



Lookiero Style, S.L. and subsidiaries Audit Report

(Along with the consolidated financial statements and consolidated directors' report of Lookiero Style, S.L. for the year ended 31.12.2019)

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IMP. S. JORDAN V. ALCAÑEL CONDE
Traductora-Intérprete Jurada de INGLÉS
19/02/2021



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LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Consolidated Balance Sheet
at 31 December 2019

(Expressed in euros)

<u>Assets</u>	<u>Note</u>	
Intangible assets	5	639,189
Patents, licences, trademarks and other		24,506
Computer software		614,680
Property, plant, and equipment	6	340,147
Plant and other property, plant, and equipment		340,147
Non-current financial investments		161,258
Equity instruments		7,092
Other financial assets	8	154,166
Total non-current assets		1,140,594
Inventories	9	6,343,611
Goods held for resale		6,224,679
Advances to suppliers		118,932
Trade and other receivables	8	3,417,187
Trade receivables for sales and services		274,152
Sundry receivables		85,401
Employee receivables		128
Other accounts receivable from public authorities	15	3,057,506
Current financial investments	8	147,771
Other financial assets		147,771
Short-term accruals		72,038
Cash and cash equivalents	10	5,671,975
Cash		5,671,975
Total current assets		15,652,582
Total assets		16,793,176

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The accompanying notes form an integral part of the consolidated financial statements for 2019.

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Consolidated Balance Sheet
at 31 December 2019

(Expressed in euros)

<u>Equity and Liabilities</u>	<u>Note</u>	
Shareholder's equity	11	<u>6,761,981</u>
Share capital		<u>13,798</u>
Share capital		13,798
Share premium		<u>21,917,896</u>
Prior years' profit/(loss)		<u>(5,542,207)</u>
Profit/(loss) for the year		<u>(9,627,506)</u>
Valuation adjustments		<u>13,309</u>
Translation differences		13,309
Total equity		<u>6,775,290</u>
Non-current payables	13	<u>826,696</u>
Bank borrowings		621,194
Obligations under financial leases		19,044
Other financial liabilities		<u>186,458</u>
Total non-current liabilities		<u>826,696</u>
Short-term provisions	12	<u>1,095,344</u>
Current payables	13	<u>1,856,674</u>
Bank borrowings		1,779,835
Obligations under financial leases		12,028
Other financial liabilities		<u>64,811</u>
Trade and other payables	14	<u>6,239,172</u>
Payables to suppliers		3,177,341
Sundry payables		1,703,012
Employee receivables		2,440
Other accounts payable to public authorities	15	<u>1,272,398</u>
Advances from customers		<u>83,981</u>
Total current liabilities		<u>9,191,190</u>
Total equity and liabilities		<u>16,793,176</u>

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The accompanying notes form an integral part of the consolidated financial statements for 2019.

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Consolidated Income Statement
for the year ended
31 December 2019

(Expressed in euros)

	<u>Note</u>	
CONTINUING OPERATIONS		
Turnover	17	25,224,378
Sales		25,224,378
In-house work on assets		468,775
Procurements	17	(13,987,436)
Cost of goods held for resale used		(12,209,557)
Cost of raw materials and other consumables used		(765,536)
Write-down of goods held for resale, raw materials, and other supplies	9	(1,012,344)
Other Operating Income		34,652
Income-related grants transferred to profit or loss		34,652
Staff costs		(6,591,212)
Wages, salaries, and similar expenses		(5,230,719)
Employee benefit costs		(1,360,493)
Other operating expenses		(14,142,411)
Outside services		(13,052,838)
Taxes other than income tax		(10,788)
Losses on, impairment of and change in allowances for trade receivables	8	(1,078,785)
Depreciation and amortisation charge	5, 6	(148,531)
Other gains/(losses)		57,421
Profit/(loss) from operations		(9,084,364)
Finance costs		(418,336)
On debts to third parties	13	(418,336)
Exchange differences		(124,806)
Financial profit/(loss)		(543,142)
Profit/(loss) before tax		(9,627,506)
Income tax		-
Profit/(loss) for the year from continuing operations		(9,627,506)
Consolidated profit/(loss) for the year		(9,627,506)

The accompanying notes form an integral part of the consolidated financial statements for 2019.

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Statement of Changes in Equity
for the year ended
31 December 2019

A) Consolidated Statement of Recognised Income and Expense
for the year ended
31 December 2019

(Expressed in euros)

	<u>Note</u>
Consolidated profit/(loss) for the year	<u>(9,627,506)</u>
Income and expense recognised directly in equity	-
Translation differences	<u>13,309</u>
Total income and expense recognised directly in equity	<u>13,309</u>
Total consolidated recognised income and expense	<u>(9,614,197)</u>
Total income and expense attributable to the Parent	<u>(9,614,197)</u>
Total income and expense attributable to minority interests	<u>-</u>

The accompanying notes form an integral part of the consolidated financial statements for 2019.

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Statement of Changes in Equity
for the year ended
31 December 2019

B) Consolidated Statement of Changes in Total Equity
for the year ended
31 December 2019

(Expressed in euros)

	Share Capital (note 11)	Share premium (note 11)	Reserves and prior years' profit/(loss)	Profit/(loss) for the year attributable to the Parent	Translation differences	Total
Balance at 1 January 2019	9,362	6,044,459	(1,415,990)	(3,714,082)	-	923,749
Adjustments due to changes in policies and errors	-	-	(412,135)	-	-	(412,135)
Adjusted balance at 1 January 2019	9,362	6,044,459	(1,828,125)	(3,714,082)	-	511,614
Total consolidated recognised income and expense	-	-	-	(9,627,506)	13,309	(9,614,197)
Transactions with shareholders and owners						
Capital increase	4,436	15,873,437	-	-	-	15,877,873
Allocation of profit/(loss)	-	-	(3,714,082)	3,714,082	-	-
Balance at 31 December 2019	13,798	21,917,896	(5,542,207)	(9,627,506)	13,309	6,775,290

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LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Consolidated Statement of Cash Flows
for the year ended
31 December 2019

(Expressed in euros)

	<u>Note</u>
Consolidated cash flows from operating activities	
Consolidated profit/(loss) for the year before tax	(9,627,506)
Consolidated adjustments to profit/(loss)	2,782,802
Depreciation and amortisation charge (+)	148,531
Impairment losses	2,091,129
Finance costs (+)	418,336
Exchange differences (+)	124,806
Changes in consolidated working capital	(3,253,053)
Inventories	(4,279,627)
Trade and other receivables (+/-)	(2,170,186)
Other current assets (+/-)	(55,936)
Trade and other payables (+/-)	3,252,696
Other cash flows from operating activities	(393,328)
Interest paid (-)	(399,719)
Other amounts received (paid) (+/-)	6,391
Consolidated cash flows from operating activities	(10,491,085)
Consolidated cash flows from investment activities	
Payments due to investments (-)	(781,317)
Intangible assets	(484,697)
Property, plant, and equipment	(188,267)
Equity instruments	(7,092)
Other financial assets	(101,261)
Consolidated cash flows from investment activities	(781,317)
Consolidated cash flows from financing activities	
Proceeds and payments relating to equity instruments	11,027,873
Issue of equity instruments (+)	11,027,873
Proceeds and payments relating to financial liabilities	5,245,774
Issue	
Bank borrowings (+)	1,500,931
Other financial liabilities (+)	3,744,843
Consolidated cash flows from financing activities	16,273,647
Net increase/decrease in cash or cash equivalents	5,001,245
Cash or cash equivalents at beginning of year	670,730
Cash or cash equivalents at the end of the year	5,671,975

The accompanying notes form an integral part of the consolidated financial statements for 2019.

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

31 December 2019

(1) Nature, Group Activities and Group Composition

Lookiero Style, S.L. (the Parent) was incorporated perpetually in Bilbao on 17 June 2015 under the corporate name Lookiero Style, S.L. The Parent's registered office and tax domicile is at Camino Uribarri a Erandiondo 3, Erandio. The Parent company's main activity is online personalised consulting on fashion, as well as the sale and purchase and marketing in general of dresses, clothing, footwear and other supplementary or decorative items related to the textile and clothing industry.

These activities can be carried out by the Parent, in full or in part, indirectly through holdings in other companies with an identical or similar purpose. Furthermore, the described activities are developed in Spain and abroad.

Lookiero Style, S.L. is the Parent of a Group composed of subsidiaries.

(2) Basis of presentation

(a) Fair presentation

The consolidated financial statements have been prepared based on the accounting records of Lookiero Style, S.L. and its subsidiaries. The consolidated financial statements for 2019 were prepared in accordance with current Spanish commercial law, the Spanish National Chart of Accounts (*Plan General Contable*) and the rules for the preparation of consolidated financial statements in order to present fairly the Company's consolidated equity and consolidated financial position at 31 December 2019, as well as the consolidated results of its operations, the changes in consolidated equity and its consolidated cash flows for the year ended on that date.

The Parent's Board of Directors believes the consolidated financial statements for 2019, which were prepared on 16 October 2020, will be approved by the General Shareholders Meeting with no amendments.

(b) Comparative information

2019 is the first year in which the Group has prepared consolidated financial statements. The Directors have opted to omit the comparative figures for the previous year in the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows and the consolidated notes to the financial statements. As a result, to apply the consolidation method, the acquisition date of the consolidated companies is considered to be 1 January 2019. The goodwill on consolidation generated on that date has been tested for impairment, and its total impairment has been recognised effective 1 January 2019.

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LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Functional currency and presentation currency

The consolidated financial statements are presented in euros, rounded to the nearest euro, which is the functional and presentation currency of the Parent.

(d) Critical aspects relating to the valuation and estimate of uncertainties and judgements relevant to the application of accounting policies

Preparing the consolidated financial statements requires that significant accounting estimates be applied and that judgements, estimates and assumptions be made in the process of applying the Group's accounting policies. In this regard, the following contains an in-depth summary of the aspects that entailed a greater degree of judgement, complexity or in which the assumptions and estimates are significant for the preparation of the consolidated financial statements:

- Recoverable value of the inventories (see note 4.f).
- The assessment of the likelihood and amount of undetermined or contingent liabilities. (see note 4.h)

Although these estimates were made by the directors based on the best information available at 31 December 2019, events that take place in the future might make it necessary to change these estimates in coming years. The effect on the consolidated financial statements of the changes that, as the case may be, may arise from the adjustments to be made in coming years would be recognised prospectively.

(e) Correction of errors

In 2019, the Group detected some errors in relation to the cut-off of sale and purchase transactions executed up to 31 December 2018 and the estimation of the provision to deal with certain risks existing at 31 December 2018.

In application of measurement standard 22 of the National Chart of Accounts "Changes in accounting policies, errors and accounting estimates", the Group has corrected the changes retroactively effective 1 January 2019.

The following agreements were made:

(euros)	1 January 2019
Error detected in the valuation of inventories	101,403
Error detected in the estimation of provisions for risks and expenses	378,120
Error detected in the cut-off of transactions relating to purchases	(67,388)
Profit/(loss) for the year	412,135

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(3) Application of losses

The proposed application of the Parent's losses for the year ended 31 December 2019 to be submitted to the General Shareholders Meeting is its full transfer to prior years' Losses.

(4) Recognition and measurement standards**(a) Subsidiaries**

Subsidiaries, including special-purpose entities, are defined as companies over which the Parent exercises control directly or indirectly through subsidiaries, in accordance with section 42 of the Spanish Commercial Code (*Código de Comercio*). Control is the power to govern the financial and operating policies to benefit from its activities, taking into account for these purposes the potential voting rights that may be exercised or converted at the end of the financial year held by the Group or third parties.

For presentation and disclosure purposes, Group companies are defined as companies that are controlled through any means by one or several individuals or legal entities that act jointly or are under single management in accordance with resolutions or articles of association provisions.

The subsidiaries were consolidated using the full consolidation method.

Appendix I provides information on the subsidiaries included in the consolidation Group.

Income, expenses, and cash flows of subsidiaries are included in the consolidated financial statements from the acquisition date that is the date on which the Group obtained effective control of them. The subsidiaries are excluded from the scope of consolidation from the date on which this control was lost.

The transactions and balances with subsidiaries and unrealised gains or losses were eliminated on consolidation. However, unrealised losses have been considered an indicator of the impairment of the assets transferred.

As mentioned in note 2 (b), the Parent has availed of the option to set 1 January 2019 as the acquisition date of the subsidiaries to apply the consolidation method.

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The accounting policies of the subsidiaries have been adapted to the accounting policies of the Group for like transactions and other events in similar circumstances.

The financial statements of the subsidiaries used in the consolidation process refer to the same date of presentation and to the same period as the financial statements of the Parent.

(b) Business combinations

The acquisition date is the date on which the Group takes control of the acquired business. In case of mergers and demergers, the acquisition date is the date the transaction is approved by the General Shareholders Meeting. However, when the transaction is approved before the year-end but it is registered at the Commercial Registry after the legal period to prepare the consolidated financial statements, the Group recognises the transaction in the consolidated financial statements for the year in which it is registered, restating the comparative balances for the previous year.

The cost of the business combination is determined on the acquisition date for the sum of the fair values of the assets delivered, the liabilities incurred or assumed, the net equity instruments issued and any contingent consideration dependent on future events or compliance with certain conditions in exchange for the control of the business acquired.

The cost of the business combination excludes any disbursement that does not form part of the exchange for the acquired business. The costs related to the acquisition are recognised as an expense as they are incurred.

The costs of issuing equity and liability instruments are recognised following the measurement criteria applicable to these transactions.

On the acquisition date, the Group recognises the assets acquired and the liabilities assumed at their fair value. The minority interests in the acquired business are recognised at the amount corresponding to the share percentage in the fair value of the net assets acquired. The liabilities assumed include contingent liabilities insofar as they represent present obligations arising from past events and their fair value can be reliably measured. Furthermore, the Group recognises the indemnification assets granted by the seller at the same time and following the same measurement criteria as the indemnified item of the business acquired, considering, as applicable the risk of insolvency and any contractual limitation on the indemnified amount.

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The excess between the cost of the business combination, plus the value assigned to minority interests, on corresponding value of the identifiable net assets of the business acquired is recognised, as goodwill, if the acquisition has been recognised in the individual financial statements of the consolidated companies or as goodwill on consolidation, if the acquisition has been recognised in the consolidated financial statements.

(c) Intangible assetsConcessions, patents, licences, and similar items

Concessions, patents, licences, and similar items are measured at the cost incurred in acquiring them less the accumulated amortisation and, as applicable, the accumulated impairment loss.

The Group amortises the amounts incurred in obtaining them on a straight-line basis during the term of each concession and, in general, in ten years.

Computer software

The acquisition and development costs incurred in relation to the basic computer systems in managing the Group are recognised in the "Computer software" heading of the Consolidated Balance Sheet and measured at their cost less the accumulated amortisation and, as applicable, the accumulated impairment loss.

Computer system maintenance costs are recognised with a charge to the Consolidated Income Statement for the year in which they are incurred.

Computer software is amortised on a straight-line basis over a period of between four and ten years from the entry into service of each application.

(d) Property, plant, and equipment(i) Initial recognition

Property, plant, and equipment are stated at acquisition or production cost. The acquisition cost includes the incurred costs directly allocable to construction through their entry into operation (studies and designs, compulsory purchases, project execution, project management and administration expenses, installations, and similar items) and the portion relating to other indirectly allocable costs, to the extent that they relate to the construction period.

The costs of expansion, modernisation or improvement leading to increased productivity, capacity, or efficiency or to a lengthening of the useful lives of the assets are activated as a higher cost of the corresponding assets.

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The account advances for fixed assets are initially recognised at cost. In subsequent years, and as long as the period between payment for and receipt of the asset is more than one year, the advances to suppliers accrue interest at an incremental rate.

The assets and items removed, whether due to a modernisation process or to another cause, are accounted derecognising the book balance in the corresponding cost and accumulated depreciation and amortisation accounts.

Upkeep and maintenance costs incurred during the year are charged to the abridged income statement for the year.

The Group, as applicable, includes in the cost of the property, plant, and equipment, which needs a period of more than a year to be in working condition, the finance costs with the specific or generic financing directly attributable to the acquisition. Since the financing was obtained for a specific purpose, the amount in interest to be capitalised is determined based on the finance costs incurred by it.

The capitalisation of interest starts when the first costs related to the assets are incurred, the interest is accrued and the work necessary to prepare the assets for their use is being carried out and it ends when all or practically all the required works have been completed.

(ii) Depreciation

Items of property, plant and equipment are depreciated on a systematic basis over the useful life.

For depreciation purposes, property and plant and equipment are considered the cost of acquisition less the related residual value. The Group determines the depreciation cost independently for each component that has a significant cost in relation to the total cost of the item and a different useful life of the item.

The depreciation of items of property, plant, and equipment at 31 December 2019 is determined by applying the criteria mentioned below:

	Depreciation basis	Years of estimated useful life
Plant and machinery	Straight-line basis	5-10
Other installations, tools, and furniture	Straight-line basis	3-7
Computer hardware	Straight-line basis	3
Other items of property, plant, and equipment	Straight-line basis	3

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LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group reviews the residual value, the useful life, and the basis of depreciation of the property, plant, and equipment at the end of each year. The changes in the initially established criteria are recognised as a change in estimate.

(iii) Subsequent costs

After the initial recognition of the asset, those costs are only capitalised insofar as they entail an increase of its capacity, productivity, or an extension of its useful life, and the carrying amount of the replaced items must be derecognised. In this regard, the costs derived from the daily maintenance of the property, plant and equipment are recognised in results as they are incurred.

Replacements of capitalisable items of property, plant and equipment entail the reduction of the carrying amount of the replaced items. In cases in which the cost of the replaced items have not been depreciated independently and it was not practicable to determine their carrying amount, the replacement cost is used as an indication of the cost of the items at the time of their acquisition or construction.

(iv) Impairment of assets

The Group tests the non-financial assets subject to amortisation or depreciation for any indications of potential impairment to check whether the carrying amount of the aforementioned asset exceeds its recoverable value, which is considered to be the higher of fair value less costs of sale, and value in use.

Furthermore, and regardless of the existence of any indication of impairment, the Group checks, at least annually, the potential impairment that could affect the intangible fixed assets that are still not in working conditions.

The calculation of the asset's value in use is performed in accordance with the future expected cash flows derived from using the asset, expectations on possible variations in the amount or time distribution of the flows, the time value of money, the price payable to bear the uncertainty related to the asset and other factors that market participants would consider measuring the future cash flows related to the asset.

Impairment losses are recognised in the consolidated income statement.

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

At the end of each reporting period, the Group assesses whether there is any indication of whether the impairment losses recognised in prior years no longer exists or whether it could have been reduced. Impairment losses on property, plant and equipment are only reversed if there is a change in the estimates used to calculate the recoverable amount of the asset.

An impairment loss is reversed with a credit to the consolidated income statement. However, an impairment loss can only be reversed to the extent that the carrying amount does not exceed the carrying amount of the asset, net of the accumulated amortisation or depreciation. had the impairment loss not been recognised.

Once an impairment loss has been recognised or reversed, the accumulated amortisation or depreciation is adjusted in the following years based on the new carrying amount.

However, if an irreversible impairment loss arises as a result of the specific circumstances of an asset, the impairment loss is recognised directly in losses on non-current assets in the consolidated income statement.

(e) Financial instruments

(i) Classification and measurement

Financial instruments are classified at the date of their initial recognition as financial assets, financial liabilities, or equity instruments, in accordance with the economic substance of the contractual agreement and the definitions of a financial asset, financial liability and equity instrument.

The Group classifies financial instruments in different categories, based on the characteristics and on the Group's intentions at the date of initial recognition.

(ii) Loans and receivables

Loans and receivables are composed of receivables for commercial transactions and receivables for non-commercial transactions with fixed or variable collections that are not listed on an active market, other than those classified under other categories of financial assets. These assets are initially recognised at fair value, including the transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest method.

(iii) Disposals of financial assets

Financial assets are derecognised when the rights to receive cash flows relating thereto have matured or have been transferred and the Group has transferred substantially all the risks and benefits arising from the related ownership.

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LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The derecognition of a financial asset in full gives rise to the recognition of a gain or loss for the difference between its carrying amount and the sum of the consideration received, net of transaction costs, including the assets obtained or liabilities assumed and any loss or gain deferred in income and expense recognised in equity.

(iv) Impairment of financial assets

A financial asset or group of financial assets is impaired and an impairment loss has been generated if there is objective evidence of the impairment as a result of one or more events that have occurred after the initial recognition of the asset and the event or events causing the loss have an impact on the estimated future cash flows of the financial asset or group of financial assets, which can be reliably estimated.

The Group recognises the appropriate impairment losses for loans and receivables and debt instruments, when there has been a reduction or delay in the future estimated cash flows, because the debtor is insolvent.

Furthermore, in the case of equity instruments, there is an impairment when the asset's book value cannot be recovered due to a prolonged or significant reduction in its fair value.

▪ Impairment of financial assets measured at amortised cost

The amount of the impairment loss on financial assets measures at amortised cost is the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows, excluding future losses on loans that have not yet been incurred, discounted at the original effective interest method of the asset.

For floating-rate financial assets, the effective interest method corresponding to the measurement date is used based on the contractual conditions. For debt instruments classified as investments held to maturity, the Group uses their market value, provided that it is reliable enough to consider it representative of the recoverable value.

Impairment losses are recognised with a charge to profit or loss and are reversible in subsequent years if the amount reversed can be related objectively to an event after their recognition. However, impairment losses cannot be reversed for more than the amortised cost for which the assets would have been recognised had the impairment loss not been recognised.

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(v) *Financial liabilities*

Financial liabilities, including trade and other payables that are not classified as held-for-trading or financial liabilities at fair value with changes in the income statement, are recognised initially at fair value, less any transaction costs directly attributable to their issuance. Subsequent to initial recognition, the liabilities classified under this category are recognised at amortised cost using the effective interest method.

(vi) *Disposals and changes in financial liabilities*

The Group derecognises a financial liability or a part of it when it has fulfilled the obligation contained in the liability, or if it is legally exempt from the main responsibility included in the liability, either as a result of legal proceedings or by the creditor.

(f) Inventories

Inventories are measured at the lower amount between their cost, which includes all the costs caused by their acquisition and transformation, and the direct and indirect costs incurred to give them their current condition and location and their "net realisable value", which means their estimated disposal price in the ordinary course of the business, less the estimated costs to finish their production and those necessary to complete their sale.

The criterion applied by the Group in determining the cost for each type of inventories is the following:

- Commercial inventories, raw materials and assets held for transformation: At acquisition price determined in accordance with the weighted average cost method.

The cost of the inventories is subject to valuation adjustments in those cases in which their cost exceeds their net realisable value.

The previously recognised valuation adjustment is reversed against profit or loss, if the circumstances that gave rise to the write-down no longer exist or when there is clear evidence of an increase in the net realisable value as a result of a change in economic circumstances. The limit of the reversal of the valuation adjustment is the lower of the cost and the new net realisable value of the inventories.

Valuation adjustments and reversals due to impairment of inventories are recognised under "Changes in inventories of finished goods and work in progress" and "Procurements" depending on the type of inventory.

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LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits held at banks. This heading also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. For these purposes, investments maturing within three months of the acquisition date are included.

(h) Provisions

Provisions are recognised when the Group has a present obligation, either legal, contractual, implicit, or automatic, as a result of a past event, i.e., it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The financial effect of the provisions is recognised as finance costs in the income statement.

The provisions are reversed against profit or loss when it is probable that an outflow of economic benefits will not be required to settle the obligation.

(i) Income tax

The income tax income or expense is composed of current and deferred tax.

Current income tax assets or liabilities are measured at the amount that is expected to be paid to or refunded by the tax authorities, based on the current tax rates and regulations, or approved and pending publication at the end of the year.

Current or deferred income tax is recognised in profit or loss, except if it arises from a business combination or a transaction or economic event that has been recognised in equity either in the same or a different year.

(i) Recognition of deferred tax assets

The Group recognises deferred tax assets provided that it is likely there will be sufficient future taxable profit to offset these assets or when tax law provides for the possibility of converting the deferred tax assets into a tax credit claimable from public authorities in the future.

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The Group recognises the conversion of a deferred tax asset into a receivable from public authorities. For these purposes, the derecognition of the deferred tax asset charged to deferred income tax expense and the receivable credited to current income tax. Likewise, the Group recognises the exchange of a deferred tax asset for public debt securities when their ownership is acquired.

The Group recognises the payment obligation derived from the financial provision as an operating expense credited to payables to public authorities when it is accrued in accordance with the Spanish Corporation Tax Act (*Ley del Impuesto sobre Sociedades*). However, the assets arising from the initial recognition of assets or liabilities on a transaction that is not a business combination and does not affect the accounting profit (loss) or the taxable profit (tax loss) at the transaction date are not recognised.

However, it is considered unlikely that the Group will have sufficient future taxable profits when the assets are expected to be recovered within a period of more than ten years from the reporting date, regardless of the nature of the deferred tax asset, or, in the case of tax credits and other tax benefits not yet used for tax purposes due to not having sufficient tax payable, when having carried out the activity or having obtained the income giving rise to that tax credit or tax relief, there are reasonable doubts as to the fulfilment of the requirements to effectively use them.

However, it is considered likely that the Group will have sufficient taxable profit to recover the deferred tax assets, provided that there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, the reversal of which is expected in the same tax period as the reversal of the deductible temporary differences or in the periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

(ii) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates applicable in the years in which the assets will be realised and the liabilities settled, based on the current rates and regulations, or approved and pending publication, once the tax consequences that will arise from the way in which the Group expects to realise the assets or settle the liabilities have been considered.

Deferred tax assets and liabilities are recognised in the balance sheet as non-current liabilities and assets, irrespective of the expected realisation or settlement date.

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(j) Environmental information

Expenses incurred in connection with these environmental activities are recognised as other operating expenses in the year in which they are incurred. Items of property, plant and equipment acquired to be used on a lasting basis in their activity and whose main purpose is to minimise environmental impact, and protect and improve the environment, including reducing or eliminating future pollution in the Group's operations, are recognised as assets applying measurement, presentation, and breakdown criteria consistent with those mentioned in section (b).

(k) Transactions between Group companies

Transactions between Group companies, other than those related to mergers, demergers, and non-monetary contributions of businesses, are recognised at the fair value of the consideration delivered or received. The difference between the value and the amount agreed upon is recognised based on the transaction's underlying economic substance.

(l) Operating leases- Accounting treatment as lessee

The lease agreements that, from the outset, materially transfer to the Group all the risks and benefits inherent to ownership of the assets are classified as financial leases and, otherwise, classified as operating leases.

▪ Operating leases

The operating lease payments, net of the incentives received, are recognised on a straight-line basis over the lease term except where another systematic basis of distribution is found to be more representative because it reflects the time pattern of the lease income more accurately.

(m) Revenue recognition

Sales revenue is recognised at the fair value of the assets or rights received as consideration for the assets and services rendered in the normal operation of the Group companies' business, net of discounts and applicable taxes.

The amount of the consideration receivable from the client is not aligned with the financial component in the cases in which, at the start of the agreement, the period between the moment the asset or service constituting the object of it is transferred and the moment the client pays is one year or less.

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Advances received on account for future sales are measured at the value of the consideration received.

(n) Segment reporting

A operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, whose results from operations are reviewed regularly by the Group's highest operating decision-making body to determine how resources should be allocated to the segment and assess its performance, for which separate financial information is available.

The Group has a single operating segment that corresponds to its main activity described in Note 1, and so all the information included in these consolidated financial statements corresponds to the same operating segment.

(5) **Intangible assets**

The composition and movements in the accounts included under "Intangible Assets" are as follows:

	euros		
	2019		
	Initial balance	Additions	Final balance
Cost			
Patents, licences, trademarks and other	12,754	15,922	28,676
Computer software	233,371	468,775	702,146
Total Cost	246,125	484,697	730,822
Accumulated amortisation			
Patents, licences, trademarks and other	(1,626)	(2,541)	(4,167)
Computer software	(52,161)	(35,305)	(87,466)
Total accumulated amortisation	(53,787)	(37,846)	(91,633)
Total carrying amount	192,338	446,851	639,189

At 31 December 2019, the Group does not have fully amortised intangible assets under operation.

Furthermore, at 31 December 2019, the Group does not have intangible assets acquisition commitments.

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LOOKIERO STYLE, S.L. AND SUBSIDIARIES

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(6) Property, plant, and equipment

It is broken down as follows:

	euros		
	2019		
	Initial balance	Additions	Final balance
Cost			
Plant and machinery	101,277	49,210	150,487
Other installations, tools, and furniture	117,332	14,931	132,263
Computer hardware	102,588	123,355	225,943
Other items of property, plant, and equipment	4,264	771	5,035
Total Cost	325,461	188,267	513,728
Accumulated amortisation			
Plant and machinery	(8,436)	(29,876)	(38,312)
Other installations, tools, and furniture	(18,167)	(23,467)	(41,634)
Computer hardware	(35,316)	(55,849)	(91,165)
Other items of property, plant, and equipment	(976)	(1,494)	(2,470)
Total accumulated amortisation	(62,895)	(110,686)	(173,581)
Total carrying amount	262,566	77,581	340,147

At 31 December 2019, the Group does not have fully amortised intangible assets under operation

Furthermore, at 31 December 2019, the Group does not have intangible assets acquisition commitments.

At 31 December 2019, there are no tangible assets securing bank loans.

The Group takes out insurance policies to cover the possible risks of loss to which its property, plant and equipment are subject. At 31 December 2019, the Parent's Directors believe there is sufficient coverage for the risks pertaining to its activity.

(a) Operating leases

The Group has lease agreements signed on establishments where it performs its activity. The lease payments entail a fixed payment updated in line with the CPI.

In 2019, the expense associated with lease payments was 374,961 euros.

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The minimum future non-cancellable operating lease payments are as follows:

	euros
	2019
Within one year	802,686
Between one and five years	696,177
Total	1,498,863

(7) Risk Management and Policy**(a) Financial risk factors**

The Group's activities are exposed to various financial risks: market risk, including foreign currency risk, price risk, credit risk, liquidity risk and cash flow interest rate risk. The Group's global risk management programme focuses on the uncertainty of financial markets and attempts to minimise the potential adverse effects on the Group's profitability.

Risk management is controlled by the Group's Parent's Financial Department in accordance with the policies approved by the Board. This Department identifies, assesses, and covers the financial risk in close collaboration with the Group companies' operating units. The Board of Directors provides policies for global risk management and specific subjects such as foreign currency risk, interest rate risk, liquidity risk, use of derivatives and non-derivative instruments, and investment of surplus liquidity.

(i) Inventory purchase risk

The Group purchases goods that have been influenced by changes in market prices. The Group's experience is that, in practice, the price increases suffered in recent years have been transferred to its customers.

(ii) Foreign currency risk

Foreign currency risk arises when the future commercial transactions are denominated in a currency other than the Group's functional currency. The Group's Financial Department is responsible for managing the net position in each foreign currency using forward external foreign currency contracts.

The Group operates in the international sphere and, therefore, is exposed to foreign currency risk in currency transactions, mainly in relation to the pound sterling, the yuan, and the US dollar.

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At 31 December, the countervalue in euros of the foreign currency transactions is summarised below:

	euros
<u>Net transactions</u>	<u>2019</u>
Cost of raw materials and consumables used	921,051
Other expenses	87,265
Countervalue of pound sterling in euros	452,190
Countervalue of US dollars in euros	556,126

The Group's exposure to foreign currency risk at 31 December 2019 is detailed below. The appended tables reflect the carrying amount of the financial instruments or classes of financial instruments of the company denominated in a foreign currency:

	euros
	<u>2019</u>
Cash and cash equivalents	1,037,250
Pound sterling	882,492
Total current assets	1,037,250
Total assets	1,037,250
Trade and other payables	(22,846)
Pound sterling	(19,437)
Total current liabilities	(22,846)
Total liabilities	(22,846)
Total gross exposure	1,014,404
Derivative financial instruments – unhedged	-
Net exposure	<u>1,014,404</u>

The Group's strategy is to reduce the risk of its sales in currency using forward currency sale contracts to guarantee the stability of the sale margins.

In accordance with this, it is noted that a change in exchange rates in view of currencies would not generate additional significant profits or losses due to exchange rate.

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Notes to the Consolidated Financial Statements

(iii) Credit risk

The Group does not have any material credit risk concentration. The Group has policies to limit the amount of risk with any financial institution.

The total amount of the financial assets subject to credit risk is shown in Note 8.

The exposure of the Group's assets to this risk is mainly limited to the credits committed in the "Trade Receivables for sales and services" and "Sundry Receivables" headings. (Note 8).

(iv) Liquidity risk

The Group carries out prudent management of liquidity risk founded on the maintenance of sufficient cash and marketable securities, availability of financing through a sufficient level of committed credit facilities and sufficient capacity to settle market positions. The Financial Department aims to maintain flexibility in the financing through the availability of contracted credit facilities.

In this regard, on 31 December 2019, the Group's Management has assessed the liquidity risk, for which it has examined the situation deduced from its cash budgets for 2020.

The classification of the financial assets and liabilities by contractual maturity periods as well as their breakdown by maturity are shown in Notes 8 and 13.

(8) Financial investments and trade receivables**(a) Financial investments**

The detail of financial assets is as follows:

	euros	
	2019	
	Non-current	Current
Other financial assets	154,166	147,771
Total financial assets	154,166	147,771

The carrying amount of the non-financial assets does not differ significantly from their fair value.

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Notes to the Consolidated Financial Statements

(b) Trade and other receivables

The detail and other receivables at 31 December is:

	euros
	Current
	2019
Not group or associates	
Trade receivables	1,352,937
Employee receivables	128
Sundry receivables	85,401
Other accounts receivable from public authorities	
Public (Note 15)	<u>3,057,506</u>
	4,495,972
Impairment losses	<u>(1,078,785)</u>
Total	<u>3,417,187</u>

The detail of the movement of impairment losses is as follows:

	euros
	2019
Balance at 1 January	-
Provisions	1,078,785
Reversals	<u>-</u>
Balance at 31 December	<u>1,078,785</u>

(9) **Inventories**

The detail of this heading at 31 December is as follows:

	euros
	2019
Goods	6,224,679
Advances to suppliers	<u>118,932</u>
	<u>6,343,611</u>

(Cont.)

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The detail of the net reductions of the cost value of inventories to the net realisable value recognised in the appended consolidated income statement during 2019 is as follows:

	euros
	2019
Goods	<u>1,012,344</u>

(10) Cash and Cash Equivalents

This heading contains the balance in banks in its entirety and there are no restrictions on its use. As a general rule, the bank cash accrues an interest rate similar to the daily market rate for deposits.

(11) Shareholder's equity**(a) Share capital**

At 1 January 2019, the Parent's share capital consisted of 9,362 registered shares with a value of 1 euro, all of them fully paid up.

On 30 June 2019, the General Shareholders Meeting decided to change the value from 1 euro to 0.01 euros, and the number of shares increased to 936,200 on that date.

Furthermore, on 30 July 2019, the Parent's General Shareholders Meeting unanimously approved the Share Capital increase by 443,559 shares each with a par value of 0.01 that was decided in two tranches dated 9 August 2019 and 14 November 2019.

As a result of all the above, at 31 December 2019, the Parent's share capital consisted of 1,379,759 registered shares with a value of 0.01 euro, all of them fully paid up.

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At 31 December 2019, the Shareholders with a direct or indirect ownership interest of 10% or more in the Parent's share capital are as follows:

	2019	
	Number of shares	Ownership interest
Oier Urrutia Bilbao	278,648	20.2%
All Iron Ventures Group	454,587	32.9%
MSG Refin B.V.	373,600	27.1%
Grupo MMC Ventures	156,290	11.3%

(b) Share premium

The share premium has the same restrictions and can be allocated to the same purposes as the Parent's voluntary reserves, including conversion into share capital.

The share capital increase approved on 30 July 2019 has been performed with a share premium of 15,873,437 euros, corresponding to the movement in 2019.

(c) Legal reserve

The legal reserve is provided for pursuant to section 274 of the Consolidated Text of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*), which establishes that, in any case, 10 percent of net profit for the year will be transferred to this reserve until it reaches 20 percent of share capital.

This reserve may not be distributed, and if it is used to offset losses, provided that sufficient other reserves are not available for this purpose, it must be restored with future profits.

At 31 December 2019, the Parent had not yet reached the legally required minimum established in the Consolidated Text of the Corporate Enterprises Act, given that it has had no profits since it was incorporated.

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Notes to the Consolidated Financial Statements

(12) **Short-term provisions**

The movement of the short-term provisions is as follows:

		euros		
		2019		
	Initial balance	Correction of errors (Note 2)	Additions	Final balance
Provision for risks and expenses	<u>698,606</u>	<u>378,121</u>	<u>18,617</u>	<u>1,095,344</u>

The provisions for 2019 and previous years have been made to meet the liabilities arising from disputes in course and indemnities, as well as obligations or other similar guarantees.

During 2019, the Group has not identified any additional significant contingent liability, despite being party to certain proceedings in and out of court within the ordinary course of its activities (disputes that can be with suppliers, customers, administrative and tax authorities, employees, and shareholders of the Group).

(13) **Financial debts and trade payables**(a) Financial debts

The classification of the financial liabilities by categories and classes is as follows:

		euros	
		2019	
		Non-current	Current
Unconnected			
Bank borrowings		621,194	1,779,835
Finance leases		19,044	12,028
Other financial liabilities		186,458	64,811
Total financial liabilities		<u>826,696</u>	<u>1,856,674</u>

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LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Bank borrowings

The detail of bank borrowings and their maturity is as follows:

2019 (euros)						
	Limit (credit facilities) / Amount granted (loans)	Non-current	Current	Average nominal interest rate for the period	Contractual interest rates	Maturity
Loans and credit and confirming deeds						
Banco Santander loan	2,000,000	621,194	-	5%	Euribor 12 M + 5%	December 2024
Banco Santander Tax Loan	65,000	-	21,667	2.88%	2.88% Euribor	2020
Banco Santander Credit and Financing Deeds	1,000,000	-	594,841	1.60%	3M+ 1.60%	2020
Kutxabank Financing Deeds	250,000	-	244,074	1.75%	3.5%	2020
Other credit facilities	2,300,000	-	919,253	Other	Other	2020
		621,194	1,779,835			

The detail of the maturities of the non-current financial debt by year at 31 December 2019 is as follows:

	(euros)	2019
Maturity		
2021		155,299
2022		155,299
2023		155,299
2024		155,297
Total		621,194

(Cont.)

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

On the date of preparing these Consolidated Financial Statements, the Group's Parent has met all the payment commitments arising from the loans and credit facilities mentioned above.

At 31 December 2019, neither the Group's Parent nor any of its material subsidiaries has breached its financial or any other obligations that could give rise to a situation of early maturity of its financial commitments.

The Group does not have bank guarantees and other securities related to the ordinary course of the business in the amount of 454,240 euros. The Group does not anticipate that a significant liability will arise as a result of those guarantees.

(c) Other financial liabilities

It is broken down as follows:

	2019 (euros)					
	Limit	Non-current	Current	Average nominal interest rate for the period	Contractual interest rates	Maturity
ENISA participation loan	n.a.	33,333	33,333	3.67%	Euribor 12M + 3.75%	December 2021
FILPE innovation loans	n.a.	153,125	21,875	2.10%	2.10%	April 2024
Other financial liabilities	n.a.	-	9,603	Other	Other	2020
		<u>186,458</u>	<u>64,811</u>			

The detail of the maturities of the Other non-current financial liabilities by year at 31 December 2019 is as follows:

(euros)	2019
Maturity	
2021	77,083
2022	43,750
2023	43,750
2024	21,875
Total	186,458

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Moreover, on 30 October 2018, the Parent signed a convertible loan with the All Iron Group for a maximum amount of up to 5.5 million euros.

On 31 July, the General Shareholders Meeting approved the conversion of the amount drawn to date with the interest accrued in the amount of 4,850,000 euros. The share capital increase was deduced on 14 November 2019 (Note 11).

(14) Trade and other payables

The detail of trade and other payables is as follows:

	euros
	2019
	Current
Unconnected	
Payables to suppliers	3,177,341
Sundry payables	1,703,012
Remuneration payable	2,440
Other accounts payable to public authorities (Note 15)	1,272,398
Advances from customers	83,981
Total	<u>6,239,172</u>

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(15) Tax matters

The detail of the balances with public authorities at 31 December 2019 is as follows:

	euros
	2019
	Current
Assets	
VAT refundable	2,992,560
Sundry tax receivables	64,946
	<u>3,057,506</u>
Liabilities	
VAT payable	789,751
Tax withholdings payable	158,675
Social security taxes payable	322,956
Other items	1,016
	<u>1,272,398</u>

Under the current law, taxes cannot be considered to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year limitation period has elapsed.

At 31 December 2019, the Parent has all tax years from 2016 open to inspection for the taxes applicable to it and the other Group companies.

As a result of the varying interpretations of current tax law, *inter alia*, additional liabilities may arise as a result of a tax audit. In any case, the Parent's Directors consider that, should they arise, these liabilities would not have a material effect on the consolidated financial statements.

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The reconciliation between the net amount of the income and expense for the year and the tax base is as follows:

	euros	
	Increases	Reductions
		2019
Consolidated profit/(loss) for the year		(9,627,506)
Income tax		-
Profit/(loss) before tax		(9,627,506)
Permanent differences	95545	(29,065)
Tax Base		(9,561,026)

The permanent differences mainly correspond to non-deductible expenses.

In the year, the Group has not recognised tax credits or the tax impact of the temporary differences as the requirements are not met. In this regard, the Parent's unapplied tax loss carryforwards at 31 December 2019 are as follows:

	euros
2015	48,837
2016	279,228
2017	1,087,925
2018	3,596,200
2019	5,901,073
	<u>10,913,263</u>

Moreover, at 31 December 2019, the Parent has unapplied deductions in the amount of 498,575 euros.

The Group company Lookiero Tech, S.L. also has tax loss carryforwards generated in 2019 in the amount of 139,428 euros.

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Notes to the Consolidated Financial Statements

(16) Balances and transactions with related parties**(a) Related-party balances**

The related-party balance is 77,368 euros with MMC Ventures Ltd derived from the capital increase mentioned in previous notes.

(b) Group transactions with significant Shareholders

There have been no transactions with significant shareholders apart from the share capital increase mentioned in Note 11.

(c) Group transactions with related parties

No transactions have been executed with related parties in addition to those with the significant Shareholders detailed in section b) of this Note.

(d) Disclosures relating to the Parent's directors and the Group's its Senior Management

Up to 31 July 2019, the administration of the Parent was entrusted to two Joint and Several Directors. From that date, the administration lies with a Board of Directors that, at 31 December 2019, is composed of 4 members, made up as follows:

- Ander Michelena Llorente (Chairman)
- Simon Menashy
- Oier Urrutia Bilbao
- Diego Labarquilla Basabe

The Parent's directors have not received remuneration, advances or loans and no obligations have been assumed on behalf of them as a guarantee for their function of director in 2019, except the total remuneration paid for all items to the executive Directors, included in the Senior Management remuneration.

Furthermore, the Parent has not contracted obligations on pensions and life insurance or civil liability insurance with regard to former or current Directors of the Parent.

The professionals who perform positions that entail decision-making capacity in relation to the financing and operation policies of the Parent are considered senior executives.

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The senior management staff costs (remuneration in cash, in kind, Social Security, pension systems, etc.) amounted to 633,784 euros in 2019.

(e) Situations of conflict of interest involving the Directors

In accordance with section 229 of the Corporate Enterprises Act introduced by Royal Decree Law 1/2010, of 2 July, and Spanish Law 31/2014, of 3 December, amending the Corporate Enterprises Act to improve corporate governance (*Ley 31/2014 de 3 de diciembre de 2014, por la que se modifica la Ley de Sociedades de Capital para la mejora del gobierno corporativo*), it is indicated that both the Board members and persons related to them have no direct or indirect conflicts with the Group's interest.

(17) **Revenue and Expenses**

(a) Turnover

The distribution of the net turnover corresponding to the Group's ordinary activity in 2019 and distributed by geographic markets is as follows:

	euros
	<u>Sales</u>
Spain	4,788,791
Rest of Europe	<u>20,435,587</u>
	<u>25,224,378</u>

The amounts corresponding to 2019 include the net sales made in currencies other than the euro.

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(b) Procurements

The detail of the cost of goods held for resale used and other procurements at 31 December is as follows:

	euros
	<u>2019</u>
Cost of goods held for resale used and others	
Net purchases	16,471,654
Changes in inventories	<u>(4,262,097)</u>
	<u>12,209,557</u>
Work performed by other companies	<u>765,536</u>
	<u>12,975,093</u>

(c) Staff costs and information on employeesEmployee benefit costs

The detail of employee benefit costs for 2019 is as follows:

	euros
	<u>2019</u>
Employee benefit costs	
Employer social security costs	1,356,668
Other employee welfare expenses	<u>3,825</u>
	<u>1,360,493</u>

The distribution of the staff and Directors by gender and categories at the 2019 year-end is as follows:

	Men	Women
Executives and Directors	7	3
Technicians and graduates	41	33
Professionals	<u>23</u>	<u>161</u>
	<u>71</u>	<u>197</u>

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Royal Legislative Decree 1/2013, of 29 November, approving the Consolidated Text of the General Disability Rights and Social Inclusion Act (*Ley General de derechos de las personas con discapacidad y de su inclusión social*) imposes a job reservation quota of at least 2% of the workforce for persons with disabilities on public and private companies that employ 50 or more workers.

Furthermore, in application of that Royal Legislative Decree, in reference to the fact that this 2% has not been met and only 0.4% has been achieved, different measures are being studied to reach this percentage.

(18) Fees paid to auditors

The fees for audit services provided to the different companies comprising the Group related to the audit by the main auditor as well as other entities related to it during 2019 amounted to 49 thousand euros, of which 36 thousand euros correspond to services provided to the Parent.

(19) Information on the average period of payment to suppliers. Additional provision three. Reporting obligations under Spanish Law 15/2010, of 5 July

Disclosures on deferred payments to suppliers by Spanish consolidated companies is as follows:

	2019
	<u>Days</u>
Average payment period to suppliers	26.59
Ratio of transactions settled	22.59
Ratio of transactions not yet settled	53.39
	<u>Amount</u>
Total payments made	27,501,272
Total payments pending	4,091,622

(20) Events after the Balance Sheet Date

On 11 March 2020, the World Health Organization declared the Coronavirus/COVID-19 outbreak a pandemic due to its fast spread across the world. Most governments have taken restrictive measures to contain the spread, including: isolation, lockdown, quarantine and restriction on free movement, closure of public and private premises (except essential health services), closure of borders and drastic reduction of air, maritime, rail and land transport. In Spain, the government passed Royal Decree 463/2020, of 14 March, declaring the state of emergency to manage the COVID-19 health crisis, which ended on 22 June 2020.

This situation is having a significant impact on the global economy, due to the disruption or slowdown of supply chains and a significant increase in economic uncertainty, as

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evidenced by the increased volatility of asset prices, exchange rates and a decrease in long-term interest rates.

In this regard, the government is publishing various rules with urgent extraordinary measures to deal with the economic and social impact of COVID-19.

The consequences of COVID-19 are considered to be a subsequent event that does not require any adjustment to be made in the consolidated financial statements for 2019, however, they will be recognised in the consolidated financial statements for 2020.

Although on the date the financial statements were prepared no significant consequence has arisen, it is no possible to estimate the future impacts of this crisis on the Group.

During 2020, the Group will assess the impact on the consolidated equity and consolidated financial position at 31 December 2020 and on the consolidated results of its operations and the consolidated cash flows corresponding to the year ended on that date due to the events that may occur in the future.

Moreover, on 19 March 2020, the General Shareholders Meeting agreed a variable remuneration plan linked to the evolution of the company's share price. A maximum number of rights (phantom shares) of 87,700 (rights) is established to be assigned between the participants in the Plan by the Board.

Furthermore, on 19 May, a share capital increase in the amount of 4,500 thousand euros by issuing 117.216 shares with a par value of 0.01 euros and a share premium of 38.38 euros was resolved. This share capital increase was decided on 25 June 2020 and is fully paid up.

(Cont.)



LOOKIERO STYLE, S.L. AND SUBSIDIARIES

Appendix I: Information on subsidiaries

<i>Group companies</i> Company	Address	% holding		Total
		Direct	Indirect	
Lookiero Tech S.L.	Erandio (Spain) London	100%	-	100%
Lookiero Style UK Ltd.	(United Kingdom)	100%	-	100%
Lookiero Italia S.R.L.	Milan (Italy)	100%	-	100%

LOOKIERO STYLE, S.L. AND SUBSIDIARIES

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1. Entity's position

Lookiero Style, S.L. was incorporated in 2015 as a Private Limited Company to offer a personalised shopping experience through the online personal shopper service.

In 2019, the Lookiero Group has presence in seven European countries and has obtained a leading position in the European women's online personal shopper sector.

To offer a fully personalised service that helps European women discover their potential, we have developed a scalable business model adapted to the current environment, trends and needs in the fashion sector.

2. Business evolution and results

The Lookiero Group has continued its growth and expansion in 2019.

The Lookiero Group was operating in seven countries at the 2019 year-end: France, Italy, Spain, United Kingdom, Belgium, Portugal, and Luxembourg.

In May 2019, the service was launched in Italy, having obtained very positive results. The business in other countries in which the Lookiero Group is present has remained a positive evolution recording sales growth in all of them.

Sales in 2019 amounted to 25.2 million euros, entailing proforma growth in comparison with the previous year of 169%.

The EBITDA for was negative in the amount of 8.9 million euros as a result of the greater investment made to enable the growth and internationalisation.

At the year-end, the Lookiero Group's workforce comprised 268 employees.

3. Main risks and uncertainties

The main risks of the Group are those pertaining to the activity and sector in which it operates. In accordance with the current regulations, the notes to the financial statements presented and prepared describe the main risks and uncertainties of the company's business.

See Note 7 to the financial statements on the Group's Policies and Risk Management.

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LOOKIERO STYLE, S.L. AND SUBSIDIARIES

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4. Significant events after the balance sheet date

At the year-end, the global spread of COVID-19, classified as a global pandemic by the World Health Organization, has had a global economic and social impact.

In this regard, the pandemic has had consequences on the 2019 financial statements (see Note 20).

5. Information on the foreseeable evolution of the entity

The Group estimates it will continue growing in double-digit figures in a sustained manner thanks to the technological developments taking place to optimise the business model and give our customers a better experience, as well as to develop new functionalities to expand the business.

6. R&D&I activities

Since Lookiero is a Group with a high technological component, it continuously invests heavily in R&D technology to develop the algorithms used by the business model, as well as to develop new products to improve the current model.

7. Treasury share transactions

No treasury shares were acquired in 2019.

8. Information on quality and environment

The Lookiero Group is committed to sustainability and environment, which is why it is planning improvement actions in this area.

In 2009, to reduce the use of plastic, the external plastic packaging of all the Lookiero boxes sent has been eliminated, which has entailed a great current and future saving of plastic in view of the volume of deliveries performed and envisaged in the following years.

9. Disclosures on the payment periods to suppliers. Additional provision three. Reporting obligation under Spanish Law 15/2010, of 5 July

The average payment period to suppliers is 26.59 days.

Consolidated Directors' Report

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10. Events after the reporting period

See Note 20 of the appended notes

On 16 October 2020, the Board of Directors of Lookiero Style, S.L. prepared the Consolidated Financial Statements and Consolidated Directors' Report of Lookiero Style, S.L. and subsidiaries for the year ended 31 December 2019, signing all of them on both this sheet and each of the sheets of the documents mentioned for identification purposes.

The Company's Directors:

Mr. Ander Michelena Llorente
Chairman

Mr. Oier Urrutia Bilbao
Managing Director

Mr. Simon Menashy
Director

Mr. Diego Labarquilla Basabe
Director

Mr. José Manuel Villanueva Villalba
Director

**Mrs. M^a Soledad Valcárcel Conde, Sworn
English Translator-Interpreter, designated by
the Ministry of Foreign Affairs and
Cooperation, hereby certifies that the foregoing
is an accurate and complete translation into
English of a document written in Spanish.
Madrid, 21 December 2020.
Signed: M^a Soledad Valcárcel Conde**

**Doña M^a Soledad Valcárcel Conde, Traductor-
Intérprete Jurado de Inglés, nombrado por el
Ministerio de Asuntos Exteriores y de
Cooperación, certifica que la que antecede es
una traducción fiel y completa al inglés de un
documento redactado en español.
En Madrid, a 21 de diciembre de 2020.
Firmado: M^a Soledad Valcárcel Conde**

M^a SOLEDAD VALCÁRCEL CONDE
Traductora-Intérprete Jurado de INGLÉS
N.º 4195

