

GLOBAL FASHION GROUP S.A. SPECIAL REPORT OF THE MANAGEMENT BOARD WITH RESPECT TO THE AUTHORISED SHARE CAPITAL



20 APRIL 2021

GFG GLOBAL
FASHION
GROUP

**SPECIAL REPORT OF THE MANAGEMENT BOARD OF GLOBAL FASHION GROUP S.A. (THE
“COMPANY”) TO THE GENERAL MEETING OF SHAREHOLDERS WITH RESPECT TO THE
AUTHORISED SHARE CAPITAL**

Considering the strategic orientation of the Company as well as the operations contemplated by the management board of the Company (the “**Management Board**”), the Management Board proposes a restatement and renewal of the authorised capital as well as the intended use thereof to the annual general meeting of the shareholders to be held on or about 26 May 2021 (the “**AGM**”).

As at the date of this report, the Company's issued share capital is currently set at two million one hundred fifty thousand nine hundred ninety-three euro and nine cents (EUR 2,150,993.09) represented by two hundred fifteen million ninety-nine thousand three hundred nine (215,099,309) common shares with a nominal value of one cent (EUR 0.01) each, without prejudice to any future increase of the share capital as may be decided prior to the AGM and as will be published from time to time.

The Company's authorised capital, excluding the issued share capital, is currently set at one million six hundred thirty-six thousand sixty-one euro and eight cents (EUR 1,636,061.08) represented by one hundred sixty-three million six hundred sixty thousand one hundred eight (163,606,108) common shares with a nominal value of one cent (EUR 0.01) each, without prejudice to any future increase of the share capital as may be decided prior to the AGM under the authorised share capital and as will be published from time to time.

Authorised Capital

The Management Board proposes to increase the authorised capital of the Company to EUR two million one hundred fifty thousand euro (EUR 2,150,000), excluding the issued share capital, represented by two hundred fifteen million (215,000,000) common shares, with a nominal value of EUR 0.01 each. The Management Board further seeks the approval of the shareholders, as set out in article 420-26 (5) of the Luxembourg law of 10 August 1915 on commercial companies, as amended, to limit or cancel the preferential subscription rights of the shareholders in connection with the authorised capital (the “**Authorisation**”).

Purpose of the Authorisation

The purposes of the Authorisation is to allow the Management Board (with the approval of the supervisory board of the Company (the “**Supervisory Board**”)) to create a larger equity base of the Company by way of issuance of common shares, rights, options, warrants, convertible instruments and other securities, restricted stock units, or other equity-based awards or rights to subscribe to or receive shares (whether on a regulated or unregulated market) and, for the avoidance of doubt, granting the right to convert the three thousand seven hundred fifty (3,750) convertible bonds issued on 15 March 2021 and outstanding into common shares, for contributions in cash and/or through a contribution in kind, whether or not made to the existing shareholders of the Company. Generally, the authorised capital applies to rights, options, warrants, convertible instruments and other securities, restricted stock units, or other equity-based awards or rights to subscribe to or receive shares issued prior to the date of the AGM as well as apply, to the extent not used yet, to rights issued thereupon, notably under any existing management incentive scheme or other contractual documentation entered into by the Company.

Shareholders' Preferential Subscription Rights

In respect of the authorisation to cancel or restrict the shareholders' preferential subscription rights, the Management Board considers such authorisation to be indispensable to achieve the strategic aims and the growth ambitions of the Company with the necessary degree of flexibility, efficiency and rapidity. Therefore, in order to allow the Management Board to act and to react swiftly and efficiently in the best interests of the Company and its shareholders, the authorisation to cancel or restrict the shareholders' preferential subscription rights, subject to a maximum of 118,615,000 common shares, is clearly indicated.

Subscription Price

Save as set out below, the subscription price of the new common shares to cover the exercise of the rights, options, warrants, convertible instruments and other securities, restricted stock units, or other equity-based awards or rights to subscribe to or receive shares to be issued under the Authorisation will in each case correspond at least to the nominal value of the existing common shares (at the time of the respective issuance of any such new common shares) and may be satisfied in cash or through a contribution in kind. Notwithstanding the above, the Management Board may decide, at its discretion but always subject to the corporate interest of the Company, to issue the new shares: (i) at a price which is higher than the nominal value of the existing shares (at the time of the respective issuance of any such new shares); or (ii) at nil consideration in connection with any existing or future management incentive scheme of the Company, or in connection with the issue of common shares to cover the exercise of the Company's existing or future call options granted to certain existing or former managers, founders, employees, business angels and supporters of the direct and indirect subsidiaries of the Company (the "**Group**") in connection with contemplated roll ups or participations or otherwise.

For the avoidance of doubt, the subscription price may, if so decided by the Management Board, be paid up by a contribution in kind consisting of shares or limited partnership interests in the Group.

General Provisions

Without limiting the generality of the foregoing, the powers under the authorised capital could be used in circumstances where, in the interests of the Company, the convening of a general shareholders' meeting would be undesirable or not appropriate. Such circumstances could for instance arise when it appears to be necessary to be able to respond quickly to certain market opportunities, to give effect to the contractual documentation entered into by the Company, when there is a financing need, whereby the relevant market circumstances are not appropriate for an offering or issuance to all shareholders, when a prior convening of a shareholders' meeting would lead to an untimely announcement of the transaction, which could be in the disadvantage of the Company, when the costs related to the convening of a shareholders' meeting are not in balance with the amount of the proposed capital increase, or when due to the urgency of the situation it appears that a capital increase within the framework of the authorised capital is necessary in the interests of the Company.

In view of the foregoing, the Management Board has prepared this report in accordance with article 420-26 (5) of the Luxembourg law of 10 August 1915 on commercial companies, as amended, and proposes to the general meeting of shareholders to set the Company's authorised capital at the amount set out above, to grant the authorisation to the Management Board (with the approval of the Supervisory Board) to issue common shares of the Company in accordance with this report, and specifically to proceed to such issue with or without reserving a preferential subscription right for existing shareholders at the determination of the Management Board, in a period of five (5) years as from the date of the relevant resolutions approving such proposals, it being understood that, for any rights, options, warrants, convertible instruments and other securities or other equity-based awards or rights to subscribe to or receive common shares of the Company, the relevant reference date with respect to the above mentioned five (5) years period shall be the date of the granting of such right.

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Luxembourg, on 20 April 2021

For and on behalf of the Management Board



By: Christoph Barchewitz
Title: Co-Chief Executive Officer



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