated and corporate statements of financial position reflect their fair value and have been determined based on quoted market prices and current mark to market valuations, respectively. The fair value of interest-bearing loans at variable interest rates approximates their book value.

**Credit Risk:** Credit risk is the risk that a customer or counterparty may cause financial loss to the Group and the Company as a result of default on contractual obligations. The Group's and the Company's maximum exposure to credit risk resulting from counterparty misperformance as of 31 December 2019, in relation to each class of identified financial assets, is the recorded value of these assets as reported in the accompanying consolidated and corporate statements of financial position.

**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. The Group's and the Company's exposure to foreign exchange risk is limited as foreign currency transactions are limited.

**Interest rate risk:** Following the signing of the Rehabilitation Agreement (under which the Company is released from its obligations with respect to the bond loans), this risk stems in particular from the leasing contracts for buildings and equipment that the Company has entered into and, in particular, from the fact that these agreements are denominated in a variable interest rate linked to the EURIBOR. Consequently, the Company is exposed to interest rate risk.

**Liquidity risk:** Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations when required. The Group and the Company manage liquidity risk actively for securing working capital in order to meet its short and long term liabilities. The Group and the Company manage liquidity risk during the transition period, after the filing of the Rehabilitation Agreement until its ratification and the general completion of the rehabilitation.

### 38. Information by segment

The Group's operating segments are strategic units that sell different goods. They are monitored and managed separately by the Board of Directors since these goods are of a completely different nature, market demand and gross margin.

The Group's segments are the following:

#### Jewellery - Watches - Accessories:

This sector includes the manufacturing and marketing of jewellery, watches and other related accessories.

#### Clothing - Footwear:

Concerns the retail and wholesale of branded clothing, footwear, perfumes and cosmetics and other sectors.

#### Department Stores:

This sector concerns the operation of department stores.

The accounting policies for the operating segments are the same as those used in the preparation of the financial statements. The performance of the segments is measured on basis of profit or loss from operating activities before income tax and without taking into account certain income and expense items (extraordinary items and foreign exchange differences), which management monitors in overall terms.

Analysis of consolidated operating result by operating segment 2019:

Χρήση που έληξε την 31/12/2019	Jewellery - Watches - Accessories	Clothing - Footwear (Retail - Wholesale)	Department Stores	Total	Eliminations	Consolidated figures
Revenue	42.302.023,00	157.057.771,77	19.620.100,57	218.979.895,34	(14.767.251,54)	204.212.643,80
Cost of Goods Sold	(21.423.420,61)	(104.472.732,80)	(7.653.202,20)	(133.549.355,61)	995.244,53	(132.554.111,08)
Gross Profit	20.878.602,39	52.585.038,97	11.966.898,37	85.430.539,73	(13.772.007,01)	71.658.532,72
Other Income	6.694.409,51	2.137.923,08	404.715,00	9.237.047,59	(5.600.738,80)	3.636.308,79
Administrative expenses	(35.802.772,39)	(13.927.764,77)	(1.906.864,87)	(51.637.402,03)	-	(51.637.402,03)
Distribution expenses	(27.067.461,95)	(52.684.431,19)	(9.556.999,43)	(89.308.892,58)	-	(89.308.892,58)
Other income/(loss)	(18.929.843,16)	(1.868.130,09)	(236.865,62)	(21.034.838,89)	-	(21.034.838,89)
Impairment Provisions	(47.548,70)	(494.258,37)	185.747,82	(356.059,25)	(3.157.268,16)	(3.513.327,41)
Operating (Loss )/Profit Segment (EBIT)	(54.274.614,32)	(14.251.622,37)	856.631,27	(67.669.605,43)	(22.530.013,97)	(90.199.619,40)

With the exception of the segmental analyses of the consolidated statement of comprehensive income for the year ended 31 December 2019, the other segmental analyses of the Group for the year ended 31 December 2019 have not been able to gather the information necessary to present the required information as defined by IFRS 8 "Operating segments".

It has not been possible to collect the necessary information for all the Group's segmental analyses for the year ended 31 December 2018 in order to present the information required by IFRS 8 "Operating Segments".

### 39. Dividends per share

As both the Company and the Group have retained losses, consequently there will not be any proposal by the Board of Directors of the Company to the Annual General Meeting of Shareholders for a dividend distribution..

### 40. The effect of IFRS 16

The adoption of IFRS 16 on January 1, 2019 led the Company to recognize asset usage rights and lease obligations for all contracts in which the Company is a lessee. For leases that were classified under IAS 17 as operating leases upon adoption of IFRS 16, the Company applied the modified recursive approach. The liabilities were valued at the present value of the remaining lease payments, discounted at the tenant's incremental borrowing rate of approximately 5.5% as of January 1, 2019. The rights to use assets were valued at an amount equal to the lease obligation. These leases relate mainly to leases of buildings and vehicles.

For leases that were categorized as finance leases under IAS 17, the Company recognized asset usage rights at the book value of the assets and lease liabilities recognized as of December 31, 2018. The related amounts were reclassified on 1 January 2019 to "Property, plant and equipment" in the statement of financial position and to the categories "Rights of use - Land and buildings" and "Rights of use - Transport equipment" in the corresponding note. As in 2018, these liabilities continue to be recognised under "Borrowings" in the statement of financial position and specifically under the category "Lease liabilities" in the respective note.

It is noted that it was not possible to apply IFRS 16 and its provisions for the whole Group except for the parent company.



A reconciliation of the Company's lease commitments as of January 1, 2019 to the operating lease obligations as of December 31, 2018 is set forth below:

	<b>Company</b>
<b>Operating lease liabilities as at 31 December 2018</b>	<b>38.196.849,07</b>
Prepaid operating lease liabilities	30.357.783,71
Plus: Liabilities from financial leases on December 31, 2018	16.716.675,70
(Minus): Exemption from the recognition of leases due to short-term duration	(3.827.339,60)
<b>Liabilities from leases on 1 January 2019</b>	<b>43.247.119,81</b>

The breakdown of current and non-current lease liabilities is as follows:

	<b>Company</b>
Short-term liabilities	20.358.671,21
Long-term liabilities	22.888.448,60
<b>Liabilities from leases on 1 January 2019</b>	<b>43.247.119,81</b>

The reconciliation of the Company's royalties as at 1 January 2019 is set out below:

	<b>Company</b>
<b>Rights of use recognised for operating leases as at 1 January 2018</b>	<b>26.530.444,11</b>
Plus: Depreciation of property, plant and equipment from finance leases as at 31 December 2018	6.206.228,95
<b>Rights of use from leases on 1 January 2019</b>	<b>32.736.673,06</b>

The rights of use from leases as of 1 January 2019 consist of the following:

	<b>Company</b>
Buildings	32.254.699,01
Vehicles	481.974,05
<b>Rights of use from leases on 1 January 2019</b>	<b>32.736.673,06</b>

The following items in the company's statement of financial position as at 1 January 2019 were affected by the change in accounting estimate:

Tangible fixed assets - increase	€26.530.444,11
Short-term borrowings - increase	€3.641.995,51
Long-term debt - increase	€22.888.448,60

In addition, the Company used the following practical expedients permitted by the Standard in respect of leases that were previously classified as operating leases under IAS 17:

- Application of a single discount rate on a portfolio of leases with similar characteristics.
- Treatment of leases with a remaining term of less than 12 months from 1 January 2019 as short-term leases.
- Exclusion of initial direct costs for the measurement of rights of use of fixed assets at the date of first application
- Use of hindsight to determine the duration of leases whose contract includes an extension or termination clause.

As of December 31, 2019 and 2018, the lease liabilities in the consolidated statement of financial position, which are also disclosed in the related [note 30](#), are as follows:

	<b>Company</b>	
	<b>31/12/2019</b>	<b>31/12/2018</b>
Short-term liabilities	18.368.632,17	16.716.675,70
Long-term liabilities	19.444.729,71	-
<b>Lease liabilities at 31 December</b>	<b>37.813.361,88</b>	<b>16.716.675,70</b>

The additions in 2019 relating to the rights of use in the corporate statement of financial position, which are also included in the relevant [note 15](#), are as follows:

	<b>Company</b>
Buildings	26.048.470,06
Vehicles	481.974,05
<b>Rights of use from leases on 1 January 2019</b>	<b>26.530.444,11</b>

The amounts recognized in the company's statement of comprehensive income relating to amortization of rights of use, with an allocation to cost of sales and expenses by category and included in the relevant [note 7](#), are as follows:

	<b>Company</b>
Buildings	4.281.319,49
Vehicles	136.198,10
<b>Rights of use from leases on 1 January 2019</b>	<b>4.417.517,59</b>

An amount of €2,989,566.57 was recognised in the company's statement of comprehensive income, with allocation to cost of sales and expenses by segment, in the line "Rent" and is also included in the relevant [note 7](#). It should be noted that while the relevant amount should only relate to the expense related to the treatment of exceptions as well as rental expenses on sales, it nevertheless includes an amount of €2 million related to a contract that should have been included in the exercise for IFRS 16. Also, in the statement of comprehensive income and specifically in the line "Financial expenses" the amount of €1,936,630.05 was recognised in the line "Interest on leases" and is included in the corresponding [note 11](#).

In addition, the amount of € 10,477,740.92 relating to rent payments appeared in the cash flow statement.

#### 41. Comparison with un-audited published financial statements

On August 7, 2020, the Company's management published unaudited statements of comprehensive income and financial position at corporate and consolidated level for the year ended December 31, 2019.

From the date of publication of the unaudited financial statements to the date of approval of the financial statements presented above, the changes that have taken place are detailed below:

Consolidated and corporate statement of comprehensive income for the year ended 31 December 2019, comparison:

	<b>Group</b>		<b>Company</b>	
	<b>Audited Financial Year ended 31/12/2019</b>	<b>Unaudited Financial year ended 31/12/2019</b>	<b>Audited Financial Year ended 31/12/2019</b>	<b>Unaudited Financial year ended 31/12/2019</b>
<b>Continuing Operations</b>				
Revenue	204.212.643,800	203.719.026,60	75.301.577,98	77.203.147,70
Cost of Goods Sold	(132.554.111,08)	(133.549.355,61)	(48.195.496,44)	(48.195.496,44)
<b>Gross Profit</b>	<b>71.658.532,72</b>	<b>70.169.671,00</b>	<b>27.106.081,54</b>	<b>29.007.651,26</b>
<b>% Gross Profit Margin</b>	<b>35,1%</b>	<b>34,4%</b>	<b>36,0%</b>	<b>37,6%</b>
Other Income	3.636.308,79	7.785.195,68	2.385.519,47	7.232.555,93
Administrative expenses	(51.637.402,03)	(51.737.162,03)	(19.241.978,21)	(19.341.738,21)
Distribution expenses	(89.308.892,58)	(89.527.387,24)	(40.655.739,29)	(40.651.507,21)
Other income/(loss)	(21.034.838,89)	(6.940.077,07)	(3.758.916,15)	(3.999.165,22)
Impairment Provisions	(3.513.327,41)	(3.788.326,38)	(205.330,84)	(31.810.549,56)
<b>Operating Loss</b>	<b>(90.199.619,40)</b>	<b>(74.038.086,05)</b>	<b>(34.370.363,48)</b>	<b>(59.562.753,01)</b>
Financial income	3.628.496,16	3.628.496,16	2.944.352,56	2.944.352,56
Financial expenses	(21.969.782,44)	(14.979.584,07)	(20.690.919,08)	(13.613.566,08)
Losses from deletion of subsidiaries which were not consolidated	(3.087.599,00)	(32.743.787,50)	-	-
<b>Operating loss before Tax</b>	<b>(111.628.504,68)</b>	<b>(118.132.961,46)</b>	<b>(52.116.930,00)</b>	<b>(70.231.966,53)</b>
Income tax	(3.198.869,76)	(1.615.788,76)	(1.583.081,00)	-
Deferred tax	(1.468.027,63)	(1.372.878,87)	(1.503.606,85)	(1.408.458,09)
<b>Operating loss after Tax</b>	<b>(116.295.402,07)</b>	<b>(121.121.629,09)</b>	<b>(55.203.617,85)</b>	<b>(71.640.424,62)</b>
Attributed to:				
Shareholders of the parent company	(116.295.402,07)	(121.121.629,09)	(55.203.617,85)	(71.640.424,62)
Non-controlling interests	-	-	-	-
	<b>(116.295.402,07)</b>	<b>(121.121.629,09)</b>	<b>(55.203.617,85)</b>	<b>(71.640.424,62)</b>
<b>Basic and diluted (losses) per share attributed to the shareholders of the parent company</b>	<b>(1,75)</b>	<b>(1,83)</b>	<b>(0,83)</b>	<b>(1,08)</b>
<b>Other comprehensive income</b>				
<b>Other income that may be classified in the statement of comprehensive income in subsequent periods</b>				
Exchange differences arising from the conversion of foreign holdings	5.661.077,26	(6.168.330,93)	-	-
Reclassification to income statement from sale of investments available for sale	1.236.413,27	(326.369,17)	1.236.413,27	(326.369,17)
Valuation of investments available for sale	4.673.334,25	4.692.616,77	4.673.334,25	4.692.616,77
<b>Other comprehensive income/(expenses) after tax</b>	<b>11.570.824,78</b>	<b>(1.802.083,33)</b>	<b>5.909.747,52</b>	<b>4.366.247,60</b>
<b>Net other (losses) that will not be classified in the statement of comprehensive income in subsequent periods</b>				
Actuarial losses on defined benefit plans	(99.760,00)	99.760,00	(99.760,00)	99.760,00
Income tax	-	-	-	-
<b>Cumulative total (losses) after taxes</b>	<b>(99.760,00)</b>	<b>99.760,00</b>	<b>(99.760,00)</b>	<b>(99.760,00)</b>
<b>Net other gains / (losses) for the period</b>	<b>11.471.064,78</b>	<b>(1.702.323,33)</b>	<b>5.809.987,52</b>	<b>4.466.007,60</b>
<b>Cumulative total (losses) for the period</b>	<b>(104.824.337,29)</b>	<b>(122.823.952,42)</b>	<b>(49.393.630,33)</b>	<b>(67.174.417,02)</b>
<b>Cumulative total (losses) for the period corresponding to:</b>				
Shareholders of the parent company	(104.824.337,29)	(122.823.952,42)	(49.393.630,33)	(67.174.417,02)
Non-controlling interests	-	-	-	-
	<b>(104.824.337,29)</b>	<b>(122.823.952,42)</b>	<b>(49.393.630,33)</b>	<b>(67.174.417,02)</b>

## **Revenue**

### Company - Decrease €1.901.569,72

The change is due to the fact that the Management proceeded to the non-recognition of revenue from sales for the fiscal year 2019 in the audited financial statements for a total value of €1.901.569,72. These sales arose from the Company's transactions with its Asian sub-group subsidiaries, FF Spain, FF France and Links of London Group of Companies for which the recoverability of invoiced sales became uncertain and the recoverability of receivables generated from prior years was nil.

### Group - Increase €493.617,20

The change is due to the fact that in the unaudited statements of 07 August 2020, the line item "Turnover" included write-offs of intragroup balances of a total value of €493,617.20, which related to the line item "Other income".

## **Cost of Goods Sold**

### Group - Decrease €995.244,53

The change is due to the fact that in the unaudited statements of 07 August 2020 intragroup profits of a total value of €995,244.53 had not been eliminated.

## **Other income**

### Company - Decrease €4.847.036,46

The change is due to the following:

- A decrease of €96.039,30 is due to the fact that the Management in the audited financial statements, proceeded to the non-recognition of revenue from services for the financial year 2019. These revenues arose from the Company's transactions with its Asian sub-group subsidiaries, FF Spain, FF France and Links of London Group of Companies for which the collectability of invoiced sales became uncertain and the recoverability of receivables generated from prior years was nil.
- Decrease of the amount of €3.073.023,00 from the reclassification of an amount related to income from the reversal of a provision. This amount had been recognized under "Other income" in the unaudited financial statements. The related amount, as finally determined, is included under "Impairment provisions" in the audited financial statements
- Decrease of the amount of €1.677.974,16 from entries made in relation to revenues of previous years.

### Group - Decrease €4.148.886,89

The change is due to the above, after deducting the effect of the amount of €3,073,023.00 which is intra-group as well as a decrease of €2,374,873.43 from additional entries made in the consolidated financial statements due to the non-consolidation of subsidiaries and which had not been made in the unaudited statements of 07 August 2020.

## **Administrative expenses**

### Company & Group - Increase €99.760,00

The change is due to the reclassification of an amount of €99.760,00 relating to actuarial losses of the defined benefit plan from the statement of income to the statement of comprehensive income of both the parent company and the Group.

## **Operating expenses**

### Company - Increase €6.508,08

The change is due to entries with a total value of €6,508.08, which until 07 August 2020 had not been recorded in the parent company's books. These entries related to invoice entries for various expenses of small value, which were subsequently identified and entered in the Company's books.

### Group - Decrease €218.494,66

The change is due to an increase of €6,508.08 from the parent company as mentioned above and a decrease of €225,002.74 from the reversal of the IFRS 16 exercise by the Group's subsidiaries. As already mentioned in the relevant notes, Management has adopted IFRS 16 only for the Company and not for the remaining Group companies. In the unaudited financial statements as at 07 August 2020, the impact of IFRS 16 was recognized for two subsidiaries of the Group. Taking into account the partial form of this exercise for the Group as a whole, the Management considered it appropriate to proceed with the offsetting of the relevant impact of the Group companies other than the parent company in the audited financial statements.

## **Other income/(loss)**

### Company - Decrease €240.249,07

The change is due to the following:

- A decrease of €1.583.081,00 is due to the reclassification of the amount of additional income tax for the financial year 2013 that was attributed to the Company during the financial year 2019 from the line item "Other gains/(losses)" which had been recognized in the unaudited financial statements to the line item "Income tax" of both the parent company and the Group.
- Increase in the amount of €1.339.115,01 from the reclassification of the reserve from the sale of Eurobank's investments available-for-sale to the income statement that had not been recognized in the unaudited financial statements.
- Increase of the amount of €3.716,92 from entries that had not been made in the unaudited financial statements.

Group - Increase €14.094.761,82

The change is due to the above as well as €14,335,011.55 from additional entries made in the consolidated financial statements due to the non-consolidation of subsidiaries and not made in the unaudited statements as at 07 August 2020.

Impairment provisions

Company - Decrease €31.605.218,72

The change is due to the following:

- Decrease of the amount of €3.073.023,00 from the reclassification of an amount related to income from the reversal of a provision for intragroup balances. This amount had been recognised under "Other income" in the unaudited financial statements. The related amount, as finally determined, is included under "Impairment provisions" in the audited financial statements
- Decrease of the amount of €28.532.1955,97 from the difference in reversal of impairment provision recognized in the unaudited financial statements for intra-group balances of customers and short-term loan receivables. The amount resulted from a revision of the original impairment provision made in the unaudited financial statements.

Group - Decrease €274.998,97

The change is due to the elimination of intragroup provisions totalling €274,998.97 which had not been recognised in the unaudited financial statements.

Financial expenses

Company - Increase €7.077.353,00

The change is due to the implementation of corrective changes regarding the interest calculations of the Company's bond loans, mainly the Swissbond of CHF 150 million.

Group - Increase €6.990.198,37

The change is due to an increase of €7,077,353.00 from the parent company as mentioned above and a decrease of €87,154.63 from the reversal of the IFRS 16 exercise by the Group's subsidiaries. As already mentioned in the relevant notes, the Management has adopted IFRS 16 solely for the Company and not for the rest of the Group companies. In the unaudited statements as at 07 August 2020, the impact of IFRS 16 had been recognised for two of the Group's subsidiaries. Management, taking into account the partial form of this exercise for the Group as a whole, has considered it appropriate to offset the relevant impact of the Group companies other than the parent company in the audited financial statements.

Losses from the derecognition of unconsolidated subsidiaries

Group - Decrease € 29.656.188,50

In the audited financial statements the loss on disposal of subsidiaries of €3.087.599,00 which are not included in the consolidated financial statements of the Group relates to the subsidiary Strenaby Finance Ltd which was not fully consolidated in the previous financial year but was presented in the consolidated financial statements at cost less accumulated impairment loss. During the current financial year the value of the investment in Strenaby Finance Ltd was fully impaired resulting in the reported loss.

Income tax

Company & Group - Increase €1.583.081,00

The change is due to the reclassification of an amount of €1.583.081,00 relating to additional income tax for the financial year 2013 that was attributed to the Company during the financial year 2019 from the line item "Other gains/(losses)" that had been recognized in the unaudited financial statements to the line item "Income tax" of both the parent company and the Group.

Deferred tax

Company & Group - Increase €95.148,76

The change is due to the revision of the Company's deferred tax exercise and the classification of mainly one debit difference as permanent, instead of being temporary, for both the Parent Company and the Group.

## Consolidated and corporate statement of financial position as at 31 December 2019, comparison

	Group		Company	
	31 December		31 December	
	Audited 2019	Unaudited 2019	Audited 2019	Unaudited 2019
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	142.637.885,47	146.789.224,82	62.963.947,39	62.964.034,11
Investment Property	41.584.673,12	41.584.586,40	41.584.673,12	41.584.586,40
Intangible assets	6.323.345,35	6.323.345,35	623.262,64	623.262,642
Investments in subsidiaries	-	-	48.769.893,01	48.769.893,01
Investments in associates	-	-	-	-
Investments available for sale	71.344.897,45	71.344.717,05	71.344.897,45	71.344.717,05
Other long-term assets	7.671.220,43	11.407.484,43	5.729.265,66	5.729.265,66
Deferred tax receivables	87.769,71	87.769,71	-	-
<b>Total non-current assets</b>	<b>269.649.791,53</b>	<b>277.537.127,75</b>	<b>231.015.939,27</b>	<b>231.015.758,87</b>
<b>Current assets</b>				
Inventories	67.225.968,88	67.227.111,95	34.323.925,93	34.322.793,00
Trade receivables	31.246.420,55	33.754.206,74	9.815.808,36	14.363.354,94
Trade receivables from affiliates	-	-	20.558.349,33	121.597,84
Other receivables	26.995.383,66	14.550.901,44	18.403.241,31	14.976.316,68
Derivative financial instruments	-	-	-	-
Cash and cash equivalents	17.325.121,76	19.395.627,21	3.601.132,71	3.581.348,79
<b>Total current assets</b>	<b>142.792.894,85</b>	<b>134.927.847,34</b>	<b>86.702.457,64</b>	<b>67.365.411,25</b>
<b>Total Assets</b>	<b>412.442.686,38</b>	<b>412.464.975,09</b>	<b>317.718.396,91</b>	<b>298.381.170,12</b>
<b>Equity and liabilities</b>				
<b>Equity attributed to the shareholders of the parent company</b>				
Share Capital	20.084.463,00	20.084.463,00	20.084.463,00	20.084.463,00
Share Premium	78.441.776,20	78.441.776,20	78.441.776,20	78.441.776,20
Other reserves	288.496.644,22	278.991.736,07	273.401.633,66	272.304.822,09
Other items in equity	2.678.389,92	(7.364.989,56)	-	-
Retained earnings	(675.101.687,49)	(666.414.199,64)	(613.498.682,73)	(629.935.489,50)
	<b>(285.400.414,15)</b>	<b>(296.261.213,93)</b>	<b>(241.570.809,87)</b>	<b>(259.104.428,21)</b>
<b>Non-controlling interests</b>	<b>96.468,55</b>	<b>96.468,55</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>(285.303.945,60)</b>	<b>(296.164.745,38)</b>	<b>(241.570.809,87)</b>	<b>(259.104.428,21)</b>
<b>Long-term liabilities</b>				
Long-term borrowings	29.967.942,37	39.316.352,32	19.444.729,71	27.956.883,82
Other long-term liabilities	5.367.641,80	6.650.444,62	11.380,00	11.380,000
Provisions	-	-	-	-
Employee benefit obligations	2.547.149,06	2.547.149,06	2.165.684,00	2.165.684,00
Deferred tax liabilities	11.456.513,90	11.361.365,14	10.422.115,72	10.326.966,96
<b>Total long-term liabilities</b>	<b>49.339.247,13</b>	<b>59.875.311,13</b>	<b>32.043.909,43</b>	<b>40.460.914,78</b>
<b>Short-term liabilities</b>				
Trade and other liabilities	151.055.093,29	153.452.279,79	19.913.529,22	19.966.013,72
Trade and other liabilities to affiliates	-	-	15.767.578,41	15.761.465,66
Current tax liabilities	14.784.316,53	16.325.123,92	14.784.316,53	14.784.316,53
Short-term borrowings	481.027.167,64	478.977.005,64	476.779.873,19	466.512.887,64
Income Tax Payable	1.540.807,39	-	-	-
Provisions	-	-	-	-
<b>Total short-term liabilities</b>	<b>648.407.384,85</b>	<b>648.754.409,34</b>	<b>527.245.297,35</b>	<b>517.024.683,552</b>
<b>Total liabilities</b>	<b>697.746.631,98</b>	<b>708.629.720,47</b>	<b>559.289.206,78</b>	<b>557.485.598,33</b>
<b>Total equity and liabilities</b>	<b>412.442.686,38</b>	<b>412.464.975,09</b>	<b>317.718.396,91</b>	<b>298.381.170,12</b>

**Tangible fixed assets**

*Group - Decrease €4.151.339,35*

The change is due to the reversal of the exercise for IFRS 16 by the Group's subsidiaries. As already mentioned in the relevant notes, Management has adopted IFRS 16 solely for the Company and not for the rest of the Group companies. In the unaudited financial statements as at 07 August 2020, the impact of IFRS 16 was recognised for two subsidiaries of the Group. Taking into account the incomplete form of this exercise for the Group as a whole, the Management considered it appropriate to offset the relevant impact of the Group companies other than the parent company in the audited financial statements.

**Other long-term assets**

*Group - Decrease €3.736.264,00*

This is due to the fact that there was no elimination of an amount relating to a claim between FF Holdings and Links of London.

**Trade receivables from associates**

*Company - Increase €20.436.757,49*

The change is due to the following:

- Decrease of €1.991.496,27 due to the fact that the Management in the audited financial statements, proceeded to the non-recognition of revenue from sales and services for the financial year 2019. These revenues arose from the Company's transactions with its Asian sub-group subsidiaries, FF Spain, FF France and Links of London Group of Companies for which the collectability of invoiced sales became uncertain and the recoverability of receivables generated from prior years was nil.
- Increase of €21.460.592,06 from the decrease in a trade impairment provision due to the reversal of a related amount, following a review of the original impairment provision made in the unaudited financial statements.
- Increase of €1,026,584.22 from the reclassification of an account relating to receivables from FF Holdings from "Trade receivables" to "Trade receivables from associates" for fair presentation purposes.

Decrease of €58,928.52 from the reclassification of customer accounts receivable balances from "Trade receivables from associates" to "Trade receivables" for fair presentation purposes.

**Trade receivables**

*Company - Decrease €4.547.546,58*

The change is due to the following:

- Decrease of €1,026,584.22 from the reclassification of an account relating to receivables of FF Holdings from "Trade receivables" to "Trade receivables from associates" for fair presentation purposes.
- Decrease of €3,432,038.63 from the reclassification of advances to suppliers from "Trade receivables" to "Other receivables" for fair presentation purposes.
- Increase of €58,929.14 from the reclassification of customer accounts receivable balances from "Trade receivables from associates" to "Trade receivables" for fair presentation purposes.
- Increase of €58,929.14 from the reclassification of customer accounts receivable balances from "Trade receivables from associates" to "Trade receivables" for fair presentation purposes.

*Group - Decrease €2.507.786,19*

The change is due to the above as well as the reclassification of the amount of €2.070.505,45 concerning restricted cash balances from FF Bulgaria and other transactions in the amount of €30.745,06.

**Other receivables**

*Company - Increase €3.426.924,63*

The change is due to the following:

Increase of €5,055,950.56 from the decrease in the provision for impairment of other intragroup receivables following the reversal of the related amount, after review of the original impairment provision made by the Management in the unaudited financial statements.

- Increase of €3,432,038.63 from the reclassification of advances to suppliers from "Trade receivables" to "Other receivables" for fair presentation purposes.
- Decrease of €5,130,666.22 from the reclassification of an amount related to the adoption of IFRS 16 from "Other receivables" to "Long-term debt". Upon adoption of IFRS 16 on 1 January 2019, management had proceeded to recognise a lease liability in excess of the fixed assets recognised by that amount. The difference was initially recognised as an advance payment of rent, with no related cash advance amount. The amount was reclassified so that at initial recognition the amount of the liability was equal to the amount of the assets.
- Increase of €128,032.08 from restricted cash amounts that were not recognised in the unaudited financial statements and reclassified to "Other receivables".
- Decrease of €59,052.61 from reclassification of the amount from "Other receivables" to "Trade and other payables" for fair presentation purposes.



- Decrease of €622.19 from the write-off of balances due to the fact that the Management recognized the non-existence of these receivables.

#### **Cash and cash equivalents**

*Company - Increase €19.783,92*

The change is due to the following:

- Decrease of €128,032.08 from restricted cash amounts not recognised in the unaudited financial statements.
- Increase of €147,852.87 from reclassification of amounts relating to debit card balances from "Trade receivables" for fair presentation purposes.
- Decrease of €27.66 from credit balances of bank accounts reclassified to "Short-term borrowings" for fair presentation purposes.
- Decrease of €9.21 from the write-off of a bank account balance which is not active as of 31 December 2019 but had an amount in the Company's books.

*Group - Decrease €2.070.505,45*

The change is due to the above and to the fact that an amount of €2,090,289.37 was identified from Group subsidiaries that had not been identified in the unaudited financial statements..

#### **Long-term borrowings**

*Company - Decrease €8.512.154,11*

The change is due to the following:

- Decrease of €5.130.666,22 from the reclassification of an amount related to the adoption of IFRS 16 from "Other receivables" to "Long-term debt". Upon adoption of IFRS 16 on 1 January 2019, management had proceeded to recognise a lease liability in excess of the fixed assets recognised by that amount. The difference was initially recognised as an advance payment of rent, without a corresponding cash advance amount. The amount was reclassified so that at initial recognition the amount of the liability was equal to the amount of the fixed assets.
- Decrease of €3,381,487.89 from the reclassification of an amount related to the current portion of lease liabilities to "Short-term borrowings" for fair presentation purposes.

*Group - Decrease €9.347.267,66*

The change is due to the above and a decrease of €835,113.55 from the reversal of the exercise for IFRS 16 by the Group's subsidiaries. As already mentioned in the relevant notes, the Management has adopted IFRS 16 only for the Company and not for the rest of the Group companies. In the unaudited statements as at 7 August 2020, the impact of IFRS 16 had been recognised for two subsidiaries of the Group. Management, taking into account the incomplete nature of this exercise for the Group as a whole, considered it appropriate to proceed with the offsetting of the relevant impact from Group companies other than the parent company in the audited financial statements.

#### **Other long-term liabilities**

*Group - Decrease €1.282.802,82*

The change is due to the reversal of the exercise for IFRS 16 by subsidiaries of the Group. As already mentioned in the relevant notes, management has adopted IFRS 16 only for the Company and not for the other Group companies. In the unaudited financial statements as at 07 August 2020, the impact of IFRS 16 was recognized for two subsidiaries of the Group. Taking into account the incomplete form of this exercise for the Group as a whole, the Management considered it appropriate to proceed with the offsetting of the relevant impact of the Group companies other than the parent company on the audited financial statements. Part of this effect for a Group subsidiary was inadvertently recognized under "Other long-term liabilities" in the unaudited financial statements.

#### **Deferred tax liabilities**

*Company & Group - Increase €95.148,76*

The change is due to the revision of the Company's deferred tax exercise and the designation of mainly one debit difference as permanent instead of temporary for both the Parent Company and the Group.

#### **Trade and other payables**

*Company - Decrease €52.484,50*

The change is due to the following:

- Decrease of €59,052.61 from the reclassification of other receivables from "Trade receivables from related parties" to "Other receivables" mainly related to rent receivables, for fair presentation purposes.
- Increase of €6,568.11 from entries which until 07 August 2020 had not been made in the parent company's books. These entries related to entries of invoices for various expenses of small value, which were subsequently identified and recorded in the books of the Company.

*Group - Decrease €2.397.186,50*

The change is due to the above and an amount of €2,344,702.00 in the reversal of the exercise for IFRS 16 by the Group's subsidiaries. As already mentioned in the relevant notes, Management has adopted IFRS 16 only for the Company and not for the other companies of the Group. In the unaudited financial statements as at 07 August 2020, the impact of IFRS 16 was recognised for two subsidiaries of the Group. Taking into account the incomplete form of this exercise for the Group as a whole, the Management considered it appropriate to proceed

with the offsetting of the relevant impact of the Group companies other than the parent company on the audited financial statements. Part of this effect for a Group subsidiary was inadvertently recognised under "Trade and other payables" in the unaudited financial statements.

#### Trade and other payables to associates

*Company - Increase €6.112,75*

The change is due to an increase of €6,112.75 from the reclassification of credit balances of related party customers from "Trade receivables from related parties" to "Trade payables to related parties" for fair presentation purposes.

#### Current tax liabilities

*Group - Decrease €1.540.807,39*

The change is due to a reclassification of the amount of €1.540.807,39 in the line item "Income tax payable", for fair presentation purposes.

#### Short-term borrowings

*Company - Increase €10.266.985,55*

The change is due to the following:

- Increase of €6,885,497.66 from the implementation of corrective changes related to the interest calculations of the Company's bond loans, mainly the CHF 150 million Swissbond.
- Increase of €3,381,487.89 from the reclassification of an amount related to the current portion of lease liabilities from "Long-term borrowings" for fair presentation purposes.

*Group - Increase €2.050.162,00*

The change is due to the above as well as the following:

- Decrease of €835,113.55 from the reversal of the IFRS 16 exercise by Group subsidiaries. As already mentioned in the relevant notes, management has only adopted IFRS 16 for the Company and not for the other Group companies. In the unaudited financial statements as at 07 August 2020, the impact of IFRS 16 was recognised for two subsidiaries of the Group. Management, taking into account the incomplete form of this exercise for the whole Group, considered it appropriate to proceed with the offsetting of the relevant impact of Group companies other than the parent company in the audited financial statements.
- A decrease of €7,381,710.00 from the difference in write-offs that had taken place between the unaudited financial statements and the audited ones for the bond loans that also appear in the books of the Group's subsidiaries FF Finance Lux I and FF Finance Lux II.

#### Income tax payable

*Group - Increase €1.540.807,39*

The change is due to a reclassification of the amount of €1.540.807,39 in the line item "Income tax payable", for fair presentation purposes.

## 42. Subsequent events

The events that occurred after the end of the fiscal year 2019 and which significantly affect the financial position and results of the Company are the following:

- |   |                   |   |
|---|-------------------|---|
| ✓ | 8 January 2020:   | The application of two (2) bondholders for the declaration of bankruptcy of the Company was discussed before the Athens Court of First Instance.  |
| ✓ | 29 January 2020:  | The Company announced the acquisition of the entire trademark portfolio of Links of London, pursuant to a sale and purchase agreement with the administrators of Links (London) Limited.  |
| ✓ | January 2020:     | The management of the Company's Hong Kong-based subsidiary, FF Group Sourcing Limited, under which the results of the APAC sub-group are consolidated, took a loan of HKD36 million by registering a mortgage on the sole property (warehouse) of the said company in Hong Kong. Such transaction was made without the consent of the Parent Company and the proceeds of the loan were disposed of in a manner not approved and not confirmed by the management of the Company, which deteriorated the financial position of the said subsidiary and contributed to the decision to place the said subsidiary into liquidation. |
| ✓ | 13 February 2020: | Pursuant to Order No. 17/13-3-2020 of the President of the Anti-Money Laundering Authority, the seizure of 804,728 DUFY shares, owned by the Company, was ordered.  |
| ✓ | 14 February 2020: | The Company has announced the opening of a call for consent to bondholders in the amount of CHF 150,000,000 at 3.25% interest rate due 2021 issued by FF Group Finance Luxembourg II SA and the holders of bonds amounting of EUR 249,500,000 at 1.75% interest rate due 2019 issued by FF Group Finance Luxembourg SA, on the proposed in principle 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, ordering the seizure 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, a temporary order was issued by the President of the Athens Court of First Instance, by which a temporary management of the Company was appointed, in order to manage the urgent affairs of the Company and to carry out the necessary management actions for the smooth operation of the Company, including the necessary actions for the achievement of the Company's rehabilitation.
- ✓ 6 March 2020: The meeting of the bondholders of the bonds amounting to CHF 150,000,000 with an interest rate of 3.25% 2017-2021 approved the proposed restructuring term sheet of the Company with a majority of 94.32%.
- ✓ 20 March 2020: The meeting of the bondholders of the convertible bonds amounting to €249,500,000 with an interest rate of 1.75% maturing in 2019 approved with a majority of 99.89% the proposed restructuring term sheet of the Company.
- ✓ March - May 2020: The Group's commercial stores in Greece remained closed, in accordance with the relevant legislative acts, which were issued in the context of the measures addressing the pandemic. During the same period and in accordance with the support measures announced by the competent Ministries, the employment contracts of 85% of the Group's parent company's employees were suspended.
- ✓ 15 May 2020: Pursuant to an order of the Anti-Money Laundering Authority, which has not been notified to the Company to date, the amount of two million Euros was bound from the Company's bank account, which is part of the dividend distributed by the subsidiary "FF Group Bulgaria EOOD" for the years 2017 and 2018. This distraint is expected to be lifted after the ratification of the Resolution Agreement.
- ✓ 5 June 2020: During the General Meeting of shareholders of the Hong Kong based company, FF Group Sourcing Limited, it was resolved by a majority of 99.99% of the holders of the issued share capital, to place the company into voluntary liquidation and to appoint Mr. Lai Kar Yan (Derek) and Mr. Yip Wa Ming (Ben) of Deloitte Touche Tohmatsu (Hong Kong) as liquidators.
- ✓ 11 June 2020: The petition filed by two (2) bondholders for the declaration of bankruptcy of the Company was rejected by decision No. 305/2020 of the Athens Court of First Instance, judging that the substantial legal conditions for the declaration of bankruptcy do not exist.
- ✓ 10 July 2020: Publication of the consolidated and corporate financial statements for the year ended December 31, 2018.
- ✓ 6 August 2020: Issuance of a provisional order by the President of the Athens Court of First Instance, ordering the preventative measures provided in article 106A para. 6 of the Greek Bankruptcy Code, forbidding any measure - pending or not - of individual or collective enforcement by the creditors against the Company, the taking and enforcing of any injunction against the Company, including the provisional seizure and the registration of a prenotation of mortgage and the bankruptcy declaration of the Company.
- ✓ 7 Αυγούστου 2020: The Company published the unaudited statements of comprehensive income and financial position at corporate and consolidated level for the year ended December 31, 2019.
- ✓ 10 September 2020: The adjourned Annual General Meeting of the Company's shareholders, approved the corporate and consolidated financial statements for the fiscal year 1.1.2018 - 31.12.2018, did not approve the overall management of the Company during the said fiscal year, did not discharge the members of the Board of Directors from any liability for compensation for the management of the Company, did not release the members of the Board of Directors and the Auditor - Auditor from any liability for compensation in connection with the preparation and regular audit of the annual corporate and consolidated financial statements for the said fiscal year, assigned the regular audit of the corporate and consolidated financial statements for the fiscal year 2019 to the auditing company PricewaterhouseCoopers SA, setting its fee at the amount of 600.000 Euro, did not approve the remuneration and compensation of all kinds of the members of the Board of Directors paid in the 2018 financial year, did not determine the kind of the Company's Audit Committee, the term and the status of the members thereof. During the meeting, the report of the Company's Audit Committee was presented in accordance with article 44 of L. 4449/2017.  
  
The Annual General Meeting of the Company's shareholders for the financial year 2019 was postponed with regard to all the items on the agenda.
- ✓ 21 September 2020: There was a significant change in the Company's voting rights and, in particular, (i) "Fidelity Management & Research LLC" (a company controlled by FMR LLC), which held 6,694,812 shares and 6,694,812 voting rights, representing 9.99% of the total voting rights, reduced its shareholding in the Company below the 5% threshold and (ii) J.P. Morgan Securities plc (indirectly controlled by JPMorgan Chase & Co.) increased its direct shareholding above

- the 5% threshold to 6,537,230 shares and 6,537,230 voting rights, representing 9.76% of the total voting rights of the Company, and 143,000 voting rights through a Right to Recall financial instrument, representing 0.21% of the total voting rights of the Company. Accordingly, JPMorgan Chase & Co. after this transaction indirectly holds 9.97% of the voting rights of the Company.
- ✓ 24 September 2020: Decision No. 4666/2020 of the Single-Member Court of First Instance of Athens (during the interlocutory proceedings) was issued, pursuant to which the suspension of any measure - pending or non-individual or collective enforcement of creditors against the Company was ordered and the taking was prohibited. and execution of any precautionary measure against the Company's property, including precautionary seizure and registration of a mortgage note (consensual or in dispute) and the declaration of the Company in bankruptcy, until December 6, 2020.
  - ✓ 17 November 2020: The Board of Directors appointed pursuant to Decision 2096, consisting of the current members of the Board of Directors, Mr. Georgios Samios, Georgios Ioannidis, Panagiotis Alexakis, Pericles Dontas, Georgios Momferratos, Ilias Pentazos, Georgios Siganidis and Haolei Zhang, with the exclusive task of carrying out the necessary management actions for the smooth continuation of the Company's operation until its rehabilitation is achieved. Decision 2096 was issued following the appointment of the Hellenic Capital Market Commission on 14.2.2020, for a temporary management of the Company.
  - ✓ 18 November 2020: The Company has published the consent solicitation memoranda to the holders of the Eurobonds and the holders of the Swissbonds, by which the meetings of these bondholders have been convened for December 9, 2020 to decide on (i) the subordination of the Company as the primary debtor, in place of FF Group Finance Luxembourg SA (issuer of the Eurobonds) and FF Group Finance Luxembourg II SA (issuer of the Swissbonds) respectively and (ii) the approval of the draft Rehabilitation Agreement.
  - ✓ 09 December 2020: The Eurobonds Meeting unanimously approved the aforementioned subordination of the Company and the draft Rehabilitation Agreement and the Swissbonds Meeting unanimously approved the subordination of the Company with a majority of 99.67% and the draft Resolution Agreement with a majority of 99.47%.
  - ✓ 18 December 2020: The Company announced that it has received the Interim Report of the Extraordinary Management Audit, which was prepared by the audit firm "PricewaterhouseCoopers SA" pursuant to the decision No. 2893/2018 of the Athens Court of First Instance.
  - ✓ 31 December 2020: The Company signed the Rehabilitation Agreement with its creditors, namely the holders of the Eurobonds, the holders of the Swissbonds and the holders of the Schuldscheine and submitted the Rehabilitation Agreement on the same day to the Bankruptcy Court for its ratification in accordance with Articles 99 et seq. of the Insolvency Code (as then in force). Prior to the signing of the Rehabilitation Agreement, agreements had been signed for the subordination of the Company to the obligations of FF Group Finance Luxembourg SA and FF Group Finance Luxembourg II SA under these bond loans.
  - ✓ 31 December 2020: The Company signed the Interim Financing Bond Coverage Agreement for the amount of €13,007. 018 maturing in 2021 with AIEF FF SPV, LP as underwriter and original bondholder and with the existing bondholders of the Company who exercised the right to cover bonds up to 15% of the total nominal value of the bonds, as well as with Piraeus Bank SA (as Bondholders' Representative) and Lucid Agency Services Limited (as Payment Administrator).  
  
The validity of the Coverage Agreement and the disbursement of the interim financing was subject to the fulfilment by the Company of the conditions stipulated in the Coverage Agreement.
  - ✓ During 2020: The Company granted loans to subsidiaries of the Group, which totalled approximately EUR 0.81 million, namely, Folli Follie France SAS EUR 0.19 million, Folli Follie Spain SA EUR 0.28 million, Folli Follie Japan EUR 0.33 million, and others EUR 0.005 million.
  - ✓ During 2021: The Company granted loans to subsidiaries of the Group, which totalled approximately EUR 0.13 million. Folli Follie Spain SA EUR 0.2 million, and others EUR 0.014 million.
  - ✓ 5 January 2021: The Company fulfilled all the obligations provided for in the Subscription Agreement and, as a result, the total amount of the interim financing of EUR 13.007.018 was disbursed. Arena Investors, through its affiliate AIEF FF SPV, LP, covered the majority (97.16%) of the bonds.
  - ✓ 3 February 2021: The Company's application for the ratification of its Rehabilitation Agreement from 31.12.2020 was discussed before the Bankruptcy Court (during the procedure of ex parte jurisdiction).
  - ✓ 22 March 2021: During the Extraordinary General Meeting of the Company's Shareholders, which was held after the cancellation of the original Extraordinary General Meeting on 10 March 2021 due to lack of quorum, the General Meeting did not approve the Rehabilitation Agreement -

Transfer of the Company's Business dating from 31.12.2020 and did not authorize the Board of Directors to carry out the relevant actions in execution of the Rehabilitation Agreement. Specifically, on the only item of the Extraordinary General Meeting, shareholders representing 25,078,595 shares, or 69.30% of the total number of shares represented, voted against. Shareholders representing 11,111,071 shares, i.e. 30.70% of the total number of shares represented, voted in favour. There were no abstentions.

- ✓ 16 April 2021: Pursuant to an out-of-court settlement, the Company consented to the sale of the vessel "Phalarope" and the lifting of the precautionary seizure imposed by the Company, after the payment of the total sale price of EUR 1.737.972,56 to the Company, as provided for in the settlement.
- ✓ 5 May 2021: Following an application of the Company before the Multi-Member Court of First Instance (the "Court") pursuant to article 106 para. 3 of Law 3588/2007, the Court issued a provisional order, forbidding the taking of any measure - pending or not - of individual and collective enforcement against the Company and the taking and enforcing of any injunction measure against the Company, until the issuance of a decision on the Rehabilitation Application.
- ✓ 11 May 2021: The decision of the Court of Arbitration (JAMS) is issued, following opposite applications filed by the Company and DUFY AG, it was ruled that the sale consideration of 49% of the shares of the company "DUTY FREE SHOPS" must be reduced based on the Stock Purchase Agreement from 11.12.2013 by the amount equal to the agreed upon price of the Dufry Shares, being 53,015,561.01 EUR (the "**Payable Amount**"). Since the Company failed to pay the Payable Amount to DUFY AG within five (5) business days of the JAMS decision, DUFY AG requested the escrow agent to return (transfer) all of the Dufry Shares to the Company. The judicial costs awarded in favour of DUFY AG amount to USD 3,085,224.78 plus EUR 280,106.05.  
  
It is noted that the Dufry Shares remain seized by virtue of the Order no. 17/2020 of the Chairman of the Anti-Money Laundering Authority and the Order no. 827/2020 of the Judge of the 35th Investing Department of the Athens Court of First Instance.
- ✓ 3 June 2021: The Bankruptcy Court's preliminary ruling number 186/2021 is issued on the Company's application for the ratification of the Company's Rehabilitation Agreement, which ruled as follows:  
  
The preliminary ruling No. 186/2021 of the Bankruptcy Court on the Company's application for the ratification of the Company's Rehabilitation Agreement is issued, which ruled as follows:
  - v) It was ruled that: (a) the Company's business plan is realistic and feasible and that the implementation of the Rehabilitation Agreement will render the business viable; (b) the principle of equal treatment among creditors of the Company that are in the same position has been observed by their proposed treatment under the Rehabilitation Agreement, while any deviations were judged to be justified by a significant business or social reason; and (c) the Company's creditors will not be placed in a worse financial position than the one they would have been placed in under any bankruptcy proceedings relating to the Company.
  - vi) The interventions of Dimitrios Koutsolioutsos and the Unified Social Security Fund, which were filed with a request to dismiss the Company's application for the ratification of the Rehabilitation Agreement, were rejected.
  - vii) The condition precedent to the effectiveness of the Rehabilitation Agreement relating to the lifting of the anti-money laundering orders and the orders of the 35th Investigating Judge of the Athens Court of First Instance, by virtue of which certain assets of the Company have been seized, was ruled unlawful. The Bankruptcy Court objected to these provisions on the basis that the lifting of such orders is not solely at the discretion of the contracting parties to the Rehabilitation Agreement, but is subject to the jurisdiction of the competent criminal authorities and bodies. Therefore, the Bankruptcy Court ruled that the relevant condition precedent must be deleted and that, for the coherence of the Rehabilitation Agreement, certain related provisions must be amended.
  - viii) The Bankruptcy Court deferred the issuance of a final judgement on ratification of the Rehabilitation Agreement, setting a four-month deadline to the Company and its contracting creditors to file the amended Rehabilitation Agreement (taking into account the amendments outlined above), in order to set a new date for a final judgment.
- ✓ 16 June 2021: The Company's application for the appointment of a special agent, who will exercise the attendance and voting rights of the shareholders who did not attend or who voted against the approval of the Rehabilitation Agreement at the Company's Extraordinary General Assembly on 22 March 2021, pursuant to article 101 para. 3 of Law 3588/2007, as it was in force at the time of the filing of the Rehabilitation Agreement, was heard before the Bankruptcy Court.

✓ 29 July 2021:

The Company was notified by the Tax Authorities (Centre for the Control of Large Enterprises) Partial Audit Reports for the period 01.07.2018 - 30.11.2020 on the items of Value Added Tax, Withholding Taxes and Stamp Duties, which present non-significant findings.

#### Decisions on fines imposed by the Hellenic Capital Market Commission against the Company

Pursuant to the decision No. 1/825/02.08.2018 of the Board of Directors of the Hellenic Capital Market Commission, a fine of EUR 600.000,00 was imposed on the Company for violation of articles 12 and 15 of Regulation (EU) 596/2014 and by extension article 37 of Law 4443/2016 (on prohibition of market manipulation). The contested accepted that the Company disseminated false and misleading information about its cash and cash equivalents through its 2017 consolidated financial statements. An appeal against this decision has been filed before the Administrative Court of Appeal of Athens, which has recently been dismissed.

Pursuant to the decision of the Board of Directors of the Hellenic Capital Market Commission No. 12/825/02.08.2018, a fine of EUR 20.000,00 was imposed on the Company for violation of articles 36 §11 of Law 4443/2016, 23 §2 (a) and (c) of Law 3556/2007 and 76 §12 of Law No. 1969/1991, for not providing the requested information to the Commission, thereby impeding the Commission's investigation of the content of its consolidated financial statements

An appeal against that decision has been brought under No PP1358/30.10.2018 before the Athens Administrative Court of Appeal, which has recently been dismissed.

Pursuant to the decision of the Board of Directors of the Hellenic Capital Market Commission No. 6/827/18.9.2018, a fine of EUR 300.000 was imposed on the Company for violation of article 23 par. 2(a) of Law 3556/2007. An appeal against that decision has been brought before the Athens Administrative Court of Appeal under No PR1632/2018.

Pursuant to Decision No 1/838/28.02.2019 of the Board of Directors of the Hellenic Capital Market Commission, a fine of EUR 100.000,00 was imposed on the Company for violation of Articles 12 and 15 of Regulation (EU) 596/2014 and Article 37 of Law 4443/2016 (on prohibition of market manipulation). The Capital Market Commission concluded that the Company disseminated, through its fiscal 2016 consolidated financial statements, false and misleading information regarding the amount of cash, turnover, trade receivables, inventory advances, gross profit and equity, and that such information gave, and in any event was likely to give, false and misleading indications regarding the supply, demand and price of financial instruments relating to the Company. An appeal against this decision has been filed before the Administrative Court of Appeal of Athens (no. 487/2019).

Pursuant to the decision of the Board of Directors of the Hellenic Capital Market Commission No. 6/856/24.10.2019, a fine of EUR 500.000 was imposed on the Company for violation of Articles 12 and 15 of Regulation (EU) 596/2014 (on the prohibition of market manipulation) regarding announcements issued by the Company in May 2018. An appeal against that decision has been brought before the Athens Administrative Court of Appeal. under No PR1347/2020.

Agios Stefanos, Attica, 30 July 2021

THE CHAIRMAN & CEO

THE MEMBER

GEORGE SAMIOS

PANAGIOTIS ALEXAKIS

THE HEAD OF ACCOUNTING DEPARTMENT

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