

For immediate release  
14 August 2018

### Folli Follie – Update

Folli Follie Commercial Manufacturing and Technical Societe Anonyme<sup>1</sup> (the **Company**) provides the following further update to the market with respect to the developments and reports relating to the Company's business and recent financial statements.

As previously announced on 25 June, the Company has appointed Rothschild to act as its principal financial adviser. The Company has also appointed Ernst & Young LLP (**EY**) to conduct a special audit of certain elements of its consolidated financial statements for the 2017 financial year and Alvarez & Marsal LLP (**A&M**) to undertake a forensic evaluation of the most recent financial statements of its Asian subsidiaries. It is now anticipated that A&M will complete their work towards the end of August 2018 with EY completing their work in the course of September following receipt of the A&M evaluation.

In the past few days, Deloitte Business Solutions S.A. (Deloitte) has been instructed by the Company to assist the Company in its production of short and medium term liquidity forecasts, to provide support in relation to the development of the Company's latest business plan and to undertake an entity priority analysis to be used in future restructuring discussions with the Company's financial creditors and other relevant stakeholders.

As of 13 August 2018, the principal financial liabilities of the Group's European and North American companies were as follows:

- *Schuldscheindarlehen*: EUR 51 million (in the amounts of EUR 31 million and EUR 20 million)
- Convertible bonds: EUR 249.5 million
- CHF bonds: CHF 150 million
- Financial leasing liabilities: EUR 18 million
- Other bank loans: EUR 47 million and GBP 10 million (and excluding, for these purposes, CHF 19 million of liabilities that have been fully collateralised in the manner described in the 2016 and 2017 financial statements)

Several European subsidiaries also have certain indebtedness under various trade finance facilities. In addition, the Group's Asian subsidiaries have also incurred certain minor working capital liabilities.<sup>2</sup>

As announced on 23 July, a provisional order was granted in respect of the Company by the Athens Single Member Court of First Instance on 20 July 2018 (the **Provisional Order**) pending the hearing (set on 12 September 2018) of an application by the Company for the granting of protective measures under article 106(a)(6) of Greek Law 3588/2007 (as amended).

The Company also announces that it will shortly give notice to the Trustee of the convertible bonds and the Holders Representative for the CHF bonds of the occurrence of certain Events of Default that have arisen under the Terms and Conditions of these securities as a result of:

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<sup>1</sup> Legal Entity Identifier (LEI): 213800ZMDLVEKZIKFX90

<sup>2</sup> This statement remains subject to the ongoing forensic review of the Asian operations by A&M.

- (a) the action taken by the sole holder of the EUR 20 million Schuldschein on 9 August 2018 to serve a Termination Notice accelerating the debt and a call on the Guarantee provided by the Company in respect thereof; and
- (b) the making of the Provisional Order.

The Company is commencing engagement with certain of its financial creditors including the holder of the EUR 20 million Schuldschein mentioned above and the advisers to an Ad Hoc Committee of the holders of its Convertible Bonds in order to discuss a possible standstill in favour of the Company and its subsidiaries and to explore options for the future restructuring of the Group.

The Company will inform the market on the outcome of these discussions in due course.

George Koutsolioutsos, Folli Follie's CEO, said as follows: "Management remains committed to securing the long term future of the Group and is working hard to achieve a positive result for the Group's creditors and shareholders, suppliers, employees and other stakeholders."

### **Market Abuse Regulation**

This announcement is released by Folli Follie Commercial Manufacturing and Technical Societe Anonyme in compliance with the Market Abuse Regulation (EU) 596/2014 (**MAR**) and the Rule Book of the Athens Exchange. It contains information that qualifies as inside information for the purposes of Article 7 of MAR. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, the person responsible for arranging the release of this announcement on behalf of the Company is Mantalena Kasidiaropoulou, Head Investor Relations.