GLOBAL FASHION GROUP S.A
FINANCIAL STATEMENTS

For the year ended 31 December 2019

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MANAGEMENT RESPONSIBILITY STATEMENT

DEAR SHAREHOLDERS AND OTHER STAKEHOLDERS,

We, Christoph Barchewitz, Co-Chief Executive Officer, Patrick Schmidt, Co-Chief Executive Officer, and Matthew Price, Chief Financial Officer, confirm to the best of our knowledge, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and that the Directors' report includes a fair review of the development and performance of the business and the position of Global Fashion Group S.A., together with a description of the principal risks and uncertainties that Global Fashion Group S.A. faces.

Luxembourg, 2 March 2020

Christoph Barchewitz

Christoph Barchewitz, Co-CEO

Patrick Schmidt

Patrick Schmidt, Co-CEO

Matthew Price

Matthew Price, CFO

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BUSINESS MODEL AND GROUP STRUCTURE

Business model

Global Fashion Group is the leading online fashion & lifestyle destination in our markets, and we operate in 17 countries across three main geographic regions: APAC, LATAM and CIS. As a global business with deep local roots in markets with diverse cultures and lifestyles, this diversity is at the heart of everything we do and gives real meaning to our purpose of 'True Self Expression'. From our people, to our customers and partners, we exist to empower everyone to express their true selves. Covering the entire value chain of an online retailer, we provide our customers with an inspiring and seamless shopping experience from discovery to delivery.

GFG connects a population of one billion potential consumers with thousands of global, local and own brands via our four established ecommerce platforms. Each platform is operated under an individual brand name: THE ICONIC (in Australia and New Zealand), ZALORA (in Singapore, Hong Kong, Indonesia, the Philippines, Malaysia, Taiwan and Brunei), Dafiti (in Brazil, Argentina, Chile and Colombia) and Lamoda (in Russia, Belarus, Kazakhstan and Ukraine). In markets with low online penetration and high growth opportunities, we are setting the benchmark in online fashion & lifestyle, and our vision is "To be the #1 online destination for fashion & lifestyle in growth markets". Our deeply rooted local insights help us to provide inspiring and seamless customer experiences from discovery to delivery, and we are committed to doing this responsibly by being people and planet positive across everything we do.

Our customers are young, diverse, highly engaged and digitally native. They are predominantly female, and aged between 18 and 45 years. We focus on this customer segment because of their demonstrated openness to purchasing products online, their high level of engagement, their high rate of mobile adoption, and their expected brand loyalty as they mature, and their purchasing power grows. With approximately 45 million social media followers across the top five social media platforms in our operating segments, our customers love interacting with our content and apps.

We offer our customers an assortment that is both expansive and relevant, reflecting the scale and diversity of our markets. Covering all key fashion & lifestyle categories such as apparel, footwear, accessories, kids and sportswear, across a mix of thousands of global, local and own brands, tailored to meet the aesthetic, cultural, sizing and price preferences of our diverse customer base, our assortment includes high-profile product lines that are co-developed with celebrities and local influencers, and exclusive merchandise from some of the world's biggest fashion brands.

We source our products from brand partners via two business models: Retail, where we own the inventory of products sold to our customers, and Marketplace, where our brand partners hold the inventory and list products on our apps and websites. As the only online fashion & lifestyle platform of scale in our markets, GFG facilitates market entry for these brands and helps them overcome the traditional challenges of logistics, infrastructure, geography and regulatory processes. GFG also generates ancillary revenues by providing distinct B2B Fashion Services to brands. These include fulfilment services for products that brands sell through their own online channels, media solutions and data analytics.

Our operational infrastructure is fashion-specific, highly efficient and scaled for growth. GFG operates ten regional fulfilment centres with a maximum daily output capacity of over 800,000 items. Our fulfilment practices are locally tailored to each market and include a mix of own and third-party last mile delivery, as well as local value-added services such as try-on in Russia. Payment options are also tailored to local customer preferences, with over 35 options across our markets. Fully in-house customer support is provided 24/7 in the majority of our markets and in eleven different languages. This commitment to delivering an outstanding shopping experience to our customers has yielded a consistently high net promoter score ("NPS") of around 80% over the last three years.

While technology underpins our entire business, it is our highly diverse team of more than 12,500 people – with a passion for fashion & lifestyle and strong capabilities across all of the disciplines needed to execute our business model – with a unique combination of art and science that brings about our compelling customer proposition.

Our data science teams are at the forefront of innovation, creating smart solutions from deep and relevant insights. The apps built by our technology teams use these insights to help improve our decision-making across the business on a daily basis. Based on this foundation, our buying and merchandising teams can plan, schedule and trade assortments to match consumer preferences and offer new impulses for style discovery. This proposition is then delivered to our customers via our apps, that offer inspiration and style at your fingertips, through personalised browsing, engaging content and relevant product recommendation. Once an order is placed, our flexible and fast end-to-end delivery solutions track it from the moment of purchase until arrival into the customer's hands, supported by 24/7 customer services teams.

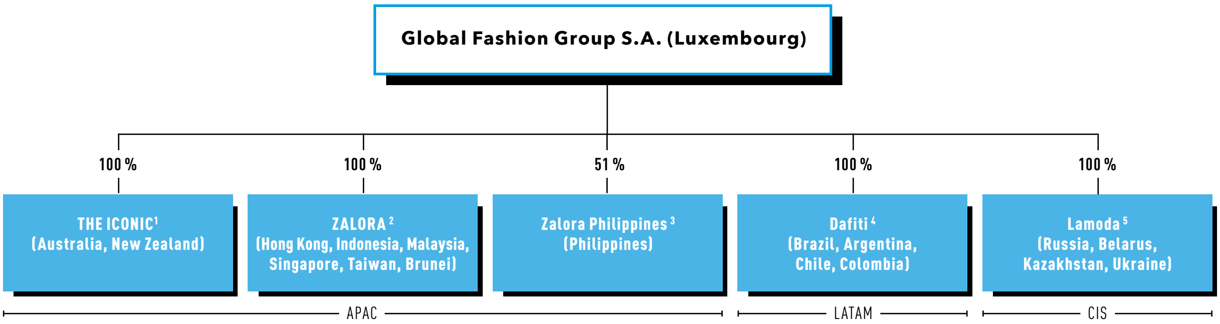
Our people also combine strong global expertise with deep local know-how, with over 98% of our team being based in our countries of operation.

Group structure

Global Fashion Group S.A. is a stock corporation (société anonyme) under the laws of the Grand Duchy of Luxembourg and registered in the Luxembourg Trade and Companies Register (RCS B 190.907). GFG is domiciled in Luxembourg with its registered office located at 5, Heienhaff L-1736 Senningerberg. Please refer to section 1.7 of the Group Annual Report for composition of subscribed capital, own shares and refer to section 1.8 of the Group Annual Report for free shares given to employees in the Group Annual Report.

The Company is the parent company of the Group. The Group comprises all subsidiaries whose financial and business policies can be controlled by the Company, either directly or indirectly. The Group's business is conducted by the Company and its various subsidiaries.

As at 31 December 2019, 79 entities are consolidated in the consolidated financial statements of the Group. The following diagram provides a simplified overview of the Group structure.



1 *THE ICONIC* operations are conducted by Internet Services Australia 1 Pty Ltd. In Australia and New Zealand.

2 *ZALORA* operations are conducted by Zalora (Hong Kong) Ltd. in Hong Kong, PT Fashion Eservices Indonesia in Indonesia, Jade E-Services Malanysia SDN BHD in Malaysia and Brunei and Jade E-Services Singapore Pte. Ltd. in Singapore and Taiwan.

3 *Zalora* Philippines operations are conducted by BF Jade E-Services Philippines Inc.

4 *Dafiti* operations are conducted by GFG Comercio Digital Ltda. In Brazil, BFOOT S.R.L. in Argentina, Bigfoot ChileSpA in Chile and Bigfoot Colombia SAS in Colombia.

5 *Lamoda* opertions are conducted by Kupishoes LLC in Russia, Belarus and Kazakhstan and Fashion Delivered LLC in Ukraine.

Business segments

The Group consists of three operating segments, which also comprise our reportable segments: APAC, LATAM and CIS.

APAC

GFG operates locally under two brands in APAC: THE ICONIC and ZALORA. THE ICONIC was launched in late 2011, and is now the leading online fashion and sports retailer in Australia and New Zealand by online sales. ZALORA launched in 2012 and is the market leader by online sales in Singapore, Hong Kong, Indonesia, the Philippines, Malaysia, Taiwan and Brunei.

LATAM

In LATAM, GFG operates under the Dafiti brand in Brazil, Argentina, Chile and Colombia. Launched in 2011, Dafiti is now ranked first in the region for online fashion & lifestyle sales.

CIS

In CIS, GFG operates under the Lamoda brand in Russia, Belarus, Kazakhstan and Ukraine. Launched in 2011, Lamoda has grown to be the leading online retailer for fashion in the region by online sales.

CORPORATE STRATEGY AND TARGETS

Guided by our vision of being the #1 online fashion & lifestyle destination in our markets, we are the leading player in 17 high-growth markets, where fashion & lifestyle spending is expected to benefit from positive demographic changes and an accelerating shift from offline to online.

The latest data from Euromonitor indicates that in 2018 these 17 markets accounted for € 320 billion of the global market for fashion & lifestyle (online and offline combined), making it the second largest consumer category globally (after food and drink).

Our experience demonstrates that the online fashion & lifestyle market provides the market leaders with significant competitive advantages. We intend to leverage our market-leading positions, scale, local know-how and operational excellence to benefit strongly from these growth opportunities.

Category expansion is another source of penetration upside

We are leveraging our existing technology, fulfilment and customer service infrastructure to expand into adjacent product categories and segments, such as accessories, beauty, kids or home, where penetration remains significantly below that of apparel or footwear. We are also broadening our sportswear offering by adding additional merchandise to grow this rapidly evolving category. However, the primary driver for category expansion is an improvement in the customer experience. We listen carefully to our customers and expand into categories that we know they want.

Enhancing the customer experience by leveraging technology and innovation

We create an inspiring and seamless shopping experience for our customers, offering an unparalleled, relevant and broad assortment across fashion & lifestyle categories. Based on our vast and rich data, we provide our customers with a highly personalised and inspiring shopping experience. As we collect more data, we can further tailor our product offerings to optimise our assortment, including own brands, and improve the personalisation, convenience and presentation of our products.

Advances in technology, including app innovation and proprietary machine-learning algorithms, drive continued growth by increasing efficiency and automation in digital marketing, product, shipping, pricing, catalogue, sorting and inventory reordering. We believe that key trends in fashion ecommerce include warehouse automation, seamless partner integration, customer experience improvements and artificial-intelligence-based optimisation. New technology will reduce friction and drive loyalty through improved size and fit guidance and will further facilitate shopping and delivery, thus enhancing operational efficiency.

Technology drives greater personalisation, more engaging customer front ends, modular solutions for brands and efficient operations in the back-end. Our scalable, custom-built technology platforms is integrated across our operations within each region and reflects the global and local nature of our business. We developed our predominantly in-house technology platforms in a localised manner with technology stacks tailored to each major market. This enhances flexibility and enables us to quickly respond to local business expectations and regulatory requirements. We have overlaid onto our localised technology stacks a growing global toolkit of advanced centralised solutions, including our global Marketplace platform for brands (SellerCenter), pricing tools and business intelligence tools.

We have opportunities to improve customer convenience by enhancing our operational infrastructure. For example, in Brazil, most returns are currently handled by the local mail service, which means customers are often required to queue at a local office to post the items to be returned. We believe that the lack of a more convenient return service negatively affects our conversion rates. Accordingly, we are working with our delivery partners to establish drop-off points that provide customers with a more convenient way of returning products.

We benefit from strong customer and brand partner flywheel effects. Our assortment and customer experience attract a growing number of new customers and increase repeated orders by existing customers, which helps us to benefit from economies of scale. In turn, we can make more investments into selection, which increases our relevance with key brands. Increased relevance with brands enables us to include better products in our assortment and achieve higher margins. These effects are reinforced by the utilisation of technology and investments in data analytics.

Partnership models enhance the scalability of our business

For our brand partners, we offer instant access to highly engaged audiences in large and growing fashion markets and flexible and tailored support in selling their products to customers. We purchase products from them that we anticipate will enjoy strong demand across our markets, but also give brands access to our Marketplace, where they act as third-party sellers via our apps and websites.

In Marketplace, we support third-party sellers by offering them additional services, such as content production, warehousing, delivery and customer service. Marketplace allows us to provide a broader assortment of products, including new products. We earn commissions, set as a percentage of the relevant sales price, which increases with the level of services we provide. In 2019, our average commission was 32% (2018: 31%).

As we do not purchase the products we sell through Marketplace, we incur insignificant costs of sales and do not bear inventory risk. However, depending on what services we provide to the respective brand e.g. warehousing and/or delivery, we may incur fulfilment expenses.

Reported revenue from the sale of like products is significantly lower in Marketplace. Accordingly, shifts in the relative proportion of sales to Marketplace would lead to a decrease in revenue, but an increase in gross margin. In order to eliminate the impact of shifts between Retail and Marketplace sales, we analyse the development of NMV, which reflects the value of goods sold over our platform, irrespective of which model those sales came from.

Grow our Fashion Services business

We leverage our infrastructure by supporting brands that sell products through their own websites, but are unable to fulfil those customer orders, by providing ancillary services such as storage or delivery, and the traffic coming to our platforms to offer companies media solutions to market their brands. We intend to deepen the services we offer, allowing us to strengthen relationships with our current brand partners and to attract new brand partners to join our ecosystem. Increased Fashion Services allow us to better utilise our existing resources, positioning us to generate additional revenue without incurring significant additional expenses.

Potential to expand and adapt our geographic footprint

We closely monitor expansion opportunities as well as changes in our various regional markets, and expand and adapt our geographic footprint accordingly. With operations built for scale and capable of geographic expansion, we continually search for opportunities to expand into new geographic markets. When expanding into a new market, we seek to leverage our existing technology, fulfilment and customer service infrastructure as well as our expertise in global operations to produce synergistic benefits. We also seek to leverage our local know-how and operational excellence to continue catering to local demand in each market. We closely monitor developments in our existing regional markets and modify our geographic footprint, including opportunistic divestitures or sales of subsidiaries and/or other parts of our business. For example, we sold our India subsidiary Jabong in 2016 and our remaining 47% stake in our Middle East subsidiary Namshi in February 2019.

Further enhance our financial profile

Over time, we intend to further improve our financial profile, including driving market share with a long-term target for organic NMV growth of 20% on a constant currency basis per year. We are increasing the share of Marketplace to expand selection and lower inventory risk, with a benefit of increasing gross margin as well. We also intend to focus on further improving unit economics, reducing the payback periods for customer acquisition costs and increasing customer loyalty. Further drivers include operating leverage in technology and administrative expenses, as well as investments into technology and fulfilment infrastructure to improve the customer experience, and drive customer loyalty and operating efficiency.

Both customer and order growth, supported by increasing order frequency and a growing average order value have resulted in a strong track record of growth, improving our clear path to profitability.

INTERNAL MANAGEMENT SYSTEM

The Management Board is responsible for steering the Group both on a segmental level (i.e. APAC, LATAM and CIS) and at a consolidated group level.

The Group's key performance indicators include NMV,-revenue, adjusted EBITDA and Capex along with the number of active customers, NMV per active customer, the number of orders, order frequency and the average order value.

NON-FINANCIAL INFORMATION

Non-financial information, such as environmental, social, human rights and the fight against corruption, are integrated in the section 1.10 to 1.12 of the Group Annual Report.

EMPLOYEES

At the end of 2019, GFG had 12,828 employees (2018: 11,038), representing an increase of 16.2% on the prior year. Average headcount increased by 2,241 to 12,161, driven mainly by the development of warehouse, fulfilment and delivery capabilities across the Group.

RESEARCH AND DEVELOPMENT

We operate a scalable, custom-built technology platforms that is integrated across the operations within each of our regions and reflects both the global and local nature of our business. We developed our predominantly in-house technology platforms in a localised manner with technology stacks tailored to each major market. Our technology platform provides substantial flexibility and enables us to efficiently respond to local business expectations and regulatory requirements.

Our technology is developed and continuously maintained by an experienced global team of more than 1,000 engineers, product managers and data scientists. In order to continuously strengthen our team's presence in each of our regions, we leverage a global technology talent pool.

REPORT ON ECONOMIC POSITION

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

GFG operates in the online fashion & lifestyle market in 17 countries. The Group's revenue and profitability depend on the conditions and outlook of these markets, including macroeconomic conditions, the overall fashion & lifestyle sector, and within this sector, development of the online channel.

Macroeconomic conditions in the regions within GFG's footprint developed favourably in 2019. According to IMF estimates[1], real GDP experienced positive growth in all three of our geographic reporting segments. In Australia, Brazil and Russia, the largest country by revenue in each of GFG's three regions, real GDP growth was 2.8%, 1.1% and 2.3%, respectively. For 2020, positive real GDP growth is expected for every country of operation except for Argentina.

Since GFG's operations are predominantly in countries outside of the eurozone, the majority of its revenues and costs are denominated in currencies other than the euro (EUR). GFG is therefore exposed to fluctuations in the values of these currencies relative to the euro. In 2019, GFG's largest net foreign currency exposures were to the United States dollar (USD), pound sterling (GBP), Russian ruble (RUB), Australian dollar (AUD), and the Brazilian real (BRL).

While GFG's reported revenues and NMV are impacted by changes in the value of foreign currencies relative to the euro, in 2019 more than 85% of our cash flows in our three operating segments were naturally hedged, as local currency revenues are typically matched against a local currency cost base.

Within GFG's footprint, online sales in the fashion & lifestyle sector are expected to outperform the overall sector, with an annual growth of 16% from 2019 to 2023. With a market volume of € 22 billion in 2019, online sales comprised only 8% of total spend in the fashion & lifestyle sector. Given online penetration of the fashion & lifestyle sector was 23% in the US and 19% to 22% in Western Europe in 2019, we believe this indicates significant headroom to grow online penetration in our markets.

The overall fashion & lifestyle sector in GFG's geographic footprint is expected to develop favourably with an estimated annual growth rate of 6% until 2023[2]. This growth rate is considerably higher than the annual growth rate forecast of 3% over the same period for developed markets such as the United States ("US") and Western Europe[2]. This growth rate differential is driven by the demographic trends in our regions, which include a relatively fast-growing population and an expanding middle class with growing purchasing power.

1 Source: International Monetary Fund: World Economic Outlook Database 2019.

2 Source: Euromonitor International. Based on the markets for apparel and footwear, beauty and personal care, personal accessories and eyewear.

GFG's markets are at an earlier stage in the structural shift of fashion & lifestyle spend from offline to online than either the US and Western Europe. There are several factors in our markets that support this ongoing shift:

- A population that is on average younger than that in the US and Western Europe, and has favourable smartphone and online shopping habits;
- The lack of a broad brick-and-mortar fashion retail offering, with floorspace of only 5 sqm per capita in our markets, compared to 77 sqm and 53 sqm per capita in the US and Western Europe, respectively [1];
- The demonstration that other verticals have already reached higher online penetration levels, with consumer electronics and appliances achieving good growth in their categories; and
- The ongoing dismantling of traditional barriers to ecommerce adoption such as: low consumer trust in online shopping, underdeveloped delivery infrastructure, and the lack of online presence by international brands.

Given GFG's early entry into our markets, we believe we will be one of the major beneficiaries of these developments. We consider ourselves the market leader in our sector and footprint, and will continue to focus on growth and gaining further market share.

1 Source: PlanetRetail.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

On 18 February 2019, the Group entered into an agreement to sell its 46.93% share of Namshi Holding Limited to Emaar Malls. The transaction was completed on 25 February 2019 for a total consideration of US$129.5 million (€ 114.3 million).

On 11 March 2019, management decided to close Lost Ink Limited ("Lost Ink"). Lost Ink is a private label fashion business based in the UK and is a wholly owned subsidiary of Global Fashion Group Middle East Holdings (UK) Limited. The impact on adjusted EBITDA for the year ended 31 December 2019 is a loss of € 7.5 million.

In April 2019, Matthew Price joined the Group as Chief Financial Officer. Matthew was most recently CFO of Moneysupermarket.com Group plc and has held key financial roles at Costa Coffee in the UK and Asia, as well as Sainsbury's.

On 3 June 2019, the Company announced its intention to conduct an IPO and a listing of its shares on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. The Company successfully listed its shares on 2 July 2019, raising net proceeds of € 186.1 million. Please refer to section 1.7 of the Group Annual Report for IPO related takeover law. Please refer to section 5 of the Group Annual Report for composition of subscribed capital.

FINANCIAL PERFORMANCE

The variance in revenue and margin over the course of the year reflects the seasonality of fashion sales. The Group's presence in the northern hemisphere (our CIS business), southern hemisphere (Australia, New Zealand and Brazil) and also countries that cross the equator including South-east Asia and Colombia, smooth out the seasonal risks of being concentrated in one geography. New season collections drive most sales in the second and fourth quarters, with the first and third quarters focusing on end-of-season sales and stock clearance.

The results for the year ended 31 December 2019 shows continued strong revenue growth and further progress toward break-even. Please refer to section 4 of the Group Annual Report for the Group consolidated financial statements.

Results of operations

	For the year ended 31 Dec		% change
In €m	2019	2018	
Revenue	1,346.0	1,155.9	16.4%
Cost of sales	(806.2)	(706.2)	(14.2%)
Gross profit	**539.8**	**449.7**	**20.0%**
Selling and distribution costs	(455.2)	(378.6)	(20.2%)
Administrative expenses	(193.4)	(214.3)	9.7%
Other operating income	15.1	3.4	
Other operating expenses	(27.5)	(17.1)	
Net impairment losses of financial assets	(3.9)	(0.8)	
Loss before interest and taxes	**(125.1)**	**(157.7)**	**20.7%**
Result from investment in associate	3.2	(9.1)	
Finance income	18.5	1.2	
Finance costs	(14.7)	(32.3)	
Result from indexation of IAS 29 Hyperinflation	1.6	1.2	
Loss before tax	**(116.5)**	**(196.7)**	**40.8%**
Income taxes	(28.1)	(5.2)	
Loss for the year	**(144.6)**	**(201.9)**	**28.4%**

Adjusted EBITDA bridge

In €m	For the year ended 31 Dec 2019	2018	% change
Earnings before interest and taxes	(125.1)	(157.7)	20.7%
Depreciation and Amortisation[1]	61.6	32.5	
EBITDA	(63.5)	(125.2)	49.3%
Share-based payment expenses	5.2	55.2	
One-off costs and income[2]	21.2	-	
Pro-forma IFRS 16 adjustment[3]	-	20.2	
Adjusted EBITDA	**(37.1)**	**(49.8)**	**25.3%**

1 Including depreciation on IFRS 16 right-of-use assets, in FY 2019.

2 One-off costs and income include costs relating to the IPO, historical tax adjustments, costs relating to the wind-down of Lost Ink Limited and non-trading income.

3 The pro-forma IFRS 16 adjustment was included for purposes of comparability of Adjusted EBITDA for 2019 and 2018 as IFRS 16 Leases was only applied as of 1 January 2019. Therefore, Adjusted EBITDA for 2018 presented in the table above is not consistent with Adjusted EBITDA presented in the segment information contained in the consolidated financial statements.

Key Group Figures

GFG's key performance indicators include NMV, Revenue, Adjusted EBITDA, Capex, along with the number of Active Customers, the NMV per Active Customer, number of Orders, Order Frequency and Average Order Value. See pg. 62 Financial Definitions for key performance indicator definitions.

Key performance indicators and financial information

In €m	For the year ended 31 Dec 2019	2018
Group key performance indicators		
Active customers (in millions)	13.1	11.2
NMV (€ m)	1,777.8	1,453.5
Constant Currency Growth (%)	23.0%	22.5%
NMV/Active Customer (€ m)	136.1	130.2
Number of Orders (in millions)	34.6	28.2
Order Frequency	2.6	2.5
Average Order Value (€)	51.3	51.6
Financial performance		
Revenue (€ m)	1,346.0	1,155.9
Constant Currency Growth (%)	17.2%	18.7%
Gross Profit (€ m)	539.8	449.7
Adjusted EBITDA (€ m)	(37.1)	(49.8)
Adjusted EBITDA (as % of revenue)	(2.8%)	(4.3%)
Financial position		
Net working capital (€ m)	(12.0)	(10.3)
Cash and cash equivalents (€ m)	277.3	105.0
Pro-forma cash (€ m)	300.8	139.9
Capex (€ m)	72.1	41.9

Growth of NMV

In 2019, NMV grew by 23.0% on a constant currency basis, to € 1,777.8 million (2018: € 1,453.5 million).

The growth in NMV was as a result of an increase of 17.0% in Active Customers to 13.1 million, and NMV per Active Customer rising by 5.1% on a constant currency basis to € 136.1m, underpinned by our leading customer experience.

Customer orders were up by 23.0% to 34.6 million (2018: 28.2 million) in FY 2019, and on average customers purchased 2.6 times per year (2018: 2.5 times), an increase of 5.1%.

Technology innovations focused on app functionality have delivered new levels of customer engagement and strengthened GFG's app-first approach. 50% of NMV in 2019 was generated through our apps (2018: 42%), an increase of 8 pp compared to last year.

Marketplace continues to outgrow retail, and now represents 21% of NMV, up from 15% for the last year.

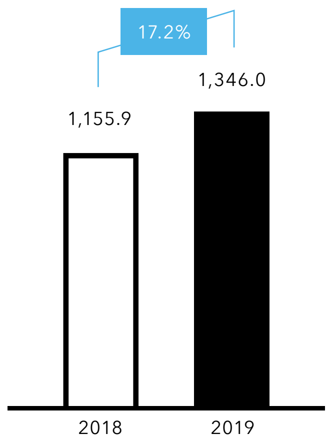
Growth of Revenue

The strong growth in NMV delivered solid revenue growth. In 2019, revenue grew by 17.2% on a constant currency basis, increasing by € 190.1 million to € 1,346.0 million (2018: € 1,155.9 million).

GFG continues to be at the forefront of defining what an inspiring customer experience looks like in its markets. In 2019, GFG's broad assortment strategy evolved with more exclusive global brand collaborations, further development of the modest fashion segment with another successful Hari Raya festival season, and the launch of a new way of shopping sustainably through Considered at THE ICONIC.

Operational developments in 2019 have enhanced the delivery experience offered in South East Asia and CIS. 'Zalora Now', a subscription programme including free next day delivery, was launched in region, while the pick-up-point network in CIS grew to cover over 12,000 locations. In Brazil, construction of the new fulfilment centre is well-progressed and on track to open in 2020.

Growth of revenue[1] (€m)



[1] Constant currency basis

Improvements to Adjusted EBITDA

While not statutory measures under IFRS, management also considers Adjusted EBITDA and Adjusted EBITDA margin as key performance indicators to assess the underlying operating performance of the business.

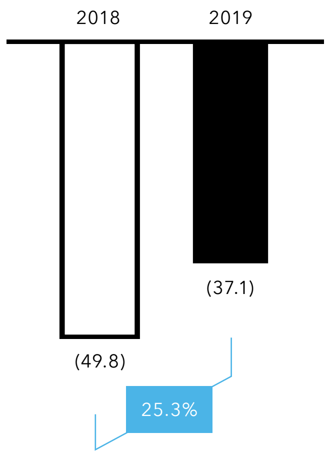
In 2019, the Group generated an Adjusted EBITDA loss of €(37.1) million, compared to €(49.8) million in 2018, on a pro-forma basis, adjusting for the impact of IFRS 16. Adjusted EBITDA margin was (2.8)%, improving from (4.3)% in 2018. Cost leverage in both marketing and technology and administration costs was partially offset by increases in the year in fulfilment expenses, driven by an increase in the GFG Marketplace fulfilment proposition.

Adjusted EBITDA excludes an expense for share-based payments of € 5.2 million (2018: € 55.2 million) and one-off costs and income outside the normal course of business. These mainly relate to the costs of the IPO (€ 4.9 million), one-off tax adjustments (€ 14.8 million), non-trading income (€ 6.0 million) and the wind-down costs and adjusted EBITDA relating to the Lost Ink business (€ 7.5 million).

Loss for the year

In 2019, Loss for the year decreased by 28.4% to € 144.6 million (2018: loss € 201.9 million). Losses before interest and taxes of € 125.1 million improved by 20.7% compared to 2018, with increased gross profits being partially offset by higher selling and distribution costs. Finance income and costs have improved year-on-year as the result of a net income from investment in associates including the gain relating to the sale of the Group's remaining interest in Namshi.

Analysis of Adjusted EBITDA (€m)



REPORT BY SEGMENT

The Group is organised into three main business segments; APAC (ZALORA and THE ICONIC), LATAM (Dafiti) and CIS (Lamoda). The column 'Other' includes headquarter and other business activities.

Segment Growth for the Year

NMV growth was solid across all regions. APAC delivered 22.7% constant currency growth, delivering the highest growth in Active Customers of 21.7%, on a rolling twelve-month basis, across all segments. CIS NMV growth was the highest of all regions, at 24.4%. LATAM also delivered strong growth at 21.9%.

The highest revenue growth was seen in APAC, at 20.9% on a constant currency basis. LATAM and CIS also delivered solid revenue growth of 18.4% and 14.5%, respectively. CIS Revenue growth was significantly lower than NMV growth for the year, due to the acceleration of Marketplace participation seen in the region over the last year.

Segment Results of the Group Year 2019

CIS delivered the highest growth in gross margin, increasing 3.6 pp year-on-year, driven by increased Marketplace revenue. APAC increased by 1.4 pp year-on-year, driven by improvements in South East Asia. LATAM gross margin slightly declined by 0.5 pp as a result of price investment and country mix.

Segment Results of the Group for the year ended 31 December 2019

In €m	APAC	LATAM	CIS	Total Fashion Business	Other	Reconciliation	Total
Net Merchandise Value	621.3	557.8	598.7	1,777.8	-	-	1,777.8
Revenue	498.6	401.4	442.9	1,342.9	27.8	(24.7)	1,346.0
Gross profit	192.3	164.6	187.2	544.1	19.7	(24.0)	539.8
% Margin	38.6%	41.0%	42.3%				40.1%
Adjusted EBITDA	(22.4)	6.1	4.3	(12.0)	(25.0)	(0.1)	(37.1)

Segment Results of the Group for the year ended 31 December 2018

In €m	APAC	LATAM	CIS	Total Fashion Business	Other	Reconciliation	Total
Net Merchandise Value	501.9	484.3	467.3	1,453.5	-	-	1,453.5
Revenue	409.0	359.0	376.4	1,144.4	66.3	(54.8)	1,155,9
Gross profit	152.1	149.0	145.8	446.9	51.9	(49.1)	449.7
% Margin	37.2%	41.5%	38.7%				38.9%
Adjusted EBITDA	(36.6)	0.1	(13.8)	(50.3)	(20.2)	0.5	(70.0)

CASH FLOWS

The liquidity and cash position of the Group is presented in the following summary consolidated statement of cash flows:

In €m	For the year ended 31 Dec 2019	2018
Net cash used in operating activities	(68. 9)	(85.3)
Net cash from/(used in) investing activities	63.5	(65.6)
Net cash from financing activities	169.5	5.2
Change in cash and cash equivalents	164.1	(145.7)
Exchange-rate related and other changes in cash and cash equivalents	8.2	(0.6)
Cash and cash equivalents at the beginning of the year	105.0	251.4
Cash and cash equivalents at the end of the year	**277.3**	**105.0**

In 2019, GFG generated a negative cash flow from operating activities of € 68.9 million (2018: € 85.3 million). The lower net cash used in operations is mainly driven by changes in provisions, reduced share-based payments and offset by higher outflows from working capital.

Net cash inflow from investing activities is due to the proceeds from the disposal of Namshi and movements in restricted cash during the period, partially offset by additions to property, plant and equipment and intangible assets. During the year, the Group acquired property, plant and equipment with a total cost of € 45.8 million (2018: € 24.1 million). These investments primarily relate to assets in the course of construction and office and IT equipment. The Group acquired intangible assets with a total cost of € 20.9 million (2018: € 15.0 million) of which € 19.9 million (2018: € 11.5 million) were internally developed intangible assets capitalised in accordance with the recognition criteria of IAS 38, Intangible Assets.

Net cash from financing activities relates primarily to inflows from the IPO in July of € 186.1 million. This was partially offset by IFRS 16 lease payments of € 20.5 million which, in the prior period, before the introduction of IFRS 16, were included as part of net cash used in operating activities.

FINANCIAL POSITION

The Group's financial position is shown in the following consolidated statement of financial position.

Assets

In €m	For the year ended 31 Dec 2019	2018	Change
Non-current assets	552.3	539.3	13.0
Current assets	652.2	416.1	236.1
Total assets	**1,204.5**	**955.4**	**249.1**

Equity and Liabilities

In €m	For the year ended 31 Dec 2019	2018	Change
Equity	649.5	603.8	45.7
Non-current liabilities	98.9	34.7	64.2
Current liabilities	456.1	316.9	139.2
Total equity and liabilities	**1,204.5**	**955.4**	**249.1**

Total assets of the Group increased by € 249.1 million when compared with 31 December 2018. The increase partially relates to the recognition of right-of-use assets relating to IFRS 16, the new accounting standard for leases which became effective as of 1 January 2019. Property, plant and equipment, inventory and cash all increased during the year, but this was partially offset by the disposal of the Middle East business.

On transition to IFRS 16, the Group recognised an additional € 75.0 million of right-of-use assets and € 75.0 million of lease liabilities. The net book value of right-of-use assets as at 31 December 2019 was € 95.2 million. Total lease liabilities of € 106.1 million, net of lease repayments and interest, are split between non-current and current lease liabilities on the consolidated statement of financial position.

In 2019, Capex additions were € 72.1 million (2018: € 41.9 million) and primarily related to the Group's continuous investment in its delivery and fulfilment infrastructure, assets in the course of construction, and office and IT equipment along with intangible assets.

Inventories increased by € 47.9 million to € 234.0 million as a result of a Group-wide increase in business volumes and the seasonality of our local businesses.

Pro-forma cash increased from € 139.9 million to € 300.8 million, as a result of proceeds from the disposal of the Middle East business (€ 114.3 million) and proceeds from the IPO (€ 186.1 million), which were partially offset by capital expenditure and operational outflows. Included within the year end cash balance is € 23.5 million (2018: € 34.9 million) of restricted cash and cash on deposit, primarily related to our revolving credit facility.

Movements in equity for the period relate primarily to losses incurred for 2019, partially offset by favourable translation adjustments.

Non-current liabilities increased to € 98.9 million, € 82.9 million of which represents the non-current portion of lease contracts under IFRS 16, discounted to present value.

At 31 December 2019, current liabilities were € 456.1 million, an increase of € 139.2 million. This increase reflects the current portion of finance lease liabilities under IFRS 16 of € 23.2 million, discounted to present value, an increase in trade and other liabilities of € 60.0 million, reflecting the impact of seasonality on the Group's working capital, and an increase in non-financial liabilities of € 13.3 million.

COMPARISON OF ORIGINAL GROUP GUIDANCE AND ACTUAL 2019 FIGURES

2019 has been a positive year for the Group, as it has delivered on the market guidance for the year on all key performance metrics. The table below summarises the actual results versus the guidance:

FY 2019

In €m	FY 2019	Guidance	
NMV (€m)	1,778	€ 1.7 – 1.8bn	✓
Growth (%)	23.0%	20% – 23%	✓
Revenue (€m)	1,346	Min € 1.3bn	✓
Adj. EBITDA (€m)	(37.1)	Further progress to break even	✓
Adj. EBITDA margin (%)	(2.8)%	Further progress to break even	✓
Capex (€m)	(72.1)	(80.0)	✓

The Group also broke even for the first time in Q4 2019 with a positive EBITDA margin of 0.2%.

OVERALL ASSESSMENT OF THE ECONOMIC POSITION BY THE MANAGEMENT BOARD

The Management Board is pleased with the positive business development in the 2019 financial year. The Group increased its NMV and revenue in line with management guidance and Adjusted EBITDA increased as a result of ongoing leverage in cost of sales, marketing, technology and administration costs, allowing us to continue on our clear path to profitability.

REPORT ON POST BALANCE SHEET EVENTS

Since the end of the financial year, the Group has entered into a joint venture with Russian Post, the national post operator of Russia, for the construction and operation of a new fulfilment centre in the Moscow region. An initial term sheet was signed on 13 January 2020.

There have been no other significant events, outside the ordinary course of business, affecting the Group since 31 December 2019.

PERFORMANCE OF GFG S.A.

Revenue decrease to € 3.6 million (2018: € 26.2 million) due to reduction in intercompany charges. During the year, the company sold the right of use of an intangible asset to a third party for a total consideration of € 6.0 million, which is included within other operating income.

REPORT ON RISKS AND OPPORTUNITIES

1. GFG operates a risk management programme based on ISO standards. Through this programme risks are identified, treated and monitored according to the Group's risk appetite.

2. GFG has implemented a range of controls over financial reporting which are reviewed through an annual programme of self-assessment, with further independent validation by the Internal Audit team.

3. In addition to areas that present threats, GFG has identified, through its risk management programme, areas of uncertainty that present business opportunities which it will seek to take advantage of in future.

GFG acknowledges that risks are an ordinary and necessary part of conducting business, and in the generation of shareholder value. GFG seeks to understand and actively manage risks in accordance with its risk appetite, rather than to avoid risks.

GFG recognises that risk management is an integral part of good corporate governance, and that it is central to good decision making and for ensuring the successful execution of our strategy.

RISK MANAGEMENT

GFG Risk Management Framework

GFG applies the ISO 31000: 2018 methodology for Enterprise Risk Management. The risk management system can be broadly characterised into four main phases:

1. Risk Management Objectives and Scope

2. Risk Assessment (Identify and Analyse)

3. Risk Treatment

4. Risk Monitoring

1. Risk Management Objectives and Strategy

The objectives and strategy of GFG's Risk Management system is as follows:

- GFG applies a consistent and systematic approach to identify, assess, and manage its key enterprise risks. The ultimate objective being to ensure that there is adequate and appropriate understanding of these risks both at a Group consolidated and regional level;

- Risk management strategies (including risk transfer/insurance) are devised for identified risks which are not in line with our risk appetite. GFG directs its time and resources to risks with the greatest potential impact;

- The level of risk that GFG is willing to accept is determined by the Management Board (via the Group GRC Committee) based on careful examination of the specific circumstances surrounding each risk, and GFG's risk appetite statements;

- GFG strives to continually build a culture of risk awareness and ownership across the entire organisation;

- GFG is a complex organisation operating within a fast-paced industry where change and disruption are constants. As such, the responsibility for identifying and managing risks is shared across the Group to ensure responsive and effective risk management; and

- GFG is committed to providing risk transparency of the Group's key risks, and provides a risk report to the Management Board, and the Audit Committee on a six-monthly basis, or more frequently if the risk is material.

Following our recent IPO in July 2019, GFG is currently rationalising and optimising its governance systems and structures, including its risk management framework, to ensure it is more in line with best practices for listed entities. Periodic reviews of the Risk Management Framework are undertaken to ensure that the Management Board and Audit Committee are comfortable that the risk approach continues to be in line with expectations.

2. Risk Assessment (Identify and Analyse)

2.1 Risk Identification

Risks are identified through a combination of sources, including but not limited to:

- Business strategy;

- Interviews with Senior Executive Leaders and Management;

- Consideration of macroeconomic and socio-political environment trends and global events across our territories;

- Consideration of the GFG Risk Universe which mirrors the end-to-end value chain of the business;

- Internal reviews including Internal Audit Reports, Regional GRC Committee discussions, Internal Control Assessments; and

- Thought leadership from respected third parties on top global risks, and benchmarking with publicly available risk assessments published by peer organisations.

2.2 Risk Analysis

Key enterprise risks which are identified are analysed with executive risk owners (considering risk factors, root causes, and probably impacts) and are then rated using the GFG Risk Likelihood/ Severity matrix:

Risk management

Risk analysis

Likelihood		1	2	3
Likely (› 50%) (annual or multiple times a year)	C	Moderate	High	Critical
Possible (20% – 50%) (1 – 3 years)	B	Low	Moderate	High
Unlikely (‹ 20%) (3+ years)	A	Very low	Low	Moderate
Impact scale		Low	Moderate	Significant
as a % of Revenue		‹ 2%	Between 2% and 5%	› 5%
In € millions		‹ € 26M	Between € 26M - € 65M	› € 65M

Severity

3. Risk Treatment

Risk treatment plans are devised by the Executive risk owner for each key risk identified on the GFG Risk Matrix. Plans are devised based on deep understanding of the risks and take into account the risk appetite of the Group. These plans are ultimately endorsed by the Group GRC Committee acting on behalf of the Management Board. See section 1.5 of the Group Annual Report for more information.

In broad terms, risk treatments can fall under the categories laid out in section 2.13 of the Group Annual Report below. The appropriate risk treatment adopted depends on GFG's risk appetite:

- Risk elimination: Any exposure to the risk is considered unacceptable, and hence the business eliminates the risk by stopping the business activity(ies) which gives rise to the exposure;
- Risk mitigation: This is where the current level of risk, taking into account existing risk mitigation measures and controls, is deemed to be higher than acceptable. Hence additional measures and investment are directed to reduce the level of risk;
- Risk transfer/financing: This is where a risk or portion of risk is transferred to another party. The most common example of this is insurance. The feasibility of risk transfer is always considered as part of overall risk treatment measures; and
- Risk acceptance: This is where current level of risk is considered optimal and aligned to the organisation's risk appetite. Little to no additional mitigation activity and investment are prioritised to further treat this risk.

4. Risk Monitoring

- GFG is committed to providing risk transparency of the Group's key risks, and provides a risk report to the Group GRC Committee (which represents the Management Board), and the Audit Committee (which represents the Supervisory Board) on a six-monthly basis, or more frequently if the risk is material;

- In assessing the consolidated Group risk position, each GFG Region also completes a risk assessment every six months, the outcomes of which are reviewed and endorsed by the Regional GRC Committee, which is chaired by the Regional CEO;

- The work of the GFG Internal Audit team also forms a key part of the risk monitoring system, assisting management in the effective discharge of their responsibilities by providing independent, objective assurance over the governance, control and risk management activities within their processes. Internal Audit also conducts ad-hoc advisory work designed to add value and improve the Group's operations. The scope of the Internal Audit work performed includes financial, operational and technology processes;

- GFG Internal Audit performs regular follow-ups of remedial actions identified through its Audit cycle and formally reports progress through various channels, including quarterly updates to the Audit Committee. Observations identified within the internal audit reports are further considered as part of the Group-wide risk assessments and highlight potential areas where further support is required from Group and Regional Risk functions. Internal Audit takes a risk-based approach to executing its annual plan with regular consultations provided by Executive Management, Regional Leadership and the Group Risk and Internal Controls functions. As a safeguard to independence, Internal Audit has a functional reporting line to the Chairman of the Audit Committee, their work plan is approved by the Audit Committee, rather than the Management Board, and the Audit Committee holds private sessions with the Head of Internal Audit without members of the Management Board being present; and

- The Group Internal Controls function performs periodic testing over key controls which provide a level of assurance over the accuracy of our financial statements. The result of internal controls assessments are reported to the Group CFO, as well as the Group GRC Committee.

SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING

As a part of the internal control system, GFG has implemented a range of controls over its financial reporting that consist of preventive, detective and monitoring measures, covering transactional and Group accounting (including the consolidation process) and operational functions. The control measures provide assurance over the accuracy and consistency of the financial statements, and include layers of independent approval, automated application based control, and segregation of duties in key and high-risk processes.

The design and operating effectiveness of internal controls are reviewed through an annual programme of self-assessment testing that is performed by local management and specialist controls teams. The GFG Internal Audit team independently reviews the work performed and re-tests key controls to ensure accuracy and consistency in testing approach, documentation and reporting across the Group.

RISKS AND OPPORTUNITIES REPORT

GFG is committed to the identification, monitoring, and management of material risks associated with our business activities across the Group. GFG and its regional business units undertake a risk review process every six months, in accordance with the GFG Risk Management Framework.

This section outlines the principal enterprise risks and uncertainties which were identified through the most recent risk review process in 2019. These are not set out in any particular order, and GFG recognises that risks can change over time, so therefore there may be other risks currently deemed insignificant, or yet unknown risks that might have a negative impact on the business in the future.

Strategic and external risks

Country risk: Geopolitical and Macro-economic	The Group's businesses are concentrated across several emerging and growth markets, that GFG considers having the greatest potential for growth in fashion ecommerce. This exposes us to a certain degree of country risk, as each territory has its own unique geo-political, socio-economic, and legislative/regulatory environment. **Key mitigating activities/ initiatives** • Continuous active monitoring of the geo-political, socio-economic, and regulatory regimes within our territories • Strong governance and compliance programmes to ensure compliance with local legislation, along with proactive engagement with relevant regulators
Competition	The fashion ecommerce industry is characterised by intense competition, and GFG regions face increasing competitive pressure both online/offline and from local and established global players. **Key mitigating activities/ initiatives** • Ongoing proactive scanning and consideration of the competitive environment • Continued focus on protecting the unique selling points of the regional businesses • Best practices are shared across the Group • Building strong trusted relationships with Brands to unlock better assortments

Operational risks

People	GFG considers our high-performing, agile, and entrepreneurial culture to be a key performance driver. In addition, the deep local knowledge that our Regional teams hold is a key enabler of our success across our diverse geographic footprint. Being a relatively lean business, with a flat structure, we acknowledge that there is a risk that major turnover of key staff will result in operational disruption, loss of knowledge, 'know how', and/or negatively impact our culture. **Key mitigating activities/ initiatives** • Continued focus on building leadership capabilities and bench strength across the Group • Succession planning for our Senior Executive level "C-Suite" is an area of focus, as well as building strength across the Group
Major disruption to critical infrastructure	There is a risk of business interruption due to disruption to our fulfilment centres or critical technology infrastructure which impacts our ability to trade or operate. **Key mitigating activities/ initiatives** • Risk transfer via our insurance programmes • Focus on cloud infrastructure to minimise risk and impact of outages • Third party specialists such as external penetration testing are engaged to continually test and refine our technology resilience. Focus on improving business continuity planning practices, although we recognise we are still maturing in this discipline
Major Fulfilment Centre relocations	Over the next two years, there are a number of key physical fulfilment centre moves and/or expansions planned in order to support our growth across key geographies. There is a risk that these moves are not executed successfully or in a timely manner, which could impact our ability to scale. **Key mitigating activities/ initiatives** • Strong project management processes and governance, with timely escalation protocols for material deviations in timeframes / budgets
Technology Adoption	Technology is the core enabler for our business and our competitive advantage. It is ubiquitous and embedded in every facet of the Group including the webstore, sales, marketing, assortment planning, pricing, fulfilment, and customer service. Major systems upgrades require forward planning and can involve mid to long term gestation periods. There is a risk that if our technology and system upgrades are not initiated in a timely manner, we might lose our competitive advantage and limit our ability to scale effectively. Our investment in technology is always balanced with the availability of resources and funding, given our financial position. **Key mitigating activities/ initiatives** • Regional technology strategies are developed in line with business strategy, and projects are prioritised considering the strategy • Group Technology provides a strategic portfolio view of technology to ensure that technology rollouts take into consideration economies of scale to the best possible extent

Cyber and information security	Cyber and information security risk continues to be an increasingly ubiquitous risk faced by organisations of all sizes and maturities. GFG relies on leveraging its customer data to better understand and serve our customers. We recognise that cyber security threats could stem from both internal and external sources, and our response to this risk is commensurate with this understanding. **Key mitigating activities/ initiatives** • GFG's operating regions run systems and applications on physically segmented infrastructure with role-based access control and region-level isolation, providing natural risk isolation should there be a breach in one of our systems • Investment in information security systems and resources • Continual focus on improving all aspects of security practices • Regular and periodic third-party external penetration testing to identify weaknesses, in addition to bug bounty programmes
Social & Environmental Sustainability	GFG sources and sells products produced in factories in emerging markets under private label brands. While this product category makes up only a small part of the overall range, there is a risk that these products are produced in factories which do not align with GFG's ethical trade standards. Specific risks noted in relation to supplying factories in the countries we source from include modern slavery, inadequate health and building safety standards, high levels of overtime and non-payment of due wages and benefits. We recognise that a transparent ethical and sustainable supply chain is also a positive differentiator in the market, and aligns to the values of our customers and staff in many markets. In addition, in some geographies, our workforce is sourced via third-party labour agencies that employ migrant/potentially vulnerable workers. Hence there is a risk that these agencies do not meet GFG Group standards in terms of treatment of workers. Specific risks noted in relation to agency workers include retention of passports, payment of recruitment fees and poor accommodation standards. Lastly environmental risks exist, including a risk that GFG operations breach environmental regulations leading to reputational damage and/or fines/penalties from regulators. Increasing frequency and severity of extreme weather events may pose a risk to our operations or that of our suppliers. In the long term the broader impacts of climate change may impact cost and accessibility of the materials used to manufacture our products or other resources needed to operate our business. **Key mitigating activities/ initiatives** • Clear GFG Corporate Sustainability governance and standards are set and driven by the GFG Sustainability Committee, which is a committee of the Supervisory Board • Reviews and audits are undertaken of supplier factories in accordance with GFG Ethical Trade Manual (aligned with accredited global standards) • Migrant/vulnerable worker audits and inspections are carried out on a risk basis • Development of comprehensive environmental management programmes, which mitigate our impacts and transition to more sustainable materials for our products and our packaging which have a lower environmental footprint • Business continuity plans The full and extensive list of our work in this space is captured in the GFG Sustainability Report in section 1.10 of the Group Annual Report.

Financial risks

Budget and planning	The fashion ecommerce business in the developing and growth markets in which GFG operates is highly volatile and influenced by a variety of variables and external factors (such as the timing of stock intake, competitor behaviour, or major political shifts) which makes business performance challenging to anticipate and accurately budget for. GFG recognises that in any organisation regardless of size, a budget, planning and forecast must continually evolve and improve. There is a risk that actual results may not be in line with budget/forecasts which could lead to cost base increases which are not adequately compensated by the resulting profit. **Mitigating activities/ initiatives** • Strong budgeting disciplines and extensive review/challenge process • Focus on monitoring of key budget input drivers and output KPIs and comparing those against budget • Continuous improvements to the budgeting process • Implementation of a system and processes to help surface additional data points on demand • Efforts of raising separate financing for the new Fulfilment Centres
Foreign currency exposure	The Group's revenue streams are generated in local currencies, however a small proportion of global supplier contracts and operating expenses are paid in currencies which are different from the income currencies for example USD, GBP and EUR. **Mitigating activities/ initiatives** • The Group maintains an effective natural hedge • Continued monitoring of FX exposures across the Group and use of FX hedging as and when appropriate • Group Treasurer leading treasury function to continually optimise policies and procedures for FX management, across the regions
Funding and liquidity	The Group currently has a significant cash balance available but operates at a net loss and continues to invest in its technology and fulfilment assets. The Group continues to work towards becoming cash flow neutral in the medium term. **Mitigating activities/initiatives** • Close monitoring of the utilisation of cash and cash forecasts as part of the financial/management reporting process • Secure project-based financing for major capital expenditure • Focus on strong cost controls, to improve operating cash burn • The Group undertook the following key transactions which have further solidified the cash position: 1) The Group listed on the Frankfurt Stock Exchange on 2 July 2019, raising net proceeds of € 186.1m; 2) disposal of the remaining stake in its Middle East operations on 25 February 2019, for € 114.3m; 3) Put in place a local working capital facility of € 5.2m in the Philippines JV.

Compliance and Regulatory risks

Compliance with laws, regulations, and standards	As a Group which operates across 17 countries, each with a unique regulatory and legislative regime, GFG is continually subject to the risk of non-compliance with local laws and regulations. In addition, many of our territories have legislative systems which have varying levels of development compared to those in, for example, Western Europe. As such, the scope of laws and legal requirements may be unclear or enforcement may be non-transparent. If regulation or legal requirements in two or more countries conflict with each other, GFG may be unable to avoid violating laws and regulations in one or several jurisdictions. In 2019, GFG recognised the following two areas which has seen increased focus by global regulators: 1. Tax authorities internationally have been increasing their focus on multinational ecommerce companies. Direct and indirect digital taxes could be introduced. 2. New Data Protection legislation in our territories, increased enforcement activity, and higher fines levied by regulators. **Mitigating activities/ initiatives** • Investment in Legal and Compliance teams in each Region, with monitoring via Regional and Group GRC Committees • In-depth review of our material compliance obligations undertaken as part of the recent due-diligence processes in the lead up to our IPO • Continuous review of changes to international and domestic legislation, assessment of the impact on the Group's business model and ensuring transfer pricing policies are updated

Management is satisfied that no risk, individual or collective, is currently considered to threaten the Group or Company as a going concern. Management believes that it has taken all necessary precautions to address existing risks and reduce their possible impact.

Management have not identified any material uncertainties that cast a significant doubt on the Group's or Company's ability to continue as a going concern over a period of at least 12 months.

OPPORTUNITIES

While GFG faces several risks, there are also many opportunities for the Group that may enhance our growth prospects or facilitate improved profitability. The primary opportunities that we have identified are:

Macroeconomic developments: We believe that growth opportunities in our markets will be driven by several macroeconomic, demographic and operational tailwinds that will shift customer behaviour, including urbanisation, growing disposable incomes, increasing customer engagement with mobile and other digital devices, and improved last-mile delivery capabilities. These tailwinds increase both the demand for fashion & lifestyle products, and grow the share of ecommerce within this sector. In 2018, ecommerce comprised only 6% of the fashion & lifestyle sector in our markets. There is significant headroom for this to grow as customer behaviour continues to shift towards increasing usage of smartphones for transactions and a preference for convenience.

Category and segment expansion: Significant scope exists for GFG to continue rolling out all fashion & lifestyle categories across its regions and thus grow its market share. These categories include apparel, footwear, accessories, sports performance, kids, beauty and home. Currently, the sports performance, kids and beauty categories are only developed to varying degrees in each of our regions, but management's objective is to expand all of these categories by adding relevant brands and growing assortment width. We believe continued expansion of these adjacent categories will increase average basket values and spend per customer, encouraging customers to see GFG as a one-stop destination for fashion & lifestyle. Additionally, GFG has the opportunity to expand its coverage across price levels and other market-specific white spots. With respect to price levels, there is the opportunity to further develop our offering in the premium and entry luxury segments. With respect to potential assortment white spots in any of our markets, our strategy is to develop own brand lines that seek to fill those gaps.

Technology: Further innovation in technology will enable GFG to create an even more inspiring and seamless shopping experience for our customers. For example, data analytics can be used to create an assortment catalogue that is increasingly curated and personalised for each customer. Our teams continually develop new features and capabilities that improve the engagement and stickiness of our platform and apps. We believe our localised approach to front-end technology, which allows us to be closer to the customer, creates an effective environment for innovation to be developed locally and then shared across the Group, once proven and successful. On the back-end, there are opportunities for GFG to further centralise certain tools or platforms, thereby simplifying our IT landscape and reducing maintenance and costs. Further automation of operations, including in fulfilment centres, is also an opportunity to improve operational efficiency as well as the customer experience.

Expansion of value-added fashion services: We believe there is an opportunity to further develop GFG's value-added fashion services business, which is currently still nascent and comprises only a small portion of total revenues. We are continuing to advance our capabilities in areas such as media services, end-to-end fulfilment solutions and white label ecommerce solutions for third party brands. Not only does this create new revenue streams from the brands that use these services, but it also deepens our relationships with them and further integrates those brands into our platform.

Geographic expansion: GFG's platforms have been built for scale and could support a potential expansion into new markets. In particular, there are opportunities for GFG to expand into countries that are adjacent to its existing footprint in APAC and LATAM. Any potential geographic expansion would be focused on markets that offer similar benefits and opportunities to GFG's existing regions. These include markets that are relatively nascent in terms of ecommerce penetration, that offer an early mover advantage, that have sizable populations with attractive demographics, and that could be served with GFG's existing operating infrastructure.

REPORT ON EXPECTED DEVELOPMENTS AND OUTLOOK

In 2020, GFG aims to grow NMV between 17-20 %, delivering more than € 2.0 billion in NMV and in the region of € 1.5 billion revenue on a constant currency basis.

The impact on the Australian consumer of the bushfires, together with a warm winter in CIS means that we are expecting the year to start around the lower end of this range. GFG also plans to make significant progress on the path to profitability in 2020, with the target of being profitable at an Adjusted EBITDA level no later than 2021. Capex investment will be in the region of € 55 million. This guidance excludes any potential negative impact caused by the COVID-19 outbreak.

This management report is similar to the management report contained in the consolidated annual report of Global Fashion Group S.A

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Global Fashion Group S.A.
5, rue Heienhaff
L-1736 Senningerberg

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Global Fashion Group S.A. ("the Company" or "GFG"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of Shares in affiliated undertakings

Risk identified

Global Fashion Group S.A. ("GFG"), as ultimate holding of a Group holding several affiliated entities holds a number of shares in affiliated undertakings, which are operating mainly in emerging markets in the fashion industry. As described in Note 5 to the financial statements, the shares in affiliated undertakings are valued at cost less any durable impairment in value. At least annually, the Company evaluates the carrying value of the investments. Impairment losses are measured and recorded based on the difference between the estimated recoverable amount and the carrying amount of the asset. Impairment of shares in affiliated undertakings is considered a key audit matter due to historical impairment, business industry and locations of these investments.

Our answer

Our audit procedures over the impairment of the shares in affiliated undertakings included, among others:

- Obtaining the latest capital call to which GFG subscribed or the Shareholders' agreements to confirm the acquisition cost of each investment and the movement during the year.
- Obtaining and reading the latest financial statements of each investment in order to identify whether any going concern issue or liquidity issue exists at the investment level and ultimately if the investment is recoverable.
- Assessing the valuation model prepared by Management and its impairment test for the determination of the recoverable amount of the investments.
- Recomputing the fair value of equity interests of the investments prepared by Management and comparing the carrying value of the investments to the fair market value of equity interests in order to determine whether an impairment exists.
- Assessing the valuation of guarantees provided by the Company to direct or indirect affiliated companies.

We also assessed the adequacy of the Company's disclosures in respect of the accounting policies on impairment as disclosed in Note 5 of the financial statements.

Other information

The Supervisory Board is responsible for the other information. The other information comprises the information included in the management report and the corporate governance statement on section 1.4 to section 1.9 in the Group Annual Report but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Supervisory Board and of those charged with governance for the financial statements

The Supervisory Board is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Supervisory Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Supervisory Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Supervisory Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Supervisory Board.

- Conclude on the appropriateness of Supervisory Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 31 May 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 6 years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying corporate governance statement on section 1.4. to section 1.9 of the Group Annual Report is the responsibility of the Supervisory Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Other matter

The corporate governance statement includes the information required by article 68ter paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Olivier Lemaire

Luxembourg, 2 March 2020

FINANCIAL STATEMENTS

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BALANCE SHEET
as at 31 December 2019

ASSETS

In €	Note	31 Dec 2019	31 Dec 2018
B. Formation Expenses	3	3.783.520,80	-
C. Fixed Assets			
I. Intangible assets		44.335,62	50.661,98
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	4	*44.335,62*	*50.661,98*
a) acquired for valuable consideration and need not be shown under C.I.3		*44.335,62*	*50.661,98*
III. Financial assets	5	1.273.854.759,95	1.000.699.678,29
1. Shares in affiliated undertakings		*1.273.854.759,95*	*1.000.699.678,29*
		1.277.682.616,37	**1.000.750.340,27**
D. Current Assets			
II. Debtors	6	4.443.089,45	5.847.623,46
1. Trade debtors		*42.538,02*	*4.183,08*
a) becoming due and payable within one year		*42.538,02*	*4.183,08*
2. Amounts owed by affiliated undertakings		*3.804.300,11*	*5.362.914,53*
a) becoming due and payable within one year		*3.804.300,11*	*5.362.914,53*
4. Other debtors		*596.251,32*	*480.525,85*
a) becoming due and payable within one year		*596.251,32*	*480.525,85*
III. Investment			
2. Own shares	9	423.116,96	1.249.289,30
IV. Cash at bank and in hand	7	50.909.909,70	54.298.327,57
		55.776.166,11	**61.395.240,30**
E. Prepayments	8	2.773.815,94	2.598.744,08
Total Assets		**1.336.232.548,42**	**1.064.744.324,68**

BALANCE SHEET
as at 31 December 2019 (continued)

CAPITAL, RESERVES AND LIABILITIES

In €	Note	31 Dec 2019	31 Dec 2018
A. Capital and Reserves	9		
I. Subscribed capital		2.147.655,17	1.526.899,89
II. Share premium account		3.449.327.290,07	3.260.892.327,75
IV. Reserves		*423.116,96*	*7.499.999,99*
2. Reserve for own shares		*423.116,96*	*7.499.999,99*
V. Profit or loss brought forward		(2.268.539.699,32)	(2.296.321.474,34)
VI. Profit or loss for the financial year		**(4.661.548,86)**	20.704.891,99
		1.178.696.814,02	994.302.645,28
C. Creditors	10		
2. Amounts owed to credit institutions		–	2,00
a) becoming due and payable within one year		–	2,00
4. Trade creditors		*1.748.541,55*	*1.136.490,46*
a) becoming due and payable within one year		*1.748.541,55*	*1.136.490,46*
6. Amounts owed to affiliated undertakings		155.767.951,97	69.292.272,54
a) becoming due and payable within one year		9.388.351,21	69.292.272,54
b) becoming due and payable after more than one year		146.379.600,76	
8. Other creditors		19.240,88	12.914,40
a) Tax authorities		4.122,62	10.528,68
b) Social security authorities		5.790,30	2.369,01
c) Other creditors		*9.327,96*	*16,71*
i) becoming due and payable within one year		*9.327,96*	*16,71*
		157.535.734,40	70.441.679,40
Total Capital, Reserves and Liabilities		**1.336.232.548,42**	**1.064.744.324,68**

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

In €	Note	31 Dec 2019	31 Dec 2018
4. Other operating income	11	**3.691.759,52**	**29.284.025,35**
5. Raw materials and consumables and other external expenses	12	**(20.858.089,79)**	**(8.255.099,45)**
a) Raw materials and consumables		(1.203,55)	(1.672,95)
b) Other external expenses		(20.856.886,24)	(8.253.426,50)
6. Staff costs	13	**(111.215,41)**	**(87.355,06)**
a) Wages and salaries		(96.277,39)	(74.293,30)
b) Social security costs		(14.938,02)	(13.061,76)
ii) other social security costs		(14.938,02)	(13.061,76)
7. Value adjustments		**(1.357.405,75)**	**(13.120,00)**
a) in respect of formation expenses and of tangible and intangible fixed assets	3,4	(436.942,11)	(13.120,00)
b) in respect of current assets	6,9	(920.463,64)	-
8. Other operating expenses	14	**(618.216,04)**	**(254.277,69)**
9. Income from participating interests	15	**9.390.000,00**	**-**
a) derived from affiliated undertakings		9.390.000,00	-
11. Other interest receivable and similar income		**8.009.294,89**	**302.634,49**
a) derived from affiliated undertakings	6,16	504.318,17	184.170,12
b) other interest and similar income	16	7.504.976,72	118.464,37
14. Interest payable and similar expenses		**(2.802.861,28)**	**(188.594,65)**
a) concerning affiliated undertakings	10,17	(601.978,80)	-
b) other interest and similar expenses	8,17	(2.200.882,48)	(188.594,65)
16. Profit or loss after taxation		**(4.656.733,86)**	**20.709.706,99**
17. Other taxes not shown under items 1. to 17.	18	**(4.815,00)**	**(4.815,00)**
18. Profit or loss for the financial year		**(4.661.548,86)**	**20.704.891,99**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2019

1. GENERAL INFORMATION

Global Fashion Group S.A. (hereafter the "Company" or "GFG" SA) was incorporated on 1 October 2014 and organised under the laws of Luxembourg as Société Anonyme for an unlimited period of time.

The registered office of the Company is established at 5, Heienhaff, L-1736 Senningerberg, Grand-Duchy of Luxembourg and the Company is registered with the Register of Commerce of Luxembourg under B 190907. The Company is the parent of Group companies (together the "Group") which operate in the online fashion business across three regions being Latin America (LATAM), Asia-Pacific (APAC) and Commonwealth of Independent States (CIS) under the following brand names:

- Dafiti – Latin America
- THE ICONIC and Zalora – Asia Pacific
- Lamoda – CIS

The accounting year of the Company begins on 1 January and terminates on 31 December of each year.

The purpose of the Company is the holding of participations in any form whatsoever in Luxembourg and foreign companies and in any other form of investment, the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or otherwise of securities of any kind and the administration, management, control and development of its portfolio.

The Company may further grant any form of security for the performance of any obligations of the Company or of any entity in which it holds a direct or indirect participation or right of any kind or which forms part of the same group of entities as the Company and lend funds, render services or otherwise assist any such entity in any other manner.

The Company may further provide any and all financial management services, including, but not limited to treasury management services, currencies management services, interest rate and foreign exchange risk management to any entity in which it holds a direct or indirect controlling interest.

The Company may raise funds, especially through borrowing in any form, and may issue any kind of notes, securities or debt instruments, bonds and debentures and generally issue any securities options to subscribe for securities of any type.

A further purpose of the Company is the (i) acquisition by purchase, registration or in any other manner as well as the transfer by sale, exchange or otherwise of intellectual and industrial property rights, (ii) the granting of license on such intellectual and industrial property rights, and (iii) the holding and the management of intellectual and industrial property rights.

The Company shall not, and shall not be permitted to, engage in activities which require any license, authorisation or registration under the law of 12 July 2013 on alternative investment fund managers, as amended.

The Company may carry out any commercial, industrial, financial, real estate, technical, intellectual property or other activities which it may deem useful in accomplishment of these purposes.

Since 2 July 2019, the shares of the Company are traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange (the "Listing").

The Company also prepares consolidated Financial statements, which are published according to the provisions of the Luxembourg law. The consolidated accounts are available at the registered office of the Company.

The Financial statements were approved and authorised for issue by the Supervisory Board on 2 March 2020. The Shareholders will ratify the approval of the Financial statements at the annual general meeting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Presentation of the comparative financial data

The own shares owned by the Company (Note 9) as at 31 December 2018 have been reclassified from "Investment held as fixed assets" to "Investments in Own shares" (€ 1.249.289,30).

The intercompany receivable for services rendered (Note 6) as at 31 December 2018 have been reclassified from "Other debtors" to "Amounts owed by affiliated undertakings" (€ 2.285.066,60).

The amortization charge of the Revolving Credit Facility (Note 8) as at 31 December 2018 have been reclassified from "Other external expenses" caption to the caption "Interest payable and similar expenses, other interest and similar expenses" (€ 78.506,00).

2.2 Basis of preparation

The Financial statements have been prepared in accordance with the Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in Luxembourg. The accounting policies and valuation principles are, apart from those enforced by the law, determined and implemented by the Supervisory Board.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002 on the accounting and Financial statements of undertakings as subsequently amended ("the Law"), determined and applied by the Supervisory Board.

The Financial statements of the Company are prepared under the historical cost convention.

The preparation of Financial statements requires the use of certain accounting estimates. It also requires the Supervisory Board to exercise their judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the Financial statements in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Financial statements therefore present the financial positions and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.3 Significant accounting policies

The main valuation rules applied by the Company are the following:

Formation expenses

Formation expenses are written off on a straight-line basis over a period of 5 years.

Intangible assets

Intangible assets are valued at purchase price including the expenses incidental thereto or at production cost, less cumulated depreciation amounts written off and value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The depreciation rates and methods applied are as follows:

Category	Depreciation rate	Depreciation method
Concessions, patents, licences, trademarks and similar rights and assets	33,33 %	Linear
Software	20 %	Linear

Financial assets

Shares in affiliated undertakings, loans to these undertakings and securities or other financial instruments held as fixed assets are valued at acquisition cost nominal value (loans) including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Supervisory Board, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Own shares

Own shares are initially measured at acquisition cost and recognized as an asset with a corresponding non-distributable reserve created from share premium and retained earnings. Own shares are subsequently re-measured at the lower of cost or market value using the average cost. Transferred or cancelled shares are valued using the average cost method. They are subject to value adjustments where their recovery is compromised. These value adjustments are reversed when the reasons for which the value adjustments were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Foreign currency translation

These Financial statements are expressed in Euro (€).

The transactions expressed in a currency other than € are translated into € at the exchange rate effective at the time of the transaction.

The translation at the balance sheet date is made according to the following principles:

- Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the period;

- Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealized exchange losses are recorded in the profit and loss account. Solely the exchange gains are recorded in the profit and loss account at the moment of their realisation;

- Income and charges expressed in a currency other than € are translated into € at the exchange rate prevailing at the transaction date;

- Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealized losses are recorded in the profit and loss account and the net unrealized exchange gains are not recognised.

Consequently, only realized foreign exchange gains and losses and unrealized foreign exchange losses are taken into account in the profit and loss account.

Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year as well as debenture loans origination and further amendments costs which are amortized on a straight line basis over remaining estimated debt periods based on the maturity of the financing agreements.

Cash at bank and in hand

Highly liquid investments with an original maturity of three months or less are considered to be cash at bank and in hand.

Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or to the date on which they will arise.

At the close of business, each year, the Supervisory Board determines whether provisions should be set up to cover foreseeable liabilities and charges. Previous year's provisions are reassessed every year.

Provision for taxation corresponding to the difference between the tax liability estimated by the company and the advance payments for the financial years for which the tax return has not been filed are recorded under "tax debts".

Provisions may also be created to cover charges which originates in the financial year under review or in previous financial year.

Debts

Debts are recorded at their reimbursement value. The debt origination and further amendments costs are included in prepayments.

Expense recognition

Expenses are charged in the year they are incurred and they are stated on an accrual basis.

Other operating income

The Company's income principally comprises of consultancy and technical fees charged to affiliated companies. Income is recognized as earned.

3. FORMATION EXPENSES

The movements for the year are as follows:

In €	Total as at 31 Dec 2019	Total as at 31 Dec 2018
Gross book value – opening balance	-	-
Additions for the year	4.203.912,00	-
Gross book value – closing balance	4.203.912,00	-
Accumulated value adjustment – opening balance	-	-
Allocations for the year	(420.391,20)	-
Accumulated value adjustment – closing balance	(420.391,20)	-
Net book value – closing balance	**3.783.520,80**	-

As a result of the listing of the shares of the Company on 2 July 2019, part of the transaction costs qualifying as IPO related costs for a consideration of € 4.203.912,00 have been capitalized under the caption "Formation expenses" and are amortized over five years. The remaining IPO related costs are recorded in the caption "other external expenses" (note 12).

4. INTANGIBLE ASSETS

The movements for the year are as follows:

In €	Software	Licenses	Total as at 31 Dec 2019
Gross book value – opening balance	45.194,98	39.360,00	84.554,98
Additions for the year	10.224,55	–	10.224,55
Gross book value – closing balance	55.419,53	39.360,00	94.779,53
Accumulated value adjustment – opening balance	–	(33.893,00)	(33.893,00)
Allocations for the year	(11.083,91)	(5.467,00)	(16.550,91)
Accumulated value adjustment – closing balance	(11.083,91)	(39.360,00)	(50.443,91)
Net book value – closing balance	**44.335,62**	**-**	**44.335,62**

In €	Software	Licenses	Total as at 31 Dec 2018
Gross book value – opening balance		39.360,00	39.360,00
Additions for the year	45.194,98	–	45.194,98
Gross book value – closing balance	45.194,98	39.360,00	84.554,98
Accumulated value adjustment – opening balance	–	(20.773,00)	(20.773,00)
Allocations for the year	–	(13.120,00)	(13.120,00)
Accumulated value adjustment – closing balance	-	(33.893,00)	(33.893,00)
Net book value – closing balance	**45.194,98**	**5.467,00**	**50.661,98**

5. SHARES IN AFFILIATED UNDERTAKINGS

The movements for the year are as follows:

In €	Total as at 31 Dec 2019	Total as at 31 Dec 2018
Gross book value – opening balance	2.350.863.777,64	2.351.038.514,41
Additions for the year [1]	507.619.022,66	-
Disposals for the year [2]	(234.463.941,00)	(174.736,77)
Gross book value – closing balance	2.624.018.859,30	2.350.863.777,64
Accumulated value adjustment – opening balance	(1.350.164.099,35)	(1.350.855.279,89)
Reversals for the year	-	691.180,54
Accumulated value adjustment – closing balance	(1.350.164.099,35)	(1.350.164.099,35)
Net book value – closing balance	**1.273.854.759,95**	**1.000.699.678,29**

[1] On 2 January 2019 and 2 March 2019, the Company made two capital contributions to BigFoot GmbH amounting respectively to € 22.000.000,00 and € 6.000.000,00.

As part of the Group strategy to convert Global Fashion Group UK Finance Ltd ("GFG Finance UK") and Global Fashion Group Middle East Holdings (UK) Ltd ("MEH") into the cash pooling and financing companies of the Group respectively, GFG S.A. contributed its loan payable to GFG Finance UK amounting to € 190.000.000,00 and its loan payable with MEH amounting to € 31.000.000,00. Subsequently, the Company increased its investments in both companies by contributing in cash € 256.999.463,60.

[2] On 14 November 2019, following a restructuring agreement between Global Fashion Group Ireland Finance Designated Activity Company ("GFG Ireland DAC"), GFG S.A., GFG Luxembourg One S.à. r.l and Global Fashion Group UK Finance Ltd, GFG Ireland DAC reduced its capital by distributing its share premium account from € 234.573.741,00 to its sole shareholder GFG S.A. As a result, the investment in shares in affiliated undertakings decreased to € 110.100,23. Since this date, GFG Ireland DAC became dormant.

Undertakings in which the Company holds at least 20% of the share capital are as follows:

Name	Country	Ownership %	Last balance sheet date
Bigfoot GmbH	Germany	100,00	31.12.2019
Jade 1159. GmbH	Germany	94,71	31.12.2019
Jade 1218. GmbH	Germany	94,81	31.12.2019
Global Fashion Group Ireland Finance Designated Activity Company	Ireland	100,00	31.12.2019
Global Fashion Group UK Finance Limited	United Kingdom	100,00	31.12.2019
Global Fashion Group Middle East Holdings (UK) Limited	United Kingdom	100,00	31.12.2019
Global Fashion Group SGP Services Pte. Ltd.	Singapore	100,00	31.12.2019
GFG Luxembourg One S.à r.l.	Luxembourg	100,00	31.12.2019
GFG eCommerce Technologies GmbH	Germany	100,00	31.12.2019

Net equity at the last balance sheet date €[1]	Result for the last financial year €[1]	**Carrying value as at 31 Dec 2019 €**	Carrying value as at 31 Dec 2018 €
1.410.114.189,25	(38.102.151,40)	558.140.740,67	529.382.665,61
24.044.417,56	46.632,36	16.705.275,74	16.705.275,74
20.668.205,90	6.191,57	19.724.719,02	19.724.719,02
50.637,09	(37.730,61)	110.100,23	234.574.041,23
426.821.638,92	2.351.354,09	446.999.580,40	116,80
200.050.895,46	(13.240.270,55)	229.430.398,80	197.768.914,80
(56.262.660,60)	(17.492.390,48)	0,66	0,66
4.299.768,21	5.921.579,40	2.000.000,00	2.000.000,00
2.497.424,47	116.546,10	743.944,43	543.944,43
		1.273.854.759,95	**1.000.699.678,29**

[1] presenting 100% of the net equity and of the result for the year and based on unaudited financial information.

Undertakings in which the Company holds at least 20% of the share capital are as follows:

Name	Country	Ownership %	Gross book value 31 Dec 2019 €	Accumulated Value Adjustments 31 Dec 2019 €	Net book value 31 Dec 2019 €
Bigfoot GmbH	Germany	100,00	1.839.475.277,38	(1.281.334.536,71)	558.140.740,67
Jade 1159. GmbH	Germany	94,71	53.620.623,60	(36.915.347,86)	16.705.275,74
Jade 1218. GmbH	Germany	94,81	51.638.933,80	(31.914.214,78)	19.724.719,02
Global Fashion Group Ireland Finance Designated Activity Company	Ireland	100,00	110.100,23	–	110.100,23
Global Fashion Group UK Finance Limited	United Kingdom	100,00	446.999.580,40	–	446.999.580,40
Global Fashion Group Middle East Holdings (UK) Limited	United Kingdom	100,00	229.430.398,80	–	229.430.398,80
Global Fashion Group SGP Services Pte. Ltd.	Singapore	100,00	0,66	–	0,66
GFG Luxembourg One S.à r.l.	Luxembourg	100,00	2.000.000,00	–	2.000.000,00
GFG eCommerce Technologies GmbH	Germany	100,00	743.944,43	–	743.944,43
			2.624.018.859,30	**(1.350.164.099,35)**	**1.273.854.759,95**

Name	Country	Ownership %	Gross book value 31 Dec 2018 €	Accumulated Value Adjustments 31 Dec 2018 €	Net book value 31 Dec 2018 €
Bigfoot GmbH	Germany	100,00	1.810.717.202,32	(1.281.334.536,71)	529.382.665,61
Jade 1159. GmbH	Germany	94,71	53.620.623,60	(36.915.347,86)	16.705.275,74
Jade 1218. GmbH	Germany	94,81	51.638.933,80	(31.914.214,78)	19.724.719,02
Global Fashion Group Ireland Finance Designated Activity Company	Ireland	100,00	234.574.041,23	–	234.574.041,23
Global Fashion Group UK Finance Limited	United Kingdom	100,00	116,80	–	116,80
Global Fashion Group Middle East Holdings (UK) Limited	United Kingdom	100,00	197.768.914,80		197.768.914,80
Global Fashion Group SGP Services Pte. Ltd.	Singapore	100,00	0,66	–	0,66
GFG Luxembourg One S.à r.l.	Luxembourg	100,00	2.000.000,00	–	2.000.000,00
GFG eCommerce Technologies GmbH	Germany	100,00	543.944,43	–	543.944,43
			2.350.863.777,64	**(1.350.164.099,35)**	**1.000.699.678,29**

In the opinion of the Supervisory Board, the investments in the above companies do not present further permanent impairment as of 31 December 2019.

In addition, the Supervisory Board believe that there is no reason to reverse the accumulated impairment of € 1.350.164.099,35.

6. DEBTORS

As at 31 December 2019 and 2018, the debtors' balance comprises the following:

In €	Within one year	After more than one year	Total 31 Dec 2019
Trade debtors	42.538,02	–	42.538,02
Amounts owed by affiliated under-takings [1]	3.804.300,11	–	3.804.300,11
Other debtors [2]	596.251,32	–	596.251,32
Total debtors	**4.443.089,45**	**-**	**4.443.089,45**

In €	Within one year	After more than one year	Total 31 Dec 2018
Trade debtors	4.183,08	-	4.183,08
Amounts owed by affiliated under-takings	5.362.914,53	-	5.362.914,53
Other debtors	480.525,85	-	480.525,85
Total debtors	**5.847.623,46**	**-**	**5.847.623,46**

1 As at 31 December 2019, amounts owed by affiliated undertakings are composed of intercompany loans due within one year and bearing a fixed interest rate of 0,5%, granted for a total amount of € 1.169.862,06 (2018: € 2.995.947,93), including accrued interests, and of intercompany receivables for an amount of € 2.634.438,05 (2018: € 2.366.966,60).

During the year the Company impaired part of its intercompany receivables for an amount of € 94.291,30 (2018: nil).

Total interest income for the year amounts to € 504.318,17 (2018: € 184.170,12).

2 As at 31 December 2019, other debtors are composed of VAT receivables for an amount of € 2.167.947,13 offset with VAT payables of € 1.571.695,81 (2018: net receivable of € 480.525,85).

7. CASH AT BANK AND IN HAND

As at 31 December 2019, cash at bank and in hand includes current account balances amounting to € 30.909.909,70 (2018: € 24.298.327,57) and restricted account balances from the Revolving Credit Facility ("RCF") amounting to € 20.000.000,00 (2018: € 30.000.000,00) (Note 21). The restricted cash balance cannot be utilized for the day to day activities of the Company and will be released depending upon the terms of the RCF agreement (Note 10).

8. PREPAYMENTS

As at 31 December 2019, prepayments are mainly composed of loan origination costs amounting to € 2.773.815,94 (2018: € 2.598.744,08). In 2019, € 714.000,00 has been capitalized in line with the amendment of the RCF which occurred on 9 July 2019 (Note 10). The amortization charge for the year of € 977.272,00 (2018: € 78.506,00) is recorded under the caption "other interest and similar expenses" in the profit and loss account. These costs are amortized on a straight-line basis over the duration of the RCF.

9. CAPITAL AND RESERVES

The movements on the capital and reserves items during the year are as follows:

In €	Subscribed capital	Share premium account	Reserves for own shares	Profit or loss brought forward	Profit or loss for the financial year	Total
As at 31 Dec 2018	1.526.899,89	3.260.892.327,75	7.499.999,99	(2.296.321.474,34)	20.704.891,99	994.302.645,28
Prior year's result allocation	-	-	-	20.704.891,99	(20.704.891,99)	-
Own shares	-	-	(7.076.883,03)	7.076.883,03	-	-
Share issuance on IPO	620.755,28	-	-	-	-	620.755,28
Proceeds from issued share capital	-	188.434.962,32	-	-	-	188.434.962,32
Net profit for the year	-		-	-	(4.661.548,86)	(4.661.548,86)
As at 31 Dec 2019	**2.147.655,17**	**3.449.327.290,07**	**423.116,96**	**(2.268.539.699,32)**	**(4.661.548,86)**	**1.178.696.814,02**

Subscribed capital
As at 31 December 2018, the subscribed capital is composed of 67.861.754 common shares with a par value of € 0,01 per share, and of 84.828.235 Common Preference Shares ("CPS") with a par value of € 0,01 per share.

As at 31 December 2019, the subscribed capital is composed of 214.765.517 common shares with a par value of € 0,01 per share.

The table below details the share capital movements during the year:

	Number common of shares	Nominal amount in €m (par value 0,01)	Share Capital €m	Share premium €m
At 1 January 2019	**67.861.754**	**0,01**	**0,7**	**3,261**
Conversion of Convertible Preference Shares	84.828.235	0,01	0,8	–
Share Redistribution	20.075.528	0,01	0,2	–
Common share capital issued on IPO	42.000.000	0,01	0,4	188,4
Balance as at 31 December 2019	**214.765.517**	**0.01**	**2,1**	**3,449**

Each common share entitles the holder to one vote at Global Fashion Group's Annual General Meeting. The nominal value of all common shares is fully paid.

In 2019, several equity transactions took place;

- Conversion of CPS into common shares: between 2015 and 2017, the Company raised € 480,0 million of capital in the form of CPS from a group of existing Shareholders. The agreed terms were such that, upon the pricing of an IPO or corporate transaction, the CPS held would convert into common share based on a 1:1 conversion ratio. The offer price was agreed at € 4,50 on 28 June 2019, which triggered a conversion of the Company's 84.828.235 CPS to common shares.
- Share redistribution: the CPS (with the exception of certain anti-dilution convertible preference shares) granted a preferred and annually compounding return of 20% on their subscription price. Such return was not payable in cash but was to be satisfied by issuing a certain number of additional new common shares to the (former) holders of CPS following the conversion. Prior to the Company's IPO, this settlement mechanism was amended and it was agreed that the additional return will now be emulated, in all material respects, through repurchases of existing common shares by the Company and the issuance of new common shares, in each case for nil consideration, from or to the Shareholders of the Company following pricing of the IPO (the "Share Redistribution"). As part of the Share Redistribution, the Company issued 19.939.285 common shares to and repurchased 20.054.561 common shares from its existing Shareholders on 1 July 2019. An additional 136.243 shares were issued on 5 August 2019 pursuant to the Share Redistribution.
- Listing on Frankfurt Stock Exchange: since 2 July 2019 the shares of the Company have been traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. The offering consisted of 40.000.000 newly issued common shares, which were issued on 1 July 2019. A further 2.000.000 common shares were issued as part of the greenshoe option on 5 August 2019.

Convertible Preference Shares

As mentioned above, the Company's 84.828.235 convertible preference shares were converted to common shares, with a conversion ratio of 1:1, on 28 June 2019.

Share premium account

Following the Listing on 2 July 2019, the Company received proceeds for the total amount of € 188.434.962,32.

As of 31 December 2019, the share premium amounts to € 3.449.327.290,07 (2018: € 3.260.892.327,75).

Reserves for own shares

On 1 July 2019, 20.054.561 common shares were acquired by the Group for nil consideration and are currently being held in treasury solely for cancellation as part of the Share Redistribution referred to above. The Company holds an additional amount of 182.378 common shares in treasury. As at 31 December 2019, the Company holds 20.236.939 of its own shares (2018: 182.378) representing 9,42% (2018: 0,12%) of the subscribed capital having a nominal value of € 0,01 for a total amount of € 423.116,96 (2018: € 1.249.289,30) included in the assets shown in the balance sheet.

During the year, the Company recorded a value adjustment on its own shares of € 826.172,34 (2018: nil) to remeasure them at lower of cost or market value.

The Company has adjusted its reserve for own shares with the movements of the year in the number and value of own shares in accordance with the Luxembourg law.

Legal reserve

The Company is required to appropriate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

10. CREDITORS

As at 31 December 2019 and 2018, amounts due and payable for the accounts shown under "Creditors" are as follows:

In €	Within one year	Within two and five years	After five years	Total 31 Dec 2019
Amounts owed to credit institutions	-	-	-	-
Trade creditors	1.748.541,55	-	-	1.748.541,55
Amounts owed to affiliated undertakings	9.388.351,21	146.379.600,76	-	155.767.951,97
Tax and social security debts	9.912,92	-	-	9.912,92
Other creditors	9.327,96	-	-	9.327,96
Total creditors	**11.156.133,64**	**146.379.600,76**	**-**	**157.535.734,40**

In €	Within one year	Within two and five years	After five years	Total 31 Dec 2018
Amounts owed to credit institutions	2,00	-	-	2,00
Trade creditors	1.136.490,46	-	-	1.136.490,46
Amounts owed to affiliated undertakings	69.292.272,54	-	-	69.292.272,54
Tax and social security debts	12.897,69	-	-	12.897,69
Other creditors	16,71	-	-	16,71
Total creditors	**70.441.679,40**	**-**	**-**	**70.441.679,40**

As at 31 December 2019, amounts owed to affiliated undertakings are mainly composed of a loan payable to Global Fashion Group Middle East Holdings Ltd for an amount of € 146.373.849,80 (2018: € 68.985.334,26) including accrued interest. During the year, the loan agreement has been amended to bear a fixed interest rate of 0,5% p.a (2018: 0,0%). The interest expense for the year 2019 is amounting to € 601.978,80 (2018: nil). The loan is repayable on demand. However the lender has agreed not to claim these amounts within the 12 months period. Accordingly, this liability is classified as non-current. The short term portion of € 9.388.351,21 represents amounts due under share based program described under note 21.

Revolving Credit Facility

On 28 August 2018, the Company closed a € 70.000.000 facility ending in October 2020. The total facility amount is split between Facility A € 50.000.000 and Facility B € 20.000.000. Facility A is a base currency revolving credit facility. Facility B is an off-balance sheet letter of credit facility. As at 31 December 2019, draw down on Facility A was € nil and use of letters of credit on Facility B was € 19.300.000.

The interest rate per annum of loans granted under Facility A consists of a margin of 2,25% added to the relevant EURIBOR. Facility B provides for a commission for each requested guarantee letter of 1,30% per annum, which may decrease if the Company's Adjusted EBITDA exceeds certain levels, subject to a minimum commission of € 400 per annum and per guarantee letter, as well as a fee for each requested letter of credit (other than guarantee letters) of 1,20% per annum, subject to a minimum fee of € 200 per calendar quarter and per letter of credit.

The Company entered into an amended revolving credit facility ('the amended facility') on 9 July 2019. The total facility amount remains unchanged at € 70.000.000, with the allocation between Facility A and Facility B remaining unchanged at € 50.000.000 and € 20.000.000 respectively with Facility A permitted to increase by up to € 30.000.000 (to a total of € 80.000.000) by way of an accordion option. € 50.000.000 that was classified as restricted under the previous Facility A was released to the Company on 11 July 2019.

There will be no obligation to hold restricted cash as part of the amended facility unless the market capitalisation falls below € 600.000.000. If market capitalisation falls below € 600.000.000 then the Group will have to restrict cash equal to any draw downs. As at 31 December 2019 as market capitalisation is below € 600.000.000 and facility B has been fully utilized by Group entities, € 20.000.000 has been restricted under the facility within cash at bank and in hand (Note 7 and Note 21). The Company itself has not drawn any amount under the RCF as of 31 December 2019 and 2018.

11. OTHER OPERATING INCOME

The other operating income mainly consists of recharging of legal and consulting costs to Group companies.

12. RAW MATERIALS AND CONSUMABLES AND OTHER EXTERNAL EXPENSES

The raw materials and consumables and other external expenses are composed as follows:

In €m	Total 31 Dec 2019	Total 31 Dec 2018
Raw materials and consumables	(1.203,55)	(1.672,95)
Other external fees	(1.203,55)	(1.672,95)
Other external expenses	(20.856.886,24)	(8.253.426,50)
Legal fees	(4.896.187,82)	(435.614,64)
Intercompany consultancy fees	(3.553.299,57)	(5.481.622,26)
Consultancy fees	(331.549,28)	(83.862,69)
Accounting and audit fees	(1.759.170,66)	(1.699.184,24)
Share based compensation	(9.388.351,21)	-
Other external fees	(928.327,70)	(553.142,67)
Raw materials and consumables and other external expenses	**(20.858.089,79)**	**(8.255.099,45)**

Intercompany consultancy fees relate to management recharges from affiliated entities.

During the year 2019, the Company recorded a provision related to share based program to be settled in cash to Group's employees for € 9.388.351,21 (Note 10).

13. STAFF

The Company did employ one employee during the year (2018: one employee).

14. OTHER OPERATING EXPENSES

The other operating expenses are composed as follows:

In €m	Total 31 Dec 2019	Total 31 Dec 2018
Non deductible VAT	(418.420,48)	(7.147,18)
Director's fee	(187.245,63)	(140.000,00)
Software licenses	(12.549,93)	(10.863,18)
Other expenses	-	(96.267,33)
	(618.216,04)	**(254.277,69)**

15. INCOME FROM PARTICIPATING INTERESTS

During the year 2019, the Company received dividends from its affiliated undertakings companies for an amount of € 9.390.000,00.

16. OTHER INTEREST AND SIMILAR INCOME

In 2019, Other interest and similar income is mainly composed of a waiver received for an intercompany payable amounting to € 6.789.418,70 as well as realized foreign exchange gains of € 715.558,02 (2018: € 118.464,37) and interest income of € 504.318,17 (2018: € 184.170,12) in relation to the intercompany loans described in note 6.

17. OTHER INTEREST AND SIMILAR EXPENSE

In 2019, Other interest and similar expense is mainly composed of unrealized foreign exchange losses of € 1.200.538,00 (2018: € 188.595), amortization expense (note 8) and intercompany interest loans described in note 10.

18. TAXATION

The Company is subject to all the taxes relevant to commercial companies in Luxembourg.

19. AUDITOR'S FEES

Art. 65 paragraph (1) 16° of the Law of December 19th, 2002 on the register of commerce and companies and the accounting and Financial statements of undertakings (the "law") requires the disclosure of the independent auditor fees. In conformity with the law, these details have been omitted as the Company prepares consolidated accounts in which this information is disclosed and these consolidated accounts and the related consolidated management report and auditors' report thereon have been lodged with the Luxembourg Trade Registry.

20. RELATED PARTIES TRANSACTIONS

The Company conducts transactions with affiliated entities of GFG Group on normal commercial terms and conditions. These transactions may include loans granted / received to / from group entities (Notes 6 and 10), intercompany recharges in connection with delivery/reception of services (Note 11 and 12) and other operations.

21. OFF BALANCE SHEET COMMITMENTS

The Company has given to its direct or indirect subsidiaries some guarantees which are disclosed below:

- On 20 December 2019, the Company issued a Guarantee letter to Koton Magazacilik Tekstil San. Ve TiC. A.S., a supplier of an indirect subsidiary, agreeing to provide all support and assistance to its indirect subsidiary. This means that the Company will give all securities, including all bank guarantees, deposits and standby letters of credits, already issued to the supplier on and/or prior to the date of this Guarantee at the request of its indirect subsidiary in order to secure their payment obligation up to an amount of € 150.000,00.

- On 20 November 2019, the Company issued a Guarantee letter to Newrock Shoes S.I. , a supplier of an indirect subsidiary, agreeing to provide all support and assistance to its indirect subsidiary. This means that the Company will secure their payment obligation up to an amount of € 30.000,00.

- On 15 October 2019, the Company issued a Guarantee letter to Mario Valentino SPA, a supplier of an indirect subsidiary, agreeing to provide all support and assistance to its indirect subsidiary. This means that the Company will give all securities, including all bank guarantees, deposits and standby letters of credits, already issued to the supplier on and/or prior to the date of this Guarantee at the request of its indirect subsidiary in order to secure their payment obligation up to an amount of € 100.000,00.

- On 13 June 2019, the Company issued a Guarantee letter to Abercrombie & Trading CO., Abercrombie & Fitch €ope SAGL and all them direct and indirect subsidiaries which include all support and assistance to its indirect subsidiary. This means that the Company will secure their payment obligation up to an amount of USD 2.500.000,00 (€ 2.232.150,00).

The Company is committed through awards to members of the management and other employees under terms and conditions of share based compensation plans to issue shares of the Company or to settle awards in cash. The issuance of shares or the settlement in cash is subject to the achievement of service and conditions as set out in the plans below:

- With respect to the existing ESOP (Employee Share Option Plan) 2018, the Company is committed to issue a maximum number of 9.243.382 shares at an average exercise price of € 7,18, of which 7.804.909 options are vested as of 31 December 2019. Exercise requires the payment of the agreed exercise price.

- Cash settlement liabilities related to the ESOP 2018 amount to € 9,4 million (notes 10 and 12).

- In September 2019, the Company launched a new Share Plan. Under this plan, the participants have been granted two different types of awards, Restricted Stock Units (RSU) and Performance Stock Units (PSU). All units represent a share in Global Fashion Group S.A ('GFG shares'). The units do not have an exercise price. All units vest over two to three years and PSUs are additionally subject to non-market performance conditions that the Company will set for each year. Other PSU tranches are subject to rolling performance goals covering more than one year. Units due to vest in April 2020 are subject to a lock up period of 1 year from the date of the IPO, being 2 July 2019. Certain senior level executives will be subject to a holding period of maximum 4 years after their units are granted. There is no dividend entitlement on all stock units during the vesting period. Upon vesting, and subject to any holding period, legal ownership of GFG shares is transferred to the participants except where cash settlement is required by local regulations. The settlement amount in cash will be equal to the market price of GFG Shares on the vesting date or, if applicable, the date when the holding period expires. Furthermore, the plan rules foresee various discretions for the Supervisory Board as well as good and bad leaver provisions. In 2019, 3,945,410 share units were granted to participants of the 2019 Share plan. Of these awards, 212,840 have been forfeited and 1,103,704 are subject to a holding period of 4 years from the grant date. The number of awards due to vest in 2020 is 1,561,577. The fair value of the awards granted is equal to the GFG share price quoted on the Frankfurt stock exchange. The weighted average fair value of the units granted during the period was € 2.11.

In addition, in line with standard business practice, various Company subsidiaries have given guarantees, indemnities and warranties in connection with disposals in recent years of subsidiaries and associates to parties outside the Group. The Company currently estimates that potential exposure related to such guarantees, indemnities and warranties could be up to € 12,4 million (2018: € 12,5 million), however, the ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of any potential litigation proceedings, investigations and/or possible settlement negotiations. There are also a number of charges registered over the assets of Company subsidiaries in favour of third parties in connection with the Company's revolving credit facility.

Non-current and current receivables from deposits, restricted cash and term deposits include € 20,0 million (2018: € 30,0 million) restricted cash that provides guarantees to banks, suppliers and leasing partners under the RCF disclosed in note 10.

The Company issued several letters of support to its subsidiaries.

22. ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE MANAGERIAL AND SUPERVISORY BODIES

There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial year. Please see note 14 for information on Directors fees.

23. SUBSEQUENT EVENTS

No significant events occurred after the year end which could materially impact the Company's Financial statements as at 31 December 2019.

FINANCIAL CALENDAR

14 May 2020	Q1 2020 Results
22 May 2020	Annual General Meeting
20 August 2020	Q2 2020 Results
12 November 2020	Q3 2020 Results

FINANCIAL DEFINITIONS

Active Customers
Active Customers are the number of customers who have purchased at least one item after cancellations, rejections and returns in the last twelve months.

Adjusted EBITDA
Adjusted EBITDA is calculated as loss before interest and tax adjusted for depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets and impairment losses, and adjusted for share-based payment (income)/expenses as well as one-off fees related to the IPO, one-off tax adjustments, non-trading income and costs relating to the wind-down of Lost Ink Limited.

Average order value
Average order value is defined as the NMV per order.

Capex
Capital expenditure shows the additions to property, plant and equipment, including those due from business combinations and excluding additions to IFRS 16 Right-of-use assets, and additions to intangible assets.

EBITDA
EBITDA is calculated as loss before interest and tax adjusted for depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets and impairment losses.

Net Merchandise Value
Net Merchandise Value ("NMV") is defined as the value of goods sold including value-added tax ("VAT")/goods and services tax ("GST") and delivery fees, after actual or provisioned rejections and returns.

Net working capital

Net working capital is calculated as inventories plus current trade and other receivables less current trade payables and other financial liabilities.

Order frequency

Order frequency is defined as the average number of orders per customer per year (calculated as the last twelve month's orders divided by active customers).

Pro-forma cash reconciliation

In €m	FY 2019	FY 2018
Cash and cash equivalents	277.3	105.0
Restricted cash and cash on deposit	23.5	34.9
Pro-forma cash	**300.8**	**139.9**

INFORMATION RESOURCES

Further information including corporate news, reports and publications can be found in the Investor Relations section of our website at
https://ir.global-fashion-group.com

Investor Relations
Adam Kay, Investor Relations Director
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