



Global Fashion Group S.A.,
Société anonyme

**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**

The Company wishes to have the flexibility to issue convertible bonds, option bonds and/or income bonds and/or profit participation rights (or combinations of these and similar instruments). In this context, it is contemplated to restate and renew the current authorised capital.

In this context the management board of the Company (the “**Management Board**”) contemplates to propose to the extraordinary general meeting of shareholders to be held on or about 26 June 2020, in accordance with the provisions of article 420-26 (5) of the law of 10 August 1915 regarding commercial companies, as amended, to authorise the Management Board (with the approval of the supervisory board of the Company (the “**Supervisory Board**”)) to issue common shares and waive the preferential subscription right of existing shareholders in relation to the issue of shares of the Company within the limits of the authorised capital except as provided herein.

1. In the general meeting of shareholders, it is contemplated *inter alia* that the authorised capital of the company shall amount to a total one million eight hundred thirty-nine thousand one hundred eighty-one euro and fifty-one cents (EUR 1,839,181.51) (the “**Authorised Capital**”). The Management Board proposes to use the Authorised Capital for the following purposes:
 - to issue up to nine million two hundred eighty-three thousand five hundred twenty-nine (9,283,529) shares, stock options, warrants, convertible instruments and other securities against nil consideration to employees, directors, officer and any individual or company eligible to the restricted stock units (“**RSU**”), including a performance component, under the management incentive plan 2019-2021 (the “**2019-2021 LTIP**”) without reserving a preferential subscription right for the existing shareholders;

- to issue up to twenty million four hundred nine thousand three hundred ninety-six (20,409,396) common shares within the framework of a capital increase of the Company for the following purposes:
 - i. issuing common shares, granting options to subscribe for common shares and issuing any other instruments convertible into common shares for the purpose of delivery of shares upon exercise or conversion, as applicable, of the Company's stock options or other equity-based awards granted under the Global Fashion Group S.A. Share Incentive Plan, as amended from time to time, or issues of common shares to certain existing or former managers or other employees of the group of companies of which the Company is the parent company, or issue common shares to cover the exercise of the Company's existing or future call options granted to certain existing or former managers or other employees of the group of companies of which the Company is the parent company;
 - ii. issuing common shares against the contribution in kind of shares in Jade 1159. GmbH, a limited liability company, incorporated and existing under the laws of the Federal Republic of Germany, registered with the commercial register at the local court of Charlottenburg, Germany, under no. HRB 132519 B, with the seat in Berlin, Germany ("**Kanui**") and shares in Jade 1218. GmbH, a limited liability company, incorporated and existing under the laws of the Federal Republic of Germany, registered with the commercial register at the local court of Charlottenburg, Germany, under no. HRB 135026 B, with the seat in Berlin, Germany ("**Tricae**") to the shareholders of Kanui and Tricae (who will hold such common shares in trust and on behalf of certain existing and former managers, founders, employees, business angels and supporters of the (indirect and direct) subsidiaries of Kanui and Tricae, jointly the "**Kanui & Tricae Beneficiaries**"), and/or upon or in connection with the exercise of existing and future options for the subscription for/acquisition of shares in the Company granted and to be granted to Kanui & Tricae Beneficiaries.
 - iii. issue common shares in connection with the roll-up of existing and former managers, founders, employees, business angels and supporters of group companies ("**Regional Beneficiaries**"), with or without additional contributions in cash, and/or in connection with options for the subscription for/acquisition of shares in the Company to be granted to the Regional Beneficiaries;

A subscription price between one cent (EUR 0.01) and forty-one euro twelve cents (EUR 41.12) shall apply to such issuance without reserving a preferential subscription right for the existing shareholders;

- to issue up to seven million four hundred forty-eight thousand one hundred sixty-two (7,448,162) in the context of an initial public offering to the shareholders in the framework of the Redistribution. The common shares shall be issued against nil consideration without reserving a preferential subscription right for the existing shareholders;
- to issue up to twenty-three million seven hundred eighty thousand (23,780,000) common shares for placement with investors in the context of an initial public offering and for the purpose of enabling the Company to issue new common shares under a green shoe option granted or to be granted to one or more of the underwriters in the context of the initial public offering. A subscription price between one euro cent (EUR 0.01) and fifteen euro (EUR 15) shall apply to such issuance without reserving a preferential subscription right for the existing shareholders;
- to issue up to ten million (10,000,000) shares, stock options, warrants, convertible instruments and other securities to employees, directors, officer and any individual or company eligible to any future long term management incentive plan that will not enter into effect prior to 1 January 2021 (the “**2021 LTIP**”) A subscription price between nil consideration and two hundred euro (EUR 200) shall apply to such issuance without reserving a preferential subscription right for the existing shareholders;
- to issue up to one hundred twelve million nine hundred ninety-seven thousand sixty-four (112,997,064) common shares as follows:
 - i. to issue up to forty-nine million two hundred thirteen thousand nine hundred ninety-eight (49,213,998) common shares or instruments convertible into forty-nine million two hundred thirteen thousand nine hundred ninety-eight (49,213,998) common shares against contribution in cash for a subscription price between ninety percent (90%) and one hundred ten percent (110%) of the XETRA daily closing price of the Company’s common shares on a date within five (5) business days prior to the date of subscription and, with respect to instruments convertible into common shares, the date of subscription or the date of exercise as determined by the Management Board with the consent of the Supervisory Board without reserving a preferential subscription right for the existing shareholders; and/or
 - ii. to issue up to one hundred twelve million nine hundred ninety-seven thousand sixty-four (112,997,064) common shares or instruments convertible into one hundred twelve million nine hundred ninety-seven thousand sixty-four (112,997,064) common shares to existing shareholders for a subscription price between one euro cent (EUR 0.01) and the XETRA

daily closing price of the Company's common shares on a date within five (5) business days prior to the date of subscription and, with respect to instruments convertible into common shares, the date of subscription or the date of exercise as determined by the Management Board with the consent of the Supervisory Board without waiving the preferential subscription right for the existing shareholders; and/or

- iii. to issue up to one hundred twelve million nine hundred ninety-seven thousand sixty-four (112,997,064) common shares against contributions made in kind for a minimum subscription price of ninety percent (90%) of the XETRA daily closing price of the Company's common shares on a date within five (5) business days prior to the date of subscription as determined by the Management Board with the consent of the Supervisory Board shall apply to the issuance of common shares against contributions made in kind.
2. 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, subject. Such circumstances could for instance arise when it appears to be necessary to be able to respond quickly to certain market opportunities, 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.
 3. 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 increase and set the Company's Authorised Capital by the amount set out above, to grant the authorisation to the authorise the Management Board (with the approval of the Supervisory Board) to issue common shares of the Company and specifically to proceed to such issue with or without reserving a pre-emptive subscription right (if any and except where otherwise indicated in the present report) for existing shareholders in a period of five (5) years as from the date of the relevant resolutions approving such proposals.

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Luxembourg, on 19 May 2020

For and on behalf of the Management Board,

Christoph Barchewitz

Christoph Barchewitz
Co-CEO & Member of the Management Board