

THE CONSUMER GOODS FORUM

ANNUAL ACCOUNTS
DECEMBER 31st, 2019



FINANCIAL STATEMENTS

STATEMENT of INCOME & EXPENDITURE

<i>(in euros)</i>	Note	12/31/2019	12/31/2018
Operating Income	8	15 389 580	14 628 473
Other income		6 413	4 916
Purchases and other external expenses		-8 417 605	-8 096 009
Taxes		-266 710	-240 210
Payroll expenses		-6 124 504	-6 036 719
Depreciation and amortization		-104 847	-113 094
Other operating expenses		-10 770	-213
Operating Surplus		471 557	147 144
Financial income (loss)	9	54 257	63 316
Income from ordinary activities before taxes		525 814	210 460
Other non-operating income and expenses	10	-53 977	-2 649
Income taxes		-82 020	-28 561
Net Surplus		389 817	179 250

BALANCE SHEET : ASSETS

<i>(in euros)</i>	Note	12/31/2019	12/31/2018
Intangible assets	4	0	3 081
Tangible assets	4	386 289	158 619
Financial assets	4	98 813	86 085
Fixed assets		485 102	247 785
Accounts receivable	5	2 532 505	2 464 635
Other receivables	5	1 868 568	1 730 734
Cash & Cash equivalents		8 626 021	8 164 167
Current assets		13 027 094	12 359 536
TOTAL ASSETS		13 512 196	12 607 321

BALANCE SHEET: LIABILITIES AND RESERVES

<i>(in euros)</i>	Note	12/31/2019	12/31/2018
Retail college reserves		500 000	500 000
Other reserves		8 345 262	8 166 013
Translation adjustment		-467 469	-487 247
Surplus of the year		389 817	179 250
Statutory provisions		394	3 475
Shareholders' equity		8 768 004	8 361 491
Provisions	6	37 793	3 632
Financial liabilities		1 966	1 771
Accounts payables	7	842 826	832 837
Other payables	7	3 861 607	3 407 590
Liabilities		4 706 399	4 242 198
TOTAL LIABILITIES AND OWNER'S EQUITY		13 512 196	12 607 321

CHANGE IN RESERVES

<i>(in euros)</i>	Retail college reserves	Other reserves	Translation adjustment	Surplus of the year	Statutory reserves	TOTAL RESERVES
Reserves 12/31/2018	500 000	8 166 013	-487 247	179 250	3 475	8 361 491
Allocation of 12/31/2018 surplus		179 249		-179 250		-1
CTA			19 778			19 778
Variation of statutory reserves					-3 081	-3 081
Net surplus at 12/30/2019				389 817		389 817
Shareholders' equity at 12/31/2019	500 000	8 345 262	-467 469	389 817	394	8 768 004

The foreign currency translation difference relates to the conversion of the Washington branch accounts into Euros for the purpose of preparing the annual accounts of the CGF.

NOTE TO THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of THE CONSUMER GOODS FORUM, for the year ending December 31, 2019 are established in accordance to French accounting principles and include: a balance sheet, statement of income & expenditure with accompanying notes.

The main accounting methods applied for the preparation of the annual financial statements are listed below. These methods are applied on a permanent basis both in 2018 and 2019 in compliance with the going concern principle. The financial statements have been prepared using the historical cost method.

NOTE 1 - HISTORY OF THE CONSUMER GOODS FORUM AND SIGNIFICANT EVENTS OF THE YEAR

1 a. History

The administration of the association is managed jointly by the Retailers College and Manufacturers College, who have equal representation on the Board of Directors. In addition, since June 2009, the association members vote at the annual members general meetings within their respective college, each member being entitled to one vote within their respective college.

Following this change in the administration of the association, a decision was proposed by the Board of directors on 16 June 2009 and subsequently approved by the members at the annual member's general meeting held on 18 June 2009, to allocate the accumulated reserves of the CIES as at 30 June 2009, amounting to 3 146K€, to a separate reserve to be used solely for the implementation of the projects of the retail college. The articles of association were modified to reflect this decision. In 2018, the General Assembly voted to transfer 2 646K€ from the retailer reserve to the other reserves, decreasing the retailer reserves to 500K€.

This retail college reserve is accounted for and presented separately in the annual accounts with all movements on this account being recorded separately from the general reserves. The surplus generated by the association from 30 June 2009 onwards is allocated to the general reserves, which are resources available to each college in equal proportion.

1 b. Significant events of the year

The "Consumer Goods Forum" moved in September 2019 and is now located at 47-53 rue Raspail 92300 Levallois Perret.

Following a tax recommendation, it was decided to change the status of the Bogota office. It has gone from being a representative office to a subsidiary. The branch has since been opened on 25th June 2019 and the representative office has been closed permanently in 2020.

NOTE 2 - SUBSEQUENT EVENTS

The evolution of the COVID-19 virus (Coronavirus) increasingly demonstrates that it could have a temporary impact on the economy and therefore potentially on the value and performance of the assets held, as well as on the more general risks that this situation could generate.

The effects on the 2020 accounts of the measures taken to limit the spread of COVID-19 are still unknown and uncertain. However, they could affect the level of turnover, collection of receivables, cash, and valuation of assets. At this stage and given the uncertainties surrounding the epidemics, the possible financial impact on the financial statements cannot be estimated, so have not been taken into account.

NOTE 3 - ACCOUNTING PRINCIPLES

The annual accounts have been established in accordance with French Generally accepted accounting principles and presented in accordance with French legal requirements:

- Rule 99-01 relating to the guidelines for preparing annual accounts for associations and foundations in France
- Rule ANC 2015-06 relating to the establishment of the French chart of accounts.

The accounting policies have been applied in accordance with the principle of prudence, in accordance with the basic assumptions:

- Continuity of operation
- Permanence of accounting methods from one year to the next
- Independence of exercises

The recommendations of the French professional accounting bodies (CNC, OEC and the CNCC) have also been applied in the preparation of the annual accounts.

The annual accounts cover the 12-month period from 1 January 2019 to 31 December 2019 for the legal entity, The Consumer Goods Forum, which comprises of the activities of the association in France and its branch in Washington, USA and in Shanghai, China.

3.1 Washington Branch

The operations of the Washington branch are recorded in separate books and records maintained in the USA in local currency (US Dollar). These accounts are combined with the accounts of the activities maintained in France in order to produce the annual accounts of the legal entity.

The Washington branch accounts are converted using the closing rate method:

- The Statement of Income & expenditure account is converted using the average exchange rate for 2019: 1€ = 1,11947\$.
- The Balance sheet, with the exception of the current account existing between Paris & Washington is converted using the closing exchange rate: 1 € = 1,12340\$
- The current account between Paris & Washington is considered to be part of CGF's net investment in the USA and is therefore converted using closing rate.

The exchange rate differences resulting from this conversion process are booked to reserves as translation differences.

3.2 Shanghai Branch

The operations of the Shanghai branch are recorded in separate books and records maintained in China in local currency (CNY Yuan). These accounts are combined with the accounts of the activities maintained in France in order to produce the annual accounts of the legal entity.

The Shanghai branch accounts are converted using the closing rate method:

- The Statement of Income & expenditure account is converted at the average exchange rate for the year, ie for 2019: 1 € = 7.73549 CNY.
- The balance sheet, with the exception of the current account between Paris and Shanghai is converted using the closing exchange rate of the year, i.e.: 1 € = 1€ = 7.82050 CNY.
- the current account between Paris and Shanghai is considered to be part of the CGF's investment in China and is therefore converted to the historic rate.

The exchange rate differences resulting from this conversion process are booked to reserves as translation differences.

Taxation

The Washington branch is recognised as a separate stand-alone entity for tax purposes, with its operations falling within the tax jurisdiction of the state of Maryland, USA.

The Shanghai branch is recognised as a separate standalone entity for tax purposes, with its operations falling within the tax jurisdiction of China.

As a result, only the activities based in France are subject to French income tax at the applicable tax rate, the CGF falling within the scope of the tax regulations applicable to certain associations in France which have commercial interests (French tax directive of 15 September 1998).

In any event, given the nature of its operations, the CGF has previously elected to submit its activities to French taxation, (Income tax, VAT & Business Tax).

3.3 Amortisation of Fixed Assets

The amortisation of tangible and intangible fixed assets is calculated on a straight line (SL) basis based upon the estimated useful lives indicated below:

- Software	SL 3 - 5 years
- Leasehold Improvements	SL 6 years
- Office Equipment	SL 5 & 10 years
- Computers	SL 3 years

3.4 Accounts receivable and other debtors

The accounts receivable are valued at their nominal value. A provision for depreciation is booked when the recoverable amount is less than its carrying book value in the accounts.

Provisions for doubtful debts are calculated on a case-by-case basis according to nature of customer, history of business relations and age of receivables.

Dues to the specific nature of receivables (membership fees) a credit note is recorded if the Company deems that there is a risk of non-payment.

3.6 Provisions

Provisions are recognized when the association has a present obligation (legal or constructive) as a result of a past event, it is probable that the association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation and the advice of experts (lawyers, advisors) if necessary.

NOTE 4 - TANGIBLE & INTANGIBLE ASSETS

<i>(in euros)</i>	12/31/2018	Acq.	Disposal	Amort.	Other variations	12/31/2019
Intangible assets	22 539	0	0	0	0	22 539
Amortisation of intangible assets	-19 458	0	0	-3 081	0	-22 539
Tangible assets	580 485	350 956	-258 965	0	514	672 992
Amortisation of tangible assets	-421 866	0	237 396	-101 767	-467	-286 703
Investments on subsidiaries	12 561	27	0	0	0	12 588
Other financial assets	73 524	12 778	0	0	-77	86 225
Tangible & Intangible assets	247 785	363 761	-21 569	-104 848	-30	485 102

Commentary:

The tangible fixed asset additions are comprised of fixtures & fittings of 209 K€, office equipment and furniture of 136 K€ in the French head office principally due to relocation.

The financial assets are essentially comprised of the following:

- Deposits for the leasehold premises of 86K€;
- Shareholding in the Japanese subsidiary and Bogota subsidiary for 13K€

NOTE 5 – RECEIVABLES AND DUE DATE

In €	Net Amounts	Maturities of less than one year.	Maturities of more than one year
Trade debtors and related accounts	2 532 505	2 532 505	
Tax receivables	32 833	32 833	
Prepayments and deposits	317 997	317 997	
VAT	1 006 309	1 006 309	
Current account dbts	118 328	118 328	
Other receivables	9 478	9 478	
Exchange rate difference : assets	1 996	1 996	
Prepaid expenses	366 819	366 819	
Others	12 938	12 938	
Other receivables and accruals	1 868 698	1 868 698	

The prepayments of 367 K€ consist principally of amounts which have been paid in advance for conferences scheduled in 2020 (106K€), for GFSI, E2EVC initiatives (67 K€) and for running costs of the Head Office in Paris paid in advance (187K€).

NOTE 6 - PROVISIONS

<i>(in euros)</i>	12/31/2018	Increase	Decrease	Reclass.	Other movements	12/31/2019
Provisions for risk	3 632	37 793	-3 632	0	0	37 793
Provisions	3 632	37 793	-3 632	0	0	37 793

In 2019 the provisions correspond to the translation differences on assets.

NOTE 7 - OTHER PAYABLES

In €	Maturities of less than one year.	Maturities from 1 to 5 years	Maturities of more than 5 years
Trade creditors and related accounts	842 826		
Deposits and advances received	183 186		
Employees payables	594 200		
Social security liabilities	608 358		
VAT	117 155		
Tax liabilities	76 883		
Deferred Income	2 252 862		
Exchange difference : liabilities	14 064		
Other liabilities	14 899		
Other debts and accruals	3 861 607		

The deferred income is comprised of subscription fees for conferences scheduled to take place in 2020 (96%) and membership fees for 2020 (4%).

NOTE 8 - REVENUES

8.1 Operating income

The operating income of CGF is composed of the following revenues:

- Annual membership fees: invoiced for each calendar year, they are recognised as income in the year to which they relate.
- Subscriptions: These consist of subscriptions paid by the members to participate at specific events organised by the CGF. The subscription income is recognised in the year in which the related event occurs. Any subscription fees invoiced in advance for events scheduled to take place in the following year is recorded as deferred income (see note 10).

8.2 Revenue breakdown

Revenues for the year ended 31 December 2019 are disclosed by their nature and geographic segment in the table below:

<i>(en euros)</i>	France	Other	Total
Membership fees	447 690	5 583 330	6 031 020
Subscriptions	349 364	3 868 026	4 217 390
Others	424 937	4 716 233	5 141 170
Revenue	1 221 991	14 167 589	15 389 580

For the year ended 31 December 2019 the surplus generated by the Washington branch amounted to 219 KUSD (196 K€) for a turnover of 168 K€ excluding intragroup invoicing.

For the year ended 31 December 2019 the surplus generated by the Shanghai branch amounted to 443 KCNY (57K€) for a turnover of 71K€ excluding intragroup invoicing.

NOTE 9 – FINANCIAL RESULT

<i>(in euros)</i>	12/31/2019	12/31/2018
Other Interest Income	14 441	24 672
Reversal of provisions on Foreign Exchange Assets	3 632	121 437
Foreign exchange gains realized	71 216	121 717

Total Interest Income	89 289	267 826
Provision on Foreign Exchange Asset	1 996	3 632
Foreign exchange losses realized	33 036	200 878
Total Financial Income	35 032	204 510
Financial Result	54 257	63 316

The Financial result is mainly due to the losses and foreign exchange gain realized following the evolution of the dollars US against the Euros

NOTE 10 - EXTRAORDINARY INCOME & EXPENSE

<i>(in euros)</i>	12/31/2019	12/31/2018
Revenue from disposal of assets	308	0
Reversal of provision	3 081	3 697
Non-operating income	3 389	3 697
Other non operating expenses	0	6 210
Net value of asset sold	21 569	0
Increase of non-operating provisions	35 797	136
Non-operating expenses	57 366	6 346
Other non-operating income (loss)	-53 977	-2 649

NOTE 11 - AVERAGE NUMBER OF EMPLOYEES

Catégories	12/31/2019	12/31/2018
Executives	43	40
Employees	11	11

Effectif	54	51
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NOTE 12 - REMUNERATION OF MANAGEMENT

Only one member of the association's management receives remuneration. Disclosure of management's remuneration would therefore lead to the determination of this individual's remuneration. As permitted by French law, this information is therefore not disclosed for the reasons of confidentiality.

NOTE 13 - LIST OF SHAREHOLDINGS

<i>(in euros)</i>	Gross Book value of shares	Provision	% held	Revenues	Net Result	Net equity
Subsidiaries (> 50%)						
The Consumer Goods Forum, Japan K.K. Aios Nagatacho 507, 2-17-17 Nagatacho Chiyoda-ku Tokyo 102-0014 Japan	12 561	0	100 %	451 548	14 695	0
The Consumer Goods Forum Colombia S.A.S. Calle 116 # 21-73 Santa Barbara, Usaquén Bogota 110111 Colombia	27	0	100 %	138 569	9 451	0
Participations (< 10%)						

For the subsidiary in Japan, there are no dividends and no loans/advances outstanding as at December 31th, 2019.

For the subsidiary in Colombia, there are no dividends and no loans/advances outstanding as at December 31th, 2019.

NOTE 14 - COMMITMENTS & CONTINGENCIES

Retirement Indemnities:

The association grants to its French employees an indemnity at retirement. This indemnity is a lump sum based on final salary, the seniority at retirement and the social/professional category of

employees. This indemnity is only paid should the employee be employed by the association at the date of retirement.

A provision for this commitment has not been included in the annual accounts. The liability associated with this post-employment commitment has been valued at 201 K€ as at 31 December 2019, using certain assumptions:

Projected annual salary at retirement based on current salary

Retirement age is considered to be 62

Discount rate 0,5%

Other commitments:

- Bills or letters of credit: None

- Guarantees given: None

The association has moved and has a classic commercial lease for 9 years whose annual rent is € 241 255 for the premises it occupies rue Raspail in Levallois Perret.