

# **ERMES DEPARTMENT STORES PLC**

Consolidated Primary Statements  
for the year ended 31 December 2020

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 €	2019 €
<b>Continuing operations</b>		
Revenue	112.417.999	134.824.039
Cost of sales	(76.411.187)	(87.451.083)
<b>Gross profit</b>	<b>36.006.812</b>	47.372.956
Selling and distribution expenses	(24.563.184)	(32.591.215)
Administrative expenses	(7.730.028)	(9.078.934)
Other income	2.341.066	1.351.628
<b>Profit before depreciation and impairment charge</b>	<b>6.054.666</b>	7.054.435
Depreciation	(3.032.212)	(3.160.955)
Depreciation of right-of-use assets	(7.097.559)	(10.512.549)
Impairment of fixed and intangible assets	(479.100)	(341.371)
Other income	500.000	-
Compensation income for the closure of department store	7.000.000	-
Net gain from reversal of/(loss from) impairment of financial assets	881.006	(667.683)
<b>Profit/(loss) after depreciation and impairment charge</b>	<b>3.826.801</b>	(7.628.123)
Finance income	983.341	1.362.653
Finance costs	(1.335.316)	(1.856.358)
Finance cost of lease liabilities	(2.678.883)	(3.055.150)
<b>Profit/(loss) before tax</b>	<b>795.943</b>	(11.176.978)
Tax expense	(879.971)	(484.759)
<b>Loss for the year from continuing operations</b>	<b>(84.028)</b>	(11.661.737)
<b>Discontinued operations</b>		
Loss for the year from discontinued operations	(225.218)	(88.892)
<b>Loss for the year</b>	<b>(309.246)</b>	(11.750.629)
<b>Attributable to:</b>		
Company's shareholders	(2.507.900)	(13.145.085)
Non-controlling interest	2.198.654	1.394.456
	<b>(309.246)</b>	(11.750.629)
<b>Losses per share attributable to the equity holders of the Company (cents per share):</b>		
<b>Basic and diluted</b>		
Continuing operations	(1,31)	(7,48)
Discontinued operations	(0,13)	(0,05)
<b>Total</b>	<b>(1,44)</b>	(7,53)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 €	2019 €
<b>Loss for the year</b>	<b>(309.246)</b>	<b>(11.750.629)</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Profit from revaluation of land and buildings	-	180.235
Deferred tax adjustment	<b>(11.765)</b>	(24.110)
<b>Items that will not be reclassified to profit or loss</b>	<b>(11.765)</b>	156.125
<b>Other comprehensive income for the year, net of tax</b>	<b>(11.765)</b>	156.125
<b>Total comprehensive income for the year</b>	<b>(321.011)</b>	<b>(11.594.504)</b>
<b>Attributable to:</b>		
Company's shareholders	<b>(2.513.900)</b>	(13.065.461)
Non-controlling interest	<b>2.192.889</b>	1.470.957
	<b>(321.011)</b>	<b>(11.594.504)</b>
<b>Total comprehensive income for the year attributable to the equity holders of the Company arises from:</b>		
Continuing operations	<b>(2.288.682)</b>	(12.976.569)
Discontinued operations	<b>(225.218)</b>	(88.892)
	<b>(2.513.900)</b>	<b>(13.065.461)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	2020 €	2019 €
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	28.745.039	31.318.821
Intangible assets	17.163.532	17.177.187
Deferred tax assets	637.768	829.995
Financial assets at fair value through other comprehensive income	3.989	3.989
Financial assets at amortised cost	16.666.295	29.162.344
Right-of-use assets	72.427.168	82.830.601
	<b>135.643.791</b>	<b>161.322.937</b>
<b>Current assets</b>		
Inventory	24.416.578	27.029.329
Financial assets at amortised cost	1.452.353	2.569.595
Trade and other receivables	695.074	1.195.933
Prepayments	1.052.507	1.268.696
Other receivables	32.612	-
Tax refundable	25.036	25.222
Cash and cash equivalents	2.141.486	1.486.386
	<b>29.815.646</b>	<b>33.575.161</b>
<b>Total assets</b>	<b>165.459.437</b>	<b>194.898.098</b>
<b>Equity and liabilities</b>		
<b>Capital and reserves attributable to the Company's shareholders</b>		
Share capital	59.500.000	59.500.000
Difference from conversion of share capital into Euro	301.050	301.050
Treasury shares	(154.583)	(154.583)
Fair value reserve	1.773.696	1.779.696
Accumulated losses	(55.760.279)	(53.252.379)
	<b>5.659.884</b>	<b>8.173.784</b>
<b>Non-controlling interest</b>	<b>7.798.661</b>	<b>7.565.772</b>
<b>Total equity</b>	<b>13.458.545</b>	<b>15.739.556</b>
<b>Non-current liabilities</b>		
Borrowings	5.281.788	5.353.749
Deferred tax liabilities	927.461	875.374
Lease liabilities	70.389.764	76.258.050
	<b>76.599.013</b>	<b>82.487.173</b>
<b>Current liabilities</b>		
Trade and other payables	38.941.972	43.348.788
Accruals	6.000.000	6.000.000
Contractual liabilities	3.151.936	3.408.401
Current income tax liabilities	965.614	965.742
Borrowings	20.985.418	34.366.632
Lease liabilities	5.356.939	8.581.806
	<b>75.401.879</b>	<b>96.671.369</b>
<b>Total liabilities</b>	<b>152.000.892</b>	<b>179.158.542</b>
<b>Total equity and liabilities</b>	<b>165.459.437</b>	<b>194.898.098</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital €	Difference from conversion of share capital into Euro €	Treasury shares €	Accumulated losses €	Fair value reserve €	Capital and reserves attributable to the Company's shareholders €	Non- controlling interest €	Total €
<b>Balance at 1 January 2019</b>	59.500.000	301.050	(154.583)	(40.107.294)	1.700.072	21.239.245	7.099.161	28.338.406
<b>Comprehensive loss</b>								
(Loss)/profit for the year	-	-	-	(13.145.085)	-	(13.145.085)	1.394.456	(11.750.629)
<b>Other comprehensive income</b>								
Land and buildings:								
Revaluation of land and buildings	-	-	-	-	91.920	91.920	88.315	180.235
Deferred tax adjustment	-	-	-	-	(12.296)	(12.296)	(11.814)	(24.110)
Total other comprehensive income	-	-	-	-	79.624	79.624	76.501	156.125
Total comprehensive income for the year 2019	-	-	-	(13.145.085)	79.624	(13.065.461)	1.470.957	(11.594.504)
<b>Transactions with owners</b>								
Dividend paid	-	-	-	-	-	-	(980.000)	(980.000)
Write-off of non-controlling interest upon the disposal of subsidiary	-	-	-	-	-	-	(24.346)	(24.346)
<b>Total transactions with owners</b>	-	-	-	-	-	-	(1.004.346)	(1.004.346)
<b>Balance at 31 December 2019</b>	<b>59.500.000</b>	<b>301.050</b>	<b>(154.583)</b>	<b>(53.252.379)</b>	<b>1.779.696</b>	<b>8.173.784</b>	<b>7.565.772</b>	<b>15.739.556</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

	Share Capital €	Difference from conversion of share capital into Euro €	Treasury shares €	Accumulated losses €	Fair value reserve €	Capital and reserves attributable to the Company's shareholders €	Non- controlling interest €	Total €
<b>Balance at 1 January 2020</b>	59.500.000	301.050	(154.583)	(53.252.379)	1.779.696	8.173.784	7.565.772	15.739.556
<b>Comprehensive loss</b>								
(Loss)/profit for the year	-	-	-	(2.507.900)	-	(2.507.900)	2.198.654	(309.246)
<b>Other comprehensive income</b>								
Land and buildings:								
Deferred tax adjustment	-	-	-	-	(6.000)	(6.000)	(5.765)	(11.765)
Total other comprehensive income	-	-	-	-	(6.000)	(6.000)	(5.765)	(11.765)
Total comprehensive income for the year 2020	-	-	-	(2.507.900)	(6.000)	(2.513.900)	2.192.889	(321.011)
<b>Transactions with owners</b>								
Dividend paid	-	-	-	-	-	-	(1.960.000)	(1.960.000)
<b>Total transactions with owners</b>	-	-	-	-	-	-	(1.960.000)	(1.960.000)
<b>Balance at 31 December 2020</b>	<b>59.500.000</b>	<b>301.050</b>	<b>(154.583)</b>	<b>(55.760.279)</b>	<b>1.773.696</b>	<b>5.659.884</b>	<b>7.798.661</b>	<b>13.458.545</b>

## CONSOLIDATED CASH FLOW STATEMENT AS AT 31 DECEMBER 2020

	2020	2019
	€	€
<b>Cash flow from operations</b>		
Profit/(loss) before tax from:		
Continuing operations	795.943	(11.176.978)
Discontinued operations	<u>(225.218)</u>	<u>(88.892)</u>
<b>Profit/(loss) before tax after discontinued operations</b>	<b>570.725</b>	<b>(11.265.870)</b>
Adjustments for:		
Depreciation of property, plant and equipment	2.907.018	2.996.758
Amortisation of intangible assets	125.194	164.197
Depreciation of right-of-use assets	7.097.559	10.512.549
Interest expense	4.014.199	4.768.608
Interest income	(910.684)	(1.362.653)
Discounts received on rent due to COVID-19	(1.016.200)	-
Profit from lease terminations	(271.772)	-
Net (profit)/ loss from impairment of financial assets	(881.006)	667.683
Profit from disposal of property, plant and equipment	(14.543)	(8.963)
Impairment charge of property, plant and equipment resulting from discontinued operations	407.778	25.793
Write offs resulting from discontinued operations	479.100	-
Impairment charge of intangible assets	100.000	341.371
Compensation income resulting from the closure of department store	(7.000.000)	-
Profit from disposal of subsidiary	-	(522.232)
Impairment charge of inventories	-	85.331
	<u>5.607.368</u>	<u>6.402.572</u>
Working capital changes:		
Inventory	2.612.751	(995.465)
Prepayments	216.189	395.443
Trade and other receivables	468.247	(652.057)
Financial assets at amortised cost	1.117.242	(434.178)
Trade and other payables and contractual liabilities	<u>(4.633.419)</u>	<u>4.107.505</u>
<b>Cash flow from operating activities</b>	<b>5.388.378</b>	<b>8.823.820</b>
Tax paid	<u>(649.759)</u>	<u>(338.380)</u>
<b>Net cash from operating activities</b>	<b>4.738.619</b>	<b>8.485.440</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(1.280.800)	(1.564.510)
Purchase of intangible assets	(211.539)	(367.171)
Receipts from disposal of property, plant and equipment	75.228	51.713
Interest received	-	4.377
Loans granted to related parties	(2.821.752)	(3.414.829)
Repayment of loans to related parties	12.193.475	12.264.177
Interest received	20.344	-
Receipts from the disposal of subsidiary company after the deduction of cash and cash equivalents and bank overdrafts	-	642.558
<b>Net cash from investing activities</b>	<u>7.974.956</u>	<u>7.616.315</u>
<b>Cash flow from financing activities</b>		
Interest paid	(1.267.070)	(1.645.493)
New bank loans granted	-	7.483.056
Repayments of bank loans	(42.283)	(9.869.999)
Dividend paid from subsidiary company to non-controlling interest	(1.960.000)	(980.000)
Payment of lease liabilities	<u>(6.916.959)</u>	<u>(11.558.444)</u>
<b>Net cash used in financing activities</b>	<b>(10.186.312)</b>	<b>(16.570.880)</b>
<b>Net cash increase/(decrease) in cash and cash equivalents and bank overdrafts</b>	<b>2.527.263</b>	<b>(469.125)</b>
<b>Reduction in bank overdrafts arising from loans write offs</b>	<b>11.448.108</b>	<b>-</b>
<b>Cash and cash equivalents and bank overdrafts at the beginning of the year</b>	<u>(30.020.817)</u>	<u>(29.551.692)</u>
<b>Cash and cash equivalents and bank overdrafts at the end of the year</b>	<u>(16.045.446)</u>	<u>(30.020.817)</u>