2021

ANNUAL REPORT

GLOBAL FASHION GROUP

HIGHLIGHTS 2021

€2,390.5 M
NMV
+ 23.9% yoy

47.8 M
ORDERS
+ 13.8% yoy

17.0 M
ACTIVE CUSTOMERS
+ 4.5% yoy

0.9%
ADJ. EBITDA MARGIN

FINANCIAL SUMMARY AND KEY PERFORMANCE INDICATORS

	2021	2020
Financial performance		
Revenue (€m)	1,559.5	1,359.7
Growth at constant currency (%)	*17.2*	*15.3*
Gross profit (€m)	711.5	586.2
Loss before interest and taxes (EBIT) (€m)	(104.7)	(64.8)
Loss for the year (€m)	(124.8)	(112.4)
Adjusted EBITDA (€m)	13.6	16.4
Adjusted EBITDA/Revenue (%)	0.9	1.2
Capex (€m)	60.2	48.7
Financial position		
Net working capital (€m)	18.1	(1.4)
Cash and cash equivalents (€m)	400.5	366.1
Pro-forma cash (€m)	642.5	372.4
Group KPIs		
NMV (€m)	2,390.5	1,958.2
Growth at constant currency (%)	*23.9*	*25.7*
Active customers (m)	17.0	16.3
NMV/Active Customer (€m)	140.5	120.3
Number of orders (m)	47.8	42.0
Order frequency	2.8	2.6
Average order value (€)	50.0	46.6

See Financial Definition section 9.1

FASHION AND LIFESTYLE. WORLDWIDE.

WE ARE THE LEADING FASHION AND LIFESTYLE DESTINATION IN GROWTH MARKETS.

Our purpose is true self expression. From our people, to our customers and partners, we exist to empower everyone to express their true selves through fashion.

We are the leading fashion & lifestyle destination in Latin America, the CIS, South East Asia and ANZ, connecting over 10,000 global, local and own fashion brands to a market of more than one billion potential consumers.

LATAM	CIS	SEA	ANZ
dafiti	lamoda	ZALORA	THE ICONIC

THE MANAGEMENT BOARD

Christoph Barchewitz
Co-CEO

Patrick Schmidt
Co-CEO

Matthew Price
CFO

1.1 LETTER TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS,

The past year played out differently to what we expected at the end of 2020. Following the introduction of vaccines, the world was optimistic about an end to the pandemic during 2021. The industry was also optimistic for a fashion recovery by the second half of 2021. However, with a relatively slow roll-out of vaccines in many of GFG's markets and new variants, we continued to experience an unpredictable and volatile environment.

Despite all of this, looking back on 2021 we are proud of what we have achieved as a business in many respects. 2021 was a year in which we celebrated our 10th anniversary and as a young business, we have reached many milestones, while continuing to face one of the biggest challenges the world has seen in decades.

We continued to deliver the best of global and local fashion to our customers, and we did this in a meaningful way – by staying true to our localised expertise from discovery to delivery. This includes supporting our 15,480 strong workforce to continue working safely and securely and adapting our business model to ensure our brand partners maintain the strong connection they have with customers in our markets – and vice versa.

We continued to deliver the best of global and local fashion to our customers

As Ecommerce adoption continued at pace throughout 2021, we benefited from a broad view of how customers are responding across four very diverse markets and at different stages of the pandemic. So we focused on sharpening our position as ***the*** online destination for ***all*** of our customers' fashion & lifestyle needs. This means delivering the most relevant assortment, while ensuring an unwavering and inspiring customer experience. We are proud to have made further progress here in 2021.

Today we work with 40 of the top 50 global fashion and lifestyle brands and in 2021, we rolled out new, high growth categories such as beauty. We on-boarded over 200 beauty brands onto our platform and work with almost 50% of the top 100 global beauty brands. We also focussed on the continued premiumisation of our assortment, deepening relationships with existing and onboarding new brands across the premium and luxury segments, which contributed to 13% of NMV in 2021.

We continued to accelerate our unique Marketplace capabilities, which in 2021 represented a significant 38% of our business, up from just 16% three years ago. This is a true testament to the adaptability of our business. **GFG's Platform Services** complement Marketplace and the locally tailored business models we offer by further enabling brands to build a deeper connection with the consumer.

Continued progress against our People & Planet Positive agenda

With 17 million Active Customers and 48 million Orders, we delivered NMV of €2.4 billion and our customer metrics remain strong including order frequency which was up 9%.

One of the things we are most proud of, are our 2021 sustainability achievements. We continued to drive progress against our People & Planet Positive agenda towards a more inclusive, accessible and empowering experience for our customers. Conducting business responsibly has become an industry-wide duty and last year, we joined Global Fashion Agenda - the leading non-profit for industry collaboration on sustainability in fashion. As the only strategic partner operating across growth markets, we are in a strong position to help drive meaningful change together with our peers and industry influencers. We also announced achieving carbon neutrality across all of GFG's operations which includes the use of 100% green energy across 9 fulfillment centers and five times as many orders are now delivered by low emission methods.

Following another year of achievements, we wouldn't be here without our people, our customers, brand partners and you – our shareholders. We are proud of what we have achieved together and excited about what we will achieve in the years ahead.

The opportunity in our markets is as big as ever

Looking ahead, the opportunity in our markets is as big as ever and we have a clear vision and strategy to capture it. Fashion & Lifestyle Ecommerce penetration in GFG's markets grew from 7% at pre-pandemic levels, to 16% in 2021. This vast and maintained increase combined with a population of over one billion people in our markets, makes us confident about the future growth opportunity. As we continue to build a €10 billion NMV business, GFG's strategy and vision to be the leading fashion & lifestyle destination in growth markets remain unchanged.

Thank you for continuing to be a part of our journey.

Christoph Barchewitz

Christoph Barchewitz, Co-CEO

Patrick Schmidt

Patrick Schmidt, Co-CEO

Matthew Price

Matthew Price, CFO

WHO WE ARE

OUR VISION IS TO BE THE #1 FASHION AND LIFESTYLE DESTINATION IN OUR MARKETS. OUR PURPOSE IS TO ENABLE TRUE SELF-EXPRESSION.

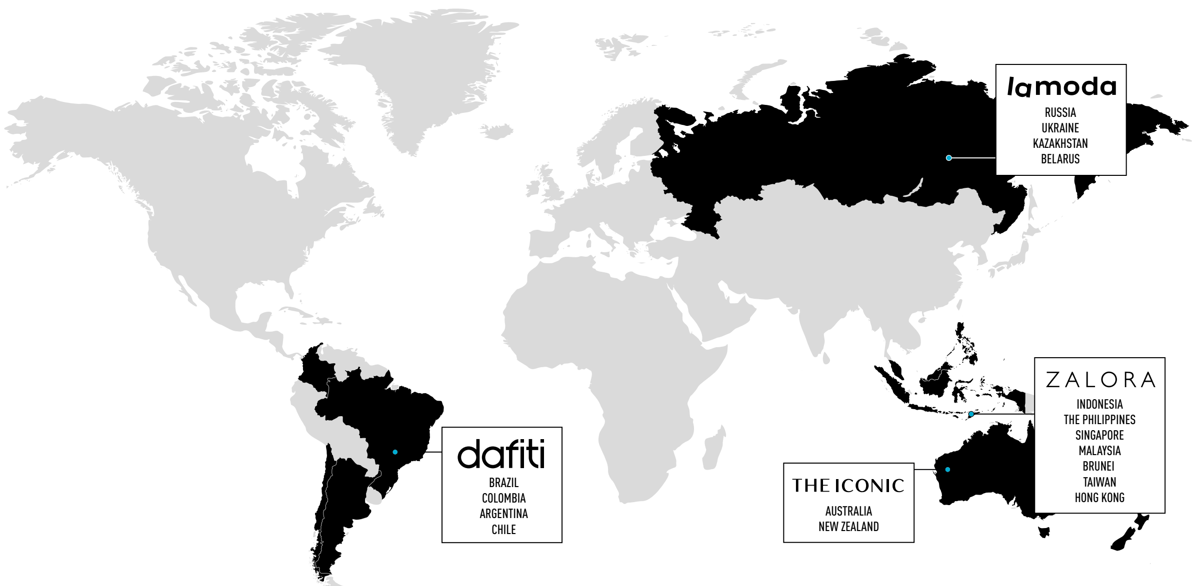
OUR AMBITION

The #1 fashion and lifestyle destination for customers.
The #1 fashion and lifestyle partner for leading brands.
The #1 in the fashion and lifestyle markets.

OUR OPPORTUNITY

GFG operates in a large and growing market where online penetration is accelerating. By focusing on key growth levers, such as active customer and order frequency, combined with an increased focus on adjacent categories, our ambition is to build a €10 billion NMV business in the next 6–8 years.

We are only at the beginning of reaching our market potential



Physical and mental health and wellbeing of our employees, as well as our customers, will always be a top priority

WE PROTECT OUR TEAM AND OUR CUSTOMERS

Our markets remained disrupted by Covid-19 through most of 2021. We continued to place the physical and mental health and wellbeing of our employees, as well as our customers, as a top priority. Our fulfilment centres remained fully operational and we have recruited more people this year to accommodate the additional demand and safety measures.

The Group continued to work closely with its brand partners to adjust inventory intake and assortment to reflect the changing lockdown demand. GFG has seen a partial recovery in occasion and business wear and demand for Covid-19 categories such as loungewear, casualwear and sportswear has remained strong. GFG also accelerated the roll out of adjacent categories including beauty, home and kids through a combination of both the Marketplace and Retail business models.

HOW WE WIN

OUR OPPORTUNITY

WE are the leading fashion and lifestyle destination in our markets for three reasons:

- We combine a global platform with local expertise on the ground;
- We offer a best-in-class customer experience; and
- We are the strategic partner of choice for brands in our markets.

We do this by striving to be People and Planet Positive ensuring that we are managing the impact on our people, environment, industry and communities. These strategic priorities are central to our decision making and we are continually progressing them to ensure that we deliver our ambition.

TRUE LOCAL EXPERT

BEST-IN-CLASS CUSTOMER EXPERIENCE

WE create an inspiring and seamless shopping experience for our customers - from discovery to delivery.

- Large choice of global and local brands
- Unparalleled assortment that is broad and relevant
- Seamless digital experience that is personalised and inspiring
- Localised payment and financing options
- Fulfilment and returns that are fast, efficient and convenient

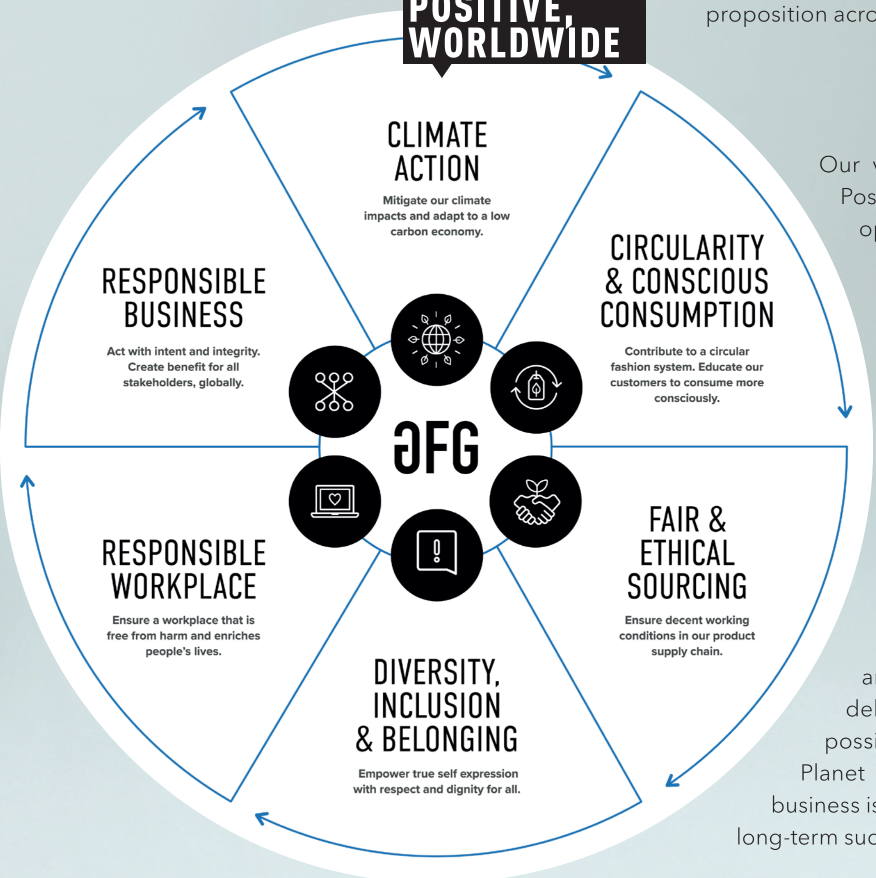
PARTNER OF CHOICE FOR BRANDS

WE unlock complex markets for our brand partners and help them to build positions and brands in our markets. We offer both our global and local brand partners access to a highly engaged audience with attractive demographics who are fashion-conscious and digitally native.

Platform services create deeper relationships with our brand partners. We offer flexible models and unrivalled platform service capability which we tailor to the brands depending on their capability and the individual market characteristics. Whether that's Operations by GFG, Data by GFG and Marketing by GFG, together these services allow brand partners to focus on their core competencies while creating new value across new markets.

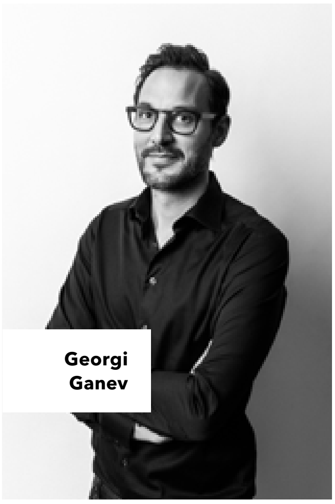
Our fulfilment is fast, efficient and convenient. Our customers purchased more than 100 million items in 2021 from nine local fulfilment centres, which enable us to provide a compelling delivery proposition across all of our regions.

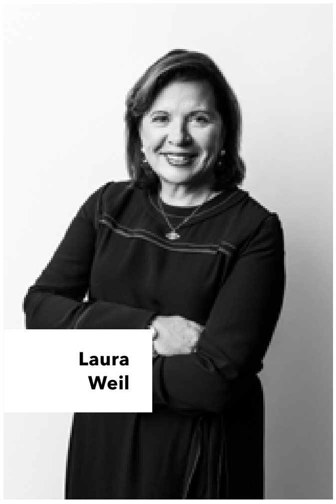
PEOPLE & PLANET POSITIVE, WORLDWIDE

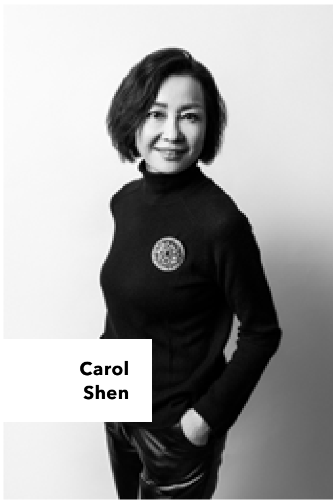


Our vision is to be People & Planet Positive, Worldwide. We seek to operate our business within planetary boundaries, and to apply the highest duty of care to people within our business and supply chain. To GFG, People & Planet Positive means to understand every element of our business responsibility for people and planet and, through six strategic priorities – Climate Action, Circularity & Conscious Consumption, Fair & Ethical Sourcing, Diversity, Inclusion & Belonging, Responsible Workplace and Responsible Business – to deliver the most positive impact possible. Integration of our People & Planet Positive agenda throughout our business is a fundamental component of our long-term success.

THE SUPERVISORY BOARD







[1] Philipp Povel was appointed a member of the Supervisory Board on 26 May 2021. Alexis Babeau resigned on 26 May 2021.

1.2 REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

GFG continued to deliver against its vision to be the leading online fashion & lifestyle destination in growth markets

2021 was another significant year for GFG.

Fashion demand is still recovering to pre-pandemic levels in GFG's markets and consumer sentiment continues to fluctuate. GFG continued to deliver against its vision to be the leading online fashion & lifestyle destination in growth markets.

2021 saw the ongoing acceleration of Ecommerce as consumers worldwide continue to shop online more than ever before. GFG customers continued to choose GFG for its seamless and inspiring proposition, and current and new brand partners chose GFG for its adaptable and localised business models. 90% of the top 20 brands by NMV can today be accessed via both GFG's Marketplace and Retail business models, while customer frequency is at 9%.

GFG also increased its commitment to sustainability, delivering against all of the Group's sustainability targets at the end of 2021 including ensuring a sustainability edit exists in all regions by the end of 2021 – an industry first in some markets.

Looking to the future GFG has set the goal to achieve 10 billion Euro NMV within 6–8 years. With the immense number of achievements to date, we are thankful to all of our existing and new shareholders and GFG's customers and brand partners who continue to support the business. Most of all, a huge thank you to the GFG team, particularly front line staff in our customer, warehouse and delivery teams, who continue to ensure customers receive a seamless service.

Together with our team, customers and shareholders, GFG looks forward to the future.

OVERVIEW OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Management Oversight and Other Key Activities of the Supervisory Board and its Committees

The Supervisory Board and Management Board duly performed their duties in accordance with:

- the statutory requirements;
- the Articles of Association of GFG;
- the Rules of Procedure of the Supervisory Board dated 19 August 2020 (the "Supervisory Board Rules of Procedure");
- the Rules of Procedure of the Management Board dated 19 August 2020 as amended (the "Management Board Rules of Procedure");
- the applicable Luxembourg laws; and
- the German Corporate Governance Code dated 16 December 2019 (the "Code").

The Supervisory Board obtained regular and detailed information, written and verbal, about business policy, significant financial investment, personnel matters and the course of business from the Management Board. Furthermore, the Supervisory Board was directly involved in all fundamental decisions impacting Global Fashion Group S.A. ("the Company").

Before adopting a resolution, any matters that require Supervisory Board approval according to the Articles of Association and / or the Management Board Rules of Procedure were explained by the Management Board and discussed by the Supervisory Board and the Management Board. Discussions took place in meetings of the Supervisory Board or its committees or in informal communications with the Management Board outside of Supervisory Board meetings. The Chairperson of the Audit Committee discussed audit-related topics with the auditor outside the meetings and without the involvement of the Management Board.

The Management Board and Supervisory Board cooperated closely for the benefit of GFG in Financial Year 2021. In an ongoing dialogue between the Boards, the Supervisory Board discussed strategy, planning, capital allocation, business development, sustainability, governance and risk management issues with the Management Board. Cooperation between the Supervisory Board and Management Board involves the immediate notification of the Chairperson of the Supervisory Board of important events and the requirement for the Supervisory Board to approve transactions of fundamental importance and transactions by members of the Management Board and related persons with GFG.

The Chairperson of the Supervisory Board as well as other members of the Supervisory Board were in regular contact with the Management Board outside of Supervisory Board meetings.

The Supervisory Board and / or its committees discussed and reviewed the following topics during Financial Year 2021:

- Individual and consolidated financial statements for Financial Year 2020 and the results for the first quarter, first half and third quarter of 2021 and outlook for the remaining of the Financial Year;
- Development of the business during the year including the ongoing impact of the Covid-19 pandemic and the Company's response to it;
- The strategic positioning and structure of Global Fashion Group S.A. and its subsidiaries ("the Group") and the corporate organisation;
- 2021 strategic priorities;
- 2022 strategic priorities;
- the 2021 budget and reforecasts, mid-term plan and liquidity forecast;
- The 2022 budget, mid-term plan and liquidity forecast;
- Issuance of €375 million Convertible bonds due 2028;
- Capex and investments;
- Periodic capital market and investor relations updates;
- Sustainability;
- Annual review of the dividend policy;
- Diversity Policy applicable to the Management Board and Supervisory Board;
- Amendments to the 2019 – 2021 Long Term Incentive Plan ("2019 LTIP") applicable to the Management Board members;
- Adoption of new 2021 Long Term Incentive Plan ("2021 LTIP") applicable to Management Board members;
- Remuneration Policy applicable to the Management Board members;
- Base remuneration and employment contracts of the members of the Management Board;
- Assessment of target achievement related to the short-term incentive of the Management Board for Financial Year 2020;
- Setting of short-term incentive compensation targets for the Management Board for Financial Year 2021;
- Assessment of target achievement related to Performance Stock Units allocated to the Management Board under the 2019 LTIP as part of the grants made in Financial Year 2019 and 2020;
- The allocation Performance Stock Units under the 2021 LTIP for Financial Year 2021 and determination of related performance targets for the members of the Management Board;
- Succession planning for the members of the Management Board;
- The issuance of shares for legacy participations and equity plans and the related capital increase;
- The Annual General Meeting of Shareholders and related agenda;

- Appointment of new members of the Audit Committee;
- Appointment of a new Chairperson of the Audit Committee;
- Periodic Legal & Governance, Risk & Compliance updates;
- The update to the declaration of compliance with the German Corporate Governance Code for Financial Year 2020;
- The Declaration of compliance with the German Corporate Governance Code for Financial Year 2021;
- Acknowledgement of the satisfaction of the Share Conversion Condition and the approval of an increase of the share capital in connection with the future conversion of the Convertible bonds into common shares of the Company;
- The Corporate Governance Report and Remuneration Report for Financial Year 2020;
- The Non-Financial Report ("People & Planet Positive Report") for Financial Year 2020;
- Annual Self-Review of Efficiency of the Supervisory Board;
- Adoption of two new committees of the Supervisory Board named the 'Nominations Committee' and the 'Remuneration Committee'; and
- The update to the declaration of compliance with the German Corporate Governance Code for Financial Year 2021 dated 14 December 2021.

The Management Board discussed and reviewed the following topics:

- Individual and consolidated financial statements for Financial Year 2020 and the results for the first quarter, first half and third quarter of 2021 and outlook for the remaining of the Financial Year;
- Business development during the year, including the ongoing impact of the Covid-19 pandemic and the Company's response to it;
- The issuance of €375 million Convertible bonds due 2028;
- Acknowledgement of the satisfaction of the Share Conversion Condition and the approval of an increase of the share capital in connection with the future conversion of the Convertible bonds into common shares of the Company;
- Annual review of the dividend policy;
- Periodic capital market and investor relations updates;
- The strategic positioning and structure of the Group and the corporate organisation;
- 2021 strategic priorities;
- Strategic priorities for 2022;
- The 2021 budget and reforecasts, mid-term plan and liquidity forecast;
- The 2022 budget, mid-term planning and liquidity forecast;
- Capex and investments;
- Gross margins, inventories and provisions;

- Sustainability;
- Health & Safety and Wellness updates;
- Diversity Policy applicable to the Management Board and Supervisory Board;
- Succession planning for the key leaders of the Group;
- Amendments to the 2019 LTIP applicable to eligible employees of the Group;
- Adoption of the new 2021 LTIP applicable to eligible employees of the Group;
- Remuneration system for employees of the Group;
- Assessment of target achievement in relation to the short-term incentive compensation for employees of the Group for Financial Year 2020;
- Short-term incentive compensation target determination for the employees of the Group for Financial Year 2021;
- Assessment of targets achievement in relation to Performance Stock Units allocated to eligible employees under the 2019 LTIP for Financial Year 2020;
- Allocation of restricted stock units and Performance Stock Units to eligible participants under 2019 LTIP and 2021 LTIP for Financial Year 2021 and determination of related performance targets;
- Issuance of shares for legacy participations and equity plans and the related capital increase;
- The Annual General Meeting and its agenda;
- Periodic Governance, Legal & Regulatory and Compliance updates;
- Review of the Risk Registry;
- The update to the declaration of compliance with the German Corporate Governance Code for Financial Year 2020;
- Declaration of compliance with the German Corporate Governance Code for Financial Year 2021;
- The update to the declaration of compliance with the German Corporate Governance Code for Financial Year 2021 dated 14 December 2021; and
- The Management Board report and the People & Planet Positive Report.

Composition of the Supervisory Board and Committees

According to the Articles of Association of GFG (the "Articles of Association"), the Supervisory Board shall be composed of at least three members. For Financial Year 2021 the Supervisory Board had six members and the Management Board had three members. All members of the Supervisory Board are elected by the Annual General Meeting, while members of the Management Board are appointed by the Supervisory Board. In Financial Year 2021, Alexis Babeau resigned as a member of the Supervisory Board with effect from the end of the Company's Annual General Meeting on 26 May 2021. The Company's Annual General Meeting on 26 May 2021 elected Philipp Povel as a member of the Supervisory Board for a term ending at the expiration of the General Meeting of Shareholders approving the financial statements for the year ending 31 December 2021. The members of the Supervisory Board are selected according to their knowledge, capabilities, professional aptitude and competence. The Supervisory Board acknowledges and appreciates the importance of diversity. In Financial Year 2021, the Supervisory Board had two committees, the Audit Committee and the Sustainability Committee.

The table below summarises the composition of the Supervisory Board and its Committees:

Board Member	Supervisory Board	Audit Committee	Sustainability Committee
Cynthia Gordon	Chairperson	Member (since close of the AGM on 26 May 2021)	Member
Georgi Ganev	Vice Chairperson	-	-
Alexis Babeau (Until 26 May 2021)	Member (until closer of the AGM on 26 May 2021)	Chairperson (until 26 May 2021)	-
Victor Herrero	Member	Member	Chairperson
Laura Weil	Member	Chairperson (since close of the AGM on 26 May 2021)	-
Carol Shen	Member	-	Member
Philipp Povel (Since 26 May 2021)	Member (since close of the AGM on 26 May 2021)	-	-

Meetings of the Supervisory Board and its Committees during Financial Year 2021:

- The Supervisory Board met 8 times in Financial Year 2021 by telephone / video conference (due to travel restrictions generally in place throughout the year), and passed fourteen written resolutions;
- A sub-committee appointed by the Supervisory Board on 25 February 2021, passed two written resolutions in connection with the issuance of €375 million Convertible bonds of the Company;
- A sub-committee appointed by the Supervisory Board on 25 February 2021, passed one written resolution in connection with the creation of the 2021 LTIP, the approval of the terms of the 2021 LTIP, including all related documents and the approval of the amendments to the 2019 – 2021 LTIP and all related documentation;
- A sub-committee appointed by the Supervisory Board on 18 March 2021, passed one written resolution in connection with the convening of the Annual General Meeting by the Management Board;
- A sub-committee appointed by the Supervisory Board on 17 April 2021, passed one written resolution in connection with the amendments to the Remuneration Policy. The amended Remuneration Policy was included in the agenda of the Annual General Meeting which occured on 26 May 2021;
- A committee appointed by the Supervisory Board on 25 May 2021, passed one written resolution in connection with the issuance of shares for legacy participations and equity plans and the related capital increase;
- The Audit Committee held a total of six meetings; and
- The Sustainability Committee held a total of four meetings.

In addition to holding formal meetings, the Supervisory Board and its Committees discussed specific topics during ad-hoc telephone / video meetings outside of the regular board cycle.

Members of the Management Board attended all Supervisory Board meetings, reporting to the Supervisory Board in detail on the course of the Group's business, the development of the Company's revenue and profitability, and execution of its strategy. The content of the reports by the Management Board were discussed in depth with the Supervisory Board. The topics addressed, and the scope of the reports met the legal requirements, the principles of good corporate governance and the requirements of the Supervisory Board Rules of Procedure.

The attendance level of the Supervisory Board members, the Audit Committee members and the Sustainability Committee members at their respective meetings was 100% for the Financial Year 2021. The table below contains the individualised attendance of the Supervisory Board members.

Name [1]	Supervisory Board		Audit Committee		Sustainability Committee	
	No.	%	No.	%	No.	%
Cynthia Gordon (independent)	9	100	2 [2]	33.33% (100% of meetings since appointment)	4	100
Georgi Ganev (independent)	9	100	-	-	-	-
Alexis Babeau (Until his resignation from close of the AGM on 26 May 2021) (independent)	5 [3]	62.5%	4	66.67%	-	-
Victor Herrero (independent)	9	100	6	100	4	100
Laura Weil (independent)	9	100	6	100	-	-
Carol Shen (independent)	9	100	-	-	4	100
Philipp Povel (from his appointment effective from close of the AGM on 26 May 2021) (independent)	5	55.56% (100% of meetings since appointment)	-	-	-	-

1 Independence assessment is based on German Corporate Governance Code criteria.

2 Cynthia Gordon was appointed as member of the Audit Committee effective 26 May 2021.

3 Alexis Babeau was a member of the Audit Committee and its Chair until 26 May 2021.

During its meetings in Financial Year 2021, the Audit Committee covered the following topics:

Area of Focus	Actions taken in 2021
Financial reporting	• Reviewed key accounting and reporting issues at each meeting • Reviewed and approved quarterly financial statements for Q1 and Q3 and 2021 interim condensed consolidated financial statements • Reviewed gross margins, inventories and provisions • Reviewed the financial controls status and progress • Review of FY 2020 consolidated and standalone financial statements • Review of H1 2021 consolidated financial statements
External auditor	• Received reports from the external auditor at each meeting covering financial reporting, accounting and audit issues • Received reports from external auditor in compliance with EU regulations • Reviewed and pre-approved all audit and non-audit services rendered by the external auditor • Approved the 2021 external audit strategy • Reviewed the assessment from the external auditor regarding the design and operating effectiveness of the internal control environment including the Group's main financial processes • Conducted the annual review of independence and quality of the external auditors
Internal audit activities	• Approved the annual internal audit plan for 2021 and provided direction to risk coverage • Followed up on high priority actions requiring escalation with the Management Board • Reviewed results of an independent strategic assessment of the Group internal audit function

Risk management	• Reviewed updates in relation to the risk assessment process, risk registers and associated actions including:
	  • Cyber and Technology Maturity
	  • Treasury Risk Strategy
	• Reviewed summary updates in relation to the refreshed enterprise risk management framework
	• Reviewed updates in relation to information security including cyber security
	• Informed of risk transfer strategy with regard to central insurance buying

Internal Controls	• Reviewed the annual internal controls self assessment programmes plan and methodology • Reviewed summary updates on programmes progress

The significant issues considered by the Audit Committee in relation to the financial statements for the Financial Year 2021 were:

- Impairment testing of goodwill and intangible assets;
- Tax provisions and contingencies;
- Revenue recognition and returns allowance; and
- Inventory and inventory allowances.

The Supervisory Board satisfied itself of the auditor's independence and obtained a written declaration in this respect. The financial statements and the auditor's reports were sent to the members of the Supervisory Board, who reviewed the separate and consolidated financial statements and the management report of GFG. The results of the review by the Audit Committee and the results of its own review are fully consistent with the results of the audit. Having completed its review, the Supervisory Board has no reason to raise any objections to the audit of the financial statements. The Supervisory Board has therefore approved the separate and consolidated financial statements of GFG for Financial Year 2021.

The Supervisory Board would like to thank the Management Board and all employees of GFG for the business success achieved, their hard work and their high level of commitment in Financial Year 2021. The Supervisory Board would also like to thank Alexis Babeau for his valuable contributions to the work of the Supervisory Board and the Audit Committee.

Luxembourg, 7 March 2022

On behalf of the Supervisory Board

Cynthia Gordon

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

Both the Management Board and Supervisory Board are committed to upholding the principles of good corporate governance, in accordance with the recommendations of the Federal German Government Commission on the German Corporate Governance Code, which GFG has voluntarily decided to comply with.

On 26 May 2021, the Supervisory Board and Management Board issued an update to the 2020 declaration of compliance for GFG. In August 2021, the Supervisory Board and Management Board issued a declaration of compliance for GFG as part of its reporting on Financial Year 2021. This is published within the Investor Relations section on our website (https://ir.global-fashion-group.com/websites/globalfashion/English/1052/declaration-of-compliance.html). On 14 December 2021, the Supervisory Board and Management Board issued an update to the 2021 declaration of compliance for GFG which is also published within the Investor Relations section on our website (https://ir.global-fashion-group.com/download/companies/globalfashion/CorporateGovernance/Update_Declaration_of_Compliance_Dec_2021.pdf). The few deviations from the German Corporate Governance Code are described in the declaration and the update.

1.3 DECLARATION OF COMPLIANCE

In this statement, GFG reports in accordance with Article 68 ter of the Law of 19 December 2002 on the business and companies' register as well as the companies' accounting and annual accounts (the "2002 Law"). The Company is a Luxembourg société anonyme (S.A.), which is listed solely on the Frankfurt Stock Exchange in Germany. The Company is not subject to the "Ten Principles of Corporate Governance" applicable to companies listed in Luxembourg. In addition, as a company incorporated and existing under the laws of Luxembourg, the Company is not required to comply with the respective German Corporate Governance Code (the "Code") applicable to German stock corporations. However, as the Company's shares are listed on the Frankfurt Stock Exchange, the Management Board and Supervisory Board have decided to follow, on a voluntary basis and to the extent consistent with applicable Luxembourg corporate law and Global Fashion Group's corporate structure, the recommendations of the Code regarding the principles of good corporate governance.

Compliance with the Corporate Governance Code

The corporate governance rules of the Company are based on applicable Luxembourg laws, the Company's Articles of Association and its internal regulations, and the rules of procedure of the Management Board and Supervisory Board.

The Management Board and the Supervisory Board diligently addressed compliance with the guidance of the German Corporate Governance Code dated 16 December 2019 (the "Code") in Financial Year 2021. The Management Board and Supervisory Board applied the Code, on a voluntary basis, decided to issue a statement to a certain extent comparable to that required for stock corporations organised in Germany pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) and commented on the limited number of exceptions. The declaration is published on the Company's website (https://ir.global-fashion-group.com).

Declaration of Conformity

The Management Board and Supervisory Board of the Company issued the following joint declaration of conformity in August 2021:

Declaration of Compliance with the German Corporate Governance Code

Global Fashion Group S.A. ("**GFG**" or the "**Company**") is a Luxembourg société anonyme (S.A.), which is listed solely on the Frankfurt Stock Exchange in Germany. GFG is not subject to the "Ten Principles of Corporate Governance" applicable to companies listed in Luxembourg. Furthermore, as a company incorporated and existing under the laws of Luxembourg, GFG is not required to report on compliance with the German Corporate Governance Code (the **"Code"**) applicable to listed German stock corporations.

Nevertheless, as GFG regards the Code to be an important foundation for responsible corporate governance, the Management Board and Supervisory Board of GFG have decided to follow, on a voluntary basis and to the extent consistent with applicable Luxembourg corporate law and GFG's corporate structure, the recommendations of the Code regarding the principles of good corporate governance.

The Management Board and Supervisory Board of the Company declare that GFG has decided to comply with the recommendations of the Code in its version dated 16 December 2019, published by the Federal Ministry of Justice in the official section of the Federal Gazette on 20 March 2020, with the following deviations since their announcement and will continue to comply with them to the same extent in the future:

- **Recommendation B.3 of the Code:** The current members of the Management Board were appointed for a maximum period of five (5) years in line with the previous version of the Code which was in effect when they were appointed in May 2019. We have amended our rules of procedures to ensure that future first-time appointments shall be for a period of not more than three (3) years.

- **Recommendation C.5 of the Code:** One of the members of the Management Board is also the Chairman of the Supervisory Board of a non-Group listed company. The appointment of the member to the Management Board of GFG and the non-Group listed company Supervisory Board were made before the Code came into effect on 20 March 2020, in line with the former Code. The appointment as both a member of the Management Board and Chairman of a non-Group listed company's Supervisory Board has not given rise to any conflicts or work management issues to date. The Supervisory Board of GFG considers the case-by-case assessment of the compatibility of both roles to be more appropriate.

- **Recommendation D.5 of the Code:** Due to its relatively small size of six members, the Supervisory Board does currently not find it necessary to form a nomination committee as decisions that would normally be charged to a nomination committee can be made quickly and efficiently by the entire Supervisory Board.

- **Recommendation F.2 of the Code:** In order to ensure high-quality financial reporting, the recommended publication periods may not in all cases be complied with. However, we are constantly seeking to improve our reporting system and intend to comply with the reporting periods of the Code in the near future.

- **Recommendation G.1 bullet point 1 and 3 of the Code:** While annual bonuses and the size of grants under the 2019 and 2021 LTIP are capped at certain percentages of base salary, there is no cap with regard to the Company's share price once Restricted Stock Units ("**RSUs**") or Performance Stock Units ("**PSUs**") or Call Options are vested and delivered. In the opinion of the Supervisory Board, such a cap would not be appropriate as it would interrupt the intended alignment of interests between the shareholders and the Management Board members. The Supervisory Board believes that the Management Board members should, in this regard, participate in any increase in the value of the Company to the same extent as any other shareholder would participate.

The Supervisory Board has also not set a maximum total remuneration for the overall fixed and/or variable compensation. In addition, certain components of the Management Board variable compensation granted before the IPO and after the IPO as a one-off grant are linked to continuous employment with no financial and non-financial performance criteria attached to it. All long-term variable compensation granted since 1 January 2020 has performance criteria attached to it.

- Recommendation G.3 of the Code: The Supervisory Board uses an appropriate peer group of other relevant entities to compare the remuneration of the Management Board, however such peer group has not been disclosed as representatives of the common market in which GFG operates evolve at a fast pace and as such, the peer group is periodically reviewed and updated by the Supervisory Board. Consequently, at present the Supervisory Board does not intend to disclose the peer group.

- **Recommendation G.4 of the Code:** The diversified footprint where GFG operates, combined with the large number of employees and its localised market approach to defining remuneration, makes it difficult for GFG to establish an average remuneration for GFG for the purposes of comparing the remuneration of the Management Board. GFG targets to provide remuneration packages that are both competitive externally and proportionate internally.

- **Recommendation G.7. of the Code:** Certain components of the Management Board variable compensation granted before the IPO and after the IPO as a one-off grant are linked to continuous employment with no financial and non-financial performance criteria attached to it. All long-term variable compensation granted since 1 January 2020 has performance criteria attached to it.

- **Recommendation G.10 of the Code:** Due to taxation at vesting for one of the members of the Management Board, a portion of their vested shares will not be subject to a holding period of four years. Instead, such portion will be sold by our share plan operator upon the vesting and subsequent issuance of the shares (on behalf of the member of the Management Board but without his or the Company's involvement) to cover such tax liability. The sale will occur during the Company's open trading window.

- **Recommendation G.11 of the Code:** The Supervisory Board can retain a payment under the short term incentive plan but there is no ability to reclaim any amounts paid since applicable laws regulating the employment agreements of the Management Board members prevent reclaiming earnings already paid.

- **Recommendation G.12 of the Code:** The 2019 LTIP and 2021 LTIP give the Supervisory Board the discretion to accelerate vesting and/or the holding period of a portion of granted RSUs and PSUs in the case of early termination without cause or a change of control, redundancy, retirement, death, illness and other similar circumstances. The Supervisory Board believes this to be an adequate element of the Management Board members' variable compensation.

- **Recommendation G.13 of the Code:** The employment contracts of the Management Board provide for (i) payment in lieu of notice (at the discretion of the Supervisory Board); (ii) payment of pro rata short term incentive bonus; and (iii) vesting of granted RSU and PSUs (as applicable) that are scheduled to vest within the 12 months following the early termination by the Company in case of a good leaver event. The combined aforementioned payments are subject to the severance cap recommended by the Code, except in case of a change of control where the payment could in certain situations exceed the recommended cap mainly driven by the value of the Company's share price at the time of the early termination.

- **Recommendation G.14 of the Code:** The employment agreements of the Management Board Members provide for a partial acceleration of 75% of unvested equity in the event of a change of control, regardless of whether such change of control would lead to an early termination of their employment agreement.

Luxembourg, August 2021

Global Fashion Group S.A.

The Management Board
Christoph Barchewitz, Patrick Schmidt, Matthew Price

On behalf of the Supervisory Board
Cynthia Gordon

Update to the Declaration of Compliance with the German Corporate Governance Code of the Management Board and Supervisory Board of Global Fashion Group S.A.

Global Fashion Group S.A. ("GFG" or the "Company") is a Luxembourg société anonyme (S.A.), which is listed solely on the Frankfurt Stock Exchange in Germany. GFG is not subject to the "Ten Principles of Corporate Governance" applicable to companies listed in Luxembourg. Furthermore, as a company incorporated and existing under the laws of Luxembourg, GFG is not required to report on compliance with the German Corporate Governance Code (the "Code") applicable to listed German stock corporations.

Nevertheless, as GFG regards the Code to be an important foundation for responsible corporate governance, the Management Board and Supervisory Board of GFG have decided to follow, on a voluntary basis and to the extent consistent with applicable Luxembourg corporate law and GFG's corporate structure, the recommendations of the Code regarding the principles of good corporate governance.

The Management Board and Supervisory Board of Global Fashion Group S.A. issued their annual declaration of conformity in August 2021 (https://ir.global-fashion-group.com/download/companies/globalfashion/CorporateGovernance/20210820_DECLARATION_COMPLIANCE.pdf). This declaration is updated as follows:

- On 14 December 2021, GFG's Supervisory Board has appointed a nominations committee effective 1 January 2022. Accordingly, it is GFG's intention to comply with Recommendation D.5 of the Code (The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting) as from 1 January 2022 and the corresponding deviation regarding GFG's intention to comply with this recommendation going forward shall be deleted.

- Recommendation C.5 of the Code: One of the members of the Management Board is also the Chairman of the Supervisory Board of a non-Group listed company. The appointment of the member to the Management Board of GFG and the non-Group listed company Supervisory Board were made before the Code came into effect on 20 March 2020, in line with the former Code. The appointment as both a member of the Management Board and Chairman of a non-Group listed company's Supervisory Board has not given rise to any conflicts or work management issues to date. In addition, effective from 1 January 2022, one of the members of the Supervisory Board who holds positions as non-executive director in four publicly listed companies (including, in one case outside of GFG, as the non-executive Chairman of the board of directors) will be appointed Chief Executive Officer of a publicly listed company. The Supervisory Board of GFG considers the case-by-case assessment of the compatibility of these roles and the necessary time commitment to be more appropriate and does therefore not intend to comply with the general incompatibilities and limitations recommended in C.5 of the Code.

- Recommendation G.12 of the Code: The 2019 LTIP and 2021 LTIP give the Supervisory Board the discretion to accelerate vesting and/or the holding period of a portion of granted RSUs and PSUs in the case of early termination without cause or a change of control, redundancy, retirement, death, illness and other similar circumstances. In addition, the employment agreements of the Management Board Members, which are being updated in December 2021, provide for a partial acceleration of 75% of unvested equity in the event of a change of control, regardless of originally agreed targets and comparison parameters. The Supervisory Board believes these to be an adequate element of the Management Board members' variable compensation.

In all other respects, the declaration of compliance of August 2021 remains unaffected.

Luxembourg, 14 December 2021

Global Fashion Group S.A.

The Management Board
Christoph Barchewitz, Patrick Schmidt, Matthew Price

On behalf of the Supervisory Board
Cynthia Gordon

1.4 BOARD COMPOSITION AND GOVERNANCE STRUCTURE

The governance structure of the Company consists of the Management Board and the Supervisory Board.

The Management Board is responsible for managing the Company, and the Supervisory Board is responsible for carrying out the permanent supervision and control of the Management Board without being authorised to interfere with such management. The Management Board is vested with the broadest powers to act in the name of the Company and to take any actions necessary or desirable to fulfil the Company's corporate purpose with the exception of certain matters set out in the Articles of Association and the Management Board Rules of Procedure which require approval of the Supervisory Board or the Company's shareholders. The Management Board and Supervisory Board cooperate closely for the benefit of the Company. The Chairperson of the Supervisory Board has regular contact with the Management Board and advises it on strategy, planning and business development, and the Management Board informs the Chairperson of the Supervisory Board without delay of matters of fundamental importance for the Company.

The corporate governance rules of the Company that govern the Management Board and Supervisory Board are based on applicable Luxembourg laws, the Articles of Association and its internal regulations, in particular the Management Board Rules of Procedure, the Supervisory Board Rules of Procedure and the German Corporate Governance Code 2019.

The Company's Business Conduct and Ethics Policy applies to all employees, directors and officers worldwide and contains ethical and legal standards that employees, directors and officers must adhere to. Under the Business Conduct and Ethics Policy, employees, directors and officers are required to comply with all laws and policies including but not limited to, the Anti-Bribery and Anti-Corruption Policy, the Gifts & Hospitality Policy, the Sanctions Policy and the Insider Trading Compliance Policy. The details are set out in internal policies and guidelines.

Working Practices of the Management Board

The Management Board is responsible for managing the Company in accordance with the applicable legal provisions, the Articles of Association and the Management Board Rules of Procedure. It is obligated to act in the Company's corporate interest and to increase its long-term business value. The Management Board develops the Company's strategy, discusses and agrees on it with the Supervisory Board and ensures that it is implemented. It is also responsible for appropriate risk management and control. The Management Board provides the Supervisory Board with timely and comprehensive information about all issues of relevance to the Company and must inform the Chairperson of the Supervisory Board of any important event or business matter that might have a significant impact on the situation of the Company without undue delay. The age limit for the Management Board is set as 69 years in the Management Board Rules of Procedure.

The Management Board performs its management function as a collective body. Notwithstanding their overall responsibility for management, the individual members of the Management Board manage the areas assigned to them on their own responsibility within the framework of the Management Board's resolutions. For Financial Year 2021, the allocation of responsibilities among the members of the Management Board is defined in the Management Board Rules of Procedure, according to which the members of the Company's Management Board are responsible for the following areas:

Co-CEO: Christoph Barchewitz

- Commonwealth of Independent States – Lamoda
- Latin America – Dafiti
- Communications
- International Brand Partnerships
- Legal & Governance, Risk & Compliance

Co-CEO: Patrick Schmidt

- Australia and New Zealand – THE ICONIC
- South East Asia – ZALORA
- People & Culture
- Sustainability
- Technology

CFO: Matthew Price

- Accounting
- Financial Reporting
- Financial Planning & Analysis
- Internal Audit
- Investor Relations
- Tax & Treasury

The Management Board takes joint responsibility for the overall management of the Company irrespective of the split of business areas. Its members work collaboratively and inform each other regularly about any significant measures and events within their areas of responsibility. The Management Board meets at least once per calendar quarter, and additional meetings are convened, if required.

Composition of the Management Board

According to the Articles of Association, the Management Board shall be composed of at least two members. The Supervisory Board determines the number of Management Board members and appoints the members of the Management Board for a maximum term of office of five years (which has been amended for future appointments to three years). The Management Board currently consists of the two Co-CEO's and the CFO. The Management Board does not currently have a Chairman as the three Management Board members rotate the role of Chairman.

The Supervisory Board acknowledges and appreciates the importance of diversity. A diverse composition of management and supervisory bodies can promote new perspectives in decision-making processes and discussions and help to further improve performance. In August 2021, the Supervisory Board formalised the previously disclosed diversity targets by the adoption of a Diversity Policy which confirms the Group's approach to diversity within the composition of the Management Board and the Supervisory Board. The Diversity Policy is published on our website at https://ir.global-fashion-group.com/download/companies/globalfashion/CorporateGovernance/2021_GFG_Diversity_Policy_SB_MB.pdf. The Supervisory Board reconfirmed a diversity target for at least one female representative to be appointed to the Management Board to be achieved by 1 January 2025. The Supervisory Board and Management Board considers that the executive management team and employee base globally is highly diverse. The Management Board also defined a diversity target of maintaining a 50/50 gender balance on the GFG Executive team (which it currently meets) until 1 January 2025. During the Financial Year 2021, the Supervisory Board approved a succession plan for the members of the Management Board. The Supervisory Board and Management Board will work together on keeping the succession plan up to date.

Working practices of the Supervisory Board

The Supervisory Board advises and supervises the Management Board in its management of the Company. It is responsible for the permanent supervision and control of the Management Board. It works closely with the Management Board for the benefit of the Company and is involved in all decisions of fundamental importance to the Company.

The rights and duties of the Supervisory Board are governed by legal requirements, the Articles of Association, the Supervisory Board Rules of Procedure and the Management Board Rules of Procedure. It appoints and removes the members of the Management Board and is responsible for ensuring that long-term succession planning is undertaken by the Management Board.

The work of the Supervisory Board takes place in meetings as well as separate committee meetings whose chairs provide the entire Supervisory Board with regular updates on the committee's activities. Pursuant to the Supervisory Board Rules of Procedure, the Supervisory Board shall hold at least one meeting in each calendar quarter and additional meetings should be convened as necessary.

Composition of the Supervisory Board

The Supervisory Board must consist of at least three members in accordance with the Articles of Association. The members of the Supervisory Board are appointed and removed at the General Meeting of Shareholders which determine the term and compensation. Members of the Supervisory Board can only be appointed for a term that doesn't exceed five years but can be reappointed for successive terms.

The Supervisory Board Rules of Procedure sets targets for its composition and sets a profile of skills that are required for members of the Supervisory Board. According to this profile, members of the Supervisory Board shall have the required knowledge, abilities and expert experience to fulfil his/her duties properly and they must be familiar with the sector in which the Company operates. At least one member must have knowledge in the field of auditing and accounting. Each member shall ensure that they have enough time to perform their mandate. At least three members of the Supervisory Board must have reasonable international experience and diversity shall be considered. In addition, the Supervisory Board has defined a diversity target of maintaining a 50 / 50 gender balance on the Supervisory Board until 1 January 2025 which has been formalised in the Diversity Policy adopted by the Supervisory Board on 18 August 2021. At least three members must not have a board position, consulting or representation duties with main suppliers, lenders or other business partners of the Company, and Supervisory Board members shall not exercise directorships or similar positions or advisory tasks for material competitors of the Company. In addition, no fewer than two members shall be independent, and no more than two former members of the Management Board shall be members of the Supervisory Board. The age limit for members of the Supervisory Board is set as 69 years.

At the extraordinary meeting of the shareholders held on 31 May 2019, shareholders appointed the following six members to the Supervisory Board subject to approval of the prospectus by the Commission de Surveillance du Secteur Financier (the "CSSF"), which took place on

17 June 2019 for a period ending at the expiration of the General Meeting of Shareholders approving the 2021 financial results:

- Cynthia Gordon – Chairperson of the Supervisory Board and member of the Sustainability Committee. Cynthia was appointed as a member of the Audit Committee by the members of the Supervisory Board effective from close of the AGM on 26 May 2021;
- Georgi Ganev – Vice Chairperson of the Supervisory Board;
- Alexis Babeau – Member of the Supervisory Board and Chairperson of the Audit Committee, Alexis Babeau resigned as a member of the Supervisory Board and Chairperson of the Audit Committee with effect from close of the Company's Annual General Meeting on 26 May 2021;
- Victor Herrero – Member of the Supervisory Board, Chairperson of the Sustainability Committee and Member of the Audit Committee;
- Carol Shen – Member of the Supervisory Board and the Sustainability Committee; and
- Laura Weil – Member of the Supervisory Board and the Audit Committee. Laura was appointed as Chairperson of the Audit Committee effective from the close of the AGM on 26 May 2021.

At the Company's 2021 AGM, which took place on 26 May 2021, Alexis Babeau's resignation as a member of the Supervisory Board became effective and Philipp Povel was appointed as a member of the Supervisory Board for a period ending at the expiration of the General Meeting of Shareholders approving the financial statements for the year ending 31 December 2021.

The Chairperson of the Supervisory Board is an independent supervisory chair in line with the recommendations of the German Corporate Governance Code 2019. During Financial Year 2021, the Supervisory Board has acted amongst others through the Audit Committee and the Sustainability Committee. The Company deviated from the recommendations of the Code as the Supervisory Board due to its relatively small size of six members did not find it necessary to form a nominations committee.

Working practices of the Audit Committee

Both Chairpersons of the Audit Committee (Alexis Babeau until 26 May 2021 and Laura Weil from close of the AGM on 26 May 2021 onwards) have specific knowledge and experience in applying accounting principles and internal control procedures. Neither the Chairperson of the Supervisory Board nor former members of the Company's Management Board whose term ended less than two years ago are eligible to be appointed as Chairperson of the Audit Committee. All members of the Audit Committee are financially literate and the Chairperson has in-depth knowledge of accounting and the financial reporting principles required. All of the members of the Audit Committee are independent in accordance with the German Corporate Governance Code 2019.

The Audit Committee oversees the accounting and financial reporting processes of the Company and the integrity of the financial statements and publicly reported results, the adequacy and effectiveness of the risk management and internal control frameworks and the choice, effectiveness, performance and independence of the internal and external auditors.

The Audit Committee also monitors the process of preparing financial information, reviews and discusses the audited financial statements with the Management Board members and the independent auditor, provides a recommendation to the Supervisory Board regarding whether audited financial statements should be included in the annual report. In addition, the Audit Committee reviews the half yearly and quarterly financial statements and prepares a recommendation for the appointment of the Independent Auditor to the Supervisory Board. The Audit Committee also reviews the performance of the Independent Auditor.

Composition of the Audit Committee

For Financial Year 2021, the members of the Audit Committee were:

Until 26 May 2021:

- Alexis Babeau (Chairperson) (independent);
- Victor Herrero (independent); and
- Laura Weil (independent).

From close of the AGM on 26 May 2021 onwards:

- Laura Weil (Chairperson) (independent);
- Cynthia Gordon (independent); and
- Victor Herrero (independent).

Working practices of the Sustainability Committee
The Sustainability Committee assists the Supervisory Board with oversight of its responsibilities in connection with the Company's sustainability policies and practices. In particular, it makes recommendations to the Supervisory Board regarding the Company's policy and performance in relation to health & safety, diversity and inclusion and compliance with laws concerning environmental and social matters and reviews their implementation. In addition, the Sustainability Committee reviews and approves the Company's sustainability strategy, objectives, key results and policies and approves for submission to the Supervisory Board the Company's annual sustainability report submitted to it by the Management Board. All of the members of the Sustainability Committee are independent.

Composition of the Sustainability Committee

For Financial Year 2021, the members of the Sustainability Committee were:

- Victor Herrero (Chairperson) (independent);
- Carol Chen (independent); and
- Cynthia Gordon (independent).

1.5 ANNUAL GENERAL MEETING AND SHAREHOLDERS

The shareholders of GFG exercise their rights, including their right to vote, at an Annual General Meeting ("**AGM**"). Each share in the Company grants one vote.

The AGM is required to be held within the first six months of the Financial Year, and the agenda along with the reports and documents required for the AGM are to be published on the Company's website (http://ir.global-fashion-group.com).

Certain matters set out in the Articles of Association require the approval of shareholders. Resolutions on matters that require shareholder approval are adopted at the AGM, including, increasing/reducing the Company's share capital or authorised capital, appointment and removal of members of the Supervisory Board and the independent auditors and resolutions on allocation of the remainder of any annual net profit.

To facilitate the personal exercise of their voting rights, GFG makes available a proxy who is bound by instructions and who may also be contacted during the AGM. The invitation to the AGM explains how instructions may be given ahead of the meeting.

1.6 TAKEOVER LAW

Composition of subscribed capital

As of 31 December 2021, the share capital of the Company amounts to €2,172,929.12, and is divided into 217,292,912 common shares with a nominal value of €0.01 each. The common shares are fully paid-up. The Company holds common shares in dematerialised form and all future common shares to be issued by the Company will be issued in dematerialised form.

Restrictions on voting rights or the transfer of shares

The Company's common shares in dematerialised form are freely transferable through book entry transfers in accordance with the legal requirements for dematerialised shares.

Each common share carries identical rights and obligations, save for the common shares held by the Company in treasury, from which the Company derives no rights. As of 31 December 2021, the Company held 182,378 common shares in treasury.

Equity Interests in the Company That Exceed 5% of Voting Rights

On the basis of the voting rights notifications received by the Company in accordance with Article 11, Section 6 of the Luxembourg Transparency Law and Section 40, Paragraph 1 of the German Securities Trading Act (WpHG), as at 31 December 2021 we have been notified that the following direct or indirect shareholders in the capital of the Company have reached or exceeded 5% of the voting rights in the Company:

Name of Shareholder	Details	Percentage of holding	Date of most recent declaration
Zerena GmbH	Indirectly holds 15.17% of the voting rights of the Company, through Rocket Internet SE who directly hold 14.93% and a further 0.24% through the holdings of Rocket Middle East GmbH, MKC Brillant Services GmbH and Bambino 53. V V GmbH.	15.17%	12 March 2021
Kinnevik A.B.	Indirectly holds 36.99% of the voting rights in the Company through Invik S.A. who directly hold 36.99%.	36.99%	21 December 2020
Baillie Gifford & Co	Indirectly holds 6.38% of the voting rights of the Company through Baillie Gifford Overseas Ltd who directly hold 6.38%.	6.38%	23 November 2020
Crestbridge Management Company S.A.	Indirectly holds 9.44% of the voting rights of the Company, through Rocket Internet Capital Partners SCS who directly holds 6.00% of the voting rights of the Company, and Rocket Internet Capital Partners (Euro) SCS who directly holds 3.45% of the voting rights of the Company.	9.44%	4 July 2019

The Company was not notified of any other direct or indirect capital investments that reach or exceed 5% of the voting rights of the Company during the financial year ended 31 December 2021. Further, the distribution of voting rights included above may have changed within the reportable thresholds.

Legal Requirements and Provisions of the Articles of Association Governing the Appointment and Dismissal of Members of the Management Board, and Amendments to the Articles of Association

The Management Board must consist of at least two persons in accordance with Article 13.1 of the Articles of Association. In all other respects, the Supervisory Board determines the number of Management Board members. The Supervisory Board appoints the members of the Management Board on the basis of Luxembourg Company Law and Article 15 of the Articles of Association for a term of office lasting no longer than five years. The Supervisory Board Rules of Procedure notes that all future appointments to the Management Board will be for a maximum term of three years to ensure compliance with the Code. Reappointments for successive years are permitted. The Supervisory Board is entitled to revoke the appointment of a Management Board member for cause (pursuant to Article 15.3 of the Articles of Association).

Changes to the Articles of Association must be agreed at a General Meeting of Shareholders. Unless a higher majority is required by binding legal requirements or the Articles of Association, resolutions proposed at the AGM are passed by a simple majority of votes cast in accordance with Article 11.2 of the Articles of Association. According to Article 11.5 of the Articles of Association, a vote passed by a majority of at least two thirds of the votes validly cast at a general meeting at which a quorum of more than half of the Company's capital is represented is required in order to amend the Articles of Association. Abstentions and nil votes shall not be taken into account.

The Company is authorised to amend the wording of the Articles of Association after carrying out capital increases from authorised capital or after the expiry of the corresponding authorisation, option, or conversion period.

Authority of the Management Board to Issue and Buy Back Shares

Authorised Capital

As at 31 December 2021, pursuant to Article 6.1 of the Articles of the Association, the Company's authorised capital, excluding the issued share capital, is €2,141,423.39 represented by 214,142,339 common shares with a nominal value of €0.01 each. Pursuant to Article 6.2 of the Articles of Association, during a period of five years from the date of any resolutions to create, renew or increase the authorised capital pursuant to Article 6.2, the Management Board, with the consent of the Supervisory Board, is authorised to issue shares, to grant options to subscribe for shares and to issue any other instruments giving access to shares within the limits of the authorised capital to such persons and on such terms and subject to the limitations set out in the Special Report of the Management Board of the Company with respect to the authorised share capital dated 20 April 2021 (the "Special Board Report"). The issue of such instruments will reduce the available authorised capital accordingly.

The Special Board Report also sets out circumstances in which the powers under the authorised capital could be used if convening a general shareholders' meeting would be undesirable or not appropriate. For example, such circumstances could arise when there is a financing need or if the convening of a shareholders' meeting would lead to an untimely announcement of a transaction, which could be disadvantageous to the Company.

As at 1 January 2021, the issued share capital of the Company amounted to €2,138,367.16, and was divided into 213,836,716 common shares with a nominal value of €0.01 each. All of the Company's common shares are held in dematerialised form and are admitted to trading on the Frankfurt Stock Exchange.

On 24 March 2021, the Company issued 1,262,593 common shares as follows:

- 449,994 new common shares in connection with the roll-up of existing and former managers, founders, employees, business angels and supporters of the Group in connection with a legacy long-term incentive programmes;

- 5,305 new common shares in connection with various legacy call option agreements with certain former or current senior management members, key employees and supporters of the Group; and

- 807,294 new common shares to satisfy the Company's legacy and existing long-term incentive programmes.

On 29 April 2021, the Company issued 1,335,942 new common shares in connection with the Company's long-term incentive programmes.

On 27 May 2021, the Company issued 364,157 common shares as follows:

- 539 new common shares in connection with various legacy call option agreements with certain former or current senior management members, key employees and supporters of the Group; and

- 363,618 new common shares to satisfy the Company's legacy and existing long-term incentive programmes.

On 2 August 2021, the Company issued 437,461 common shares in connection with the Company's long-term incentive programmes.

On 2 September 2021, the Company issued 56,043 new common shares as follows:

- 1,509 new common shares in connection with the roll-up of existing and former managers, founders, employees, business angels and supporters of the Group in connection with a legacy long-term incentive programme;
- 1,318 new common shares in connection with various legacy call option agreements with certain former or current senior management members, key employees and supporters of the Group; and
- 53,216 new common shares to satisfy the Company's legacy and existing long-term incentive programmes.

As at 31 December 2021, the issued share capital of the Company amounts to €2,172,929.12, and is divided into 217,292,912 common shares with a nominal value of €0.01 each. All of the Company's common shares are held in dematerialised form and are admitted to trading on the Frankfurt Stock Exchange.

Pursuant to Article 6.3 of the Articles of Association, the Company's authorised capital may be increased or reduced by a resolution of a General Meeting of Shareholders adopted in the manner required for an amendment to the Articles of Association. The authorisations in Articles 6.2 and 6.3 of the Articles of Association may be renewed through a resolution of a General Meeting of Shareholders adopted in the manner required for an amendment of the Articles of Association and subject to the provisions of the Luxembourg Company Law, each time for a period not exceeding five years.

On 15 March 2021, the Company issued Convertible bonds in the aggregate principal amount of €375,000,000, due 2028 (the "Convertible bonds"). Upon exercise of the conversion rights by any holders of the Convertible bonds and subject to completion of the conversion steps, new common shares may be issued by the Company following the conversion of the Convertible bonds pursuant to the German law governed terms and conditions of the Convertible bonds as adopted by the Company's Management Board on 3 March 2021. Pursuant to the resolutions of the Company's Management Board dated 20 August 2021 which were approved by the resolutions of the Company's Supervisory Board dated 25 October 2021, the Management Board has approved the conditional increase of the share capital of the Company under its authorised capital by an amount of up to €297,619.05 as settlement of the potential conversion of the Convertible bonds into 29,761,905 new common shares. A portion of up to 29,761,905 common shares under the authorised share capital remains reserved for the conditional issuance of shares under the Convertible bonds and may not be used for any other purposes.

Treasury Shares

According to Article 7.1 of the Articles of Association, the Company may, to the extent and under the terms permitted by law, repurchase its own shares and hold them in treasury. As at 31 December 2021, the Company held 182,378 common shares in treasury. In line with Luxembourg Company Law, the voting rights attached to the common shares held in treasury by the Company are suspended. The Company's Annual General Meeting 2021 authorised the Management Board to repurchase up to 20% of the total number of common shares of the Company until 26 May 2026. No use was made of this authorisation for Financial Year 2021.

Without prejudice to the principle of equal treatment of shareholders in the same situation and the provisions of the Luxembourg Market Abuse Law, pursuant to Article 430-15 of the Luxembourg Company Law, the Company may acquire its own shares either itself or through a person acting in its own name but on the Company's behalf subject to the following statutory conditions:

- The authorisation to acquire shares is to be given by a general shareholders' meeting, which determines the terms and conditions of the proposed acquisition and in particular the maximum number of shares to be acquired, the duration of the period for which the authorisation is given which may not exceed five years, and in the case of acquisition for value, the maximum and minimum consideration;

- The acquisitions must not have the effect of reducing the net assets of the Company below the aggregate of the subscribed capital and the reserves, which may not be distributed under the law or the Articles of Association; and

- Only fully paid-up shares may be included in the transaction.

At the time each authorised acquisition is carried out, the Management Board must ensure that the statutory conditions set out above are complied with.

Where the acquisition of the Company's own shares is necessary in order to prevent serious and imminent harm to the Company, no authorisation will be required from a general shareholders' meeting. In such a case, the next general shareholders' meeting must be informed by the Management Board of the reasons for and the purpose of the acquisitions made, the number and nominal values, or in the absence thereof, the accounting par value of the shares acquired, the proportion of the subscribed capital which they represent and the consideration paid for them.

No authorisation will likewise be required from a general shareholders' meeting in the case of shares acquired either by the Company itself or by a person acting in his/her own name but on behalf of the Company for the distribution thereof to employees. The distribution of any such shares must take place within twelve months from the date of their acquisition.

Pursuant to Article 430-16 of the Luxembourg Company Law, the acquisition of shares is also permitted in the following circumstances if such an acquisition would not have the effect of reducing the net assets of the Company below the aggregate of the subscribed capital and the Company's non-distributable reserves:

- Shares acquired pursuant to a decision to reduce the capital or in connection with the issue of redeemable shares;

- Shares acquired as a result of a universal transfer of assets;

- Fully paid-up shares acquired free of charge or acquired by banks and other financial institutions pursuant to a purchase commission contract;

- Shares acquired by reason of a legal obligation or a court order for the protection of minority shareholders, in particular, in the event of a merger, the division of the Company, a change in the Company's object or form, the transfer abroad of its registered office or the introduction of restrictions on the transfer of shares;

- Shares acquired from a shareholder in the event of failure to pay them up; and

- Fully paid-up shares acquired pursuant to an allotment by court order for the payment of a debt owed to the Company by the owner of the shares.

Generally, such acquired shares must be disposed of within a maximum period of three years after their acquisition or they must be cancelled. There are some statutory exceptions to this.

Material Agreements Entered into by the Company Providing for a Change of Control upon a Takeover Bid

The convertible bond is subject to the condition of a change of control. In the event of a change of control, each bondholder is entitled to convert their bonds at a preferential conversion price on the control acquisition date.

Compensation Arrangements Agreed by the Company with the Members of the Management Board or Employees in the Event of a Takeover Bid

In the event of a change of control, certain unvested awards granted to the Management Board under the 2019 LTIP and 2021 LTIP will vest at the time of the change of control.

1.7 REMUNERATION REPORT AND OTHER DISCLOSURES

1.7.1 Introduction

This report provides information about the structure of the remuneration framework and how it is operated at Global Fashion Group S.A. and its subsidiaries ("GFG"). The report comprises two sections:

Management Board remuneration report

The Management Board remuneration report itself comprises three parts:

A. Letter from the Chair of the Supervisory Board – The first part of the report is intended to provide shareholders with a helpful summary of the key determinations and outcomes for Management Board remuneration in respect of 2021.

B. Management Board remuneration framework – The second part sets out the structure and design of the remuneration framework for members of the Management Board, including details of the Remuneration Policy (as approved by shareholders at our 2021 Annual General Meeting ("AGM")).

C. Management Board remuneration for 2021 – The third and final part provides further detail on the actual remuneration and benefits granted to Management Board members during the Financial Year 2021.

Supervisory Board remuneration report

This section provides information on the structure and level of remuneration for members of the Supervisory Board of GFG.

Our Approach to reporting

The approach to how we structure and report remuneration at GFG reflects the following considerations:

- As a Company incorporated and existing under the laws of Luxembourg, the remuneration report has primarily been prepared in accordance with Luxembourg's Law of 24 May 2011 (as amended from time to time).

- Recognising that it is an important foundation for responsible corporate governance, the Company also voluntarily follows the recommendations of the German Corporate Governance Code 2019 (the "Code"). To the extent that it is consistent with Luxembourg corporate law and GFG's corporate structure and particular circumstances, GFG's remuneration for the Management Board members therefore follows the recommendations of the Code (with certain exemptions, as set out in our Declaration of Compliance, 14th December 2021).

- Given that our global shareholder base continues to grow, the Company considers that it is important to keep under review shareholders' expectations for how we report on the Management Board and Supervisory Board's pay. Therefore, while satisfying relevant Luxembourg and German practice, in places we have also sought to provide additional disclosure where appropriate, which we hope shareholders find helpful.


COACH
CALVIN KLEIN JEANS

A. LETTER FROM THE CHAIR OF THE SUPERVISORY BOARD

On behalf of the Supervisory Board, I am pleased to present the 2021 GFG Remuneration Report.

Approach to Management Board remuneration

The Supervisory Board considers it critical that GFG's remuneration policy aligns with the Company's long-term growth ambitions and strategic objectives. We put our policy to shareholders at our 2021 AGM and are pleased with the overall support received. The policy sets out a remuneration framework for the Management Board which is intended to encourage and reward them for performance that will lead to long-term and sustainable delivery of shareholder value. We consider that the overall package provides an appropriate balance between fixed and variable pay, and between short- and long-term elements, while also remaining mindful of the competitive pressures within the Ecommerce industry.

Specifically, the framework consists of fixed elements – base salary, fringe benefits and pension – and short- and long-term variable elements. A greater weighting is placed on the variable elements, meaning that the Management Board will only receive significant levels of remuneration for out-performing stretching performance targets. Similarly, the balance of the variable elements is heavily tilted towards the long-term incentive, reflecting the objective of delivering long-term, sustainable shareholder value, while still retaining some focus on short-term economic performance.

In particular, the assessment framework for the short-term incentive ("STI") captures key one-year financial and individual performance targets, ensuring that management is focused on delivering critical short-term business targets. For 2021, in line with our commitment to become a more sustainable company, we introduced a sustainability objective into the individual element of all members of the Management Board . The objective was aligned with the annual milestones required to deliver our publicly communicated Sustainability Commitments.

Meanwhile the long-term incentive ("LTI") is awarded as performance-based grants, with stretching targets set against key long-term financial metrics focused on high growth and increasing profitability (NMV Growth and Adjusted EBITDA). In a fast-growing industry like online retail, these financial metrics remain a key priority for the Management Board, delivery of which will be critical for enabling shareholder return and building a sustainable long-term business.

During the year, the Supervisory Board approved the 2021 Share Plan for future long-term incentive ("LTI") awards, which has the same rules and mechanics as the 2019 Share Plan. The collective of both is referred to as the "GFG Share Plan".

2021 performance and incentive outcomes

The Supervisory Board has assessed GFG's performance against the targets set at the start of the year under the 2021 STI and outstanding LTI PSU awards.

- 2021 STI – The financial metrics for this award, which comprised 80% of the total opportunity, were NMW Growth, Adjusted EBITDA and Cash-flow. The performance against these metrics generated a combined performance result of all 3 metrics of 42.9% weighted performance of target for these elements. The remaining 20% of the total opportunity was based on individual performance objectives focused on specific geographical or functional responsibility and this included an assessment of progress against specific sustainability goals. The Supervisory Board is delighted with the progress of our sustainability agenda, particularly in achieving carbon neutrality for our own operations and outbound deliveries. 10% of NMV now comes from a more sustainable assortment and more sustainable order satchels being sent in 100% of GFG countries as key highlights. As a result, the total payout achievement for 2021 resulted in 60.4%.

- 2021 LTI Vesting – Two separate tranches from LTI grants made in 2019 and 2020 vested in April 2021. The level of vesting was determined based on achievement of NMV Growth and Adjusted EBITDA targets for FY2020, both equally weighted. GFG's performance resulted in overall vesting of 92.7% of maximum opportunity, with all vested shares being subject to the 4-year holding period from grant.

Additional changes

During the Financial Year 2021, the Supervisory Board made use of the special derogation procedure contained within the GFG Remuneration Policy , as it was determined necessary to serve the long-term interest and the sustainability of the Company or to assure its viability. We invite you to read the details of the rationale and which aspect of the remuneration policy it applies as per the Special Derogation Procedure on page 60 of the report.

Looking ahead to 2022

As we head into 2022, the Supervisory Board would like to highlight several changes which we are intending to make as regards the application of the GFG Remuneration Policy and its oversight:

- Continued focus on sustainability – We have ambitious plans to be at the forefront of progress as the fashion industry moves to a more sustainable future. Aligned with the launch of our sustainability strategy for 2025-2030, we have incorporated a new sustainability-related performance measure into the 2022 STI, that will comprise of up to 20% of the overall incentive opportunity.

- Introduction of a Remuneration Committee from 1 January 2022 – In keeping with our commitment to robust and effective corporate governance, we have put in place a formal Remuneration Committee although this is not an explicit recommendation of the German Corporate Governance Code 2019. The Committee will report into the Supervisory Board and its remit will cover all elements of Management Board remuneration, ensuring rigorous oversight. The committee will seek external advisory support from time to time and as appropriate in order to support its work.

On behalf of the Supervisory Board

Cynthia Gordon

B. REMUNERATION FRAMEWORK FOR THE MANAGEMENT BOARD

GFG shareholders approved the revised Remuneration Policy at our 2021 AGM, which includes the remuneration framework applicable to members of the Management Board.

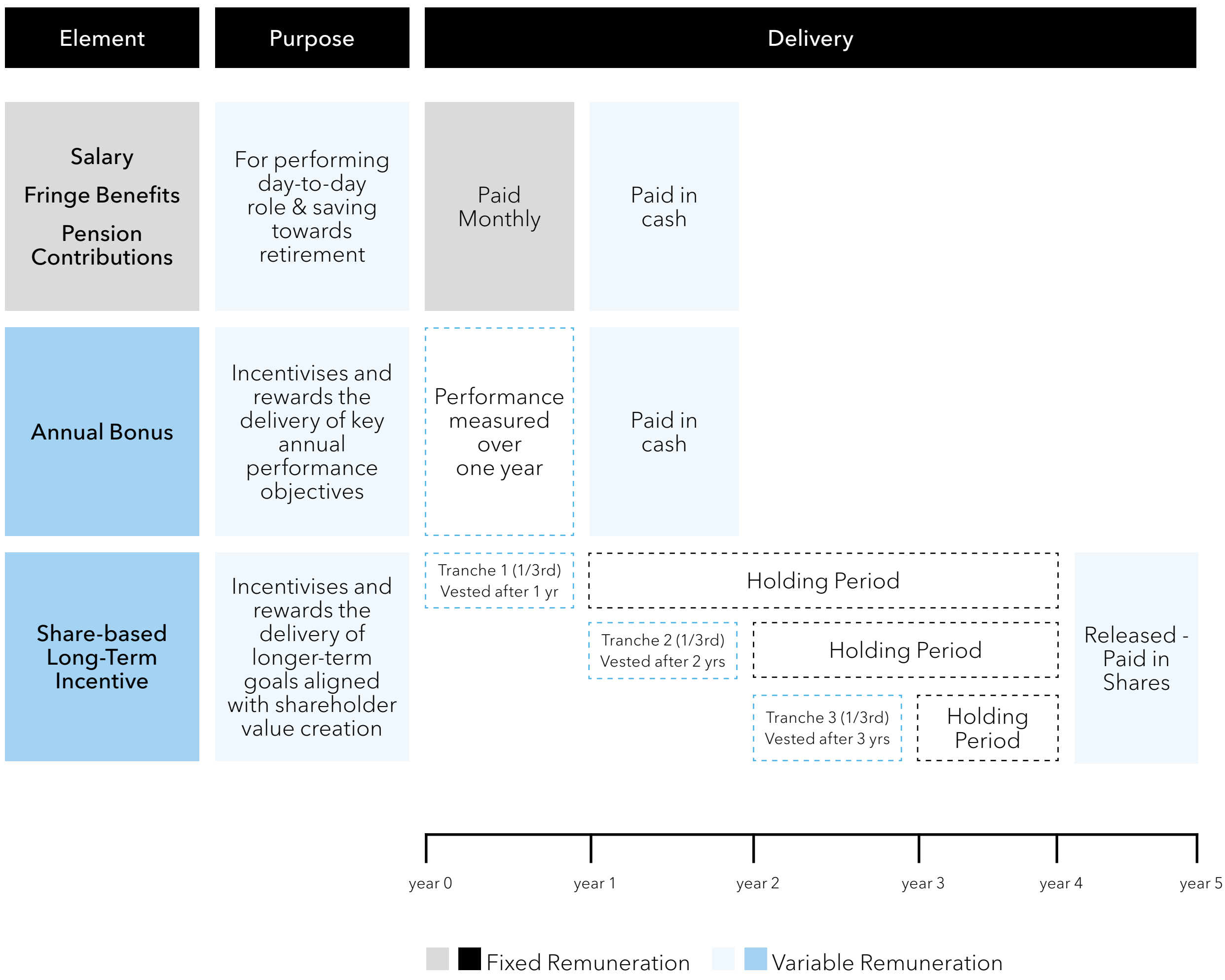
Our Remuneration Principles

The remuneration framework at GFG is designed to incentivise and reward performance that will lead to long-term and sustainable growth in shareholder value. To this end, the remuneration framework has been built around the following key principles.

Balanced package	Long-term alignment	Strategic alignment	Competitiveness
Appropriate balance between fixed and variable and short- and long-term elements of pay	Variable components align with and incentivise the delivery of long-term sustainable performance	Framework aligned with GFG's key strategic objectives and overall economic performance	Allows GFG to compete for talent in the key markets and industry in which it operates

Remuneration Framework – Summary

With these principles in mind, the Management Board remuneration framework is shown in more detail below.



The framework is intended to place appropriate balance between fixed and variable remuneration, and particular emphasis on the long-term element. We invite you to read the details of the actual remuneration mix for FY2021 on page 54. A long-term focus helps ensure that Management Board members should only receive significant reward for delivering strong and sustainable performance, while reducing the risk of payment for failure. It also clearly aligns the interests of the Management Board with those of GFG's shareholders.

Further information on each element of remuneration is provided in the table below, while our Remuneration Policy Report (as approved by shareholders at our 2021 AGM) provides further technical details.

Remuneration Framework – Further details

Fixed Pay

	Details
Fixed Annual Base Salary	• The Supervisory Board considers various factors in setting an appropriate salary for the role, including the Management Board members' individual responsibilities and performance, the usual level of remuneration for similar roles compared to the market, the Company's current economic conditions and pay ratios within the GFG employee base. • Generally reviewed annually with any increase typically taking effect from 1 January. • Payable in arrears in twelve equal installments.
Pension Contributions	• Structured as a cash supplement paid with the monthly base salary. • The level of pension contribution is above the minimum statutory requirements under applicable employment laws. • The Supervisory Board retains the discretion to contribute the pension directly into a pension fund and to reduce contribution amounts to statutory requirements. • No performance-based element
Other benefits	• May include insurance policies (health, life and income protection, directors and officers ("D&O")) without deductible payable by the Management Board member.

Variable Pay – (i) Current framework

The table below sets out details of the incentive plans under which future grants may be made. Legacy plans (i.e. those under which there is no intention to make further grants) are set out in section (ii).

Variable Pay – Current framework

Element	Details
Short Term Incentive Plan ("STI")	• Incentivise and reward for the delivery of pre-defined one-year financial and strategic business targets, and individual performance. • Normally delivered in cash. • Management Board members have an on-target opportunity of up to 50% of base salary for on-target performance and an opportunity of 75% for maximum performance, although the Supervisory Board may change these in exceptional circumstances (see Remuneration Policy for further details). • Weighting between company and individual performance is determined by contractual arrangements and the responsibilities of each position. • Measures for the 2021 Financial Year were Financial Metrics (80%) and Non-Financial objectives (20%) which consist of individual performance contributions focused on their specific areas of responsibility, their geographical or functional responsibilities. In 2021 progress against specific sustainability goals has attributed at least half of the 20% individual performance outcomes.
GFG Share Plan ("LTIP")	• Used to attract, motivate, and retain employees of the Company since the IPO. • Incentivise and reward for the delivery of longer-term financial and non-financial business objectives and generation of sustainable long-term returns for shareholders. • Management Board members may receive grants in the form of Restricted Stock Units ("RSUs") and / or Performance Stock Units ("PSUs"), although since 2020 only PSUs have been granted. • Awards typically vest in equal tranches over 3 years, with all tranches subject to a holding period of four years from grant. • Vesting of PSUs is subject to the achievement of annual performance conditions as determined by the Supervisory Board. • Malus and clawback provisions apply up to the end of the holding period. • Following the holding period, awards may be settled in shares or an equivalent amount in cash at the election of the Supervisory Board (although there is currently no intention to use the latter). • Measures for the 2021 Financial Year were NMV Growth in Constant Currency (50%) and Adjusted EBITDA as a percentage of Revenue (50%).

Variable Pay – (ii) Legacy plans

The table below sets out details of incentive plans under which there is no current intention to make future grants.

Variable Pay – Legacy plans

Element	Details
2016 Long-Term Incentive Plan ("2016 LTIP")	**No further grants will be made under the 2016 LTIP** • Used to attract, motivate, and retain employees of the Company prior to IPO. • Grants were awarded in the form of synthetic stock options over shares or in the form of cash awards, in each case vesting or maturing, as applicable, in equal tranches on a quarterly basis. • Also provided a right to participate in an internal liquidity event for the Financial Years 2018 and 2019 allowing the cash settlement of a limited number of vested awards under the 2016 LTIP and Legacy LTIP (see below). • All synthetic stock options were converted into stock options over GFG shares upon IPO. • Each vested stock option entitles the holder to acquire one share in the Company upon payment of the exercise price. • Options may only be exercised during prescribed exercise windows, subject to closed periods. • Synthetic stock options are subject to forfeiture including in case of termination for serious grounds or serious fault. • As a pre-IPO plan, awards are not subject to a holding period. • As at the end of 2021, all stock options awards held by members of the Management Board under this plan are fully vested.

C. MANAGEMENT BOARD REMUNERATION FOR 2021

This section describes the remuneration of the Management Board in relation to their contribution and performance during the Financial Year 2021. All remuneration awarded to the Management Board during 2021 was in line with the Company's Remuneration Policy.

i) Management Board – Individual total remuneration

The tables below set out (i) each individual's total remuneration in relation to 2021 and other relevant information, and (ii) their resulting balance of fixed and variable pay. The remainder of the section provides further information on the figures shown.

Christoph Barchewitz (Co-Chief Executive Officer)[1] year of Appointment to the Management Board: 2019

	Benefits Granted			Benefits Received	
In€m[2]	2021 (Min.)	2021 (Max.)	2020	2021	2020
Fixed Remuneration	642,021	642,021	610,500	642,021	610,500
Fringe Benefits	36,462	36,462	30,958	36,462	30,958
Total (fixed components)	**678,483**	**678,483**	**641,458**	**678,483**	**641,458**
Short-Term Incentive	-	481,516	305,250	193,900[3]	317,744
Long-Term Incentive[4]	-[5]	1,727,100[5]	1,905,321	1,559,589[6]	-
Total (variable components)	**-**	**2,208,616**	**2,210,571**	**1,753,489**	**317,744**
Pension Supplement	64,202	64,202	61,050	64,202	61,050
Total Remuneration	**742,685**	**2,951,301**	**2,913,080**	**2,496,174**	**1,020,252**

1 Mr. Barchewitz was appointed as Co-CEO on the 1 February 2018.

2 As the remuneration for Mr. Barchewitz is denominated in British pounds, exchange rates of 1£/€1.16 and 1£/€1.1 have been used for 2021 and 2020 respectively. The difference between 2021 and 2020 benefits received and benefits granted is due to the £/€ exchange rate.

3 Reflects an overall performance outcome of 60.4% of target – further information is shown on page 56.

4 The value of Long-Term Incentives are based on the fair value determined at the grant date.

5 The first tranche of the grant under the 2019 LTIP which was made during the reporting period grant date of 30 March 2021 will vest on 30 April 2022 and remains subject to the holding period until 1 April 2025. The remaining tranches will vest on 30 April 2023 and 30 April 2024 and remain subject to the same holding period.

6 This figure includes the exercise of share options in March 2021 which were granted under legacy arrangements, further details of which are provided on page 60.

Patrick Schmidt (Co-Chief Executive Officer)[1]
year of Appointment to the Management Board: 2019

	Benefits Granted			Benefits Received	
In€m	2021 (Min.)	2021 (Max.)	2020	2021	2020
Fixed Remuneration[2]	575,000	575,000	575,000	575,000	575,000
Fringe Benefits	20,288	20,288	21,948	20,288	21,948
Total (fixed components)	**595,288**	**595,288**	**596,948**	**595,288**	**596,948**
Short-Term Incentive	-	431,250	287,500	173,659[3]	287,500
Long-Term Incentive[4]	-[5]	1,727,100[5]	1,905,321	3,020,880[6]	-
Total (variable components)	**-**	**2,158,350**	**2,192,821**	**3,194,538**	**287,500**
Pension Supplement	15,846	15,846	-	15,846	-
Total Remuneration	**611,133**	**2,769,483**	**2,789,770**	**3,805,672**	**884,448**

1 Mr. Schmidt was appointed as Co-CEO on the 1 February 2018.

2 Fixed Remuneration includes salary and any cash pension supplement (paid in lieu of participating in a defined contribution pension plan).

3 Reflects an overall performance outcome of 60.4% of target – further information is shown on page 56.

4 The value of Long-Term Incentives are based on the fair value determined at the grant date.

5 The first tranche of the grant under the 2019 LTIP which was made during the reporting period grant date of 30 March 2021 will vest on 30 April 2022 and remains subject to the holding period until 1 April 2025. The remaining tranches will vest on 30 April 2023 and 30 April 2024 and remain subject to the same holding period.

6 Shares were delivered at Fair Market Value at the vestind date to cover the tax liability that crystalised upon vesting, further details of which are provided on page 60. The proceeds remain under holding.

Matthew Price (Chief Financial Officer)[1]
year of Appointment to the Management Board: 2019

	Benefits Granted			Benefits Received	
In€m[2]	2021 (Min.)	2021 (Max.)	2020	2021	2020
Fixed Remuneration	507,643	507,643	462,000	507,643	462,000
Fringe Benefits	572	572	46,200	572	46,200
Total (fixed components)	**508,215**	**508,215**	**508,200**	**508,215**	**508,200**
Short-Term Incentive	-	380,732	231,000	153,316[3]	231,000
Long-Term Incentive[4] (Total)	-[5]	1,114,920[5]	741,530	-	-
Total (variable components)	**-**	**1,495,652**	**972,530**	**153,316**	**231,000**
Pension Supplement	50,764	50,764	-	50,764	-
Total Remuneration	**558,980**	**2,054,632**	**1,480,730**	**712,295**	**739,200**

1 Mr. Price was appointed as CFO on the 9 April 2019

2 As the remuneration for Mr. Price is denominated in British pounds, exchange rates of 1£/€1.16 and 1£/€1.1 have been used for 2021 and 2020 respectively. The difference between 2021 and 2020 benefits received and benefits granted is due to the £/€ exchange rate.

3 Reflects an overall performance outcome of 60.4% of target – further information is shown on page 56.

4 The value of Long-Term Incentives are based on the fair value determined at the grant date.

5 The first tranche of the grant under the 2019 LTIP which was made during the reporting period grant date of 30 March 2021 will vest on 30 April 2022 and remains subject to the holding period until 1 April 2025. The remaining tranches will vest on 30 April 2023 and 30 April 2024 and remain subject to the same holding period.

ii) Management Board – Individual remuneration mix

Management Board Remuneration Mix

	Benefits Granted		Benefits Received
	2021 (Min.)	2021 (Max.)	2021
Christoph Barchewitz			
Fixed Remuneration	100%	25%	30%
Variable Remuneration	0%	75%	70%
Patrick Schmidt			
Fixed Remuneration	100%	22%	16%
Variable Remuneration	0%	78%	84%
Matthew Price			
Fixed Remuneration	100%	27%	78%
Variable Remuneration	0%	73%	22%

Salary

In December 2020, we undertook an industry peer benchmarking exercise with our external independent advisers Willis Towers Watson, for the Management Board members. The results indicated that the base salaries for our Management Board members are in line with the peer group median. However, a salary adjustment of 6% increase to base salary was applied for Mr. Matthew Price. This reflects the broader ongoing contribution and seniority of the CFO role and as a member of the Management Board.

Finge Benefits

Benefits which the Management Board members received during 2021 and which are captured in the figure shown above include health insurance, life & income protection insurance.

Pension Contributions

For 2021, the pension contributions for Mr. Christoph Barchewitz, Mr. Patrick Schmidt and Mr. Matthew Price were provided with a cash supplement in lieu of pension participation, paid with the monthly base salary.

2021 Annual Short Term Incentive

At the start of 2021, stretching financial performance targets and individual objectives were set under the short-term incentive of the Management Board. Performance against these targets was subsequently assessed by the Supervisory Board following year-end.

Financial Performance Payout

Financial metrics (80%)	Weighting %	Performance Range	Achievement	Pay-out %	Weighted Payout %
NMV	40	20.8% to 31.2%	23.9%	80.0	25.5
Adjusted EBITDA Margin (% Revenue)	30	0.3% to 2.9%	0.87%	72.5	17.4
Cash-flow (€m)	30	(€106m) to (€78m)	(157.4)	-	-
Final FY2021 Financial Performance Payout					**42.9**

Individual Performance Payout

Individual Objectives (20%)	Weighting %	Target %	Achievement %	Weighted Payout %
Agreed objectives for each Management Board member focused on three areas - (i) the individual's area of responsibility, (ii) geographical and functional responsibilities, and (iii) GFG's non – financial and strategic priorities				
Individual Objectives	50	100	93	9.3
Sustainability Objectives	50	100	82	8.2
Final FY2021 Individual Performance Payout				**17.5**
Total 2021 STI Payout				**60.4**

As above, based on overall financial and individual performance during 2021, the Supervisory Board has determined that the annual STI was achieved at 60.4% of target.

Long Term Incentive ('LTIP') — Awards granted during 2021

During the financial year 2021, Management Board members received awards under the GFG Share Plan. As was the case for 2020, awards were granted in the form of PSUs, reflecting GFG's pay for performance ethos.

PSU awards are divided into three equal tranches, vesting after 1, 2 and 3 years respectively. The metrics and targets for each tranche are set annually at the start of each financial year. The extent to which the targets are achieved determines the vesting level for the associated tranche. All tranches are subject to a holding period of 4 years from grant.

2021 Grant Tranches	Applicable Financial Performance period
Tranche 1 - vesting 2022	1 Jan -31 Dec 2021
Tranche 2 - vesting 2023	1 Jan - 31 Dec 2022
Tranche 3 - vesting 2024	1 Jan - 31 Dec 2023

The performance conditions attached to Tranche 1 of the 2021 Grant – NMV Growth in Constant Currency and Adjusted EBITDA as a percentage of Revenue – remain aligned with GFG's key strategic areas of focus and incorporate realistic yet stretching organisational targets.

Number of PSUs granted (2021 Grant)

Management Board Member	'On target'	'At Maximum'
Christoph Barchewitz	106,050	151,500
Patrick Schmidt	106,050	151,500
Matthew Price	68,460	97,800

Awards are subject to malus and clawback provisions for four years from grant, with trigger conditions which include material misstatement, an error in assessing the performance condition, serious misconduct or material error on behalf of the participant, as well as other circumstances as considered appropriate by the Supervisory Board.

Long Term Incentive – Outstanding awards

The table below provides further information as to the number of units outstanding under the GFG Share Plan and the 2016 LTIP legacy plan. The Awards made during 2021 (as described above) can be seen under the line "Granted during the reporting period".

LTIP
(Unless otherwise stated this table refers to the GFG Share Plan)

	Christoph Barchewitz [1]			Patrick Schmidt [1]			Matthew Price [1]	
	RSUs	PSUs	Stock Options	RSUs	PSUs	Stock Options	RSUs	PSUs
Outstanding at the beginning of the reporting period	310,800	461,777	736,115	310,800	461.777	671,517	188,160	191,753
Granted during the reporting period	-	151,500 [2]	-	-	151,500 [2]	-	-	97,800 [2]
Vested during the reporting period	103,600	149,403 [3]	-	103,600	149,403 [3]	-	62,720	62,299 [3]
Delivered during the reporting period	-	-	-	103,600 [4]	149,403 [4]	-	-	0
Forfeited/expired during the reporting period	-	11,752 [5]	-	-	11,752 [5]	-	0	4,901 [5]
Exercised during the reporting period (2016 LTIP)	-	-	127,940	-	0	-	-	0
Outstanding at the end of the reporting period (including 2016 LTIP) [8]	310,800	601,525	-	207,200	452,122	-	188,160	284,652
Exercisable at the end of the reporting period	**-**	**-**	**608.175** [6]	-	**-**	**671,517** [7]	**-**	**-**

1 Appointment to the Management Board in June 2019.

2 The final number of units to be released will depend on the achievement of the pre-defined Performance Conditions over a one-year performance period.

3 Based on PSU performance conditions achievement during the performance period (i.e. 92.70% of maximum opportunity).

4 The 253,005 shares were delivered to cover the tax liability that crystalised upon vesting. Out of this, 142,110 were sold by to cover the tax liability and the remaining 110,895 are blocked and remain under the holding period.

5 Represents the non-vested portion of the PSUs resulting from the performance conditions achieved vs. maximum potential.

6 Options with strike prices ranging from €5.37 to €7.99. No more options will be granted under this program.

7 Options with strike prices ranging from €0.01 to €7.99. No more options will be granted under this program.

8 Including all units under holding.

Below provides more detailed information in relation to the 2016 LTIP exercise and GFG Share Plan delivery reported in the above.

Patrick Schmidt
On 27 May 2021, 253,005 shares were delivered to Patrick Schmidt as a result of the release of vested restricted stock units and performance stock units. The fair market value on the date of release was € 11.94.

The release of such vested units is due to the vesting date being the point of taxation in the jurisdiction applicable to Patrick Schmidt. To cover this liability, 142,110 shares were sold on behalf of Patrick Schmidt on 1 June 2021 at a price of € 11.94, with the remainder of the delivered vested units continuing under the holding period.

Christoph Barchewitz
During the year, Christoph Barchewitz exercised 127,940 synthetic stock options on 23 March 2021 at a strike price of € 0.01. The fair market value on the date of exercise was € 12.20. The exercise was net settled and as a result 67,752 shares were released to Christoph Barchewitz, while 60,188 shares were withheld to settle tax and social security liabilities.

The Company did not apply malus or clawback with respect to any awards held by Management Board members during the financial year 2021.

Change in pay of Management Board Members

The diverse footprint over which GFG operates, combined with 15,480 employees and its decentralised approach to defining appropriate remuneration, makes it difficult for the Company to establish an average remuneration for GFG for past Financial Years for the purpose of comparing the remuneration of the Management Board. GFG strives to provide remuneration packages that are both competitive externally and proportionate internally for the markets in which we operate. For comparison externally against peers that are comparable and representative of the common market in which GFG operates, the remuneration of the Management Board is in line with market median total cash level.

Use of the Special Derogation Procedure under the Remuneration Policy in 2021

In the ordinary course of events, the remuneration policy approved at the 2021 AGM allows GFG to contractually agree a severance package that is compliant with the German Corporate Governance Code (which contains a cap of twice the individual's total annual remuneration) and to contractually agree to a change of control provision provided it remains within the severance cap. During the year, following the annual sector benchmarking review, the Supervisory Board determined that the Management Board's non-existing provision for the treatment of remuneration in case of change of control significantly departs from the practice reflected in the sector.

The special derogation procedure set out in the remuneration policy allows the Supervisory Board to temporarily derogate from the policy in exceptional circumstances where the derogation is necessary to serve the long-term interest and the sustainability of the Company or to assure its viability. The derogations include the determination of the payout caps of the variable remuneration, the payment of severance pay beyond the contractually agreed provisions and caps and the acceleration of the Vesting schedule. A resolution of the Supervisory Board assessing the exceptional circumstances and making a determination is required.

The Supervisory Board determined it was in the best interests of GFG and our shareholders that Management Board members' contractual provisions better align with our sector such that they should not be unduly influenced or risk suffering a possible conflict of interest in connection with their remuneration during a potential change of control event and to ensure their contractual treatment contributes to the retention of an experienced and qualified Management Board to lead the Company to deliver its ambitious goals. The Supervisory Board determined that this constituted an exceptional circumstance and the derogation from the policy was considered appropriate and necessary to serve the long-term interest and the sustainability of the Company or to assure its viability in the best interests of GFG and our shareholders. As such, the Supervisory Board passed a resolution approving the use of the special derogation procedure contained within the policy. The following was agreed under the derogation procedure as reported in our Declaration of Compliance with the German Corporate Governance Code:

- That upon termination in connection with a change of control event, the severance cap recommended by the Code may be exceeded, although this will primarily depend on the GFG share price at the time.

- Upon a change of control event, the employment agreements of Management Board members provide for a partial acceleration of 75% of unvested equity, independently of whether the event leads to early termination. In the case of early termination, there is a possibility that this would lead to the severance cap being exceeded.

1.8 FINANCIAL REPORTING

At the AGM on 26 May 2021, Ernst & Young ("EY") were re-elected as the independent auditor of the separate and consolidated financial statements. In preparation, Ernst & Young presented a statement of compliance with the relevant ethical requirements on independence and disclosed that there are no business, financial, personal or other relationships between the auditor, its governing bodies and audit managers, on the one hand, and the Company and its directors, on the other, which could give cause to doubt the auditor's independence.

GROUP MANAGEMENT REPORT

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GROUP MANAGEMENT REPORT

FUNDAMENTAL INFORMATION ABOUT THE GROUP

2.1 BUSINESS MODEL AND GROUP STRUCTURE

- Leading fashion and lifestyle destination in our 17 countries of operation.
- Global business with deep local roots.
- Connecting one billion potential consumers with thousands of global, local and own brands via four well established Ecommerce platforms.

Business model

Global Fashion Group is the leading fashion and lifestyle destination across its 17 countries of operation and four main geographic regions: Latin America (LATAM), the Commonwealth of Independent States (CIS), South East Asia (SEA) and Australia and New Zealand (ANZ). As a global business with deep local roots in markets with diverse cultures and lifestyles, this diversity is at the heart of the customer proposition and gives real meaning to the Company's Purpose of 'True Self-Expression'. From its people to customers and partners, the Company exists to empower everyone to express their true selves. Covering the entire value chain of an online retailer, GFG provides customers with an inspiring and seamless shopping experience from discovery to delivery.

GFG connects a population of one billion potential consumers with thousands of brands, representing the global and local brands as well as their own brands via four well-established Ecommerce platforms. Each platform is operated under an individual brand name: Dafiti (in Argentina, Brazil, Chile and Colombia), Lamoda (in Belarus, Kazakhstan, Russia, and Ukraine), ZALORA (in Hong Kong, Indonesia, Malaysia, the Philippines Singapore, Brunei and Taiwan) and THE ICONIC (in Australia and New Zealand). In markets with low online penetration and high growth opportunities, GFG sets the benchmark in online fashion and lifestyle, with the Vision "To be the #1 destination for fashion & lifestyle in growth markets". The Group's local expertise provides inspiring and seamless customer experiences and the Company is committed to doing this responsibly by striving to be People and Planet Positive across everything it does.

The Group's customers are young, diverse, highly engaged and digitally native. They are predominantly female, and aged between 16 and 45 years. This customer segment demonstrates an 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 49 million social media followers across the top-five social media platforms in our markets, GFG's customers love interacting with its content and apps.

GFG offers customers an assortment that is both expansive and relevant, reflecting the scale and diversity of its markets. Covering all key fashion and 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 its diverse customer base. The Group's 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.

Products are sourced from brand partners via two business models: Retail, where the inventory of products sold to customers is owned by the Group, and Marketplace, where brand partners list their products on GFG's apps and websites. During FY21, Marketplace share grew by 7 percentage points, achieving a 38% share of NMV. As the only online fashion and lifestyle platform of scale across its markets, GFG facilitates market entry for these brands and helps them overcome the traditional challenges of customer acquisition, logistics, infrastructure, geography and regulatory processes.

GFG assists its brand partners in developing their overall Ecommerce capabilities by providing distinct Platform Services. These include: 'Operations by GFG' (fulfilment services for products that brands sell via Marketplace or on their own online channels), 'Marketing by GFG' (marketing services paid for by brands to promote their product) and 'Data by GFG' (data analytics with respect to customers, traffic and product).

The Group's operational infrastructure is fashion-specific, highly efficient and scaled for growth. GFG operates nine regional fulfilment centres with a total storage capacity of over 36 million items. 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 45 options available across GFG markets. Customer support is provided in house 24/7 in the majority of markets and in eleven different languages. This commitment to delivering an outstanding shopping experience to customers has yielded a consistently high net promoter score ("NPS") of around 80 over the last three years.

While the entire business is underpinned by technology, it is the highly diverse team of 15,480 people – with a passion for fashion and lifestyle and strong capabilities across all of the disciplines needed to execute the business model – with a unique combination of art and science that brings about GFG's compelling customer proposition.

GFG's data science teams are at the forefront of innovation, creating smart solutions from deep and relevant insights. The Group's technology teams then build apps that leverage these insights to help improve decision-making across the business on a daily basis. Based on these foundations, GFG's 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 customers via apps that offer inspiration and style at your fingertips, through personalised browsing, engaging content and relevant product recommendation. Once an order is placed, 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 service teams.

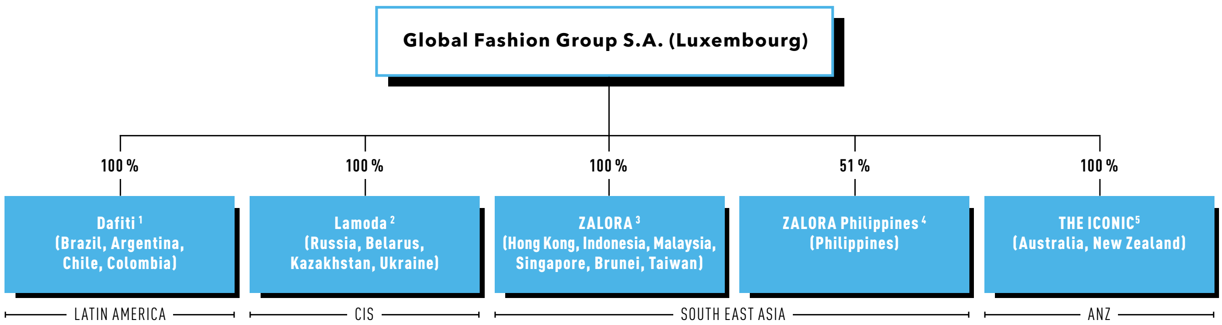
GFG's teams also combine strong global expertise with deep local know-how, with more than 99% of colleagues based in countries of operation.

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 1.6 of the Group Annual Report for composition of subscribed capital and own shares and refer to section 1.7 for shares awarded to the Management Board.

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 2021, 71 entities are consolidated in the consolidated financial statements of the Group. See note 7 in the notes to the consolidated financial statements for more information.



1 *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.

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

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

4 *ZALORA* Philippines operations are conducted by BF Jade E-Services Philippines Inc.

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

Business segments

The Group consists of four operating segments, which also comprise its reportable segments: LATAM, CIS, SEA and ANZ. Each operating business of the Group is the leading online fashion retailer in its respective region[1].

LATAM
GFG operates under the Dafiti brand, launched in 2011, in Brazil, Argentina, Chile and Colombia.

CIS
GFG operates under the Lamoda brand, launched in 2011, in Russia, Belarus, Kazakhstan and Ukraine.

SEA
GFG operates under the ZALORA brand, launched in 2012, in Singapore, Hong Kong, Indonesia, the Philippines, Malaysia, Brunei and Taiwan.

ANZ
GFG operates under THE ICONIC banner, which was launched in late 2011, in Australia and New Zealand.

1 Source: Euromonitor International

2.2 CORPORATE STRATEGY AND TARGETS

Guided by its purpose of 'True Self-Expression' and vision of being the #1 fashion and lifestyle destination in its markets, GFG is the leading player in 17 high-growth markets, where fashion and lifestyle spending is expected to benefit from positive demographic changes and an accelerating shift from offline to online.

Covid-19 continues to be an important consideration across our markets which have not yet recovered to pre-pandemic levels. The latest data from Euromonitor indicates that in 2021 these 17 markets accounted for €270 billion of the global market for fashion and lifestyle (online and offline combined), down from €280 billion in 2019. However, Ecommerce has benefitted from changes in customer behaviour as more customers have shifted to the online fashion and lifestyle market in GFG. Online penetration across our target markets has increased from an average of 9% to 16% over the same period.

GFG intends to leverage its market-leading positions, scale, local know-how and operational excellence through three strategic priorities:

1. Best in class customer experience.

An unparalleled, broad and relevant assortment across fashion and lifestyle categories

During 2021, GFG further increased the breadth of its assortment, broadening into new complementary categories such as Beauty and Home, as well as growing the share of its premium and luxury offering to reach 13% of NMV.

Partnering with 40 of the top 50 global fashion brands, GFG offers the most relevant assortment to its customer base. GFG is able to further expand its assortment offering by leveraging its Marketplace business model, which allows it to offer customers more options without taking on inventory risk. 90% of GFG's top 30 global brands have adopted a hybrid partnership model by moving some of their product onto Marketplace.

An inspiring and seamless digital experience for customers

GFG's shopping app is best-in-class, with 63% of 2021 NMV now generated from app. GFG's app creates a more personalised experience for customers, with sophisticated search and recommendation, visual search, virtual try on and other discovery capabilities.

Leveraging the vast and rich data generated by its app, GFG provides customers with a personalised and inspiring shopping experience. As more data is collected, products can be further tailored to optimise the assortment offered, and improve the personalisation, convenience and presentation of products.

First-class operational infrastructure

The Group is focused on improving customer convenience by enhancing its operational infrastructure. For example, in Russia, GFG has added 200 pick up points and extended its delivery network to include 120 more cities. This means that over 90% of customers now use GFG's try-on service, with customers able to choose home delivery or pick-up point collection within an hour of their choice. In Brazil, GFG sees significant opportunity to boost Ecommerce demand by developing a more convenient return service. Accordingly, Dafiti has materially increased the number of drop-off points to which customers can return items. Dafiti has also doubled the number of orders eligible for a home return service ensuring returns are more convenient.

Overall, providing a best-in-class customer experience feeds into GFG's customer and brand partner flywheel. Attracting more new customers and increasing repeat orders by existing customers helps the Group benefit from economies of scale. In turn, it can make more investments into selection, which strengthens GFG's partnerships with key brands. Stronger partnerships with brands enables the Group to include better products in its assortment and achieve higher margins, thus reinforcing the flywheel.

2. Partner of choice for brands.

Unlocking complex markets

For brand partners, GFG offers instant access to highly engaged audiences in large and growing fashion markets, along with flexible and tailored support in selling their products to customers. These markets are typically not straightforward for brands to access directly due to complexities related to infrastructure, geography, regulation and cultural differences. By connecting to GFG's best-in-class Ecommerce platform, global and local brands are able to connect directly with GFG's growing base of 17 million active customers.

Offering flexible business models

GFG offers multiple partnership models tailored to brands' needs. Under the 'Retail' model (62% of 2021 NMV), the Group owns, holds and fulfils stock – this is ideally suited for low-risk, fast-moving inventory. Under the 'Marketplace' model (38% of 2021 NMV), GFG connects brands to its platform, where they act as sellers on GFG's apps and websites. Marketplace allows GFG to provide a broader assortment of products, including new products with an unproven sell-through rate, without inventory risk.

There are multiple initiatives in place to further scale GFG's Marketplace business, including Size Refill functionality which will leverage Marketplace to increase assortment depth as well as width. Overall, GFG's top global brand partners are increasingly adopting hybrid models across Retail and Marketplace, reflecting the flexibility that GFG's platform offers.

Unrivalled Platform Services

Having developed leading Ecommerce capabilities for its core business, GFG also extends these capabilities as 'Platform Services' to its brand partners. With regards to its Operations, the Group leverages its infrastructure to support brands that sell products through either GFG's Marketplace platform or via their own websites, by offering them value-added services such as content production, warehousing, delivery and customer service. With regards to Marketing and Data Analytics, GFG leverages the expertise, insights and access it has to its large audience to help brands increase their reach and make data-driven commercial decisions. GFG intends to deepen the services offered, enabling stronger relationships with current brand partners and to attract new brand partners to join the GFG ecosystem. Increased participation of Platform Services allows the Group to better utilise its existing resources and generate additional revenue.

Enabling stronger relationships with current and future brand partners

Over time, GFG intends to continue making significant progress towards becoming a platform business that is the undisputed partner of choice for brands and deeply embedded in the broader fashion ecosystem. GFG's target is to grow the NMV share of Marketplace towards 50% to expand selection and reduce inventory risk, and to scale Platform Services to 5-10% of Revenue.

3. People & Planet Positive.

In line with our vision to be People & Planet Positive worldwide, sustainability continues to be at the core of our strategy and during 2021 we continued to invest heavily in all aspects of this agenda.

Our comprehensive auditing programme of factories in our own-brand supply chain has continued, as has our investment in training for suppliers on our expectations in relation to key ethical trade topics such as wages and subcontracting. We became carbon neutral for our own operations and outbound deliveries during 2021 and our rigorous assessment of our carbon footprint across all scopes informed the development of our Science Based Targets. Now submitted, we await approval of these by the Science Based Targets Initiative. Our transition of own-brand products to be made from less environmentally harmful materials is ongoing and with sustainable shopping edits live in all GFG markets, we have significantly increased the proportion of NMV from the sale of products meeting GFG's sustainable product criteria. GFG's preloved offering was extended beyond SEA to also include LATAM and amongst other circularity initiatives, in ANZ we partnered with AirRobe, a second-hand fashion marketplace, which enabled customers to list their items for future resale with one click. Our waste tracking and management practices and the proportion of waste which is able to be recycled has continued to improve and all our regions are using customer delivery packaging that incorporate more sustainable materials.

Key drivers identified to increase profitability

We continue to make progress in building a diverse and inclusive workplace with our focus in 2021 on developing a deep understanding of the Group Framework & Principles and how to bring these to life through practical actions and initiatives. Each of our GFG markets has now mapped the baseline goals and targets and established a diversity & inclusion plan that supports the overall Group commitments. We also made good progress with creating a workplace where our employees agree they 'feel a sense of belonging where they can be their true authentic selves at work' and we continued to attract and retain a healthy balance of men and women across all levels of the company.

Our Responsible Workplace programme continues our commitment to providing a workplace where people are free from harm, where the environment enriches their work, and allows them to be their best self. Our focus in 2021 has been establishing our Health, Safety & Wellbeing management system with an aligned culture maturity assessment model that supports the identification of strategic priorities. We established a consistent Group wide Risk Assessment for our Operations and finalised the Group wide Responsible Workplace Commitment statement that provides all employees a clear commitment from our management teams globally.

2021 saw GFG's Business Conduct & Ethics Programme reach a new level of maturity with developments across a number of strategic policy matters, including a refresh of the Business Conduct & Ethics Code and maturing the Speak Up! & Non-Retaliation Programme to reflect the new requirements of EU Directive 2019/1937. Further, all GFG Regions and offices now have a Governance Manual, which codifies best practices and we finalised the implementation of ISO 31000 as part of our GRC 2.0 Programme, in addition to appointing Money Laundering officers in two additional countries.

A full summary of our progress and performance in delivery of our People & Planet Positive agenda will be published in our People & Planet Positive Report on 7 April 2022.

In addition, with the delivery of our current strategy and targets we invested this year in the development of a new set of long term People & Planet Positive commitments. The strategic design process has been both comprehensive and collaborative, involving:

1. **Desktop research:** Reviewing 'global perspectives' on sustainability in fashion and Ecommerce, the issues that stakeholders deem material, the activity of peers and competitors and the broad expectations of a listed business in Europe.

2. **Initial draft of strategic priorities:** Informed by this research an initial draft of the strategic priorities was developed by our internal sustainability experts including the key focus areas for each strategic priority and a suite of potential targets for adoption.

3. **Regional feedback and engagement:** Engaged extensively with internal and external stakeholders in our operating regions to test and refine the draft strategic priorities and targets, ultimately ensuring their suitability for our operations and unique footprint.

4. **Group-wide materiality process:** Concurrently engaged 30+ internal and external group stakeholders on their perspective of the most material issues to GFG. Incorporated findings from research conducted with customers in all our operating markets.

Combining all inputs above, the draft strategy was updated and approved by the GFG Executive, the Management Board and Supervisory Boards. The resulting output covers six strategic priorities: Climate Action, Circularity & Conscious Consumption, Fair & Ethical Sourcing, Responsible Workplace, Diversity, Inclusion & Belonging and Responsible Business. Supported by a suite of Group-wide targets up to 2025 or 2030 depending on the topic, each strategic priority addresses a number of key material issues that are relevant to GFG as well as the wider fashion and Ecommerce industry, explained in detail below:

Climate Action

Sustainable packaging and shopping edits offered by all Regions

We prioritise the transition to lower-carbon ways of working to mitigate our climate impacts and adapt to a low carbon economy in both our operations and our supply chain. Building on our science-based emission reduction targets and carbon neutrality in our operations and customer delivery, GFG is committed to:

1. Transitioning our assortment from both our own and third-party brands, to be made from lower carbon materials and processes;

2. Embracing renewable energy alternatives and improving the energy efficiency of our operations, innovating in lower carbon logistic alternatives for our inbound and outbound logistics and rolling them out at scale across our markets;

3. Preserving and promoting responsible use of natural resources, particularly in our supply chain; and

4. Harnessing the power of employees to have a positive impact through community engagement.

Circulatory & Conscious Consumption

We pursue a comprehensive approach to contribute to a circular fashion ecosystem and engage with and educate our customers by going beyond the basics and embedding circular thinking throughout the business. With all Regions now offering either recycled or composted delivery packaging and sustainable shopping edits to enable our customers to shop by their values, GFG is committed to:

1. Continuing to pursue reduction of its waste and packaging footprints while also improving the circularity outcomes of what remains;

2. Investing in responsible production systems to extend product life and the circularity of product; and

3. Building our customers capacity to support sustainable and circular fashion through information, education and circularity solutions.

Fair & Ethical Sourcing

We go beyond basic systems for compliance to ensure decent working conditions and human rights in our product supply chain and work with brands who share our commitment to decent working conditions and verify the existence of those. Building on our established ethical sourcing programme in our own-brand supply chain ethical trade programme in Tier 1 factories, GFG is committed to:

1. Investing in traceability and worker dialogue to ensure fair and ethical working conditions and wages for people throughout our supply chain;

2. Assessing our own purchasing practices and ensuring responsible purchasing principles are embedded in the way we trade; and

3. Demonstrating our commitment to decent work by actively seeking to improve livelihoods in our supply chain.

Diversity, Inclusion & Belonging

Diversity, Inclusion and Belonging ("DIB") is more than just a strategy, it's what we believe and how we lead. It's how we improve our business performance and build on GFG's reputation in the industry. At GFG we describe the power of inclusion as "true self expression", where everyone can be their authentic self and express the best version of themselves.

Building on the establishment of the Group DIB Framework, GFG is committed to:

1. Inclusive leadership training & awareness to ensure we recognise and remove bias;

2. Assessing and reviewing our hiring practises to ensure inclusive and accessible to all candidates; and

3. Ensuring we are actively listening and working with our employees through Allyships and other diversity employee forums to improve our workplace practises.

Responsible Workplace

A responsible workplace, safe for all of those directly and indirectly involved in getting our products to customers. We commit to a workplace free from harm and proactively work to prevent injury through visible leadership supported by a clear management system and policies.

GFG is committed to:

1. Visible and felt leadership, role modelling with shared accountability for ensuring a workplace free from harm;

2. Proactive compliance with authority and legislation with effective and timely investigation and remediation; and

3. Clear and simple measurement that creates transparency with reporting to drive proactive investment to improve and reduce risk of harm.

Responsible Business

We conduct our business with intention, integrity and transparency to drive success and benefit our stakeholders, globally. To ensure the highest standards of ethical corporate behaviour, good governance and doing business responsibly, GFG is committed to:

1. Effective & transparent Corporate Governance;

2. Business Ethics training & awareness;

3. Social Governance in the manner we bring products to market; and

4. Responsible use & safeguarding of customer data.

More information on GFG's progress and the strategic priorities and targets will be reported in the Group's People & Planet Positive Report, published on 7 April 2022.

OTHER NON-FINANCIAL INFORMATION

Other non-financial information, such as environmental, social, human rights and the fight against corruption, along with the introduction of reporting against the newly introduced EU Taxonomy is contained in the Group's People & Planet Positive Report which will be available on our website on 7 April 2022.

2.3 INTERNAL MANAGEMENT SYSTEM

The Management Board is responsible for steering the Group both on a segmental level (i.e. LATAM, CIS, SEA and ANZ) 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.

2.4 EMPLOYEES

At the end of 2021, the GFG team consisted of 15,480 employees inclusive of all hourly paid employees (2020: 13,751), representing a year-on-year increase of 13%. The average headcount increased to 14,127 (2020: 13,291) employees, driven mainly by the development of warehouse, fulfilment and delivery capabilities across the Group along with strategic investments in our Technology teams.

2.5 RESEARCH AND DEVELOPMENT

An experienced global team of more than 1,200 engineers, product managers and data scientists develop, operate and maintain a scalable, custom-built technology platform that is integrated across the operations within each region, and reflects both the global and local nature of the Group's business. Technology stacks are tailored to each major market, and provide substantial flexibility, enabling GFG to efficiently respond to local business expectations and regulatory requirements.

In order to continuously strengthen the team's presence in each region, a global technology talent pool is maintained.

REPORT ON ECONOMIC POSITION

2.6 MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

GFG operates in the online fashion and 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 and lifestyle sector, and within this sector, development of the online channel.

The Covid-19 pandemic has continued to have a significant impact across our markets during 2021. Our markets have not seen the benefit of vaccinations to the same extent as the USA/EU and our regions are less well protected by social benefits. Together this means we have seen more impacts from Covid-19 and experienced restrictions across every region. The impact of government interventions affected macroeconomic conditions across our markets at different times and with different consequences. According to IMF estimates, real GDP experienced growth in all four of our geographic reporting segments. In Australia, Brazil and Russia, the largest countries by revenue in the Group, GDP grew by 3.6%, 4.7% and 4.5% respectively[1]. The economic outlook for 2022 suggests a continued recovery, but in LATAM, especially Brazil, secondary Covid-19 impacts are expected to continue and the macroeconomic outlook has worsened. Brazil's GDP growth forecast for 2022 is just 0.3% and the country is facing high levels of unemployment and inflation. Positive real GDP growth is expected for every country of operation in 2022.

Since GFG's operations are predominantly in countries outside of the eurozone, practically all of its revenues and costs are denominated in currencies other than the Euro (€). GFG is therefore exposed to fluctuations in the values of these currencies relative to the Euro. In 2021 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 2021 83% of our cash flows in our four 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 and lifestyle sector are expected to outperform the overall sector, with an annual growth rate of 14% from 2021 to 2025. With a market volume of €298 billion in 2021, online sales comprised only 16% of total spend in the fashion and lifestyle sector. Given online penetration of the fashion and lifestyle sector was 33% in the US, and 19% in Western Europe in 2021, we believe this indicates significant headroom to grow online penetration in our markets.

The overall fashion and lifestyle sector in GFG's geographic footprint is expected to develop favourably with an estimated annual growth rate of 9% from 2021 to 2025. This growth rate is considerably higher than the annual growth rate forecast for developed markets as 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: IMF World Economic Outlook Update, January 2022.

GFG's markets are at an earlier stage in the structural shift of fashion and lifestyle spend from offline to online than either the US and Western Europe, and 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;
- A significantly smaller bricks-and-mortar fashion retail offering in our markets;
- 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 its markets, it has the opportunity to be one of the major beneficiaries of these developments. GFG is the market leader in its sector and footprint, and will continue to focus on growth and gaining further market share.

2.7 SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Since the outbreak of the Covid-19 pandemic, GFG has learnt to work closely with their brand partners to adapt the assortment, launch new initiatives and maintain a keen focus on customer experience. During the first half of 2021 the Group has continued to deliver strong NMV growth of 34% supported by channel shift, a continued strong performance from "lockdown" categories and the continuing expansion into categories such as Premium and Beauty.

The second half of the year was more complex to navigate. Australia, Indonesia, Philippines and Russia were all under some form of Covid-19 restriction and in LATAM, second-order impacts from the pandemic significantly weakened consumer sentiment. As a consequence LATAM NMV declined by 10% in H2 and the lack of event based demand softened results in SEA. Together, this meant that NMV growth in the second half of the year was 16%. The majority of our markets have yet to see the recovery in fashion & lifestyle spend, which typically follows their reopening.

There were no material rental concessions or lease modifications during the period and there was no significant increase in credit risk linked to trade receivables despite the backdrop of economic uncertainty in our markets.

On 15 March 2021, the Group issued Convertible bonds for net proceeds of €369.1 million. This additional capital supports GFG's ambition of becoming a €10 billion NMV business in the next 6 – 8 years. Alongside investment in core growth areas, GFG also intends to accelerate the execution of the Group strategy, in particular the expansion of Marketplace and Platform Service capabilities.

2.8 FINANCIAL PERFORMANCE

The variance in revenue and margin over the course of the year reflects the seasonality of fashion sales and the variable impact that Covid-19 continued to have throughout the year. The Group's presence in the northern hemisphere (CIS), 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 2021 show continued strong revenue growth and a marginal decrease in Adjusted EBITDA profit. Please refer to section 4 for the Group consolidated financial statements.

Results of operations

	For the year ended 31 Dec		% change
In €m	**2021**	2020	
Revenue	1,559.5	1,359.7	14.7
Cost of sales	(848.0)	(773.5)	(9.6)
Gross profit	**711.5**	**586.2**	**21.4**
Selling and distribution expenses	(561.6)	(447.7)	(25.4)
Administrative expenses	(218.7)	(194.4)	(12.5)
Other operating income	2.3	7.2	
Other operating expenses	(15.0)	(14.4)	
Net impairment losses of financial assets	(1.1)	(1.7)	
Impairment of goodwill	(22.1)	-	
Loss before interest and taxes	**(104.7)**	**(64.8)**	**(61.6)**
Result from investment in associate	-	(0.1)	
Finance income	1.7	2.1	
Finance costs	(34.5)	(46.3)	
Result from indexation of IAS 29 Hyperinflation	3.2	1.2	
Loss before tax	**(134.3)**	**(107.9)**	**(24.5)**
Income taxes	9.5	(4.5)	
Loss for the year	**(124.8)**	**(112.4)**	**(11.0)**

Adjusted EBITDA bridge

In €m	For the year ended 31 Dec 2021	2020	% change
Loss before interest and taxes	(104.7)	(64.8)	(61.6)
Depreciation and amortisation	70.8	66.3	
EBITDA	(33.9)	1.5	
Share-based payment expenses	22.1	14.9	
Impairment of goodwill	22.1	-	
One off costs and income[1]	3.3	-	
Adjusted EBITDA	**13.6**	**16.4**	**(17.1)**

[1] One-off costs and income include Group recharges, changes to estimates for prior year tax, fulfilment centre closure costs and continuity incentives, and changes in legal provisions and project costs.

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 section 9.1 Financial Definitions for key performance indicator definitions.

Key performance indicators and financial information

	For the year ended 31 Dec 2021	2020
Financial performance		
Revenue (€m)	1,559.5	1,359.7
Growth at constant currency (%)	*17.2*	*15.3*
Gross Profit (€m)	711.5	586.2
Loss before interest and taxes (EBIT) (€m)	(104.7)	(64.8)
Loss for the year (€m)	(124.8)	(112.4)
Adjusted EBITDA (€m)	13.6	16.4
Adjusted EBITDA (as % of revenue)	0.9	1.2
Capex (€m)	60.2	48.7
Financial position and cash flow		
Net working capital (€m)	18.1	(1.4)
Cash and cash equivalents (€m)	400.5	366.1
Pro-forma cash (€m)	642.5	372.4
Group KPIs		
NMV (€m)	2,390.5	1,958.2
Growth at constant currency (%)	*23.9*	*25.7*
Active Customers (in millions)	17.0	16.3
NMV/Active Customer (€)	140.5	120.3
Number of Orders (in millions)	47.8	42.0
Order Frequency	2.8	2.6
Average Order Value (€)	50.0	46.6

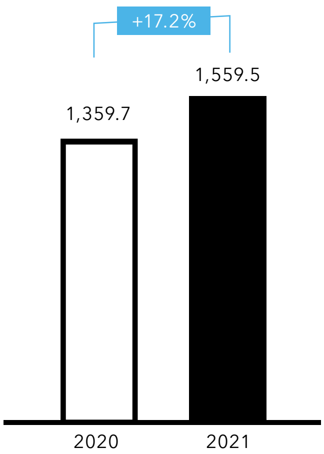
Growth of Revenue

The growth in NMV delivered positive revenue growth year on year. In 2021, revenue grew by 17.2% on a constant currency basis, increasing by €199.8 million to €1,559.5 million (2020: €1,359.7 million).

GFG continues to be at the forefront of defining what an inspiring customer experience looks like in its markets. In 2021, GFG's strategy of offering a broad assortment evolved with a significant increase in Marketplace participation, more exclusive global brand collaborations and continuing to offer customers increasing ways of shopping sustainably. Marketplace share of NMV was 38% in 2021, up 7 percentage points compared to 2020. The Group also increased focus on its Platform Services, generating increased revenue from its Marketing by GFG, Operations by GFG and Data by GFG business models.

GFG continued to benefit from the lower return rates experienced in 2020, as customers shifted into categories less likely to be returned e.g. from occasion wear to sports and homewares.

Growth of revenue[1] (€m)



[1] Constant currency basis

Technology innovations focused on app functionality continue to deliver new levels of customer engagement and strengthen GFG's app-first approach. Apps generated 63% of NMV in the year, up 4 percentage points compared to 2020.

Stable Adjusted EBITDA

Whilst they are not statutory measures under IFRS, management considers Adjusted EBITDA and Adjusted EBITDA margin as key performance indicators to assess the underlying operating performance of the business. See the Financial Definitions in Section 9.1 for further details.

In 2021, the Group generated Adjusted EBITDA of €13.6 million (2020: €16.4 million) with an Adjusted EBITDA margin of 0.9% (2020: 1.2%). Despite improvements in Gross margin, driven by increased Marketplace and Platform Services participation, higher Fulfilment costs and investments in Marketing drove a net decrease in Adjusted EBITDA. After unusually low levels of Marketing spend in 2020, with much of the physical retail estate closed, in the second half of 2021 we started to reinvest into Marketing, returning to pre-pandemic 2019 levels. Fulfilment costs were impacted as a result of additional Covid-19 safety measures implemented across the regions, most notably in ANZ.

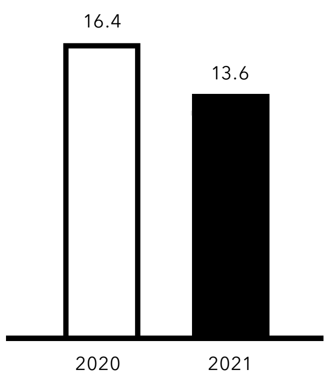
Adjusted EBITDA excludes an expense for share-based payments of €22.1 million (2020: €14.9 million). The increase in the share-based payment expense for the year relates to the awards being linked to the Group share price at the time when units were granted to employees, the majority of which are granted in April each year. Non-recurring items of €25.4 million (2020: €nil) were also excluded from the Adjusted EBITDA measure, which included an impairment of goodwill of €22.1 million in respect of the LATAM cash generating unit ("CGU"). Other non-recurring items of €3.3 million included changes to estimates of prior year tax, fulfilment centre closure costs and continuity incentives, and changes in legal provisions and project costs.

Loss for the year

In 2021, the loss for the year increased by 11.0% to €124.8 million (2020: €112.4 million). Within loss for the year, finance costs decreased by €11.8 million to €34.5 million (2020: €46.3 million) driven by a decrease in foreign currency losses of €29.2 million, partially offset by an increase in interest expense of €17.2 million, largely as a result of interest accrued on the convertible bond liability. Losses before interest and taxes as a margin of revenue increased by 1.9 percentage points as a result of impairment of goodwill, increased investment in marketing and higher fulfilment costs.

As part of the Group's annual impairment assessment, management estimated that the enterprise value of the LATAM CGU, which is based on company business plans, was lower than the net asset value and therefore recognised an impairment of goodwill of €22.1 million. This reflects the macroeconomic changes and market conditions as a result of the second-order impacts of the pandemic in the LATAM region.

Analysis of Adjusted EBITDA (€m)



Growth of NMV

In 2021, NMV grew by 23.9% on a constant currency basis, to €2,390.5 million (2020: €1,958.2 million).

The growth in NMV was as a result of an increase of 4.5% in Active Customers to 17.0 million, and NMV per Active Customer rising by 18.5% on a constant currency basis to €140.5, underpinned by our leading customer experience.

Growth underpinned by leading customer experience

Customer orders were up by 13.8% to 47.8 million (2020: 42.0 million) in 2021, and on average customers purchased 2.8 times per year (2020: 2.6 times), an increase of 8.8%.

Technology innovations focused on app functionality have delivered new levels of customer engagement and strengthened GFG's app-first approach. 63% of NMV (excl. VAT) in 2021 was generated through our apps (2020: 59%), an increase of 4 percentage points compared to last year.

Marketplace continues to show strong growth, and now represents 38% of NMV, an increase of 7 percentage points compared to last year.

2.8.1 Report by Segment

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

Segment Growth for the year

NMV in ANZ was impacted by the Australian bushfires at the start of 2020 and was the region most impacted by the onset of Covid-19, hence the strong NMV growth year on year of 45.3%, annualising over a relatively low base. CIS and SEA delivered strong growth of 30.7% and 21.0% respectively on a constant currency basis. LATAM suffered from the second-order impacts of the pandemic which weakened customer sentiment, resulting in NMV growth of 3.9%.

The highest revenue growth was seen in ANZ, at 45.5%, on a constant currency basis. CIS and SEA also delivered positive revenue growth of 20.5% and 7.1%, respectively. LATAM revenue remained broadly flat with a 0.4% decrease year on year on a constant currency basis reflecting its lower NMV growth. Revenue growth continued to be lower than NMV growth in all segments, except ANZ, due to the acceleration of Marketplace participation.

Despite slower revenue growth during the year than ANZ and CIS, SEA delivered the highest growth in gross margin, increasing 5.6 percentage points year on year, driven significantly by Marketplace share. LATAM gross margin increased by a modest 0.9 percentage points, whilst CIS gross margin increased by 3.3 percentage points year on year. The gross margin in ANZ decreased by 1.1 percentage points driven by an increase in retail discounting and changing product mix year on year.

Segment Results of the Group year 2021

In €m	LATAM	CIS	SEA	ANZ	Total Fashion Business	Other	Reconciliation	**Total**
Revenue	352.1	523.6	289.0	394.8	1,559.5	25.9	(25.9)	1,559.5
% YoY Revenue constant currency growth rate	*(0.4)*	*20.5*	*7.1*	*45.5*				*17.2*
Net Merchandise Value	583.2	861.9	407.2	538.2				2,390.5
% YoY NMV constant currency growth rate	*3.9*	*30.7*	*21.0*	*45.3*				*23.9*
Gross profit	158.8	263.2	109.6	180.2	711.8	25.4	(25.7)	711.5
% Margin	*45.1*	*50.3*	*37.9*	*45.7*	*45.6*			*45.6*
Adjusted EBITDA	(12.0)	31.4	-	15.6	35.0	(21.4)	-	13.6
% Margin	*(3.4)*	*6.0*	*0.0*	*4.0*	*2.2*			*0.9*

Segment Results of the Group year 2020

In €m	LATAM	CIS	SEA	ANZ	Total Fashion Business	Other	Reconciliation	**Total**
Revenue	372.7	453.3	274.9	259.2	1,360.1	23.3	(23.7)	1,359.7
% YoY Revenue constant currency growth rate	*20.8*	*17.4*	*21.2*	*0.5*				*15.3*
Net Merchandise Value	575.3	686.9	342.2	353.8	1,958.2			1,958.2
% YoY NMV constant currency growth rate	30.9	32.3	27.0	4.8				25.7
Gross profit	164.7	213.2	88.8	121.2	587.9	21.9	(23.6)	586.2
% Margin	*44.2*	*47.0*	*32.3*	*46.8*				*43.1*
Adjusted EBITDA	11.9	27.0	(6.9)	13.2	45.2	(28.5)	(0.3)	16.4
% Margin	*3.2*	*6.0*	*(2.5)*	*5.1*	*3.3*			*1.2*

2.8.2 Cash flows

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

	For the year ended 31 Dec	
In €m	**2021**	2020
Net cash (used in)/ generated from operating activities	**(51.2)**	**30.3**
Net cash used in investing activities	**(293.1)**	**(33.5)**
Net cash from financing activities	**370.1**	**106.5**
Change in cash and cash equivalents	25.8	103.3
Exchange-rate related and other changes in cash and cash equivalents	8.6	(14.5)
Cash and cash equivalents at the beginning of the year	366.1	277.3
Cash and cash equivalents at the end of the year	**400.5**	**366.1**

In 2021, GFG generated negative cash flow from operating activities of €51.2 million (2020: income of €30.3 million). The movement was mainly driven by changes in working capital cash flows as the Group actively increased inventory levels to a more normalised level, after the initial pull back of inventory in 2020 with the onset of Covid-19.

Inventory returned to more normalised levels

Net cash outflow from investing activities of €293.1 million was driven by investments of €234.5 million into Money Market Funds during the year, which are classified as current Other Financial Assets instead of Cash and cash equivalents on the Group Statement of Financial Position. Please refer to section 9.1 for definition of pro-forma cash. Cash outflows from investing activities also includes additions to property, plant and equipment of €25.8 million (2020: €28.9 million), of which €12.3 million was related to assets in the course of construction, largely related to the construction of the new fulfilment centre in Moscow. Additions to intangible assets were €30.8 million (2020: €20.6 million). These investments primarily relate to internally developed intangible assets of €22.2 million (2020: €13.7 million) and were capitalised in accordance with the recognition criteria of IAS 38, intangible assets.

Net cash from financing activities relates primarily to €375m raised from the issuance of a convertible bond, with redemption date of March 2026. This was partially offset by principal IFRS 16 lease payments of €22.8 million (2020: €22.5 million).

2.8.3 Financial position

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

Assets

In €m	For the year ended 31 Dec 2021	2020	Change
Non-current assets	506.5	468.5	8.1%
Current assets	1,038.2	704.6	47.3%
Total assets	**1,544.7**	**1,173.1**	**31.7%**

Equity and Liabilities

In €m	For the year ended 31 Dec 2021	2020	Change
Equity	573.3	619.4	(7.4)%
Non-current liabilities	448.4	104.8	327.9%
Current liabilities	523.0	448.9	16.5%
Total equity and liabilities	**1,544.7**	**1,173.1**	**31.7%**

Total assets of the Group increased by €371.6 million million when compared with 31 December 2020, primarily due to the proceeds received from the issuance of the Convertible Bond in March 2021, with net proceeds of €369.1 million. Property, Plant and Equipment increased year on year and right of use assets relating to leases entered into by the Group increased compared to the prior year due to lease additions across fulfilment centres, office space and pick-up points.

The net book value of right-of-use assets as at 31 December 2021 was €122.6 million (2020: €104.3 million). Total lease liabilities of €133.2 million (2020: €113.7 million), net of lease repayments and interest, are split between non-current and current lease liabilities on the consolidated statement of financial position.

In 2021, Capex additions were €60.2 million (2020: €48.7 million) and primarily related to the Group's continuous investment in its delivery and fulfilment infrastructure, including the construction of our additional fulfilment centre in Moscow, assets in the course of construction, and office and IT equipment along with intangible assets.

The net book value of Goodwill decreased by €20.1 million to €127.5 million (2020: €147.6 million) mainly as a result of the impairment to the LATAM CGU, partly offset by positive translation adjustments.

Inventories increased by €87.8 million to €283.7 million (2020: €195.9 million), as the Group actively increased inventory levels to a more normalised level, after the initial pull back of inventory in 2020 with the onset of Covid-19. Other current financial assets increased by €241.1 million to €260.6 million relating to investments into short term duration bonds and securitised funds, but this had no impact on net current assets as the balance was reclassified from cash and cash equivalents during the year.

Pro-forma cash increased from €372.4 million to €642.5 million as a result of proceeds from the issuance of the convertible bond in March. Net proceeds of €369.1 million were partially offset by capital expenditure and operational outflows during the year. Included within the year end pro-forma cash balance is €8.0 million (2020: €6.3 million) of restricted cash related to the Group's debt facilities.

Equity decreased by €46.1 million, primarily as a result of losses incurred for 2021 partially offset by the recognition of €48.6 million of reserves for the convertible bond equity component, which will be reversed upon redemption.

Non-current liabilities increased to €448.4 million (2020: €104.8 million), €318.4 million (2020: €nil) of which represents the non-current portion of the convertible bond liability, discounted to present value. Non-current lease liabilities increased by €13.8 million to €108.0 million (2020: €94.2 million).

At 31 December 2021, current liabilities were €523.0 million (2020: €448.9 million), an increase of €74.1 million. Trade payables and other financial liabilities increased by €37.9 million, and third party borrowings increased by €13.0 million as new local working capital facilities were utilised.

2.9 COMPARISON OF ORIGINAL GROUP GUIDANCE AND ACTUAL 2021 FIGURES

The table below summarises the actual results versus guidance.

FY 2021

In €m	FY 2021	Guidance (9 Dec 21)	Guidance (11 Mar 21)
Revenue (€m)	1,559.5	€1.5bn	€1.5bn
NMV (€m)	2,390.5	€2.3 – €2.4bn	€2.3 – €2.4bn
Growth (%)	23.9	Around 23%	Over 25%
Adj. EBITDA (€m)	€13.6m	Around €10 million	Modest improvement on FY 2020
Capex (€m)	60.2	Around €60 million	Around €60 million

2.10 OVERALL ASSESSMENT OF THE ECONOMIC POSITION BY THE MANAGEMENT BOARD

The Management Board is pleased with the business developments in the 2021 Financial Year, and the continued adaptability of our teams during the ongoing pandemic. The Group delivered NMV and Revenue growth, positive adjusted EBITDA margin and strong CAPEX investment. Despite the Covid-19 volatility which was a factor in all regions throughout 2021, management are pleased with the Group's performance.

2.11 REPORT ON POST BALANCE SHEET EVENTS

GFG's Operations in CIS

In February 2022, certain countries announced new packages of sanctions against the public debt of the Russian Federation and a number of Russian banks, as well as personal sanctions against a number of individuals.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility on the securities and currency markets, as well as a significant depreciation of the Ruble against the US Dollar and the Euro. From 1 January 2022 to 7 March 2022, the Ruble devalued by 36%.

It is expected that these events may affect the activities of our Russian business which represents 34% of our Group revenues.

The Group regards these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be estimated at the moment with a sufficient degree of confidence.

Currently, the Group's management is analysing the possible impact of changing micro- and macroeconomic conditions on the Group's financial position and results of operations.

Additional lease commitment

Subsequent to 31 December 2021, the Group entered into a lease agreement for use of an extended area in the new Moscow fulfilment centre. This will result in the recognition of an IFRS 16 Right-of-use asset and lease liability of approximately €32.9 million on the consolidated statement of financial position, with subsequent interest and depreciation charges to the consolidated statement of profit or loss.

There are no other events subsequent to the period end that would require a disclosure in the consolidated financial statements.

REPORT ON RISKS AND OPPORTUNITIES

- GFG operates a risk management approach anchored to the ISO 31000 standard. Through this approach risks are identified, analysed, evaluated and controlled in accordance with the Group's risk appetite and objectives.
- GFG has implemented a range of controls over financial reporting which are reviewed through an annual programme of self-assessment, with further independent validation conducted by the Internal Audit team.
- In addition to areas that present a risk to the Group achieving its objectives, GFG seeks to identify, through its risk management process, areas that may present business opportunities.

GFG acknowledges that risks are an ordinary and inherent part of conducting business and the realisation of shareholder value. GFG seeks to identify, understand and proactively manage risks in order to realise its business objectives and minimise uncertainty associated with those objectives.

GFG recognises that risk management is an integral part of good corporate assurance and business practice, and that it underpins good decision making, the efficient allocation of resources and ultimately the successful execution of its strategy.

Following the IPO in July 2019, GFG is currently maturing its risk management approach. Periodic reviews of the Risk Management strategy are undertaken to ensure that the Management Board are comfortable that the approach continues to meet expectations and be fit for purpose.

2.12 RISK MANAGEMENT

GFG Risk Management Methodology

GFG adopts the ISO 31000:2018 methodology for Enterprise Risk Management. This risk management system can be broadly characterised into three parts:

1. Principles of Risk Management;

2. Risk Management Framework; and

3. Risk Management Process.

1. Principles of Risk Management

The purpose of risk management is the creation and protection of value.

It improves performance, encourages innovation and supports the achievement of our objectives. This is the benchmark for risk management that GFG has set for itself and will be referred back to at every step of the process.

GFG's risk management principles align with this benchmark and provide guidance on the characteristics of effective and efficient risk management, communicating its value and explaining its intention and purpose across the Group.

At their essence the principles allow GFG to manage the effect of uncertainty on its objectives.

2. Risk Management Framework

The purpose of the framework is to assist GFG in integrating risk management into its significant activities and functions.

The components of the framework and the way in which they interact are customised to the needs of the Group and driven to success through leadership and commitment at every level. This can take many forms but is best described as a dedication to implementing all components of the framework supported by the provision of adequate capability and resources.

The framework emphasises that risk management is a core responsibility and articulates a PDCA risk management cycle:

P – Plan (Design)

D – Do (Implement)

C – Check (Evaluate)

A – Act (Improve / Integrate)

This establishes a simple but effective iterative motion for risk management that emphasises its on-going nature and the need for continuous adaptation and improvement.

3. Risk Management Process

The risk management process involves the systematic application of the risk management approach i.e. identifying, analysing, evaluating, treating, monitoring and recording risk. This is completed annually.

Risk Identification

In order to identify risks and opportunities, a range of techniques are employed to uncover uncertainties that may affect one or more objectives. These include, but are not limited to threats & opportunities, changes in internal or external context, indicators of emerging risks, limitations and biases.

When identifying risk, GFG looks at the cause, risk and consequence in order to form a complete understanding of the nature of risk before factoring in any control measures that may already be in place. In this way the identification phase provides a holistic and current view on each and every risk.

Risk Analysis

Once identified, risks are then analysed to provide a meaningful comprehension of the nature and characteristics of said risks, including an analysis of the level of risk. This is achieved by plotting each risk on a matrix applied consistently across the Group.

Risk Evaluation

Following prudent analysis, risks are then evaluated in order to support decision making with regard to any actions that need to be taken. Evaluation will identify what actions are required, if any, and initiate the formulation of a treatment plan.

Risk Treatment

Risk treatment follows an iterative process described below:

- Selecting adequate risk treatment options
- Implementing risk treatment
- Assessing the effectiveness of risk treatment
- Adjusting risk treatment, as required

Selecting the most appropriate risk treatment option(s) is achieved by balancing the benefit of the treatment against the cost and effort of implementation whilst maintaining line of sight to the Group's objectives and underlying risk appetite.

Risk Monitoring & Recording

The risk management process is underpinned by monitoring and reporting, which ensures adequate oversight, transparency and the provision of best available information in the decision making process.

It is for these reasons that GFG is committed to monitoring and recording its risk management activities at every level of the Group.

GFG maintains risk management oversight in which all risks, risk sponsors, risk owners and treatments and treatment owners are recorded and tracked. This ensures operational efficiency while also allowing for the measurement and review of progress against objectives.

The Group adopts a GRC (Governance, Risk & Compliance) committee structure both regionally and centrally, which oversees the risk management process and its outputs while also driving reporting upstream and downstream. These committees meet quarterly at a minimum, are chaired by the relevant Co-CEO and assume responsibility for delivering on the output of the risk reviews.

This structure is further supported by the Group's Internal Audit function, which provides independent, objective assurance over the approach to and outputs of the risk management process. This additional layer of control ensures GFG is engaged in a cycle of continuous improvement and alleviates biases and subjectivities from its risk management practices.

The output of the annual risk assessment is also presented and approved by the GFG Management Board and the GFG Audit Committee, a committee of the Supervisory Board, thereby ensuring executive oversight and a commitment from leadership to deliver against the assessment's recommendations.

2.13 RISKS AND OPPORTUNITIES REPORT

GFG is committed to the management of material risks. This section outlines the principal uncertainties identified through the risk review process in 2021. These are not set out in any particular order and GFG recognises that risks can and will evolve over time.

Strategic and external risks

Country risk: Geo-political and Macro-economic

The Group's businesses are concentrated across several emerging markets that GFG considers as having the greatest potential for growth in fashion Ecommerce. With this comes exposure 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 monitoring of the geo-political, socio-economic, and regulatory regimes within each territory
- Proactive engagement with thought leaders, industry peers, legal and regulatory authorities and other relevant bodies
- Remaining abreast of and having a voice in material developments impacting in country operations
- Prudent assessment of supply chain stability and overdependence

Competition

The fashion Ecommerce industry is characterised by intense competition, and GFG's regions face increasing competitive pressure from local and established global online players, especially following the acceleration in the offline to online shift in response to the Covid-19 pandemic.

Key mitigating activities / initiatives

- Continuous assessment and evaluation of the competitive environment, remaining abreast of new market entrants, competitor performance and aspirations
- Continued focus on protecting the current position and unique selling points of the regional businesses
- Pooling of experience and sharing of best practice across the Group
- Growth of the GFG marketplace offering
- Building and developing strong long-term relationships with brands and partners to unlock strong commercial exchange

Operational risks

Health, Safety and Wellbeing	Operating in diverse and geographically dispersed locations, GFG recognises and prioritises the health, safety and wellbeing (Responsible Workplace) of all its people in completing their work activities. Additionally we work closely with our operations teams in our fulfilment and delivery fleet to ensure optimal health & safety practices. **Key mitigating activities / initiatives** • Formal assessment & development of the Health & Safety Culture, aligning leadership commitment, policy, roles and responsibilities as well as consultation of staff for H&S related matters • Adoption and implementation of a Health & Safety management System guided by the ISO 45001 standard • Governance and reporting of health & safety matters with clear leadership accountabilities • Investment in health & safety capability, resources and tools across the group to provide practical and applicable procedures and policy • Integrated management and controls for infectious diseases (including Covid-19) to our policy and procedures
Major disruption to critical infrastructure	There is a risk of interruption to one or more business processes due to disruption to a fulfilment centre or critical technology infrastructure which impacts operational performance. **Key mitigating activities / initiatives** • Cloud infrastructure to minimise risk and impact of outages • Business continuity and crisis management plans, as part of a wider Business Continuity Management System, stress and scenario testing and periodic review of exposures and controls at critical physical sites • Risk transfer via insurance programmes
Cyber and information security	Cyber and information security risk continues to be an increasingly ubiquitous risk. GFG relies on its customer data to better understand and serve its customers. Cyber security attacks are increasing in both number and sophistication. GFG develops its defence mechanisms to reflect this. **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 system • Investment in information security systems, capability and resources • Continual improvement with respect to security practices and policies • Periodic penetration testing to identify strengths and weaknesses • Cyber self-assessment and objective validation

Social & Environmental Sustainability

GFG acknowledges that the continuing advancement of man-made climate change poses both physical and transition risks to our business over short, medium and long term. The physical risk associated with the increasing impact of climate volatility and rising frequency and severity of extreme weather events, such as floods, hurricanes or fires poses a risk to our or our suppliers' ability to operate and therefore may have an impact on business continuity. On the other hand, transition risk, associated with the move toward a lower carbon economy, may impact GFG's cost of compliance, accessibility to the materials used to manufacture our products or other resources needed to operate our business. In the medium and long term, the broader impacts of climate change and the transition required to operate a climate sensitive business and meet emerging reporting requirements must be considered in the evolution of our business.

GFG develops and manufactures products for its own brands in a number of emerging markets where there is a risk that social and environmental conditions in the factories, mills or farms in our supply chain do not align with GFG's ethical trade standards. Specific risks include modern slavery, inadequate health and building safety standards, high levels of overtime and non-payment of wages and benefits. Unauthorised subcontracting to facilities not a part of our traceability programme also poses a risk as we are unable to assess and influence the working conditions in those locations. Finally, there is also the risk that the development of the materials which make up our own products have a negative impact on the environment in terms of water and energy usage and chemical run off. Third party brands carried on GFG's platforms may have similar risks present in their supply chain, however GFG has much lower visibility of these supply chains and therefore control over the standards in place.

Across both own and third party brands, despite the presence of relevant verification processes, there is increasing legislative and reputational risk associated with the making of sustainability claims at the point of sale. Finally, a transparent ethical and sustainable supply chain is a positive differentiator in the market, and aligns to the values and expectations of our customers and employees.

In some markets, a proportion of our workforce is sourced and services delivered via third-party labour service providers - for example temporary warehouse labour, drivers, cleaners or security staff. As the third party retains direct responsibility for ongoing management of the terms and conditions of employment, there is a risk that these agencies do not meet GFG Group standards in terms of the treatment of workers. Specific risks noted in relation to agency workers include non-payment of wages and benefits, retention of passports, payment of recruitment fees and poor accommodation standards.

Key mitigating activities / initiatives

- Comprehensive Group Sustainability Strategy, covering both environmental and social factors including climate change and fair and ethical sourcing
- Comprehensive GFG Corporate Sustainability governance and standards by the GFG Supervisory Board Sustainability Committee and quarterly reporting to this forum on performance
- Clear management accountability and responsibility for implementation of the group sustainability strategy and appropriate resourcing of these programmes in each operating market
- Climate risk assessment in line with Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations identifying the physical and transitions risks and opportunities GFG will encounter as it navigates the evolving landscape and delivers its sustainability strategy
- Comprehensive environmental management programmes, which measure and mitigate GFG's impacts, and transition of operations, own-brand products and packaging to have a lower environmental footprint
- Rigorous ethical trade standards in place for the own-brand supply chain, including auditing of all factories before order placement and adopting improvement plans or termination where applicable; standards reviewed and updated on an annual basis
- Assessments of third party brand performance on sustainability and ESG and engagement with poorer performers to address gaps identified; introduction of ESG risk assessment of brands before onboarding in progress
- Risk assessment framework for labour service providers and auditing of those determined high risk, adoption of improvement plans or termination where applicable; standards reviewed and updated on an annual basis

The full and extensive list of work carried out in this space is captured in the People & Planet Positive Report which will be released on the 7 April 2022.

Financial risks

Budget and planning	The fashion Ecommerce business in the developing markets in which GFG operates is highly volatile and subject to influence by a variety of variables and external factors. As such, business performance can be challenging to anticipate and accurately budget for. GFG recognises that a budget and forecast must continually evolve with the business. **Mitigating activities / initiatives** • Strong budgeting disciplines and continuous process improvement • Robust control framework and recourse mechanisms • Focus on monitoring of key budget inputs and establishing output KPIs coupled with periodic review of performance
Funding and liquidity	The Group has historically been in a loss making position and as such has had to inject capital at regular intervals into the regional businesses. The Group successfully raised €375 million in 2021 in additional capital through the issuance of Convertible bonds due 2028 in March 2021 and €120 million in November 2020 through a share placement and continues to work towards becoming cash flow neutral. **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 • Execute local working capital facilities to manage local cash and forex • Focus on strong cost controls, to improve operating cash position

Compliance and Regulatory risks

Compliance with laws, regulations, and standards	As a Group that 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 are at varying levels of maturity. **Mitigating activities / initiatives** • Investment in legal and compliance capability in each region, with monitoring via Group General Counsel, Regional and Group GRC Committees and centralised Global Legal and GRC Function • Periodic in-depth review of material compliance obligations • Continuous review of changes to international and domestic legislation and assessment of the impact on the Group's business model. • A process in place to identify and assess tax positions ensuring remote, possible and probable risks are appropriately managed

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 has 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. The primary opportunities identified are:

Macroeconomic developments: Growth opportunities in GFG's markets will be driven by several macroeconomic, demographic and operational tailwinds that will increase customer's online purchasing for fashion and lifestyle, 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 and lifestyle products, and grow the share of Ecommerce within this sector.

Moreover, the prevalence of Covid-19 has seen a shift in consumer spend from offline to online. As a pure play Ecommerce business, GFG is well positioned to benefit from this pattern of activity.

Category and segment expansion: Significant scope exists for GFG to continue rolling out all fashion and lifestyle categories across its regions and grow its market share. Adding relevant brands and growing assortment width is expected to increase NMV / Active Customer as GFG becomes a one-stop destination for fashion and lifestyle. Additionally, GFG has the opportunity to expand its coverage across price levels and other market-specific white spots.

Furthermore, changes in customer purchasing behaviour in light of shifting priorities and necessities, as influenced by responses to Covid-19, have been internalised to ensure categories remain relevant and reflect emerging customer wants and needs. This has seen an acceleration of expansion into categories such as home, kids and beauty.

Technology: Further innovation in technology will enable GFG to create an even more engaging shopping experience. Data analytics can be used to create an assortment catalogue that is increasingly curated and personalised for each customer. A 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. There are also opportunities for GFG to further centralise certain tools or platforms, thereby simplifying the IT landscape and reducing maintenance and costs, although over-dependence is acknowledged as an associated risk.

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 SEA and LATAM. Any potential geographic expansion would be focused on markets that offer similar growth opportunities to GFG's existing regions. These include markets that are relatively nascent in terms of Ecommerce penetration, that offer an early mover advantage, have sizable populations with attractive demographics and that could be served by GFG's existing operating infrastructure.

2.14 REPORT ON EXPECTED DEVELOPMENTS AND OUTLOOK

The elevated level of uncertainty in CIS on both future customer demand and potential operational constraints from sanctions in Russia means we are currently unable to provide guidance for 2022. We continue to monitor the situation very closely and are focused on supporting our people, customers, and brand partners to the best of our ability.

For our remaining regions, we expect the demand environment in H2 2021 to continue into H1 2022 and progressively improve into H2 2022.

Luxembourg, 7 March 2022

On behalf of the Supervisory Board

Cynthia Gordon

3. INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Global Fashion Group S.A. and its subsidiaries (the "Group" or "GFG") from section 4.1 to section 5, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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 consolidated financial statements" section of our report. We are also independent of the Group 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 consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition and returns allowances

Risk Identified

The Group's revenue is mainly generated from retail sales of fashion products to direct customers through GFG's applications and websites. For retail sales, revenue corresponds to the amount of the consideration GFG expects to receive as exchange for transferring the promised goods or services net of sales deductions including returns, taxes and duties. Historical rejections and returns rates are used to anticipate future rejections and returns in order to deduct such anticipated returns from revenue leading to net revenue. The customers have the option to return merchandise free of charge within the revocation period granted in the various countries in which GFG operates.

GFG's management estimates expected returns based on assumptions and judgments in particular based on customer demographics by country, timing and method of payments, product category and service level, taking into consideration the seasonal effects and historical trends.

Due to the high transaction volume of the sales of merchandise, the generally possible risk of fictitious revenue and the uncertain estimate of expected returns, we consider the occurrence and measurement of revenue from the delivery of merchandise to be a key audit matter.

Our answer

Our audit procedures over revenue and related returns allowances included, among others:

- We documented our understanding of the revenue recognition process, performed walkthroughs over each class of revenue transactions and evaluated the design and implementation of the related controls, and tested their operating effectiveness

- We understood and assessed IT controls in place for the systems in scope, assisted by our information technology specialists. We tested the operating effectiveness of controls around management of access rights, and evaluated respective ISAE reports from the respective service providers.

- We tested the end-to-end reconciliation from the e-commerce platform to the general ledger.

- We assessed the compliance requirements and accounting treatment of revenue recognition in accordance with IFRS 15.

- We tested on a sample basis the credit notes issued during the year, in addition to those issued subsequent to year end and assessed the reversal of revenue and whether it is supported by adequate evidence.

- We performed sales cutoff testing and checked that the revenue is recognised when goods have been delivered to customers.

- We read the terms of coupons issued and discounts allowed and we tested the allocation of cash received from the customers between the fair value of goods sold and coupons issued.

- We tested the arithmetical accuracy of the computation of the provision on sales returns.

- We tested the assumptions associated with the provision for sales returns based on historical fact patterns and trends in each of the significant locations.

- We tested the accuracy of customer bill generation on a sample basis and tested a sample of the credits and discounts applied to customer bills.

- We traced cash receipts for a sample of customers back to the customer invoices and to the general ledger to cover the completeness over the revenue and related returns.

- We vouched from general ledger a sample of transactions to the related customer invoices and delivery slips in order to cover the existence of revenue and related returns.

- We performed a correlation testing between sales, receivables and cash and we obtained audit supporting evidence (delivery slips, invoices, payment receipts) for a test of sales based on mathematical statistical assumptions regarding the existence of revenue.

- We performed substantive analytical procedures on revenue based on our industry knowledge, forming an expectation of revenue based on key performance indicators.

- We assessed the adequacy of the expected credit loss of trade receivables, its computation methodology, and analyzed individual significant long outstanding balances.

- We assessed the adequacy of the Group's disclosures in respect of the accounting policies on revenue recognition, revenue and receivables disclosures as disclosed in Note 3 and Note 24 to the consolidated financial statements.

2. Inventories and inventory allowances

Risk Identified

The merchandise inventory of GFG is continuously subject to risks associated with existing and potential future excess stocks, which are sold with high discounts. Write downs on estimated future excess stocks as well as existing excess stocks are calculated at the end of the reporting period and recognised in the consolidated financial statements.

Significant judgement is required in assessing the appropriate level of the provision for slow moving and/or obsolete inventory. Such judgements include management's expectations of forecast inventory demand, supply chain, fulfilment, plans to dispose of inventories at a lower cost. As a result, we consider the measurement of inventories and inventory allowances to be a key audit matter.

Our answer

Our audit procedures over inventories and inventory allowances included, amongst others:

- We assessed the compliance of GFG's accounting policies in relation to inventory and inventory allowances with International Financial Reporting Standards as adopted by the EU.

- We observed physical inventory counts at major locations to ascertain the condition of inventory and performed testing on a sample of items to assess the cost basis and net realisable value of inventory.

- We checked the clerical accuracy of the computation of provision for slow moving and obsolete inventories as at 31 December 2021 and we assessed the assumptions used.

- We have also read the inventory management report to identify slow moving or obsolete inventories.

- We obtained a detailed analysis by category of the inventory provision and checked its clerical accuracy based on past historical experience and data.

- Within the scope of the inventory valuation, GFG's management considers the expected sell through of merchandise for various sales channels and seasons. We compared the timing of the sell through using past data with actual sales and examined any significant deviations or irregularities in detail.

- We assessed the adequacy of the Group's disclosures in respect of the accounting policies on inventories and the inventory allowances in Note 3 and Note 15 to the consolidated financial statements.

3. Non identification of impairment on Goodwill and other intangible assets

Risk Identified

GFG accounted for a material amount of goodwill generated from business combinations on its statement of financial position. Goodwill is carried at cost less accumulated impairment losses, if any and is allocated to cash-generating units (CGUs). In addition, GFG accounted for a material amount of intangible assets consisting of trademarks and customer relationships arising from business combinations.

As of 31 December 2021, goodwill amounts to €127.5 million and intangible assets to €126.7 million.

These amounts are material to the consolidated financial statements. In addition, the impairment assessment process includes significant judgements and is based on assumptions derived from the Group's business plan which are affected by expected future market or economic conditions. As a result, we consider the measurement of goodwill and intangibles assets to be a key audit matter.

Our answer

Our audit procedures over non-identification of impairment on Goodwill and other intangible assets included, amongst others:

- We assessed the Group's determination of cash generating units ("CGUs") based on our understanding of the nature of the Group and its operations, and assessed whether this was consistent with the internal reporting of the business.
- We assessed the historical accuracy of management's estimates and budget.
- We evaluated the key assumptions of the cash flow forecasts from the business plan, taking into account our knowledge of the business and relevant external information.
- We involved our valuation experts to assist us with our assessment of the WACC, expected inflation rates and terminal growth rates and the other management assumptions used in the model by comparing to the relevant assumptions to the relevant industry trends and economic forecast.
- We recomputed the value in use of each CGU prepared by Management and compared with the carrying value in order to determine whether an impairment exists. When applicable we tested the clerical accuracy of the computation of the impairment.
- We assessed the Group's sensitivity analysis on the CGUs in two main areas being the discount rate and growth rate assumptions.
- •We assessed the adequacy of the Group's disclosures in respect of the accounting policies on goodwill and intangible assets in Note 3 and Note 13 to the consolidated financial statements.

4. Recognition of income and indirect tax contingencies, tax positions and deferred tax assets

Risk Identified

Income and indirect tax positions were significant to our audit because the assessment process is complex and involves a high degree of judgment and the amounts involved are material to the consolidated financial statements as a whole. Legislators and tax authorities may change territoriality rules or their interpretation for the application of value-added tax ("VAT") or similar indirect taxes on transactions, which are considered as uncertain tax positions and may lead to significant additional payments for past and future periods. In addition, court decisions are sometimes ignored by competent tax authorities or overruled by higher courts, which could lead to higher legal and tax advisory costs and create significant uncertainty.

Moreover, the nature of the Group's business model, involving delivering goods and services to customers in territories where the Group may have limited physical presence, could lead to tax authorities challenging the allocation of taxable income resulting in a higher tax burden for the Group. Management exercises judgment in assessing the level of provision required for both indirect and income taxation when such taxes are based on the interpretation of complex tax laws. The future actual outcome of the decisions concerning these tax exposures may result in materially higher or lower amounts than the amounts included in the accompanying Consolidated Financial Statements.

The Group has significant unrecognised deferred tax assets in respect of tax loss carryforwards due to its history of losses. As the Group evolves, certain Group entities are presenting taxable income which led to a first time recognition of net deferred tax assets amounting to €8 million as of December 31, 2021. Under IFRS, the Group is required to periodically determine the valuation of deferred tax asset positions. This area was significant to our audit because of the related complexity of the valuation process which involves significant management judgment given it is based on assumptions that are affected by expected future market or economic conditions.

Our answer

Our audit procedures over recognition of direct and indirect tax contingencies, tax positions and deferred tax assets arising from tax loss carryforwards included, amongst others:

- We assessed the management's assumptions and estimates in relation to uncertain tax positions, and we considered the advice received by management from external parties to support their position. We have involved our tax specialists, where relevant, to consider management's assessment of the tax positions and related provision/liability accruals when necessary.

- We further assessed the recoverability of indirect tax receivables and the completeness of indirect tax payables in light of current laws and regulations and their related interpretations.

- In respect of deferred tax assets arising from tax loss carryforwards, we evaluated the key assumptions from the business plan, taking into account relevant external information as well as involving our valuation experts in order to determine the appropriateness of management assessment of recognized deferred tax assets arising from tax loss carryforwards based on future taxable profits derived from the business plan. We also evaluated management assessment of the time horizon used for recognition of deferred tax assets.

- We also assessed the adequacy of the Group's disclosures in respect of the tax contingencies, tax positions and deferred taxes as set out in Notes 29 and 30 of the accompanying Consolidated Financial Statements.

Other information

The Supervisory Board is responsible for the other information. The other information comprises the information included in the consolidated management report from section 2.1 to section 2.15 and the corporate governance statement from section 1.3 to section 1.8 but does not include the consolidated financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 those charged with governance for the consolidated financial statements

The Supervisory Board is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Supervisory Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the consolidated financial statements, the Supervisory Board is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

The objectives of our audit are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 26 May 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 8 years.

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

The accompanying corporate governance statement on sections 1.3 to 1.8 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 consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying corporate governance statement on section 2 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 consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Group, it relates to:

- Financial statements prepared in valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2021, identified as "*5493001035L29EQRO222-2021-12-31-en*", have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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 Group in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Olivier Lemaire

Luxembourg, 7 March 2022

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS
SECTION 4

4.1 CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

In €m	Note	2021	2020
Revenue	24	1,559.5	1,359.7
Cost of sales		(848.0)	(773.5)
Gross profit		711.5	586.2
Operating (expenses)/income			
Selling and distribution expenses	25,26	(561.6)	(447.7)
Administrative expenses	25,26	(218.7)	(194.4)
Other operating income	27	2.3	7.2
Other operating expenses	27	(15.0)	(14.4)
Net impairment losses on financial assets[1]		(1.1)	(1.7)
Impairment of goodwill	13	(22.1)	-
Loss before interest and tax (EBIT)[2]		(104.7)	(64.8)
Result from investment in associates		-	(0.1)
Finance Income	28	1.7	2.1
Finance Costs	28	(34.5)	(46.3)
Result from indexation of IAS 29 Hyperinflation	33	3.2	1.2
Loss before tax		(134.3)	(107.9)
Income tax benefit/(expense)	29	9.5	(4.5)
Loss for the year		**(124.8)**	**(112.4)**
Loss for the year attributable to:			
Equity holders of the parent		(124.2)	(107.2)
Non-controlling interests		(0.6)	(5.2)
Loss for the year		**(124.8)**	**(112.4)**
Loss per share (€)			
Basic and diluted, loss for the year attributable to ordinary equity holders of the parent (€)	10	(0.6)	(0.5)

[1] Net impairment losses of financial assets are calculated by considering expected credit losses of financial assets and include write-offs, additions to provisions, usage of provisions and income from the reversal of provisions.

[2] EBIT is calculated as loss for the year before income taxes, finance income, finance costs, result from indexation of IAS29 hyperinflation as well as before results from investment in associates.

4.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

In €m	2021	2020
Loss for the year	**(124.8)**	**(112.4)**
Other comprehensive income/(loss)		
Items that will be subsequently reclassified to profit or loss		
Exchange differences on translation to presentation currency net of tax	10.8	(51.8)
Net other comprehensive income/(loss) for the year, net of tax	10.8	(51.8)
Total comprehensive loss for the year, net of tax	(114.0)	(164.2)
Total comprehensive loss for the year attributable to:		
Equity holders of the parent	(113.4)	(156.4)
Non-controlling interests	(0.6)	(7.8)

4.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

ASSETS

In €m	Note	31 Dec 2021	31 Dec 2020
Non-current assets			
Property, Plant and Equipment	11	100.2	89.1
Right of Use Asset	12	122.6	104.3
Goodwill	13	127.5	147.6
Other intangible assets	13	126.7	120.3
Other financial assets	16	20.6	6.6
Income tax receivables		0.4	0.3
Other non-financial assets	14	0.5	0.3
Deferred tax assets	29	8.0	-
Total non-current assets		**506.5**	**468.5**
Current assets			
Inventories	15	283.7	195.9
Trade and other receivables	16	52.3	80.2
Other financial assets	16	260.6	19.5
Income tax receivables		3.3	3.1
Other non-financial assets	14	37.8	39.8
Cash and cash equivalents	17	400.5	366.1
Total current assets		**1,038.2**	**704.6**
Total assets		**1,544.7**	**1,173.1**

4.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021 (continued)

EQUITY AND LIABILITIES

In €m	Note	31 Dec 2021	31 Dec 2020
Equity			
Common share capital	18	2.2	2.1
Share premium	18	303.6	303.6
Treasury shares	18	(7.5)	(7.5)
Capital reserves	18	2,102.2	2,102.2
Other reserves		0.3	0.3
Share-based payments reserves	18,19	146.3	128.3
Convertible bond equity component	18,22	48.6	-
Accumulated Deficit		(1,945.9)	(1,822.9)
Foreign currency translation reserve		(80.1)	(90.9)
Equity attributable to holders of the parent		569.7	615.2
Non-controlling interests	18	3.6	4.2
Total equity		**573.3**	**619.4**
Non-current liabilities			
Borrowings	20	12.2	-
Lease liabilities	12	108.0	94.2
Other financial liabilities – Convertible bonds	22	318.4	-
Provisions	21	2.7	2.5
Deferred tax liabilities	29	5.3	7.5
Non-financial liabilities	23	1.8	0.6
Total non-current liabilities		448.4	104.8
Current liabilities			
Borrowings	20	23.2	10.2
Lease liabilities	12	25.2	19.5
Trade payables and other financial liabilities	22	321.7	283.8
Other financial liabilities - Convertible bonds	22	10.2	-
Provisions	21	23.9	22.9
Income tax liabilities	23,29	21.3	31.1
Non-financial liabilities	23	97.5	81.4
Total current liabilities		523.0	448.9
Total liabilities		971.4	553.7
Total equity and liabilities		**1,544.7**	**1,173.1**

4.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

		Attributable to Shareholders of the Company											
In €m	Note	Common share capital	Share premium	Treasury shares	Capital reserves	Other reserves	Share-based payments reserves	Convertible bonds equity component	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
As at 1 January 2021		2.1	303.6	(7.5)	2,102.2	0.3	128.3	-	(1,822.9)	(90.9)	615.2	4.2	619.4
Loss for the year		-	-	-	-	-	-	-	(124.2)	-	(124.2)	(0.6)	(124.8)
Other comprehensive loss		-	-	-	-	-	-	-	-	10.8	10.8	-	10.8
Total comprehensive loss for the year		-	-	-	-	-	-	-	(124.2)	10.8	(113.4)	(0.6)	(114.0)
Share-based payment expenses	19	-	-	-	-	-	18.0	-	-	-	18.0	-	18.0
Adjustment for Hyperinflation	33	-	-	-	-	-	-	-	1.2	-	1.2	-	1.2
Issuance of Convertible bonds	18,22	-	-	-	-	-	-	48.6	-	-	48.6	-	48.6
Proceeds from issued share capital	18	0.1	-	-	-	-	-	-	-	-	0.1	-	0.1
Balance at 31 December 2021		**2.2**	**303.6**	**(7.5)**	**2,102.2**	**0.3**	**146.3**	**48.6**	**(1,945.9)**	**(80.1)**	**569.7**	**3.6**	**573.3**

4.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

		Attributable to Shareholders of the Company										
In €m	Note	Common share capital	Share premium	Treasury shares	Capital reserves	Other reserves	Share-based payments reserves	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
As at 1 January 2020		**2.1**	**184.4**	**(7.7)**	**2,102.2**	**0.3**	**117.1**	**(1,715.4)**	**(41.7)**	**641.3**	**8.2**	**649.5**
Loss for the year		-	-	-	-	-	-	(107.2)	-	(107.2)	(5.2)	(112.4)
Other comprehensive loss		-	-	-	-	-	-	-	(49.2)	(49.2)	(2.6)	(51.8)
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**-**	**-**	**(107.2)**	**(49.2)**	**(156.4)**	**(7.8)**	**(164.2)**
Share-based payments expenses	19	-	-	-	-	-	11.2	-	-	11.2	-	11.2
Adjustment for Hyperinflation	33	-	-	-	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Proceeds from issued share capital	18	0.2	120.2	-	-	-	-	-	-	120.4	-	120.4
Transaction costs on issue of shares		-	(1.0)	-	-	-	-	-	-	(1.0)	-	(1.0)
Treasury share cancellation	18	(0.2)	-	0.2	-	-	-	-	-	-	-	-
Capital contributions	18	-	-	-	-	-	-	-	-	-	3.9	3.9
Balance at 31 December 2020		**2.1**	**303.6**	**(7.5)**	**2,102.2**	**0.3**	**128.3**	**(1,822.9)**	**(90.9)**	**615.2**	**4.2**	**619.4**

4.5 CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

In €m	Note	2021	2020
Cash flows from operating activities			
Loss for the year before tax		(134.3)	(107.9)
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	26	43.0	42.2
Amortisation of intangible assets	26	27.8	24.1
Impairment of goodwill	13	22.1	-
Impairment losses on other financial assets		0.2	-
Share based payment expense	19	22.1	14.9
Fair value remeasurement		0.6	-
Interest income	28	(1.6)	(2.1)
Interest costs	28	31.2	14.0
Foreign currency (gains)/losses		(5.4)	24.6
Other non-cash transactions		0.5	6.0
Gains from disposal of property, plant and equipment and intangible assets		(0.2)	-
Changes in Provisions		(0.6)	0.5
Cash from operations before changes in working capital		**5.4**	**16.3**
(Increase)/decrease in inventories		(79.9)	**0.5**
Decrease/(increase) in trade receivables		26.6	**(39.3)**
Increase in trade payables		35.1	**26.3**
Changes in other receivables and other payables		(6.6)	**50.5**
Cash flows (used in)/from operations		**(19.4)**	**54.3**
Cash outflow from share-based payments arrangements		(4.9)	(10.4)
Income tax paid	29	(9.2)	(2.7)
Interest received		1.6	2.2
Interest paid		(19.3)	(13.1)
Net cash flow (used in)/from operating activities		**(51.2)**	**30.3**
Cash flows from investing activities			
Purchase of property, plant and equipment		(25.8)	(28.9)
Proceeds from sale of property, plant and equipment		0.5	2.1
Acquisition of intangible assets and capitalised development expenditures		(30.8)	(20.6)
Proceeds from disposal of intangible assets		-	0.2
Cash (outflow)/inflow from other securities, deposits and transfer of restricted cash		(2.5)	13.7
Purchase of investment funds	16	(234.5)	-
Net cash flow used in investing activities		**(293.1)**	**(33.5)**

4.5 CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021 (continued)

In €m	Note	2021	2020
Cash flows from financing activities			
Proceeds from borrowings and other financial liabilities	20	47.3	8.2
Repayment of borrowings	20	(21.3)	(2.5)
Coupon payments on Convertible bonds	22	(2.3)	-
Proceeds from issuance of Convertible bonds	22	375.0	-
Transaction costs on issuance of Convertible bonds	22	(5.9)	-
Capital contributions from shareholders (net of transaction costs)		-	3.9
Proceeds from issuance of common shares		0.1	120.4
Transaction costs on issuance of shares		-	(1.0)
Payments under lease liabilities		(22.8)	(22.5)
Net cash flow from financing activities		**370.1**	**106.5**
Cash and cash equivalents at the beginning of the year		366.1	277.3
Effect of exchange rate changes on cash and cash equivalents		8.6	(14.5)
Cash and cash equivalents at the end of the year	17	**400.5**	**366.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

General information

The consolidated financial statements present the operations of Global Fashion Group S.A. ('GFG S.A.'). GFG S.A. is hereinafter referred as the 'Company'. The Company and its subsidiaries are referred to as 'Global Fashion Group', the 'Group' or 'GFG'.

GFG S.A. is a stock corporation (société anonyme) under the laws of the Grand Duchy of Luxembourg and is 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. Since 2 July 2019, the shares of the Company are traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

The consolidated financial statements were approved and authorised for issue by the Supervisory Board on 7 March 2022. The shareholders will ratify the approval of the financial statements at the annual general meeting.

The official version of the accounts is the ESEF version available with the Officially Appointed Mechanism (OAM) tool.

Business activities

The Group's principal business activity is fashion and lifestyle Ecommerce and associated ancillary services such as marketing, technology, payment, warehousing, and logistics services. The Group offers a wide assortment of leading international and local fashion brands, as well as a selection of own label brands. The Group operates in growth markets through four Ecommerce platforms across four regions in 17 countries under the following labels: Dafiti (LATAM), Lamoda (CIS), Zalora (SEA) and THE ICONIC (ANZ). Please refer to note 6 for more details on our segmental disclosures.

Since the outbreak of the Covid-19 pandemic, GFG has learnt to work closely with their brand partners to adapt the assortment, launch new initiatives and maintain a keen focus on customer experience. During the first half of 2021 the Group has continued to deliver strong growth. Growth in the first half of the year was supported by channel shift and a strong performance from "lockdown" categories as well as the continuing expansion into categories, such as premium and beauty.

The second half of the year was more complex to navigate. Australia, Indonesia, Philippines and Russia were under some form of restrictions. In LATAM, second-order impacts from the pandemic significantly weakened consumer sentiment. The majority of our market has yet to see the recovery and the balance in fashion and lifestyle spend, which typically follows their reopening.

There were no material rental concessions or lease modifications during the period and there was no significant increase in credit risk linked to trade receivables despite the backdrop of economic uncertainty in our markets.

The variance in revenue and margin over the course of the year reflects the seasonality of fashion sales and the variable impact of Covid-19 across the year. The Group's presence in the northern hemisphere (CIS); southern hemisphere (Australia, New Zealand and Brazil) and also countries that cross the equator including South East Asia and Colombia, smooths out the seasonal risks of being concentrated in one geography. New season collections drive most sales in the second and fourth quarter, with the first and third quarter focusing on end of season sales.

On 15 March 2021, the Group issued Convertible bonds for net proceeds of €369.1 million. This additional capital supports GFG's ambition of becoming a €10 billion Net Merchandise Value ("NMV") business in the next 6-8 years. Alongside investment in core growth areas, GFG also intends to accelerate the execution of the Group strategy, in particular the expansion of Marketplace and Platform Service capabilities.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union ("EU"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented except as further explained in note 5. IAS 29 has been applied since 2018 as Argentina is in hyperinflation.

The consolidated financial statements are prepared on a historical cost basis, unless otherwise stated. The consolidated financial statements have been prepared on a going concern basis of accounting.

The consolidated financial statements are presented in Euro ("€"), unless otherwise stated and all values are rounded to the nearest million with a fractional digit in accordance with a commercial rounding approach, except when otherwise indicated. This may result in rounding differences as well as percentage figures presented not exactly reflecting the absolute figures they relate to.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2021 and 2020. Subsidiaries are those investees that the Company controls because (i) it has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests form a separate component of the Group's equity.

Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the Group and to the non-controlling interests.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group receivables, liabilities, and results relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such a case, the carrying amounts of the shares attributable to the owners of the parent and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between this adjustment and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

In case a change in the ownership interest of a subsidiary results in a loss of control, the net assets and the non-controlling interests have to be derecognised. At this time, the gain or loss is derived from the difference between the sum of proceeds from the divestment, the fair value of any retained interest in the former subsidiary and the non-controlling interest to be derecognised, and the divested net assets of the subsidiary. Additionally, any amounts recognised in other comprehensive income in relation to the divested subsidiary are reclassified to profit or loss in case the respective standard on which basis they were initially recognised requires such a recycling. The resulting gains or losses are recognised in the income statement.

Business combinations

The acquisition method is used to account for business combinations. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are generally measured at their fair values at the acquisition date, irrespective of the extent attributable to non-controlling interests.

The Group measures non-controlling interests that represent present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree.

Goodwill is calculated by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interests in the acquiree, and fair value of an interest in the acquiree held immediately before the acquisition date. Any remaining excess of the acquisition cost over the fair value of the net assets is recognised as goodwill. Any negative amount from the calculation explained before ("negative goodwill" or "bargain purchase") is recognised in the income statement, after management reassesses whether it has identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred to former owners, including fair value of assets or liabilities from contingent consideration arrangements. The consideration excludes acquisition related costs such as advisory, legal, valuation, and similar professional services. Transaction costs associated with the acquisition are recognised as expenses within general administration costs unless incurred for issuing equity or debt instruments. Costs of issuing equity instruments are recognised in equity and costs of issuing debt instruments are included in the carrying amount of the debt instrument and recognised in profit or loss as part of the interest expense over the life of the debt instrument.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the Financial and Operating Policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. Subsequently, the carrying amount of the investment is adjusted to recognise the investor's share of profit or loss and its share of changes in the investee's other comprehensive income. The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. Distributions received from the investee reduce the carrying amount of the investment.

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company as well as the reporting currency of the Group is the Euro ("€"). In selecting the functional currencies of the entities in the Group, judgement is required to determine the currency that has the biggest influence on the sales prices for goods. This is typically determined by assessing which country's competitive forces and regulations impact the sales prices the most.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions as well as from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the statement of profit or loss.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate on the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income (foreign currency translation reserve).

Application of IAS 29 Financial Reporting in Hyperinflationary Economies

The Argentinian economy has been considered to be hyperinflationary as of Q3 2018, as its cumulative inflation rate over three years has exceeded 100 per cent.

The carrying amounts of non-monetary assets and liabilities have been adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. The price index used at the reporting date was Instituto de Capacitación Profesional ("ICP").

All items recognised in the income statement have been restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred to the end of the reporting period.

At the beginning of the first period of application (1 January 2018), the components of equity, except retained earnings, have been restated by applying a general price index from the dates the components were contributed or otherwise arose.

These restatements have been recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings have been derived from all other amounts in the restated statement of financial position. At the end of the first period and in subsequent periods, all components of equity, have been and will be, restated by applying a general price index.

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts have not been adjusted for changes in the price level or exchange rates in the current year. Difference between the closing equity of the previous year and the opening equity of the current year is recognised in other comprehensive income as a translation adjustment. See note 33 for further information.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

A financial asset is recognised at the date when the Group becomes a party to the contractual provisions of the instrument. The Group's financial assets comprise of loans and trade and other receivables and financial assets at fair value through profit and loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades), are recognised on the trade date, i. e., the date that the Group commits to purchase or sell the asset.

At initial recognition, all financial assets are measured at fair value plus, unless the financial asset is measured subsequently at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are included in current assets, except for those which maturities are greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Fair value measurement

Fair value is the price that would be received to sell an asset or is paid to transfer a liability in an orderly transaction between market participants at the measurement date. Transaction costs are not included in the fair value. They are accounted for as prescribed by the applicable accounting standard. The fair value of non-financial assets is determined as the best use from a market perspective which may differ from current use of the asset.

The Group uses measurement techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use

of unobservable inputs. In the measurement of financial assets and liabilities, the credit default risk is taken into account.

The fair values for assets and liabilities included in the consolidated financial statements are classified based on a three-level hierarchy. The classification is based on the input parameters of the lowest category that is material to the fair value measurement:

Level 1: Fair values based on quoted prices in active markets.

Level 2: Fair values that are determined on the basis of valuation techniques which use inputs that are substantially based on observable market data.

Level 3: Fair values that are determined on the basis of valuation techniques which use inputs that are not based on observable market data.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Management has assessed that the carrying amounts of trade and other receivables, trade and other payables, other current financial assets and other current financial liabilities approximate fair value due to the short-term maturities of these instruments.

Initial classification and subsequent measurement

The Group classifies financial assets at initial recognition as financial assets measured at amortised cost, or financial assets measured at fair value through profit or loss.

Financial assets measured at amortised cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortised cost.

a) The financial asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows.

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

'Principal' is the fair value of the financial asset on initial recognition and 'interest' is consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. When assessing the contractual terms, the Group considers contingent events that would change the amount or timing of cash flows; terms that may adjust the contractual interest rate, including variable-rate features; prepayment and extension features; and terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

After initial recognition, the carrying amount of the financial asset measured at amortised cost is determined using the effective interest method, net of impairment loss.

Within the Group, such financial assets are represented by receivables against payment service providers, trade receivables, security deposits and other receivables.

Fair value through profit or loss financial assets (FVTPL)

Financial assets with cash flows that do not meet the Soley Payments of Principal and Interest test ("SPPI") are classified and measured at fair value through profit or loss, irrespective of the business model. Any changes in fair value is recognised in profit or loss as "finance gain" or "finance loss".

Within the Group, such financial assets are represented by investment funds.

Impairment of financial assets

All financial assets to which impairment requirements apply carry a loss allowance estimated based on expected credit losses ("ECLs"). ECLs are a probability-weighted estimate of the present value of cash shortfall over the expected life of the financial instrument.

In the Group, the impairment requirements apply to financial assets measured at amortised cost.

Trade receivables and contract assets

The Group uses a practical expedient to calculate the expected credit losses on its trade receivables and contract assets using a provision matrix. The Group uses historical credit loss experience (adjusted if necessary for changes in macroeconomic conditions) to estimate the lifetime expected credit losses.

The impairment provisions calculated using the above provision matrix shall be recorded on a separate allowance account.

All trade receivables, which are longer than 345 days overdue, or specifically impaired (e.g. insolvency of the customer), are deemed not recoverable. Such trade receivables are recognised as fully impaired and written off. These balances were immaterial for the current and prior Financial Year. The write-off constitutes a derecognition event whereby the gross carrying amount of such trade receivables is reduced against the corresponding amount previously recorded on the allowance account.

Other financial assets

The ECLs for all other financial assets are recognised in two stages:

- For financial assets for which there has not been a significant increase in credit risk since initial recognition, the Group recognises credit losses which represent the cash shortfalls that would result if a default occurs in the 12 months after the reporting date or a shorter period if the expected life of a financial instrument is less than 12 months.

- For those financial assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance reflects credit losses expected over the remaining life of the financial asset.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets of the Group to which the general approach applies are low credit risk as no significant increases in credit risk have occurred. Low credit risk only applies to cash, cash equivalents and restricted cash, which is presented within other financial assets. This exposure is addressed by distributing its financial assets over multiple financial institutions with good credit ratings and investing in money market funds with a AAA rating (according to Fitch).

The Group recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised. See note 31 for further information.

De-recognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are measured on initial recognition at fair value net of directly attributable transaction costs.

The Group's financial liabilities include trade and other liabilities and loans and borrowings. All financial liabilities of the Group are classified at initial recognition as other financial liabilities.

The Group analysed the terms and conditions of financial instruments that were convertible into common shares of the Group to determine its appropriate classification under IAS 32 Financial Instruments: Presentation as equity, a financial liability or as a compound instrument that contains both a liability and an equity component.

Please see note 20 and 22 for further details.

Subsequent measurement
All financial liabilities of the Group are subsequently measured at amortised cost using the EIR method, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance expense in the statement of profit or loss. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Fees paid to establish loan facilities are deferred and recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. See note 20 for further details.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the EIR.

De-recognition
A financial liability is derecognised when the obligation under the liability is settled, cancelled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss. See note 22 for details.

Cash and cash equivalents

In accordance with IAS 7, cash and cash equivalents include cash in hand, demand deposits held with banks and other short-term highly liquid investments with original maturities of three months or less, for which the risk of changes in value is considered to be insignificant and that are held for the purpose of meeting short-term cash commitments. See note 17 for details.

To establish whether an investment instrument or investment fund holding debt instruments is classified under IAS 7 as "Cash and cash equivalents", the Group assesses if:

- the period taken to redeem an investment from the trade date is 2 days or less;
- no restrictions or penalty charges on redemption apply;
- the weighted average life or weighted average maturity of the fund is less than or equal to 90 days or 0.25 years respectively; and
- volatility of returns over historic 12 months is capped by 1% limit.

Investment instruments which exceed the limits above, do not meet the criteria for IAS 7 classification per the professional judgement of the Group management, and will be accounted for under IFRS 9 as an "Other financial asset" and classified as a financial asset measured at fair value through profit or loss. See note 16 for details.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, where required. Costs of minor repairs and maintenance are expensed when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals, determined by comparing the net disposal proceeds with the carrying amount are recognised in profit or loss for the year within other operating income or expenses.

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The assets' residual values, methods of depreciation and useful lives are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Classes of tangible assets

	Useful lives in years
Office / IT equipment	3 – 5
Warehouse	10
Motor Vehicles	5 – 8

Please refer to note 11 for details.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

  – the Group has the right to operate the asset; or

  – the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This Policy is applied to contracts entered into, or changed, on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group elected to apply the practical expedient and applied IFRS 16 only to contracts that were previously identified as leases in accordance with IAS 17 and IFRIC 4. The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered low value, being below €5,000.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate which is a weighted average based on underlying lease liabilities.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on consumer price index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee;

- the exercise price under a purchase option that is reasonably certain to be exercised;

- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Please refer to note 12 for details.

Goodwill

Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is allocated to the cash-generating units ("CGUs"), or Groups of CGUs, that are expected to benefit from the synergies of the business combination.

The Group tests CGUs to which goodwill has been allocated for impairment at least annually and whenever indicators of impairment exist. An impairment loss with respect to goodwill is not subsequently reversed.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

Please refer to note 13 for details.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets (trademarks and customer relationships) acquired in a business combination is their fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the carrying amount may not be recoverable and the intangible asset may therefore be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets is recognised in the consolidated statement of profit or loss, in the expense category that best suits the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss, when the asset is derecognised.

The Group's intangible assets have definite useful lives and primarily include capitalised software, licences and rights as well as trademarks and customer relationships.

Intangible assets are amortised using the straight-line method over their useful lives:

Classes of other intangible assets

	Useful lives in years
Acquired software licenses	1 – 5
Internally developed software	3 – 5
Website Costs	3 – 5
Trademark	15
Customer relationships	6 – 16

Please refer to note 13 for details.

Inventories

Inventories comprise raw materials and supplies, finished goods and merchandise. Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Regionally, the cost of inventory is calculated using the weighted average cost method or the first-in-first-out method.

Write-downs to net realisable value are made to allow for all risks from slow-moving or obsolescent goods and / or reduced saleability and are included within cost of sales. When the circumstances that previously caused inventory to be written down below cost no longer exist, the write down is reversed. See note 15 for details.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that any non-financial asset may be impaired. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. If market capitalisation is lower than the carrying value of equity, the market considers the Group's value is less than the carrying value and an impairment trigger is met. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment at least annually and whenever there are indicators for impairment. Management has used a two-level impairment testing approach including (i) a CGU-level test with partial allocation of corporate overhead costs and (ii) a higher-level test of the consolidated Group recoverable amount including a full allocation of corporate overhead costs.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. For the purposes of impairment testing, assets are grouped together into CGUs, the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Groups of assets. Goodwill arising from business combinations is allocated to the CGUs that are expected to benefit from the synergies of the business combination.

In assessing value in use, the Discounted Cash Flow ("DCF") approach is used as the primary valuation method. The estimated future cash flows are discounted to their present value using a risk adjusted discount rate that reflects a current market-based assessment of the time value of money and the risks specific to the asset and its forecasts. We derive our discount rates using a capital asset pricing model.

The Group bases its value-in-use calculations on detailed budgets and forecasts, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. Internally developed budgets and forecasts generally cover a period of three years. These are then trended over an additional seven years to reflect the early development stage of the CGUs and their high growth potential over a full ten-year horizon. To calculate the terminal value of the CGUs, the terminal year cash flows is capitalised into perpetuity using CGU-specific perpetual growth rates ("PGR").

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

A previously recognised impairment loss for non-financial assets other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Please refer to note 13 for further details.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Please see note 18 for further details.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A best estimate is made of the amount of the provision taking into account all identifiable risks arising from the obligation. Provisions with a residual term of more than twelve months are discounted. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement, net of any reimbursement. Refer to note 21 for more details.

Share-based payments

The Group operates equity-settled and cash-settled share-based payment plans, under which Group companies receive services from directors and employees as consideration for equity instruments of the Company or one of its subsidiaries or a right to receive a share-based cash payment.

Equity-settled share-based payments
The total amount to be expensed for services received is determined by reference to the grant date fair value of the share-based payment award made. For share options granted, the grant date fair value is determined using the Black-Scholes option valuation formula. For equity settled Restricted Stock Units issued as part of the 2019 Share Plan (see note 19 for explanation), the grant date fair value is determined with reference to the observed publicly available share price of GFG S.A. on the relevant date.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of awards that will eventually vest, with a corresponding credit to equity. Estimated forfeitures are revised if the number of awards expected to vest differ from previous estimates. Differences between the estimated and actual forfeitures are accounted for in the period it occurs.

For awards with graded-vesting features, each instalment of the award is treated as a separate grant. This means that each instalment is separately expensed over the related vesting period. Some instalments vest only upon the occurrence of a specified exit event (e.g. IPO) or 12 months after such an event and under the condition the employee is still employed with the Group. These instalments are expensed over the expected time to such vesting event and recorded in employee benefit expense. Exit conditions linked with continued service are considered non-market vesting conditions. No expense is recognised for awards that do not ultimately vest.

The Group starts recognising a compensation expense from the beginning of the service period, even when the grant date is subsequent to the service commencement date. During the period between service commencement date and grant date, the share-based payment expense recognised is based on an estimated grant date fair value of the award. Once the grant date has been established, the estimated fair value is revised so that the expense recognised is based on the actual grant date fair value of the equity instruments granted.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense that would have resulted had the terms not been modified, given the original terms of the awards are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Expenses for awards that are cancelled are accelerated. Replacement awards that are not designated as such are accounted for as new grant.

Cash-settled share-based payments

The fair value of the amount payable to employees with respect to cash-settled share-based payments are recognised as an expense over the vesting period. The fair value is measured initially and at each reporting date until the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is determined using the Black-Scholes model, or revalued using the latest publicly available share price of GFG S.A. for cash settled units issued as part of the 2018 Employee share option plan. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to the cash-settled awards.

Please refer to note 19 for further details.

Convertible bonds

The Group has identified separate debt and equity components to the convertible bonds compound instrument. As a financial liability, the debt component is initially valued based on the present value of future cash flows, net of directly attributable transaction costs. The financial liability is subsequently measured at amortised cost using the EIR method.

The equity component is recognised as the difference between gross proceeds from the convertible bond issuance and the fair value of the debt component and any bifurcated derivatives.

The Group also identified several embedded derivates within the Convertible bonds. These financial assets are initially measured at fair value with subsequent changes in fair value recognised in profit or loss as “finance gain” or “finance loss”. Please refer to note 22 for further details.

Revenue recognition

The Group generates revenues mainly from the sale of fashion and lifestyle products online through its retail websites. Revenue is recognised at a point in time when control of the asset is transferred to the customer, i.e. on delivery of the goods or services.

The Group entities generally offer customers a possibility to return any unused goods within a specified period of time (usually 30 days) and receive a full refund in form of cash or store credit. In such cases revenue is recognised only to the extent that is highly probable that a significant reversal will not occur when the uncertainty associated with the right of return is subsequently resolved. The remaining consideration is recognised as a refund liability. The Group determines the amount of revenue and the amount of refund liability using the expected value method, representing the sum of probability weighted outcomes.

A corresponding right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

The Group evaluates whether it is principal or agent with respect to its performance obligations. When the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, the Group acts as principal and records revenue at the gross sales price. The Group records the net amounts as commissions earned if it is not primarily obligated and do not have latitude in establishing prices namely in its marketplace business (note 24). Such amounts earned are determined using a fixed percentage of the transaction value, a fixed-payment schedule, or a combination of the two.

Coupons and loyalty points, except as those explained below, and discounts are deducted from the transaction price.

If as a part of sale transactions, the Group issues coupons or loyalty points to the customers which can either be used as an incremental discount to other available discounts in future transactions or that provide a customer loyalty status are accounted for as a material right representing an additional performance obligation. The consideration received is allocated based on the relative stand-alone selling prices between the sold goods and the additional performance obligation.

The stand-alone selling price of the material right is estimated reflecting:

a) the discount that the customer would be entitled to, adjusted for any discount that the customer could receive without using the loyalty programme (i.e. any discount available to any other customer) and

b) the likelihood that the customer will use the loyalty points.

The amount allocated to the loyalty points is recognised as revenue when the customer uses the material right or when they expire.

The Group also issues discount coupons to its employees on a monthly basis which represent a form of remuneration for their services and aims to build loyalty. In such cases, revenue from sales to employees is accounted for on a gross basis while the amount of discounts provided to employees is included in employee benefit expenses in the period the coupons are redeemed.

Refund liabilities

Refund liabilities are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These liabilities are reviewed regularly and updated to reflect management's latest best estimates, although actual returns could vary from these estimates.

Right of return assets

The Group presents the expected returns of goods, based on historical return rates, on a gross basis in the statement of profit or loss and reduces revenue by the full amount of sales that it estimates will be returned. The dispatch of goods that is recorded in full upon dispatch of the goods is then corrected by the estimated amount of returns.

The Group also presents expected returns on a gross basis in the statement of financial position. In this context, a right to recover possession of goods from expected returns is recognised in other non-financial assets. The amount of the asset corresponds to the cost of the goods delivered for which a return is expected, taking into account the costs incurred for processing the return and the losses resulting from disposing of these goods.

Cost of sales

Cost of sales consists of the purchase price of consumer products, inbound shipping charges and certain personnel expenses. The inbound shipping charges to receive products from the suppliers of the Group are included in inventory, and recognised as cost of sales upon sale of products to the Group's customers. The cost of merchandise sold to the customers is calculated using the weighted average cost method or the first-in-first-out method.

Selling and distribution expenses

Selling and distribution expenses include fulfilment and marketing costs.

Fulfilment costs represent costs incurred in operating and staffing the Group's fulfilment and customer service centres, including costs attributable to receiving, inspecting, and warehousing inventories; picking, packaging, and preparing customer orders for shipment, including packaging materials; payment processing and related transaction costs. Fulfilment costs also include outbound shipping costs, content and e-production costs, and amounts paid to third parties that assist the Group in fulfilment and customer service operations.

Marketing costs consist primarily of targeted online advertising, television advertising, public relations expenditures, and payroll and related expenses for personnel engaged in marketing, business development, and selling activities.

Administrative expenses

Administrative expenses include technology and buying expenses, and other administrative expenses.

Technology and content expenses consist principally of technology infrastructure expenses and payroll and related expenses for employees involved in application, product, and platform development, category expansion, editorial content, buying, merchandising selection, systems support, and digital initiatives, as well as costs associated with the computer, storage, and telecommunications infrastructure used internally.

Employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits (such as health services) are accrued in the period in which the associated services are rendered by the employees of the Group. Employees are eligible for discount coupons provided to them on a monthly basis. The cost of these coupons is included in employee benefits and subject to social security and tax contributions. The Group recognises a liability and an expense for bonus plans to employees and key management personnel based on a formula and Group performance targets when contractually obliged.

Income taxes

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred taxes are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxes are determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are recognised on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability, where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates.

Deferred tax assets are recognised on deductible temporary differences and tax loss carry forwards arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities. The deferred tax assets and liabilities must relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next Financial Year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Other disclosures to the Group's exposure to risk and uncertainties are included in the Capital Management and Financial Risk Management sections. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next Financial Year include:

Estimating variable consideration for returns

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return. The Group determines the amount of revenue using the expected value method. The expected value method is the sum of probability weighted outcomes in a range of possible consideration amounts. Historical purchasing patterns and the refund entitlements of customers are used in estimating the expected consideration amounts.

The Group updates its assessment of expected returns regularly and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of the customer's actual returns in the future.

Determination of the net realisable value of inventories

The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined.

The provision for obsolete inventories reflects management's estimate of losses expected by the Group, calculated on the basis of experience as well as past and anticipated market performance. Estimates are based on information available as of the reporting date and management judgement about the expected sales volumes and margins after the reporting date. The expectation of volumes of loss-making sales and losses to be incurred is based on historical data adjusted for the results of management's analysis of retail industry developments and expected changes in customers' behaviour. Customer behaviour is analysed on a seasonal and geographical basis.

Each reporting date, management makes an assessment of slow moving inventory / non-moving inventory, based on inventory which is not sold for a period of six months, and makes adequate provision for such unsold inventory and makes adequate impairments for such unsold inventory reflecting the decline of the net realisable value.

Inventory balance is categorised depending on the season to which it relates to. The inventory valuation allowance reflects management's estimate of losses expected to be incurred by the Group as a result of sales of stock belonging to the particular season and sell-through rate.

Net realisable value is calculated as estimated selling price less the estimated costs necessary to make the sale. However, the extensive usage of discounts and frequent changes in prices with respect to market conditions makes estimation of selling prices on an item by item basis impracticable. Assessment of net realisable value is carried out on a product line level and all inventory balances are categorised as follows: footwear, clothes and accessories for further information we refer to note 15.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Provided the recognition criteria for deferred tax assets are met, an asset is only recognised to the extent of existing deferred tax liabilities. Any excess of deferred tax assets is not recognised due to the startup phase of the Group and the related loss history. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Statutory tax and customs legislation, which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. We reconsidered the Group's tax risks in the context of the application of IFRIC 23 starting the year ended 31 December 2019. For further information, we refer to note 29.

The Group operates in certain countries where the tax systems, regulations and enforcement processes have varying stages of development creating uncertainty regarding application of tax law and interpretation of tax treatments. The Group is also subject to regular tax audits in the countries where it operates. When there is uncertainty over whether the taxation authority will accept a specific tax treatment under the local tax law, that tax treatment is therefore uncertain. The resolution of tax positions taken by the Group, through negotiations with relevant tax authorities or through litigation, can take several years to complete and, in some cases, it is difficult to predict the ultimate outcome. Therefore, judgment is required to determine provisions for taxes.

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, the Group assumes that a taxation authority with the right to examine amounts reported to it will examine those amounts and have full knowledge of all relevant information when making those examinations.

The Group has a process in place to identify its uncertain tax positions. Management then considers whether or not it is probable that a taxation authority will accept an uncertain tax treatment. On that basis, the identified risks are split into three categories (i) remote risks (risk of outflow of tax payments are 0% to 20%), (ii) possible risks (risk of outflow of tax payments are 21% to 49%) and probable risks (risk of outflow is more than 50%). The process is repeated regularly by the Group.

If the Group concludes that it is probable or certain that the taxation authority will accept the tax treatment, the risks are categorized either as possible or remote, and it determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. The risks considered as possible are not provisioned but disclosed as tax contingencies in the Group consolidated financial statements while remote risks are neither provisioned nor disclosed.

If the Group concludes that it is probable that the taxation authority will not accept the Group's interpretation of the uncertain tax treatment, the risks are categorized as probable, and it reflects the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates by generally using the most likely amount method – the single most likely amount in a range of possible outcomes.

If an uncertain tax treatment affects both deferred tax and current tax, the Group makes consistent estimates and judgments for both. For example, an uncertain tax treatment may affect both taxable profits used to determine the current tax and tax bases used to determine deferred tax.

If facts and circumstances change, the Group reassesses the judgments and estimates regarding the uncertain tax position taken. Please refer to note 30 for our analysis of uncertain tax positions.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available. The primary inputs into the IBR calculations are available base rates such as local government bond yields. Group-specific spreads are overlaid to the base rates, as well as corporate spreads and security adjustments as needed.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate)

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate)

- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the lease assets.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the cash flow projections covering a detailed three-year forecast, followed by an extrapolation of expected cash flows over an additional seven year-period using fading annual growth rates that converge towards PGRs in the long term, as determined by management. Cash flows have been extrapolated over a seven-year period, to reflect the early developmental stage of the CGUs and their high growth potential over the full ten-year horizon period. Cash flow forecasts include significant future investments (including the commitments disclosed in note 30) that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the PGR. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 13.

Fair value determination of share-based payment plans

Estimating the fair value for share-based payment transactions generally requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. For share options, this estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and risk-free rate. The Group initially measures the cost of cash-settled transactions with employees using the Black-Scholes model in order to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees, the Group uses the Black-Scholes model to value options by reference to observable market inputs on the grant date. The options are then not remeasured at the end of each reporting period.

Since GFG became listed the share price input in those models are derived from the Company's quoted share price at the reporting date. Measurement is thus subject to the market driven volatility of the share price. Other inputs may not be directly observable and therefore still need to be estimated.

The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in note 19.

Climate change

In preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the disclosures included in section 2.13 Risks and Opportunities report in the Annual Report and the stated 2030 sustainability targets. Management is working to align our assessment on the financial impact of climate change risks and opportunities with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and will make relevant disclosures in future reports.

Sources of estimation uncertainty and significant judgements

The consideration of future climate change impacts did not have a material impact on the financial reporting judgements and estimates made, consistent with the assessment that there are currently no known climate change risks expected to have a significant impact on the Group's going concern assessment.

The full list of 2030 sustainability targets were considered, including the following points:

- Carbon offsetting and long-term carbon emission reduction targets, including reducing emissions from logistics and fulfilment activities

- More sustainable assortment and lower carbon logistics alternatives - working with our supply chain to increase the proportion of products offered to customers that are made from lower impact materials and to deliver our products via zero or low emissions methods

- Renewables and energy efficiency of our operations - continued investment in LED lighting, onsite renewable energy generation solutions where possible and the purchase of Renewable Energy Certificates where not possible.

Management has considered the impact of climate change on the estimates of future cash flows used in impairment assessments of the carrying value of goodwill. Whilst the impact of climate change on future cash flow projections is not known, the Group's strategies and priorities will adapt in line with changing customer sentiments, macro-environmental changes and regulatory requirements, such that we do not expect a material impact on the CGU's recoverable amount. The Group's Sustainability strategies aim to position the Group ahead of the market, helping to create an active consumer response to climate change, which could ultimately become a competitive advantage to our business.

Income taxes

There are currently no known environmental taxes that are expected to have a significant financial impact. The Group will continue to monitor its forecasted future taxable profits, and how they are likely to be impacted by climate-related developments, in addition to following any climate-related changes to tax legislation across the regions that could significantly impact income taxes.

PPE, Intangible assets and Goodwill

The Group has considered the physical risks to our business over the short, medium and long term posed by climate change and has deemed that no impairment is required. Management will continue to review these effects as possible impairment triggers.

Other matters

The Group does not currently foresee material financial impacts to the value of inventories, the measurement and recognition of financial instruments, or the fair value measurement of financial assets as a result of climate change. Management will continue to assess the impact of climate changes on the balance sheet going forward.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020, with the exception of the following.

The following standards and interpretations were effective 1 January 2021 but do not have a significant effect on the or financial position of the Group:

Standard	Effective date
Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to IFRS 16- Covid-19-Related Rent Concessions	30 June 2021

The following standards and interpretations which are not yet effective are not expected to have a material effect on the results or financial position of the Group:

Standard	Effective date	Effects
Amendments to IAS 16 prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022	No significant effect expected
Amendments to IAS 37 regarding the costs to include when assessing whether a contract is onerous	1 January 2022	No significant effect expected
Amendments to IFRS 9 resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	1 January 2022	No effect expected
Amendments to IFRS 3 updating a reference to the Conceptual Framework	1 January 2022	No effect expected
Amendments to IFRS 1 resulting from annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	1 January 2022	No effect expected
IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022	No effect expected
IFRS 17: Insurance Contracts	1 January 2023	No effect expected
Amendments to IAS 1 regarding the current or non-current classification of liabilities	1 January 2023	No significant effect expected
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023	No effect expected
Amendments to IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	No effect expected

The Group plans to adopt new standards once effective.

6. SEGMENT INFORMATION

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker ("CODM") and for which discrete financial information is available. Transfer prices between operating segments are on an arm's-length basis.

The segments are as follows:

- Latin America ("LATAM") including Brazil, Colombia, Chile and Argentina;
- Commonwealth of Independent States ("CIS") including Russia, Belarus, Kazakhstan, and Ukraine;
- South East Asia ("SEA") including Malaysia, Indonesia, Singapore, Philippines, Brunei, Taiwan and Hong Kong; and
- Australia & New Zealand ("ANZ").

Intercompany consolidation adjustments are included in the 'reconciliation' column, in order to arrive at the GFG financial statements.

Group segments generate external revenue from fashion and lifestyle Ecommerce products. Products are not disaggregated in CODM reporting.

Reportable segment information for the year ended 31 December 2021 is set out below:

In €m	LATAM	CIS	SEA	ANZ	Total Fashion Business	Other	Reconciliation[1]	Total
Revenues from external customers	352.1	523.6	289.0	394.8	1,559.5	-	-	1,559.5
Intersegment Revenue	-	-	-	-	-	25.9	(25.9)	-
Total Revenue	**352.1**	**523.6**	**289.0**	**394.8**	**1,559.5**	**25.9**	**(25.9)**	**1,559.5**
Cost of sales	(193.3)	(260.4)	(179.4)	(214.6)	(847.7)	(0.5)	0.2	(848.0)
Gross profit	**158.8**	**263.2**	**109.6**	**180.2**	**711.8**	**25.4**	**(25.7)**	**711.5**
Operating (expenses)/income								
Selling and distribution expenses	(133.5)	(212.0)	(86.2)	(130.6)	(562.3)	(0.2)	0.9	(561.6)
Administrative expenses	(51.3)	(39.7)	(37.1)	(49.6)	(177.7)	(36.1)	(4.9)	(218.7)
Other (expenses)/income	(28.8)	(6.3)	0.9	(2.9)	(37.1)	(18.0)	19.2	(35.9)
EBIT	**(54.8)**	**5.2**	**(12.8)**	**(2.9)**	**(65.3)**	**(28.9)**	**(10.5)**	**(104.7)**
Depreciation and Amortisation	14.7	24.0	7.7	10.9	57.3	3.0	10.5	70.8
EBITDA[2]	**(40.1)**	**29.2**	**(5.1)**	**8.0**	**(8.0)**	**(25.9)**	**-**	**(33.9)**
Recurring items (see below)								**22.1**
Non-recurring items (see below)								**25.4**
Adjusted EBITDA[3]	**(12.0)**	**31.4**	**-**	**15.6**	**35.0**	**(21.4)**	**-**	**13.6**
Reconciliation to loss before tax:								
Finance income								1.7
Finance costs								(34.5)
Share-based payment expense								(22.1)
Depreciation and amortisation								(70.8)
IAS 29 Hyperinflation result								3.2
Change in estimate of prior year tax provision								(0.9)
Fulfilment centre closure costs and continuity incentives								(0.6)
Change in legal provisions and project costs								(1.8)
Impairment of goodwill								(22.1)
Loss before tax								**(134.3)**
Recurring items								
Share-based payment expense	5.1	2.2	3.3	2.9	13.5	8.6	-	22.1
Group recharges	-	-	1.2	3.0	4.2	(4.2)	-	-
Non-recurring items								
Change in estimate of prior year tax provision	0.3	-	0.6	-	0.9	-	-	0.9
Fulfilment centre closure costs and continuity incentives	0.6	-	-	-	0.6	-	-	0.6
Change in legal provisions and project costs	-	-	-	1.7	1.7	0.1	-	1.8
Impairment of goodwill	22.1	-	-	-	22.1	-	-	22.1

1 The reconciliation column includes consolidation adjustments, including intercompany eliminations and amortisation of purchase price allocation assets.

2 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.

3 Adjusted EBITDA is EBITDA adjusted for share-based payment (income)/expenses, impairment of goodwill, Group recharges, changes to estimates for prior year tax, fulfilment centre closure costs and continuity incentives, and change in legal provisions and project costs.

Reportable segment information for the year ended 31 December 2020 is set out below:

In €m	LATAM	CIS	SEA	ANZ	Total Fashion Business	Other	Reconciliation [1]	Total
Revenues from external customers	372.7	453.3	274.5	259.2	1,359.7	-	-	1,359.7
Intersegment Revenue	-	-	0.4	-	0.4	23.3	(23.7)	-
Total Revenue	**372.7**	**453.3**	**274.9**	**259.2**	**1,360.1**	**23.3**	**(23.7)**	**1,359.7**
Cost of sales	(208.0)	(240.1)	(186.1)	(138.0)	(772.2)	(1.4)	0.1	(773.5)
Gross profit	**164.7**	**213.2**	**88.8**	**121.2**	**587.9**	**21.9**	**(23.6)**	**586.2**
Operating (expenses)/income								
Selling and distribution expenses	(128.3)	(170.5)	(70.4)	(79.3)	(448.5)	-	0.8	(447.7)
Administrative expenses	(38.7)	(36.3)	(44.2)	(39.6)	(158.8)	(45.9)	10.3	(194.4)
Other (expenses)/income	(2.5)	(4.4)	5.1	(1.7)	(3.5)	(6.7)	1.3	(8.9)
EBIT	**(4.8)**	**2.0**	**(20.7)**	**0.6**	**(22.9)**	**(30.7)**	**(11.2)**	**(64.8)**
Depreciation and Amortisation	13.2	23.9	5.9	10.0	53.0	2.4	10.9	66.3
EBITDA [2]	**8.4**	**25.9**	**(14.8)**	**10.6**	**30.1**	**(28.3)**	**(0.3)**	**1.5**
Recurring items (see below)								14.9
Adjusted EBITDA [3]	**11.9**	**27.0**	**(6.9)**	**13.2**	**45.2**	**(28.5)**	**(0.3)**	**16.4**
Reconciliation to loss before tax:								
Result from investment in associate								(0.1)
Finance income								2.1
Finance costs								(46.3)
Share-based payment expense								(14.9)
Depreciation and amortisation								(66.3)
IAS 29 Hyperinflation result								1.2
Loss before tax								**(107.9)**
Recurring items								
Share-based payment expense	3.5	1.1	7.4	0.6	12.6	2.3	-	14.9
Group recharges	-	-	0.5	2.0	2.5	(2.5)	-	-

[1] The reconciliation column includes consolidation adjustments, including intercompany eliminations and amortisation of purchase price allocation assets.

[2] 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.

[3] Adjusted EBITDA is EBITDA adjusted for share-based payment (income)/expenses, impairment of goodwill, Group recharges, changes to estimates for prior year tax, fulfilment centre closure costs and continuity incentives, and change in legal provisions and project costs.

Information about geographical areas

Revenues from external customers by region are determined based on the location of the selling business.

Revenues from external customers include €216.0 million (2020: €257.9 million) in Brazil, €487.6 million (2020: €422.2 million) in Russia and €394.8 million (2020: €259.3 million) in Australia.

During 2021 and 2020 no revenues from external customers were generated in Luxembourg, the domicile of Global Fashion Group S.A.

Non-current assets (excluding other financial assets and income tax receivables) for each region for which it is material are reported separately as follows:

In €m	2021	2020
LATAM	155.7	166.9
CIS	130.4	107.3
ANZ	133.3	135.9
SEA	50.1	46.8
Other	16.0	4.7
Total	**485.5**	**461.6**

No significant non-current assets are located in Luxembourg, the domicile of GFG S.A. No analysis of the assets and liabilities of each operating segment is provided to the Chief Operating Decision Maker in the monthly management accounts.

7. GROUP INFORMATION

The consolidated financial statements include the assets, liabilities and financial results of the Company and its subsidiaries.

The table below presents the list of the Company's subsidiaries.

			Ownership[1]	
	Principal activity	Registered office	31 Dec 2021	31 Dec 2020
Bigfoot GmbH, Berlin, Germany	Investment Holding	Berlin	100%	100%
Juwel 198. GmbH, Berlin, Germany	Trustee	Berlin	100%	100%
Jade 1076. GmbH, Berlin, Germany	General Partner	Berlin	100%	100%
Bambino 49. VV UG (haftungsbeschränkt), Berlin, Germany	Trustee	Berlin	100%	100%
Global Fashion Group SGP Services PTE Limited, Singapore, Singapore	Consultancy Services	Singapore	100%	100%
GFG eCommerce Technologies GmbH, Berlin, Germany	IT Services	Berlin	100%	100%
GFG Deutschland Holdings GmbH (formally Jabong GmbH), Berlin, Germany	Holding	Berlin	96.96%	96.96%
Global Fashion Group UK Finance Limited, London, UK	Finance Holding	London	100%	100%
Global Fashion Group UK Services Limited, London, UK	Consultancy Services	London	100%	100%
Global Fashion Group Ireland Finance Designated Activity Company, Dublin, Ireland[8]	Finance Holding	Dublin	0%	100%
GFG Luxembourg One S.à r.l, Senningerberg, Luxembourg	Finance Holding	Senningerberg	100%	100%
Lost Ink Ltd, London, UK	Wholesale	London	0%	100%
Dafiti Latam GmbH & Co. Beteiligungs KG, Berlin, Germany	Holding	Berlin	99.14%	99.35%
VRB GmbH & Co. B-126 (Einhundertsechsundzwanzig) KG, Berlin, Germany	Holding	Berlin	95.91%	96.11%
BFOOT S.R.L. (Arg), Buenos Aires, Argentina	Online Retail	Buenos Aires	95.77%	95.98%
VRB GmbH & Co. B-127 (Einhundertsiebenundzwanzig) KG, Berlin, Germany	Holding	Berlin	95.84%	95.78%
Bigfoot Chile SpA, Santiago, Chile	Online Retail	Santiago	95.31%	95.78%
VRB GmbH & Co. B-128 (Einhundertachtundzwanzig) KG, Berlin, Germany	Holding	Berlin	96.79%	97.00%
Bigfoot Colombia SAS, Bogota, Colombia	Online Retail	Bogota	96.79%	97.00%
VRB GmbH & Co. B-182 KG, Berlin, Germany[6]	Holding	Berlin	0%	96.81%
GFG Comercio Digital Ltda (formerly Comercio Digital BF Ltda), Sao Paulo, Brazil	Online Retail	Sao Paulo	99.13%	99.34%
Lamoda GmbH, (formerly Glamstyle Central + Eastern Europe GmbH & Co. KG), Berlin, Germany	Holding	Berlin	100%	100%
Blanko 20 KG. GmbH & Co. KG, Berlin, Germany	Online retail	Berlin	100%	100%
Fashion Delivered LLC, Ukraine, Kiev	Call centre	Kiev	100%	100%
Kupishoes LLC, Moscow, Russia	Online Retail	Moscow	100%	100%
Lamoda Service TOO, Almaty, Kazakhstan	Online Retail	Almaty	100%	100%

	Principal activity	Registered office	Ownership[1] 31 Dec 2021	Ownership[1] 31 Dec 2020
OOO Fashion Delivered, Almaty, Kazakhstan	Online Retail	Almaty	100%	100%
LLC Ecom Solution, Moscow, Russia	Online Retail	Moscow	100%	100%
Fashion Delivered OOO, Moscow, Russia	Online Retail	Moscow	100%	100%
LLC Fashion Delivered, Minsk, Belarus	Online Retail	Minsk	100%	100%
LLC Pick-up, Moscow, Russia	PUP	Moscow	100%	100%
Lamoda Management GmbH & Co KG, Berlin, Germany[4]	Trustee	Berlin	0%	100%
BGN Brilliant Services GmbH, Berlin, Germany[3]	Holding	Berlin	0%	100%
Juwel 145 V V UG (haftungsbeschränkt), Berlin, Germany	Trustee	Berlin	100%	100%
New BGN Zalora GmbH, Berlin Germany[3]	Holding	Berlin	0%	100%
Zalora Group GmbH, Berlin, Germany	Holding	Berlin	100%	100%
Brillant 1257 GmbH, Berlin, Germany	General Partner	Berlin	100%	100%
VRB GmbH & Co. B-136. KG, Berlin, Germany	Holding	Berlin	97.86%	97.86%
Brillant 1257 GmbH & Co. Verwaltungs KG, Berlin, Germany	Holding	Berlin	90.99%	90.99%
Brillant 1257. GmbH & Co. Zweite Verwaltungs KG, Berlin, Germany	Holding	Berlin	91.77%	91.77%
Brillant Vietnam Co., Ltd, Ho Chi Minh City, Vietnam	Holding	Ho Chi Minh City	91.77%	91.77%
R-SC Vietnam Co., Ltd., Ho Chi Minh City, Vietnam	Consultancy Services	Ho Chi Minh City	100%	91.77%
Brillant 1257. GmbH & Co. Dritte Verwaltungs KG, Berlin, Germany	Holding	Berlin	94.49%	94.49%
Brillant 1257. GmbH & Co. Zehnte Verwaltungs KG, Berlin, Germany[4]	Holding	Berlin	0%	100%
PT Fashion Eservices, Jakarta, Indonesia	Online Retail	Jakarta	94.48%	94.48%
PT Fashion Marketplace, Jakarta, Indonesia	Online Retail	Jakarta	94.40%	94.40%
Brillant 1257. GmbH & Co. Vierte Verwaltungs KG, Berlin, Germany	Holding	Berlin	91.73%	91.73%
BF Jade E-Services Philippines Inc., Makati City, Philippines[2]	Online Retail	Makati City	46.77%	46.77%
Brillant 1257. GmbH & Co. Fünfte Verwaltungs KG, Berlin, Germany	Holding	Berlin	92.92%	92.92%
Jade E-Services Malaysia Sdn Bhd, Kuala Lumpur, Malaysia	Online Retail	Kuala Lumpur	91.99%	91.99%
Brillant 1257. GmbH & Co. Sechste Verwaltungs KG, Berlin, Germany	Holding	Berlin	94.77%	94.77%
Jade E-Services Singapore Pte Ltd, Singapore, Singapore	Online Retail	Singapore	94.77%	94.77%
Brillant 1257. GmbH & Co. Achte Verwaltungs KG, Berlin, Germany[4]	Holding	Berlin	0%	90%
Zalora South East Asia Pte Ltd, Singapore, Singapore	Online Retail	Singapore	94.77%	94.77%
RPL Fashion Trading Gungzhou Co., Ltd (China), Guangzhou, China	Online Retail	Guangzhou	94.77%	94.77%

1 Ownership percentage excluding shareholdings by Trustee companies.

2 For the years ended 31 December 2020 and 2021, the non-controlling interest element of BF Jade E-Services Philippines Inc., was the most significant element of the comprehensive loss for the year attributable to non-controlling interests.

3 Entity eliminated from the Groups at 30 June 2021.

4 Entity eliminated from the Groups at 30 September 2021.

5 Zalora eFulfilment Services Sdn. Bhd. (held 70% by Jade E Service Malaysia and 30% by E-Kilau) was incorporated on 3 June 2021. E-Kilau Sdn. Bhd. (held 2% Jade E Service Malaysia) was incorporated on 6 July 2021. Jade E Services Malaysia is deemed to have control.

6 Entity eliminated from the Group at 31 December 2021.

7 Entity is a branch, not a legal subsidiary.

8 Liquidated on 7 May 2021.

	Principal activity	Registered office	Ownership[1] 31 Dec 2021	31 Dec 2020
Brillant 1257. GmbH & Co. Neunte Verwaltungs KG, Berlin, Germany	Holding	Berlin	100%	90%
Zalora Hong Kong Ltd, Hong Kong, China	Online Retail	Hong Kong	100%	100%
ZSEA Technology Services Company Limited, Ho Chi Minh City, Vietnam	Consultancy Services	Ho Chi Minh City	94.77%	94.77%
VRB GmbH & Co. B-129. KG, Berlin, Germany	Holding	Berlin	93.70%	93.70%
Jade 1249 GmbH, Berlin, Germany	General Partner	Berlin	100%	100%
Jade 1250. GmbH, Berlin, Germany[3]	General Partner	Berlin	0%	100%
Internet Services Australia 1 Pty Ltd, Sydney, Australia	Online Retail	Sydney	93.70%	93.70%
Mena Style Fashion GmbH & Co. KG, Berlin, Germany	Holding	Berlin	91.94%	91.94%
GFG UK 1 Limited, London, UK	Holding	London	100%	100%
GFG Deutschland 1 GmbH, Berlin, Germany	Holding	Berlin	100%	100%
Global Fashion Group TRM Limited (formerly Global Fashion Group Middle East Holdings (UK) Limited), London, UK	Holding	London	100%	100%
Jade 1218. GmbH, Berlin, Germany	Holding	Berlin	100%	100%
Jade 1411. GmbH (Komplementär), Berlin, Germany	General Partner	Berlin	100%	100%
Bambino 77. V V UG (haftungsbeschränkt), Berlin, Germany	Trustee	Berlin	0%	100%
VRB GmbH & Co. B-196 KG, Berlin, Germany	Holding	Berlin	100%	95.92%
Tricae Comercio Varejista Ltda, Sao Paulo, Brazil	Online Retail	Sao Paulo	99.91%	95.83%
Jade 1159. GmbH, Berlin, Germany	Holding	Berlin	100%	100.00%
Jade 1410. GmbH (Komplementär), Berlin, Germany	General Partner	Berlin	100%	100%
Juwel 196. VV UG (haftungsbeschränkt), Berlin, Germany	Trustee	Berlin	100%	100%
VRB GmbH & Co. B-195 KG, Berlin, Germany	Holding	Berlin	100%	96.79%
Kanui Comercio Varejista Ltda, Sao Paulo, Brazil	Online Retail	Sao Paulo	99.91%	96.70%
Zalora eFulfilment Services Sdn Bhd, Singapore, Singapore[5]	Holding	Malaysia	64.95%	0%
E-Kilau Sdn Bhd, Singapore, Singapore[5]	Holding	Malaysia	1.84%	0%
GFG Denmark, filial af Global Fashion Group S.A., Luxembourg[7]	Branch	Denmark	100%	0%

Changes to the percentage ownership during the year have not had a material financial impact. At 31 December 2020 and 2021 the proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

1 Ownership percentage excluding shareholdings by Trustee companies.

2 For the years ended 31 December 2020 and 2021, the non-controlling interest element of BF Jade E-Services Philippines Inc., was the most significant element of the comprehensive loss for the year attributable to non-controlling interests.

3 Entity eliminated from the Groups at 30 June 2021.

4 Entity eliminated from the Groups at 30 September 2021.

5 Zalora eFulfilment Services Sdn. Bhd. (held 70% by Jade E Service Malaysia and 30% by E-Kilau) was incorporated on 3 June 2021. E-Kilau Sdn. Bhd. (held 2% Jade E Service Malaysia) was incorporated on 6 July 2021. Jade E Services Malaysia is deemed to have control.

6 Entity eliminated from the Group at 31 December 2021.

7 Entity is a branch, not a legal subsidiary.

8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control/jointly control the other party or can exercise significant influence over the other party in making financial and operational decisions. Apart from the subsidiaries and associates included in the consolidated financial statements, the Group maintains relationships to other related parties as disclosed below.

Related parties to whom the Group maintained business relationships include Kinnevik Group only as they have the ability to exercise significant influence as shareholders of the Group as well as their subsidiaries and joint ventures.

No transactions have been entered into with related parties during the twelve months ended 31 December 2021 and 2020 respectively.

Key management personnel

The aggregate compensation to key management personnel, being the Management Board and Supervisory Board of the Group (executive and non-executive and including the Co-Chief Executive Officers and Chief Financial Officer) plus the members of the executive committee of the Group, was as follows:

	For the year ended 31 Dec	
In €m	**2021**	2020
Short-term employee benefits	2.5	2.8
Share-based payments charge	4.8	4.2
Total	**7.3**	**7.0**

Further details of directors' remuneration can be found in the remuneration report in section 1.7, along with directors' interest in issued shares and share options.

9. AUDITORS' REMUNERATION

Included in administrative expenses is the independent auditor's remuneration, included in expenses for audit and non-audit services, payable to the Company's auditor Ernst & Young S.A. and its affiliated companies as follows:

Auditor's remuneration

In €m	For the year ended 31 Dec 2021	2020
Audit and audit-related services:		
Audit of the parent Company and consolidated financial statements	1.4	1.2
Audit of the Company's subsidiaries	1.5	1.2
Non-audit services:		
Other services relating to taxation	-	0.1
Total fees	**2.9**	**2.5**

10. LOSS PER SHARE

Basic EPS is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of common shares outstanding during the year.

The following table reflects the income and share data used in the basic EPS calculations:

Loss per share

In €m	For the year ended 31 Dec 2021	2020
Loss attributable to ordinary equity holders of the parent for basic earnings:	(124.2)	(107.2)
Weighted average number of ordinary shares for basic and diluted EPS (m)[1]	216.1	198.0
Basic and diluted EPS from continuing operations (€)	(0.6)	(0.5)

[1] The weighted average number of shares takes into account the weighted average effect of any changes in treasury shares during the year.

Please see note 18 for details on equity transactions.

For diluted loss per share, the weighted average number of common shares is equal to the amount used in the basic EPS calculation, since potential voting rights are not dilutive due to the loss-making position of the Group during the current and prior period.

11. PROPERTY, PLANT AND EQUIPMENT

In €m	Office / IT equipment / Leasehold improvements	Warehouse / Motor vehicles	Assets in the course of construction	Total
Cost				
At 1 January 2020	45.1	84.5	27.4	157.0
Additions	9.5	14.0	4.9	28.4
Disposals	(5.9)	-	(0.5)	(6.4)
Reclassifications	4.0	19.7	(23.7)	-
Currency translation differences	(8.7)	(17.6)	(6.1)	(32.4)
At 31 December 2020	44.0	100.6	2.0	146.6
Additions	7.7	5.5	16.0	29.2
Disposals	(1.7)	(5.6)	(0.7)	(8.0)
Reclassifications	0.1	1.3	(1.4)	-
Currency translation differences	2.0	3.7	0.3	6.0
At 31 December 2021	**52.1**	**105.5**	**16.2**	**173.8**
Depreciation and impairment				
At 1 January 2020	(21.2)	(28.4)	(0.7)	(50.3)
Depreciation charge for the year	(5.7)	(13.4)	-	(19.1)
Disposals	1.9	-	-	1.9
Reclassifications	(1.3)	1.3	-	-
Currency translation differences	3.2	6.0	0.8	10.0
At 31 December 2020	(23.1)	(34.5)	0.1	(57.5)
Depreciation charge for the year	(5.9)	(13.5)	(0.1)	(19.5)
Disposals	2.3	3.9	-	6.2
Reclassifications	(1.6)	1.6	-	-
Currency translation differences	(1.0)	(1.8)	-	(2.8)
At 31 December 2021	**(29.3)**	**(44.3)**	**-**	**(73.6)**
Net book value				
At 31 December 2021	**22.8**	**61.2**	**16.2**	**100.2**
At 31 December 2020	20.9	66.1	2.1	89.1

As of 31 December 2021 and 2020, there were no assets held for sale.

12. LEASES

This note provides information for leases where the Group is a lessee. There are no material instances where the Group is a lessor.

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	As at 31 Dec	
In €m	2021	2020
Right of-use assets		
Property	45.4	39.0
Warehouse	74.5	65.2
Motor vehicles	2.5	-
Office equipment and other	0.2	0.1
	122.6	**104.3**
Lease Liabilities		
Current	25.2	19.5
Non-current	108.0	94.2
	133.2	**113.7**

Please refer to note 4 for critical judgements related to leases.

Additions to right-of-use assets during the year were €33.0 million (2020: € 55.9 million).

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	As at 31 Dec	
In €m	2021	2020
Depreciation charge of right of use assets		
Property	12.9	12.1
Warehouse	10.2	7.9
Office equipment and other	0.4	3.2
	23.5	**23.1**
Interest expense (included in finance costs)	9.4	8.8
Expense relating to short-term leases	0.7	0.4
Expense relating to leases of low-value assets that are not shown above as short term leases	0.1	-
	10.2	**9.3**

The total cash outflow for leases in 2021, including interest and payments, was €32.0 million (2020: €31.3 million) *(iii) The Group's leasing activities and how these are accounted for*

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods, but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

Please refer to note 3 for detailed accounting policies.

(iv) Variable lease payments

Various leases across the Group contain variable lease payment terms that are linked to an index or a rate, specific to the country that the lease is in. Variable lease payments are initially recognised as part of the lease liability using the index or rate as at the date of commencement and the lease liability is subsequently remeasured to reflect the revised lease payments when there is a change in the cash flows.

(v) Residual value guarantees

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to property and equipment leases. As at 31 December 2021, there were no balances excluded from lease liabilities, which were not expected to be payable (2020: nil).

(vi) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

As at 31 December 2021, there were no potential future cash outflows that were excluded from the lease liability because it was not reasonably certain that the leases would be extended (or not terminated) (2020: nil).

(vii) Lease not yet commenced to which the lessee is committed

As at 31 December 2021 and 2020, the Group was not committed to any leases, which had not yet commenced, apart from the one relating to the new Moscow fulfilment centre (note 34).

Please refer to note 31 for maturity analysis of lease liabilities.

13. GOODWILL AND OTHER INTANGIBLE ASSETS

In €m	Goodwill	Internally developed intangible assets / Website costs	Software / Licenses / Rights	Trademark	Customer Relationships	Other	Total other intangible assets
Cost							
At 1 January 2020	815.5	37.3	27.7	419.3	164.0	0.8	649.1
Additions	-	13.2	6.7	0.3	-	0.1	20.3
Reclassifications	-	-	-	-	(0.3)	0.3	-
Disposals	-	(0.5)	-	0.1	0.3	-	(0.1)
Currency translation differences	(149.1)	(6.8)	(6.0)	(63.9)	(29.7)	(0.3)	(106.7)
At 31 December 2020	666.4	43.2	28.4	355.8	134.3	0.9	562.6
Additions	-	22.8	8.1	0.1	-	-	31.0
Reclassifications	-	0.1	-	-	-	(0.1)	-
Disposals	-	(0.2)	(0.1)	-	-	-	(0.3)
Currency translation differences	35.9	1.9	1.2	14.7	7.9	0.1	25.8
At 31 December 2021	**702.3**	**67.8**	**37.6**	**370.6**	**142.2**	**0.9**	**619.1**

In €m	Goodwill	Internally developed intangible assets / Website costs	Software / Licenses / Rights	Trademark	Customer Relationships	Other	Total other intangible assets
Depreciation and impairment							
At 1 January 2020	(631.1)	(13.7)	(20.5)	(352.9)	(120.3)	(0.5)	(507.9)
Amortisation charge for the year	-	(9.5)	(3.4)	(6.3)	(4.6)	(0.3)	(24.1)
Reclassifications	-	1.5	(1.8)	0.2	0.2	(0.1)	-
Disposals	-	0.4	0.2	-	(0.2)	-	0.4
Currency translation differences	112.3	3.2	4.6	59.4	22.0	0.1	89.3
At 31 December 2020	(518.8)	(18.1)	(20.9)	(299.6)	(102.9)	(0.8)	(442.3)
Amortisation charge for the year	-	(11.3)	(5.9)	(6.2)	(4.4)	-	(27.8)
Impairment loss	(22.1)	-	-	-	-	-	-
Reclassifications	-	1.6	(1.6)	-	-	-	-
Currency translation differences	(33.9)	(0.7)	(1.1)	(14.0)	(6.4)	(0.1)	(22.3)
At 31 December 2021	**(574.8)**	**(28.5)**	**(29.5)**	**(319.8)**	**(113.7)**	**(0.9)**	**(492.4)**
Net book amount							
At 31 December 2021	**127.5**	**39.3**	**8.1**	**50.8**	**28.5**	**0.1**	**126.7**
At 31 December 2020	147.6	25.1	7.5	56.2	31.4	0.1	120.3

See note 26 for breakdown of amortisation expenses between cost of sales and general administration.

As of 31 December 2021 and 2020, there were no intangible assets in which title was restricted.

Impairment testing of CGUs containing goodwill

The Group performed the impairment test for its CGUs as at 31 December 2021 and 31 December 2020. For the year ended 31 December 2021, the Group recorded impairment charges of €22.1 million (2020: nil) in respect of the Group's investments in LATAM.

For the purposes of impairment testing, goodwill was allocated to the Group's CGUs being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups.

The amount of goodwill allocated to each CGU after the impairment testing was as follows:

In €m	31 Dec 2021	31 Dec 2020
LATAM	68.8	90.0
CIS	0.5	0.5
SEA	-	-
ANZ	58.2	57.1
Total	**127.5**	**147.6**

Impairment approach for the year ended 31 December 2021

As part of the 2021 annual impairment assessment of goodwill, management have assessed internal and external indicators of impairment, covering analyst commentary, internal budget comparisons, macroeconomic and industry analysis along with the impact of the Covid-19 pandemic on the business of the Group.

The recoverable amounts of each CGU were based on value-in-use, estimated using a DCF model. The model uses cash flow projections covering a detailed three-year forecast, followed by an extrapolation of expected cash flows over an additional seven year period using fading annual growth rates that converge towards PGRs in the long term, as determine by management. Cash flows have been extrapolated over a seven-year period, to reflect the early developmental stage of the CGUs and their high growth potential over the full ten-year horizon period. The terminal value of the CGUs is calculated using the terminal year cash flow which is capitalised into perpetuity using CGU-specific PGR and discount rates. These selected growth rates are consistent with industry and macro-economic forecasts in the regions where the CGUs operate. The present value of the expected cash flows of each CGU is determined by applying a discount rate that is commensurate with the risks and uncertainty inherent in the CGUs forecasts.

LATAM CGU

The recoverable amount of the LATAM CGU of €113.9 million as at 31 December 2021 has been determined based on a value in use of the cash-generating unit calculated using the CGU's business plan and approved by the Management Board. The projected cash flows reflect the impact of the macroeconomic changes and market conditions after the second-order impacts of the pandemic in the LATAM regions, including GDP, rising unemployment and inflation, particularly in Brazil. As a result of this analysis, management has recognised an impairment charge of €22.1 million in the current year against goodwill with a carrying amount of €90.0 million as at 31 December 2020. The carrying value of the goodwill after the recognition of the impairment was €68.8 million as at 31 December 2021. The impairment charge is presented as a separate line item in the Consolidated statement of profit or loss.

Key assumptions used in the estimation of the discount rates by CGU included specific risk premiums to account for inflation and the Group's size.

The discount rates and growth rates used in deriving the CGUs recoverable amounts for the year ended 31 December 2021 were as follows:

CGU	Discount Rate	Perpetual Growth Rate
LATAM	15.9%	3.7%
CIS	13.0%	1.9%
SEA	11.6%	4.0%
ANZ	11.6%	2.6%
GFG Group-level test	13.2%	3.0%

The discount rates and growth rates used in deriving the CGUs recoverable amounts for the year ended 31 December 2020 were as follows:

CGU	Discount Rate	Perpetual Growth Rate
LATAM	14.1%	2.8%
CIS	11.4%	1.9%
SEA	11.0%	3.2%
ANZ	10.8%	2.6%
GFG Group-level test	12.0%	3.0%

The key assumptions used in the estimation of the recoverable amounts of all four CGUs are:

- Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital ("WACC"). The WACC represents a weighted average of the cost of equity and cost of debt. The beta factor is evaluated at each measurement period based on publicly available market data for the Company and its industry peers.

- Growth rates used to extrapolate cash flows beyond the forecast period – Rates are based on published industry research.

- Increased Marketplace participation in each region will continue to boost EBITDA over the forecast period as the business attracts new customers to its platform and the revenue stream generates higher margins.

- Adjusted EBITDA margin (pre-IFRS 16, excluding corporate costs) is expected to gradually increase over the forecast period to reach between 8.5% and 10.7% of revenues by 2031.

- Capital expenditure (capex) includes the planned expenditure by each business unit based on their medium-term plan and estimates for the construction of new fulfilment centres, once capacity for current fulfilment centres is reached. Capex outside of the unit's medium-term plan, is assumed at a level that supports continued growth. As revenue growth tapers off, in the later years of the projections, a maintenance capex assumption is applied.

Sensitivity Analysis

Sensitivity analysis has been performed for the CIS, SEA and ANZ CGUs. If the discount rates were 1% higher than management's estimates, significant headroom remains across the CGUs and there would have been no requirement for the Group to recognise any impairment charge in 2021. Similarly, no impairment charge would be required if the estimated growth rates were 1% lower than management estimates or if the estimated cash flows were 5% lower than management's estimate in each year. Given the improvement in headroom, the Group did not identify any reasonably possible change in key assumptions which could cause an impairment loss to be recognised in CIS, SEA and ANZ.

14. OTHER NON-FINANCIAL ASSETS

In €m	31 Dec 2021	31 Dec 2020
Non-current		
Other non-financial assets	0.5	0.3
Other non-financial assets (non-current)	**0.5**	**0.3**
Current		
Prepayments	19.5	20.1
VAT and Tax refunds	9.7	9.1
Other non-financial assets	0.2	0.3
Right to recover returned goods	8.5	10.4
Less: Provision for impairment	(0.1)	(0.1)
Other non-financial assets (current)	37.8	39.8
Total non-financial assets	**38.3**	**40.1**

15. INVENTORIES

Inventories net of provision are as follows:

In €m	31 Dec 2021	31 Dec 2020
Raw materials and supplies	3.5	2.2
Finished goods and merchandise	303.1	209.9
Less: Provisions on finished goods and merchandise	(22.9)	(16.2)
Total inventories	**283.7**	**195.9**

During 2021, €8.9 million (2020: €5.7 million) was recognised as an expense write-off for inventories carried at net realisable value. This is recognised in cost of sales.

16. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Trade receivables and other financial assets are as follows:

In €m	31 Dec 2021	31 Dec 2020
Non-current		
Receivables from deposits/restricted cash	20.6	6.6
Other financial assets (non-current)	**20.6**	**6.6**
Current		
Trade receivables before impairments	52.8	80.5
Less: loss allowance (note 31)	(0.5)	(0.3)
Trade and other receivables (current)	**52.3**	**80.2**
Other financial assets		
Investment funds at fair value through profit or loss	234.0	-
Receivable from deposit/restricted cash (current)	8.5	7.1
Receivables from loans	0.4	0.8
Receivables from employees	0.1	0.1
Contract assets	6.0	3.3
Other financial receivables	12.3	8.9
Less: loss allowance	(0.7)	(0.7)
Other financial assets (current)	**260.6**	**19.5**

Non-current and current receivables from deposits/restricted cash include guarantees to banks, suppliers and leasing partners.

During the year, the Group acquired €234.5 million of investment funds accounted for as Financial assets at fair value through profit or loss in accordance with IFRS 9. Fair values of these funds are determined by the market value at reporting date obtained from the fund administrators (level 2 of the fair value measurement hierarchy as disclosed in note 3). As at 31 December 2021, the fair value of these funds amounted to €234.0 million and the loss in fair value of €0.5 million was recognised under "Fair value changes to investment funds" (refer to note 28). These funds are mainly short term duration bonds, with low volatility and a high credit score and have been acquired to reduce the Group's exposure to negative interest rates and manage counterparty exposure. Funds were held with Morgan Stanley, HSBC and Santander as at 31 December 2021.

Note 3 explains the principles of recognition for impairment losses on financial assets.

The additions to the provision for impaired receivables have been included in net impairment losses of financial assets in the statement of profit or loss. Amounts charged to the allowance account are generally written off against the trade receivables, when there is no expectation of recovery.

Further details about the Group's impairment policies and the calculation of the loss allowance are provided in note 31.

17. CASH AND CASH EQUIVALENTS

In €m	As at 31 Dec 2021	As at 31 Dec 2020
Short term deposits	2.8	46.5
Cash at bank	397.7	319.6
Cash and cash equivalents	**400.5**	**366.1**

For short-term deposits and cash at bank the Group applies a general approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. No loss allowance was recognised as of 31 December 2021 (2020: €0.1 million).

18. EQUITY

Common share capital

As at 31 December 2021, the issued share capital was 217,292,912 common shares (2020: 213,836,716), with a nominal value of €0.01 per share. 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.

The table below details the share capital movements during the current and prior year:

	Number common of shares	Nominal amount in €m (par value 0.01)	Share Capital (€m)	Share premium (€m)
At 1 January 2020	214,765,517	0.01	2.1	184.4
Treasury share cancellation	(20,054,561)	0.01	(0.2)	-
Common Share Capital issued	76,310	0.01	-	-
Common Share Capital issued	2,549,450	0.01	-	-
Common Share Capital issued	16,500,000	0.01	0.2	120.2
Less: transaction costs arising on share issue	n/a	n/a	n/a	(1.0)
Balance as at 31 December 2020	**213,836,716**	**0.01**	**2.1**	**303.6**
Common Share Capital issued	3,456,196	0.01	0.1	-
Balance as at 31 December 2021	**217,292,912**	**0.01**	**2.2**	**303.6**

During the year, 3,456,196 common shares were used to facilitate the units being exercised under the share-based payment plans. Please see note 19 for more details.

In 2020, several equity transactions took place:

- On 30 March 2020, the Company issued 76,310 new common shares to pre-IPO shareholders in connection with the Share Redistribution carried out by the company prior to its IPO in 2019.

- In July 2020, 2,549,450 common shares were issued to facilitate units being exercised under the share-based payment plans. Please see note 19 for more details.

- On 17 November 2020, Global Fashion Group ("the Group") issued 16,500,000 new common shares at subscription price of €7.30 per share which generated net proceeds of €119.4 million.

Treasury shares

On 26 June 2020, 20,054,561 common shares in treasury, were redeemed and cancelled, reducing the issued share capital of the Company by an amount of €200,545.61. The total number of common shares in treasury was 182,378 as at 31 December 2021 and 31 December 2020.

There was no movement in treasury shares in the current year.

Authorised Capital

In the context of the new Share Plan in note 19, the Board approved the future issuance of shares under the terms of the plan.

The tables below summarise the authorised common share capital:

Share capital

	2021			2020		
	No.	Par Value	€m	No.	Par Value	€m
Authorised						
Common shares	431,435,251	0.01	4.3	378,705,417	0.01	3.8
Issued						
Common shares	217,292,912	0.01	2.2	213,836,716	0.01	2.1

Capital reserves

There were no changes to capital reserves in the current or prior year.

Share-based payment reserves

Other reserves relate to IFRS 2 reserves and amounted to €146.3 million as at 31 December 2021 (2020: €128.3 million). The share-based payment reserve is used to recognise the value of equity settled share-based payments provided to directors and employees (note 19).

Convertible bond equity component

On 15 March 2021, the Group issued Convertible bonds for net proceeds of €369.1 million. The equity component was valued at €48.6 million being the residual between the net proceeds and value of the debt component at initial recognition (note 22).

Non-controlling interest

As of 31 December 2021 and 2020 non-controlling interests mainly consisted of management participations. During 2020, a subsidiary in which the Group has a non-controlling interest, received capital contributions from a third party shareholder of €3.9 million. There was no such contribution made in 2021.

19. SHARE-BASED PAYMENTS

As at 31 December 2021, the Group's share-based payment arrangements are primarily composed of:

a) Long Term Incentive Plan (previously referred to as 2019 share plan);

b) 2018 employee share option plan (ESOP 2018);

The total share-based payment expense of €22.1 million (2020: €14.9 million) is comprised of:

- €22.8 million (2020: €8.8 million) relating to the Long Term Incentive Plan;
- €(0.7) million (2020: €5.8 million) relating to the 2018 employee share option plan; and
- €nil (2020: €0.3 million) relating to former plans.

(a) Long Term Incentive 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 that vested in April 2020 were subject to a lock up period of 1 year from the date of the IPO, being 2 July 2019. On 3 July 2020, the lock-up period ended and participants were entitled to exercise all vested shares. Certain senior level executives are 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 Board as well as good and bad leaver provisions.

Under the terms of the Share Plan the Group has a choice to settle either in shares of the Group or in cash. It is the intention of GFG to settle in shares therefore these awards will be classified as equity settled. The initial grant date for the Share Plan was 30 September 2019.

If the awards are classified as cash-settled, they will be remeasured at each reporting period until settlement. Remeasurements during the vesting period are expensed immediately to the extent that they relate to past services and are expensed over the remaining vesting period to the extent that they relate to future services. Remeasurements of cash-settled awards after the vesting date are expensed immediately.

Expenses in relation to RSU tranches will be recognised based on a graded-vesting approach from the initial grant date until the respective vesting date of each tranche in case of equity-settled awards or settlement date in case of cash-settled awards. In contrast, the expense recognition period of PSUs will be from the beginning of each year to which performance targets relate, as performance targets are set only at the beginning of each year. In addition, the expense in relation to PSUs will be recognised based on the estimated (most likely) number of the awards to reflect expected achievement of the performance targets at each reporting date until the number of the awards is fixed.

All awards are subject to applicable employer social charges based on rates that vary by geographic location and by participants' individual tax status. The Group will recognise a social charge liability on the portion of awards that have been expensed at period end reflecting the amount which the Group would be liable to pay.

Share awards	Number of Shares	Number of Shares
	2021	2020
Outstanding at the beginning of the year	5,275,862	3,732,570
Granted during the period	3,449,888	4,198,937
Forfeited during the period	(525,170)	(1,482,509)
Exercised during the period	(2,269,264)	(1,173,136)
Outstanding at 31 December	5,931,316	5,275,862
Total Awards vested and therefore exercisable as at 31 December	**931,722**	**1,656,067**

Forfeited shares represent units that an employee is no longer entitled to when they leave employment, as the shares are unvested at the leaving date. All vested units were 'in-the-money' as at 31 December 2021.

The weighted average share price for units exercised in the year was €2.18 (2020: €3.04).

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 € 10.25 (2020: €2.22). The number of awards due to vest in 2022 is 2,614,058.

As at 31 December 2021, liabilities arising from applicable employer social charges of €2.5 million (2020: €1.1 million) were included within other financial liabilities (current).

(b) 2018 Employee share option plan

Awards issued under the 2018 Employee share option plan originally consisted of different types of awards depending on the Group's regional businesses that the awards related to. Some awards of which are classified as cash-settled or equity-settled, and some are long-term employee benefits falling under the scope of IAS 19: Employee Benefits.

Where the Company is required to settle in cash or the employee has a choice to settle in cash, the awards were classified as cash-settled. Equity-settled awards are those where the Company has a choice to settle and intends to settle in its own equity instruments.

The awards accounted for under IAS 19 relate to cash units, each with a nominal amount of €1.00, issued to employees of THE ICONIC. As the number and value of such awards ultimately paid out to participants does not depend on the value generated upon exit of that business, these awards are not considered share-based and are therefore accounted for under IAS 19. The vesting conditions of these cash units are substantially similar to the vesting conditions of the other awards described above.

The fair values for all options have been valued using the Black-Scholes model for option pricing, taking into account the terms and conditions on which the share options were granted.

Each award contains portions that vest immediately. Other portions vest based on service conditions or additional performance conditions. Awards vest either by the end of 2018 or quarterly covering a maximum period of 4 years until the end of 2022. In addition, the terms provide for a right of the Group to claw back the awards in case of defined acts to the detriment of the Group. The share options generally have a life of up to 10 years.

The initial public offering and listing of shares on the regulated market (Prime Standard) of the Frankfurt Stock Exchange made vested share options exercisable and has prompted a modification to the 2018 Employee Share Option Plan. As a result, all the regional share-based payments awards accounted for in accordance with IFRS 2 were been converted into Group awards, i. e. share options that represent an entitlement to a share of GFG S.A., that are based on the fair value of the publicly traded GFG S.A shares on the first day of trading. The conversion took place upon IPO, being 2 July 2019, and was performed using fixed conversion ratios determined by the GFG Board. The share options were initially subject to a 12 month lock-up period from the date of the IPO, being 2 July 2019. On 3 July 2020, the lock-up period ended and participants were entitled to exercise all vested shares.

The awards accounted for in accordance with IAS 19 are not affected by the conversion and continue to be accounted for as a liability until settlement.

The conversion of the share options was accounted for as a modification in accordance with IFRS 2. The conversion has neither resulted in an increase in the fair value of the awards nor any changes to other terms and conditions. Therefore:

- GFG will continue to recognise expenses based on the respective grant date fair values of the equity-settled awards which grant date was in Q2 2019 or earlier.
- The liability and the expenses in relation to the converted cash-settled awards are measured based on the fair values of the Group awards as of Q4 2019 while keeping all other measurements as before.

All 2018 ESOP awards issued upon conversion in Q3 2019 are accounted for as Group awards.

The terms of the plan require the use of a graded-vesting approach to expense recognition in accounting for the various tranches of each award resulting.

All awards are subject to applicable employer social charges based on rates that vary by geographic location and by each relevant participants' individual tax status. The Group has accounted for this by recognising a social charge liability on the portion of awards that have been expensed at period end and which the Group would be liable to pay upon exercise.

The share-based payments expense in any given period therefore represents the value of all vested awards (remeasured at the latest applicable value for cash-settled instruments), the value of the graded portion of each award due to vest in the future and recognised in current accounting periods, and the applicable social charges attached to those awards.

The following table lists the inputs to the models used to value the options during the period:

Inputs	2021	2020
	€	€
Weighted average fair values at measurement date	4.45	9.65
The expected life (years)	-	-
Risk Free Rate	0.01%	0.01%
Expected Volatility (%)	37.80%	44.41%
Exercise Price	0.01 – 12.96	0.01 – 12.96
Expected Dividends	Nil	Nil

The expected life of the share options is based on the weighted average number of periods to exercise. The expected volatility has been calculated by observing a range of publicly listed peer companies and looking at the standard deviation of a range of historic share prices for a length of time equal to the number of periods to exercise.

The balance of the number of converted options outstanding and their related weighted average exercise prices are as follows for the year ended 31 December 2021:

Share option awards	Weighted Average Exercise Price	Number of Options
	2021	2021
Outstanding at the beginning of the year	6.99	8,956,057
Granted during the year	2.28	71,340
Forfeited during the year	-	-
Exercised during the year	1.41	(2,778,226)
Outstanding at 31 December	1.71	6,249,171
Total Awards vested as at 31 December	**2.00**	**6,224,039**
In-the-money awards vested as at 31 December	**7.33**	**212,142**

The balance of the number of converted options outstanding and their related weighted average exercise prices are as follows for the year ended 31 December 2020:

Share option awards	Weighted Average Exercise Price	Number of Options
	2020	2020
Outstanding at the beginning of the year	7.18	9,243,382
Granted during the year	3.76	1,574,545
Forfeited during the year	6.94	(1,048,707)
Exercised during the year	3.02	(813,163)
Outstanding at 31 December	6.99	8,956,057
Total Awards vested as at 31 December	**7.10**	**8,831,261**
In-the-money awards vested as at 31 December	**5.79**	**6,913,990**

The weighted average fair value of options granted during the year was € nil (2020: €0.66).

The expenses broken down for employee services in relation to the new ESOP (post conversion to Group awards) is shown on the below table:

In €m	2021	2020
Expense arising from equity-settled share-based payment transactions	-	3.6
Expense arising from cash-settled share-based payment transactions	1.0	2.5
Expenses arising from applicable employer social charges	(0.4)	(0.2)
Liability arising from cash-settled portion of share-based payments	0.5	2.8
Liability arising from applicable employer social charges	0.7	2.7

Liabilities are included within Trade payables and other financial liabilities and were classified as current in the previous Financial Year. Liabilities of €10.4 million were settled in the prior Financial Year, after the expiry of the lock-up period ended on 3 July 2020. In the current year, liabilities are classified as non-current as they are expected to be settled at least one year from the reporting date. The fair value of the liability is close to the carrying amount.

20. BORROWINGS

The Group has the following borrowings:

In €m	31 Dec 2021	31 Dec 2020
Non-Current		
Borrowings	12.2	-
Current		
Borrowings	23.2	10.2
Total borrowings	**35.4**	**10.2**

The tables below summarise the changes in the Group's borrowings arising from financing:

In €m	1 Jan 2021	Repayments (cash outflow)	FX movement	New borrowings (cash inflow)	Other	31 Dec 2021
Interest bearing bank borrowings (current and non-current)	10.2	(21.3)	(0.8)	47.3	-	**35.4**

In €m	1 Jan 2020	Repayments (cash outflow)	FX movement	New borrowings (cash inflow)	Other	31 Dec 2020
Interest bearing bank borrowings (current)	5.4	(2.5)	(0.9)	8.2	-	**10.2**

On 25 June 2020, the Group entered into a new USD 5 million (€4.4 million using FX rate as at 31 December 2021) trade guarantee facility with Citibank. Effective on 25 June 2021, the Group renewed and increased this trade guarantee facility. The facility has been renewed to expiry in 12 months and the facility has been increased from USD 5 million (€4.4 million using FX rate as at 31 December 2021) to USD10 million (€8.8 million using FX rate as at 31 December 2021). Under the terms of this facility restricted cash held against this facility represents 50% of the value of guarantees issued, which is included within Other Financial Assets (non-current). As at 31 December 2021, the Group had utilised €5.7 million (31 December 2020: nil) of this facility.

On 17 July 2020, the Group entered into new bi-lateral revolving credit facilities consisting of two elements: €20 million of bank guarantees equivalent to the former Facility B; and €10 million of buyer loan facilities for supplier financing, to improve local working capital profiles. Effective on 17 July 2021, the Group renewed the buyer loan facility and renewed the guarantee facility. The buyer loan facility has been extended for a further 12 months. The buyer loan facility continues to provide supplier financing to improve local capital profiles. The security package remains unchanged. As at 31 December 2021, the Group had utilised €9.2 million (31 December 2020: €7.7 million) of the buyer loan facility. As at 31 December 2021, the Group had utilised €19.8 million (31 December 2020: €17.9 million) of the guarantee facility.

On 21 October 2020, the Group entered into a new committed facility for RUB2 billion (approximately €21.6 million at the date the facility was entered), which grants the ability to issue bank guarantees and similar instruments and draw bank loans to fund working capital requirements. The indicative credit spread, based on current market interest rates is in the range of 1.7% to 3.0% for loan tenures up to 12 months. The floating rate will be based on the Russian central bank rate, currently 8.50%, plus credit spread. The Group is under no obligation to hold restricted cash for this facility. As at 31 December 2021, the Group had utilised €3.7 million of this facility.

On 30 March 2021, the Group entered into a RUB1 billion (approximately €11.3 million at the date the facility was entered), 5 year uncommitted term loan facility to fund local capex costs for the new Lamoda facilities centre. The indicative credit spread based on current market interest rates, is approximately 3.0%. Applicable credit spread to be based on the term of each loan drawdown and market conditions. Lamoda on each loan drawdown has an option to agree to a floating rate loan or a fixed rate loan. The floating rate is based on the Russian central bank rate, currently 8.5%. The fixed rate is based on the Russian government bond zero coupon yield curve. The Group is required to ensure operational cash flows representing 100% of the outstanding drawn balance under facility passes through the accounts held with the lender. As at 31 December 2021, the Group had utilised €2.9 million of this facility.

On 31 March 2021, the Group entered into a €20.7 million 5 year committed export guarantee facility to fund the import costs for the new Lamoda facilities centre. Including the credit insurance premium the indicative credit spread based on current market interest rates is calculated at approximately 2.7%. As at 31 December 2021, the Group had utilised €10.7 million of this facility.

Effective on 27 August 2021, the Group entered into a BRL29.7 million (approximately €4.7 million), 1 year term loan facility to fund Dafiti's working capital requirements. As at 31 December 2021, the Group had utilised €4.7 million of this facility.

21. PROVISIONS

Movements in provisions for liabilities and charges are as follows:

In €m	Tax risks	Litigation risks	Other	Total
Carrying amount as at 1 January 2020	22.7	1.9	3.1	27.7
Additions	1.0	(0.4)	1.0	1.6
Used	(1.2)	-	-	(1.2)
Reclassifications	1.1	-	(1.1)	-
Currency translation differences	(2.3)	(0.4)	-	(2.7)
Carrying amount as at 1 January 2021	21.3	1.1	3.0	25.4
Additions	0.4	-	-	0.4
Used	0.4	(0.2)	(0.8)	(0.6)
Reclassifications	0.6	-	(0.6)	-
Currency translation differences	0.8	-	0.6	1.4
Carrying amount as at 31 December 2021	**23.5**	**0.9**	**2.2**	**26.6**

Provisions amounted to €26.6 million as of 31 December 2021 (2020: €25.4 million) where of €2.7 million are classified as non-current (2020: €2.5 million) mostly relating to restoration obligations and provisions for gratuity and anniversary, and €23.9 million as current (2020: €22.9 million).

Provision for tax risks relate to provisions for VAT, import duties (including penalties) and withholding tax. The provision mainly represents management's estimate of the amount payable in connection with a tax review relating to prior purchases of inventory and professional services invoices. Management currently estimates that the tax outflow is more likely than not and the provision has been classified as current. Please see note 30 for further information.

Litigation risk. The amounts represent a provision for certain legal claims brought against the Group by customers and ex-employees. The provision charge is recognised in profit or loss within administrative expenses. In the managements' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2021. The provision has been classified as current.

22. TRADE PAYABLES AND OTHER FINANCIAL LIABILITIES

In €m	31 Dec 2021	31 Dec 2020
Non-current		
Convertible bonds debt component	318.4	-
Trade and other financial liabilities (non-current)	**318.4**	**-**

In €m	31 Dec 2021	31 Dec 2020
Current		
Trade payables	285.5	252.1
Other financial liabilities	20.7	14.5
Other financial liabilities - Convertible bonds	10.2	-
Refund liabilities	15.5	17.2
Trade and other financial liabilities (current)	331.9	283.8
Total trade and other financial liabilities	**650.3**	**283.8**

Refund liabilities, included in current other financial liabilities reflect the Group's obligation to refund its customers for returned goods.

The table below summarises the changes in the Group's trade payables and other financial liabilities during the year:

In €m	1 Jan 2021	Cash flows [1]	FX move-ment	Other [2]	31 Dec 2021
Convertible bonds debt component	-	369.1	-	(50.7)	318.4
Total trade and other financial liabilties (non-current)	**-**	**369.1**	**-**	**(50.7)**	**318.4**

[1] Gross proceeds of €375.0 million were received net of €5.9 million of transaction costs.

[2] Includes reclassification impact of a portion of the liability to equity, discounting to net present value and reclassification of a portion of the liability between non-current and current.

In €m	1 Jan 2021	Cash flows	FX move-ment	Other	31 Dec 2021
Trade payables	252.1	29.1	4.4	(0.1)	285.5
Other financial liabilities	14.5	7.8	0.7	(2.3)	20.7
Other financial liabilities - Convertible bonds	-	(2.3)	-	12.5	10.2
Refund liabilities	17.2	(1.9)	0.2	-	15.5
Total trade and other financial liabilities (current)	**283.8**	**32.7**	**5.3**	**10.1**	**331.9**

The table below summarises the changes in the Group's trade payables and other financial liabilities during 2020:

In €m	1 Jan 2020	Cash flows	FX move-ment	Other	31 Dec 2020
Trade payables	274.1	21.5	(43.4)	(0.1)	252.1
Other financial liabilities	21.9	(7.7)	(2.3)	2.6	14.5
Refund liabilities	15.6	2.5	(0.9)	-	17.2
Total trade and other financial liabilities (current)	**311.6**	**16.3**	**(46.6)**	**2.5**	**283.8**

As at 31 December 2021, current other financial liabilities included €10.2 million and non-current other financial liabilities included €318.4 million related to the debt component of Convertible bonds.

On 15 March 2021, the Group issued Convertible bonds for net proceeds of €369.1 million, with a fixed coupon rate of 1.25%. Unless previously converted, redeemed or repurchased and cancelled, the Convertible bonds will be redeemed at their principal amount on 15 March 2028. The bondholders also have the right to convert the Convertible bonds into new and/or existing (at the discretion of the Company) no-par value common shares in dematerialised form of GFG. The bondholders also have the right to redeem the options early, on 15 March 2026, for the principal amount plus accrued interest. The Group has valued the debt and equity components separately. The liability is measured at amortised cost. The fair value of the convertible bond as at 31 December 2021 was 78.69% of the nominal value, approximately €295.1 million (Level 1 as the bonds are traded on Frankfurt Stock Exchange).

The equity component was valued at €48.6 million being the residual between the net proceeds and value of the debt component at initial recognition (note 18). Interest expenses of €11.5 million were recognised during the year (note 28).

There are several embedded derivatives which would result in the options being redeemed for a variable amount of cash or variable number of shares. These options are accounted for as at fair value with gains/losses reflected in the income statement. However, the valuation of these options was nil at date of issue as well as at 31 December 2021 due to there either being a low probability of relevant contingent events occurring, or the options always being 'out-of-the-money' for the Group. The nature of these contingent events includes change in control and significant rise in share price over a 30-day period.

23. OTHER NON-FINANCIAL LIABILITIES

In €m	31 Dec 2021	31 Dec 2020
Non-Current		
Other non-financial liabilities	1.8	0.6
Other non-financial liabilities (non-current)	**1.8**	**0.6**
Current		
Liabilities from taxes	27.4	15.8
Accruals for personnel related expenses	21.5	22.9
Liabilities to employees	3.6	2.7
Liabilities from social security	5.3	3.8
Contract liabilities	38.0	34.9
Other non-financial liabilities	1.7	1.3
Other non-financial liabilities (current)	**97.5**	**81.4**
Income tax liabilities	21.3	31.1
Total non-finanical liabilities	**120.6**	**113.1**

As of 31 December 2021, liabilities from taxes relate primarily to VAT obligations and amounted to €22.0 million (2020: €10.8 million).

Liabilities to employees/accruals for personnel related expenses comprise bonus obligations, accrued vacation and salaries.

Contract liabilities represents advance payments for orders received but not shipped, liabilities from store credit balances and unredeemed customer loyalty points.

24. REVENUE

Revenues for the year are as follows:

In €m	2021	2020
Sale of goods	1,309.2	1,180.9
Marketplace	210.2	153.8
Other	40.1	25.0
Total Revenue	**1,559.5**	**1,359.7**

Other revenues include platform services revenue generated from providing ancillary advertising ,data and supply chain services and wholesale revenue. Breakdowns of revenues by each segment and by geographical areas are disclosed in the tables in note 6.

25. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses for the year are as follows:

In €m	2021	2020
Wages and salaries [1]	241.6	204.5
Social security costs [2]	31.5	28.0
Share-based payment expense	22.1	14.9
Total	**295.2**	**247.4**

[1] Wages and salaries included in Cost of sales amounts to €0.9m (2020: €1.5m) and amounts included within Selling and Distribution expenses and Administrative expenses were €240.7m (2020: €203.0m).

[2] Social security contributions included in Cost of sales amounts to €0.1m (2020: €0.1m) and amounts included within Selling and Distribution expenses and Administrative expenses were €31.4m (2020: €27.9m).

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services) are accrued in the year in which the employees render the associated services.

The average monthly number of employees in 2021 was:

2021	LATAM	CIS	SEA	ANZ	Other [1]	Total
Average number of employees	3,281	7,933	1,818	934	161	**14,127**

[1] "Other" includes employees of headquarters and other business activities.

The average monthly number of employees in 2020 was:

2020	LATAM	CIS	SEA	ANZ	Other [1]	Total
Average number of employees	3,107	7,692	1,551	807	134	**13,291**

[1] "Other" includes employees of headquarters and other business activities.

26. DEPRECIATION AND AMORTISATION EXPENSES

During the Financial Year, depreciation and amortisation expenses were categorised in expenses per function, as follows:

In €m	2021	2020
Included in selling and distribution expenses		
Depreciation of property, plant & equipment	15.7	14.1
Depreciation of right-of-use assets	18.5	17.8
Amortisation of intangible assets	0.8	0.6
Included in general and administrative expenses		
Depreciation of property, plant & equipment	3.8	5.0
Depreciation of right-of-use assets	5.0	5.3
Amortisation of intangible assets	27.0	23.5
Total	**70.8**	**66.3**

27. OTHER OPERATING INCOME AND EXPENSES

Other operating income for the year was €2.3 million (2020: €7.2 million), which consisted of income from the disposal of property, plant and equipment, VAT refunds, rental and other income.

Other operating expenses for the year are as follows:

In €m	31 Dec 2021	31 Dec 2020
Other operating expenses		
Loss from disposal of intangible assets	0.3	-
Loss from disposal of PPE	0.5	0.9
Write-off of receivables	1.2	1.1
Other taxes	6.7	4.8
Other expenses	6.3	7.6
Total other operating expenses	**15.0**	**14.4**

28. FINANCIAL RESULT

The financial result for the year is as follows:

In €m	Note	31 Dec 2021	31 Dec 2020
Financial Result			
Interest income		1.6	2.1
Interest expenses		(10.3)	(5.2)
Interest expense on lease liabilities	12	(9.4)	(8.8)
Interest expense on convertible bond	22	(11.5)	-
Depreciation of financial assets		0.1	(0.4)
Foreign exchange (losses)/gains		(2.7)	(31.9)
Fair value changes to investment funds		(0.6)	-
Total financial result		**(32.8)**	**(44.2)**

29. INCOME TAXES

Income tax benefit/(expense) is as follows:

In €m	2021	2020
Current tax expense	(0.9)	(8.0)
Thereof prior period	1.2	(0.8)
Deferred tax	10.4	3.5
Income tax expense for the year	**9.5**	**(4.5)**

Income tax paid in 2021 amounts to €9.2 million (2020: €2.7 million).

Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

In €m	2021	2020
Loss before tax	**(134.3)**	**(107.9)**
Weighted average applicable tax rate (in %)	11.79%	21.61%
Tax calculated at domestic tax rates applicable to profits in the respective countries	15.8	23.3
Tax effect of items which are not deductible or assessable for taxation purposes:		
Share-based payment expenses	(0.3)	(0.2)
Other permanent differences	(10.0)	(11.1)
Income which is exempt from taxation	13.6	0.5
Expenses not deductible for tax purposes	(7.9)	(9.3)
Utilisation of previous unrecognised tax losses	11.7	7.4
Unrecognised tax loss carry forwards for the year	(17.5)	(12.5)
Adjustments in respect of prior years	3.3	(2.2)
Other	0.8	(0.4)
Income tax expense for the year	**9.5**	**(4.5)**

Deferred tax effects relating to each component of other comprehensive income

In 2021 and 2020 the Group did not recognise any deferred tax (charge)/credit relating to components of other comprehensive income.

Tax loss carry forwards

The Group has unrecognised potential deferred tax assets in respect of unused tax loss carry forward of approx. €2,921.5 million (2020: €2,834.8 million). The tax loss carry forwards expire as follows:

In €m	2021	2020
Tax loss carry forward expiring by the end of:		
Within one year	9.0	8.5
After one year but not more than five years	57.2	58.1
More than five years	128.1	53.8
Indefinite	2,727.2	2,714.4
Total tax loss carry forwards	**2,921.5**	**2,834.8**

A substantial proportion of the indefinite tax losses reside in the Group's parent company, GFG SA and therefore do not relate to our operations.

Deferred income tax assets are recognised for tax loss carryforwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As of 31 December 2021, the Group recognised €14.9 million of DTA coming from tax loss carry forward (2020: nil).

Tax authorities in the countries in which we operate could challenge the Group's tax losses significantly reducing the availability of the tax losses in future periods.

Deferred Taxes

Differences between IFRS and statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

In €m	1 Jan 2021	Exchange differences	Transferred to Disposals	Charged / (credited) to profit or loss	31 Dec 2021
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards					
Difference between tax and accounting value of:					
Trade name	(17.2)	(0.2)	-	1.9	(15.5)
Customer relationship	(7.2)	(0.3)	-	1.0	(6.5)
Technology	(1.0)	-	-	(0.1)	(1.1)
Tax loss carryforwards	14.3	0.2	-	7.3	21.8
Other	3.6	0.1	-	0.3	4.0
Net deferred tax asset/(liability)	**(7.5)**	**(0.2)**	**-**	**10.4**	**2.7**
Recognised deferred tax asset	17.9	0.3	-	7.6	25.8
Recognised deferred tax liability	(25.4)	(0.5)	-	2.8	(23.1)

In €m	1 Jan 2020	Exchange differences	Transferred to Disposals	Charged / (credited) to profit or loss	31 Dec 2020
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards					
Difference between tax and accounting value of:					
Trade name	(20.6)	1.5	-	1.9	(17.2)
Customer relationship	(10.2)	1.8	-	1.2	(7.2)
Technology	(0.7)	(0.1)	-	(0.2)	(1.0)
Tax loss carryforwards	18.6	(1.1)	-	(3.2)	14.3
Other	0.7	(0.9)	-	3.8	3.6
Net deferred tax asset/(liability)	**(12.2)**	**1.2**	**-**	**3.5**	**(7.5)**
Recognised deferred tax asset	22.6	(2.0)	(3.3)	0.6	17.9
Recognised deferred tax liability	(34.8)	3.2	3.3	2.9	(25.4)

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal ("outside basis differences"). Hence, for temporary differences the Group had €214.7 million (2020: €64.4 million) of unremitted earnings of subsidiaries for which no deferred tax liabilities were recognised.

30. CONTINGENCIES AND COMMITMENTS

Legal proceedings

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

In addition, in line with standard business practice, various Group companies have given guarantees, indemnities and warranties in connection with disposals in recent years of subsidiaries and associates to parties outside the Group. The Group currently estimates that potential exposure related to such guarantees, indemnities and warranties could be up to €7.9 million (2020: €7.9 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 and as such, the potential liability has not been included in the consolidated statement of financial position. There are also a number of charges registered over the assets of Group companies in favour of third parties in connection with the Group's banking facilities (note 20).

Tax contingencies

Our business is subject to the general tax environments in the countries in which we currently operate. Changes in tax legislation, administrative practices or case law – which might be applied retroactively – could increase our tax burden. Additionally, tax laws may be interpreted differently by the competent tax authorities and courts, and their interpretations may change at any time, which could lead to an increase of our tax burden. In some of the countries in which we currently operate, tax authorities may also use the tax system to advance their agenda.

Accordingly, we may face unfounded claims in such countries. We have been audited several times by tax officials in various jurisdictions in which we operate. We believe that we are in compliance with applicable tax laws.

Legislators and tax authorities may change territoriality rules or their interpretation for the application of value-added tax **("VAT")** or similar indirect taxes on transactions, which may lead to significant additional payments for past and future periods. In addition, court decisions are sometimes ignored by competent tax authorities or overruled by higher courts, which could lead to higher legal and tax advisory costs and create significant uncertainty. New taxes could also result in additional costs necessary to collect the data required to assess these taxes and to remit them to the relevant tax authorities. Besides this, the documentation obligations under applicable VAT and VAT-related laws are considerable. While we believe that we are in compliance with applicable tax laws it cannot be ruled out that tax authorities may take the position that certain of our companies may not fully comply, or, as the case may be, may have not fully complied with applicable tax regulations throughout all phases of their development.

Several of the Group's German entities rendered services in the past to their foreign subsidiaries, to support them with building their online businesses. The German tax authorities are challenging the input VAT recovery of some of these entities when costs have not yet been fully recharged to the other Group entities to which they are providing the services. In 2018, the German tax authorities generally agreed to the VAT position of the Group's German entities assuming the costs are recharged out within a reasonable time. The Group is continuing to review the execution of this proposal having regard to (i) any current tax disputes with the German tax authorities that could lead to double taxation from the recharges and (ii) commercial reasons for not undertaking the recharges.

The nature of the Group's business model, involving delivering goods and services to customers in territories where the Group may have limited physical presence, could lead to tax authorities challenging the allocation of taxable income resulting in a higher tax burden for the Group.

At 31 December 2021, potential tax risks, including the issues above, estimated by the Group amount to €126.6 million (2020: €124.8 million) including €51.2 million in relation to income tax and €75.4 million in relation to indirect tax (2020: €45.2 and €79.7 million), of which provisions of €43.5 million (2020: €44.2 million) including €19.8 million in relation to income tax and €23.7 million in relation to indirect tax have been recorded representing the probable amount of eventual claims and required payments related to those risks. Provisions in relation to income tax are recorded under 'Income tax liabilities' while provisions in relation to indirect tax are recorded under 'Provisions' on the statement of financial position.

Capital commitments

As at 31 December 2021, the Group had commitments of €33.6 million (2020: €22.7 million) primarily relating to the completion of a new fulfilment centre in Russia.

31. FINANCIAL RISK MANAGEMENT

In the course of its ordinary business activities, Global Fashion Group is exposed to market risk (primarily interest rate risk, foreign currency risk), credit risk and liquidity risk. In accordance with the Group's financial risk management these risks are identified, analysed and evaluated on a regular basis. It is the main objective of the Group's proactive risk management to decide on actions to avoid, contain or limit the defined maximum risk exposure from such risks. It is the Group's management responsibility to manage those risks. The management provides written principles for overall risk management and reviews and agrees policies for managing each of these risks, of which the material risks are summarised below.

Market risk. Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise interest rate risk, currency risk, and other price risk. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities, and (c) assets and liabilities measured at fair value, all of which are exposed to general and specific market movements. Management has considered that the price risk related to investment funds is insignificant.

Interest rate risk. The interest rate risk involves the influence of positive and negative changes in market interest rates on the Group's financial position and cash flows. The Group does not have formal policies and procedures in place for management of interest rate risks as management considers this risk as insignificant due to the fact that for convertible bonds, which is the most significant interest expense generating liability, the interest rate is fixed at 1.25% per annum.

Foreign currency risk. Currency risk is the risk that the fair value of financial assets or financial liabilities held in foreign currency or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Due to its international business activities, the Group is exposed to the risk of changes in foreign exchange rates in connection with trade payables and trade receivables resulting from purchase and sales transactions denominated in a different currency from the functional currency of the respective operation as well as intercompany financing. However, the Group maintains an effective natural hedge over 80% across most of the Group's cash flows as the Group's revenue streams are generated in local currencies matched by Group's costs mostly incurred in the respective local currencies.

In respect of currency risk, management sets limits on the level of exposure by currency and in total. The positions are monitored monthly. The Group does not use derivatives as hedging instruments to limit its exposure from foreign currency risks.

At 31 December 2021, if the EUR had strengthened/weakened by +/-10% against all other currencies with all other variables held constant, the hypothetical impact on profit for the year would have been €34.0 million (2020: €25.5 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of trade and other receivables, cash as well as trade and other payables and loan liabilities denominated in EUR.

During 2021, there were significant fluctuations in some of the Group's key reporting currencies, as follows:

Currency/€	Closing FX rate 31 Dec 2021	Closing FX rate 31 Dec 2020	% Variance
RUB	85.3002	91.4671	(6.7)
BRL	6.3103	6.3735	(1.0)
AUD	1.5615	1.5896	(1.8)

Credit risk. Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group is exposed to credit risk primarily from trade receivables, other financial assets (which includes investment funds balance), cash and cash equivalents and investment funds. In relation to cash and cash equivalents and investment funds, the Group only deals with highly rated financial institutions and therefore the estimated credit loss is not material.

Customer credit risk is managed by each fashion venture subject to the Group's Established Policy, procedures and control relating to customer credit risk management. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or Groups of counterparties. Limits on the level of credit risk are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review. The Group's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances.

An impairment analysis is performed at each reporting date based on groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

At 31 December 2021, the exposure to credit risk for trade receivables by type of counterparty was as follows:

In €m	Gross Carrying Amount	Loss allowance
From online payment providers	37.8	(0.3)
Logistics companies	4.9	-
Large corporate clients	7.4	(0.2)
Individual customers	1.4	-
Other	1.3	-
Total	**52.8**	**(0.5)**

At 31 December 2020, the exposure to credit risk for trade receivables by type of counterparty was as follows:

In €m	Gross Carrying Amount	Loss allowance
From online payment providers	63.1	(0.2)
Logistics companies	7.5	-
Large corporate clients	6.4	-
Individual Customers	0.2	-
Other	3.3	(0.1)
Total	**80.5**	**(0.3)**

The Group uses an allowance matrix to measure the ECLs of all types trade receivables, with the exception of the Indonesian operation who use specific identification for loss allowance. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2021:

In €m	Gross Carrying Amount	Loss allow-ance	Loss rate
Current (not past due)	50.1	(0.3)	(0.6%)
1 – 30 days past due	1.4	-	-
31 – 60 days past due	1.0	-	(4.6%)
61 – 90 days past due	-	-	-
More than 90 days past due	0.3	(0.2)	(63.9%)
Total	**52.8**	**(0.5)**	**(0.9%)**

The carrying amounts best represent the maximum exposure to credit risk.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

In €m	2021
Balance as at 1 January 2021	0.3
Net remeasurement of loss allowance (as per income statement)	(0.2)
Balance as at 31 December 2021	**(0.5)**

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity by maintaining adequate reserves, capital funding (for example, the issued share capital as detailed in note 18, banking facilities and reserve borrowing facilities (see further detail in note 20), and the issuance of Convertible bonds, by continuously monitoring forecast and actual cash flows.

The Group seeks to maintain a stable funding base primarily consisting of shareholders´ issues of capital, then borrowing, trade and other payables.

The table below shows liabilities at 31 December 2021 and 2020 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the respective reporting period.

The liquidity risk for the Convertible bonds is limited due to the fixed coupon rate of 1.25%.

The maturity analysis of financial liabilities at 31 December 2021 is as follows:

In €m	Demand and less than 1 year	From 1 to 5 years	Over 5 years	Total
Liabilities				
Undiscounted Borrowings	66.2	13.4	-	79.7
Trade payables and other financial liabilities	316.1	1.0	-	317.1
Other financial liabilities - convertible bond	4.7	393.8	-	398.5
Undiscounted Lease liabilities	31.9	98.6	38.5	168.9
Total future payments, including future principal and interest payments	**418.9**	**506.8**	**38.5**	**964.3**

As at 31 December 2021, the carrying value of borrowings, trade payables and other financial liabilities and lease liabilities, were €35.4 million, €652.2 million and €133.2 million respectively.

The maturity analysis of financial liabilities at 31 December 2020 is as follows:

In €m	Demand and less than 1 year	From 1 to 5 years	Over 5 years	Total
Liabilities				
Undiscounted Borrowings	10.6	-	-	10.6
Trade payables and other financial liabilities	283.8	-	-	283.8
Undiscounted Lease liabilities	29.5	89.0	7.9	126.4
Total future payments, including future principal and interest payments	**323.9**	**89.0**	**7.9**	**420.8**

As at 31 December 2020, the carrying value of borrowings, trade payables and other financial liabilities and lease liabilities, were €10.2 million, €283.8 million and €113.7 million respectively.

32. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. It is the primary objective of the Group's capital management to ensure that all the Group entities can operate on a going concern basis and maintain a sufficient capital structure to provide a long-term growth of the Group's value. The Group decides on adjustments of the capital in light of changes in economic and trading conditions. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

In €m	31 Dec 2021	31 Dec 2020
Equity attributable to equity holders of the parent	569.7	615.2
Total Assets	1,544.7	1,173.1
Equity Ratio	36.9%	52.4%

There were no changes made to the objectives, policies or processes during the period from incorporation up to 31 December 2021.

33. HYPERINFLATIONARY ECONOMIES

IAS 29 Financial Reporting in Hyperinflationary Economies was adopted during the second half of 2018 in Argentina, where the three-year cumulative inflation rate for consumer prices and wholesale prices reached levels of 123% and 119% respectively. The gain on the net monetary position due to Hyperinflation for the year ended 31 December 2021 was €3.2 million (2020: €1.2million), recognised within financial result.

34. EVENTS AFTER THE REPORTING PERIOD

GFG's Operations in CIS

In February 2022, certain countries announced new packages of sanctions against the public debt of the Russian Federation and a number of Russian banks, as well as personal sanctions against a number of individuals.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility on the securities and currency markets, as well as a significant depreciation of the Ruble against the US Dollar and the Euro. From 1 January 2022 to 7 March 2022, the Ruble devalued by 36%.

It is expected that these events may affect the activities of our Russian business which represents 34% of our Group revenues.

The Group regards these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be estimated at the moment with a sufficient degree of confidence.

Currently, the Group's management is analysing the possible impact of changing micro- and macroeconomic conditions on the Group's financial position and results of operations.

Additional lease commitment

Subsequent to 31 December 2021, the Group entered into a lease agreement for use of an extended area in the new Moscow fulfilment centre. This will result in the recognition of an IFRS 16 Right-of-use asset and lease liability of approximately €32.9 million on the consolidated statement of financial position, with subsequent interest and depreciation charges to the consolidated statement of profit or loss.

There are no other events subsequent to the period end that would require a disclosure in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Global Fashion Group S.A.
5, 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 2021, 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 2021, 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 2 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. Impairment is reversed when the existing reasons for which the value adjustments were made have ceased to apply.

Our answer

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

- Obtaining and reading 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 or a reversal of 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 2 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 in section 1.3 to section 1.8 in the 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.

The Supervisory Board is also responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

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.

- Assess whether the financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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 26 May 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 8 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 1.3 to section 1.8 of the 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 have checked the compliance of the financial statements of the Company as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Company, it relates to:

- Financial statements prepared in a valid xHTML format.

In our opinion, the financial statements of the Company as at 31 December 2021, identified as "*5493001035L29EQRO222-2021-12-31-en*", have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Olivier Lemaire

Luxembourg, 7 March 2022

PARENT FINANCIAL STATEMENTS

CONTENTS
SECTION 7

BALANCE SHEET
as at 31 December 2021 (continued)

ASSETS

In €	Note	31 Dec 2021	31 Dec 2020
B. Formation Expenses	3	6,791,691.16	2,942,738.40
C. Fixed Assets			
I. Intangible assets	4	15,702.20	32,754.36
2. Concessions, patents, licences, trademarks and similar rights and assets, if they were		15,702.20	32,754.36
a) acquired for valuable consideration and need not be shown under C.I.3		*15,702.20*	*32,754.36*
b) created by the undertaking itself			
III. Financial assets	5	1,544,029,644.78	1,255,608,356.90
1. Shares in affiliated undertakings		1,544,029,644.78	1,255,608,356.90
D. Current Assets			
II. Debtors	6	22,680,438.85	4,660,476.40
1. Trade debtors		42,538.02	42,538.02
a) becoming due and payable within one year		42,538.02	42,538.02
2. Amounts owed by affiliated undertakings		21,759,343.82	3,846,279.92
a) becoming due and payable within one year		21,759,343.82	3,846,279.92
4. Other debtors		878,557.01	771,658.46
a) becoming due and payable within one year		878,557.01	771,658.46
III. Investment			
1. Own shares	8	222,571.35	222,571.35
IV. Cash at bank and in hand	7	2,328,947.58	1,242,588.88
		25,231,957.78	**6,125,636.63**
E. Prepayments		-	719,867.82
Total Assets		**1,576,068,995.92**	**1,265,429,354.11**

BALANCE SHEET
as at 31 December 2021 (continued)

CAPITAL, RESERVES AND LIABILITIES

In €		Note	31 Dec 2021	31 Dec 2020
A. Capital and Reserves		8		
I.	Subscribed capital		2,172,929.14	2,138,367.16
II.	Share premium account		3,568,719,053.56	3,568,743,336.57
IV.	Reserves		222,571.35	222,571.35
	1. Reserve for own shares		222,571.35	222,571.35
V.	Profit or loss brought forward		(2,316,872,924.18)	(2,273,201,248.18)
VI.	Profit or loss for the Financial Year		(63,464,108.18)	(43,671,676.00)
			1,190,777,521.69	**1,254,231,350.90**
C. Creditors		9		
1.	Debenture loan		375,000,000.00	-
	a) Convertible loans		375,000,000.00	-
	i) becoming due and payable within one year			
	ii) becoming due and payable after more than one year		375,000,000.00	-
	b) Non-convertible loans			
	i) becoming due and payable within one year			
	ii) becoming due and payable after more than one year			
4.	Trade creditors	9	2,676,837.86	1,320,788.91
	a) becoming due and payable within one year		2,676,837.86	1,320,788.91
6.	Amounts owed to affiliated undertakings	9	6,624,202.21	9,850,380.38
	a) becoming due and payable within one year		2,000,000.00	1,091,933.86
	b) becoming due and payable after more than one year		4,624,202.21	8,758,446.52
8.	Other creditors	9	990,434.16	26,833.92
	a) Tax authorities		13,153.69	7,694.59
	b) Social security authorities		178,924.50	8,405.00
	c) Other creditors		798,355.97	10,734.33
	i) becoming due and payable within one year		*798,355.97*	*10,734.33*
			385,291,474.23	**11,198,003.21**
Total Capital, Reserves and Liabilities			**1,576,068,995.92**	**1,265,429,354.11**

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2021

In €	Note	31 Dec 2021	31 Dec 2020
4. Other operating income	10	4,512,100.83	2,551,485.00
5. Raw materials and consumables and other external expenses	11	(11,594,276.31)	(8,201,455.03)
a) Raw materials and consumables		(1,389.34)	(1,198.57)
b) Other external expenses		(11,592,886.97)	(8,200,256.46)
6. Staff costs	12	(842,851.77)	(110,294.73)
a) Wages and salaries		(829,201.83)	(97,400.05)
b) Social security costs		(13,649.94)	(12,894.68)
ii) other social security costs		(13,649.94)	(12,894.68)
7. Value adjustments		(52,450,584.35)	(6,852,364.32)
a) in respect of formation expenses and of tangible and intangible fixed assets	3, 5	(50,238,726.42)	(6,852,364.32)
b) in respect of current assets		(2,211,857.93)	-
8. Other operating expenses	13	(356,548.50)	(292,838.21)
9. Income from participating interests	15	-	146,863,692.73
a) derived from affiliated undertakings		-	146,863,692.73
11. Other interest receivable and similar income	14	1,414,716.11	725,326.72
a) derived from affiliated undertakings		1,413,546.64	672,968.88
b) other interest and similar income		1,169.47	52,357.84
14. Interest payable and similar expenses	16	(4,130,719.99)	(178,351,616.91)
a) concerning affiliated undertakings		(20,715.28)	(175,945,809.67)
b) other interest and similar expenses		(4,110,004.71)	(2,405,807.24)
15. Tax on profit or loss		(13,536.70)	-
16. Profit or loss after taxation		(62,461,700.68)	(43,668,064.75)
17. Other taxes not shown under items 1. to 17.	17	(2,407.50)	(3,611.25)
18. Profit or loss for the financial Year		**(63,464,108.18)**	**(43,671,676.00)**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2021

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 four regions being Latin America (LATAM), South East Asia (SEA), Australia and New Zealand (ANZ) and Commonwealth of Independent States (CIS) under the following brand names:

- Dafiti – LATAM
- Lamoda – CIS
- Zalora – SEA
- THE ICONIC – ANZ

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 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.

The Company has a branch in Denmark whose accounts are included in this Financial Statements with the exception of the year ending 31 December 2020 as no movements have incurred at the branch level.

Since 2 July 2019, the shares of the Company are traded on the regulated market 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 7 March 2022. The shareholders will ratify the approval of the Financial statements at the annual general meeting.

The official version of the accounts is the ESEF version available with the Officially Appointed Mechanism (OAM) tool.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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.

2.2 Significant accounting policies

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

Formation expenses

Formation expenses, including costs relating to equity raising are written off on a straight-line basis over a period of 5 years. The formation expenses relating to issuance of convertible bonds are amortised during the period started with the issuance of convertible bonds and ending on the put option date (note 3).

Intangible assets

Intangible assets are valued at purchase price including the expenses incidental thereto or at production cost, less cumulated depreciation, less amounts written off and after 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, licenses, 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 recognised 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 unrealised 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 unrealised losses are recorded in the profit and loss account and the net unrealised exchange gains are not recognised.

Consequently, only realised foreign exchange gains and losses and unrealised 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.

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 formation expenses.

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 recognised as earned.

Convertible bonds

Convertibles bonds are recorded at their book value and the relevant portion of issuance costs are recorded under formation expenses.

3. FORMATION EXPENSES

The movements for the year were as follows:

In €	Total as at 31 Dec 2021	Total as at 31 Dec 2020
Gross book value – opening balance	4,203,912.00	-
Additions for the year	5,569,627.02	4,203,912.00
Gross book value – closing balance	9,773,539.02	4,203,912.00
Accumulated value adjustment – opening balance	(1,261,173.60)	(420,391.20)
Allocations for the year	(1,720,674.26)	(840,782.40)
Accumulated value adjustment – closing balance	(2,981,847.86)	(1,261,173.60)
Net book value – closing balance	**6,791,691.16**	**2,942,738.40**

This item relates to the transaction costs qualifying as IPO (occurred in July 2019) related costs for a consideration of €4,203,912.00, and the convertible bonds issuances expenses (occurred in March 2021) for a consideration of €5,569,627.02 which have been capitalised under the caption "Formation expenses" and are amortised over the period ending 15 March 2026, which is the put option date of the convertible bonds.

4. INTANGIBLE ASSETS

The movements for the year are as follows:

In €	Software	Licenses	Total as at 31 Dec 2021
Gross book value – opening balance	55,419.53	44,827.00	100,246.53
Additions for the year	-	-	-
Gross book value – closing balance	55,419.53	44,827.00	100,246.53
Accumulated value adjustment – opening balance	(22,665.17)	(44,827.00)	(67,492.17)
Allocations for the year	(17,052.16)	-	(17,052.16)
Accumulated value adjustment – closing balance	(39,717.33)	(44,827.00)	(84,544.33)
Net book value – closing balance	**15,702.20**	**-**	**15,702.20**

In €	Software	Licenses	Total as at 31 Dec 2020
Gross book value – opening balance	55,419.53	39,360.00	94,779.53
Additions for the year	-	5,467.00	5,467.00
Gross book value – closing balance	55,419.53	44,827.00	100,246.53
Accumulated value adjustment – opening balance	(11,083.91)	(39,360.00)	(50,443.91)
Allocations for the year	(11,581.26)	(5,467.00)	(17,048.26)
Accumulated value adjustment – closing balance	(22,665.17)	(44,827.00)	(67,492.17)
Net book value – closing balance	**32,754.36**	**-**	**32,754.36**

5. SHARES IN AFFILIATED UNDERTAKINGS

The movements for the year are as follows:

In €	Total as at 31 Dec 2021	Total as at 31 Dec 2020
Gross book value – opening balance	2,611,772,456.25	2,624,018,859.30
Additions for the year	337,032,387.88	217,183,996.41
Disposals for the year	(110,100.23)	(229,430,399.46)
Gross book value – closing balance	2,948,694,743.90	2,611,772,456.25
Accumulated value adjustment – opening balance	(1,356,164,099.35)	(1,350,164,099.35)
Allocation for the year	(48,501,000.00)	(6,000,000.00)
Accumulated value adjustment – closing balance	(1,404,665,099.35)	(1,356,164,099.35)
Net book value – closing balance	**1,544,029,644.78**	**1,255,608,356.90**

As at 31 December 2021, the investment in Global Fashion Group SGP Services Pte. Ltd presents an impairment of €48,501,000.00.

The additions of the year (€ 337,032,387.88) relate to the investments in Global Fashion Group UK Finance Limited (addition of €40,831,387.88), Global Fashion Group SGP Services Pte. Ltd (addition of €48,501,000.00), and Bigfoot GmbH (addition of €247,700,000.00).

The disposals of the year (€110,100.23) relate to the sale of Global Fashion Group Ireland Finance Designated Activity Company.

Name	Country	Ownership %	Last balance sheet date	Net equity at the last balance sheet date €	Result for the last financial year €	Carrying value as at 31 Dec 2021 €	Carrying value as at 31 Dec 2020 €
Bigfoot GmbH	Germany	100	31.12.2021	1,646,423,899.73	(810,136.61)	805,840,740.67	558,140,740.67
Jade 1159. GmbH	Germany	100	31.12.2021	24,048,209.13	16,885.88	16,705,275.74	16,705,275.74
Jade 1218. GmbH	Germany	100	31.12.2021	20,606,081.19	(56,048.65)	19,724,719.02	19,724,719.02
GFG Ireland Finance Designated Activity Company	Ireland	0.00	31.12.2021	(5.00)	66,015.11	-	110,100.23
GFG UK Finance Limited	United Kingdom	100	31.12.2021	860,359,675.52	195,947,373.72	697,814,964.69	656,983,576.81
GFG SGP Services Pte. Ltd	Singapore	100	31.12.2021	(42,723,629.00)	(14,574,880.43)	-	0.66
GFG Luxembourg One S.A.r.l.	Luxembourg	100	31.12.2021	4,720,706.37	4,354.55	2,000,000.00	2,000,000.00
GFG eCommerce Technologies GmbH	Germany	100	31.12.2021	5,631,225.00	1,062,263.99	1,943,944.43	1,943,944.43

Name	Country	Ownership %	Gross book value 31 Dec 2021 €	Accumulated Value Adjustments 31 Dec 2021 €	Net book value 31 Dec 2021 €
Bigfoot GmbH	Germany	100.00	2,087,175,277.38	(1,281,334,536.71)	805,840,740.67
Jade 1159. GmbH	Germany	100.00	53,620,623.60	(36,915,347.86)	16,705,275.74
Jade 1218. GmbH	Germany	100.00	51,638,933.80	(31,914,214.78)	19,724,719.02
Global Fashion Group UK Finance Limited	United Kingdom	100.00	697,814,964.69	-	697,814,964.69
Global Fashion Group Ireland Finance Designated Activity Company	Ireland	0.00	-	-	-
Global Fashion Group SGP Services Pte. Ltd.	Singapore	100.00	54,501,000.00	(54,501,000.00)	-
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	1,943,944.43	-	1,943,944.43
			2,948,694,743.90	**(1,404,665,099.35)**	**1,544,029,644.78**

In the opinion of the Supervisory Board, the investments in the above companies do not present further permanent impairment as of 31 December 2021.

On 9 June 2021, the Company issued new shares in Bigfoot GmbH's capital for a total amount of €247,700,000.00.

On 8 July 2021, the Company allotted and issued new ordinary shares in Global Fashion Group SGP Services Pte. Ltd's capital for a total amount of €48,501,000.00.

On 30 November 2021, the loan of €40,831,387.88 (including accrued interests) granted to Global Fashion Group UK Finance Limited was converted into equity of this company.

Name	Country	Ownership %	Gross book value 31 Dec 2020 €	Accumulated Value Adjustments 31 Dec 2020 €	Net book value 31 Dec 2020 €
Bigfoot GmbH	Germany	100.00	1,839,475,277.38	(1,281,334,536.71)	558,140,740.67
Jade 1159. GmbH	Germany	100.00	53,620,623.60	(36,915,347.86)	16,705,275.74
Jade 1218. GmbH	Germany	100.00	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	656,983,576.81	-	656,983,576.81
Global Fashion Group SGP Services Pte. Ltd.	Singapore	100.00	6,000,000.00	(6,000,000.00)	-
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	1,943,944.43	-	1,943,944.43
			2,611,772,456.25	**(1,356,164,099.35)**	**1,255,608,356.90**

6. DEBTORS

As at 31 December 2021 and 2020, the debtors' balance were the following:

In €	Within one year	After more than one year	Total 31 Dec 2021
Trade debtors	42,538.02	-	42,538.02
Amounts owed by affiliated under-takings[1]	21,759,343.82	-	21,759,343.82
Other debtors[2]	878,557.01	-	878,557.01
Total debtors	**22,680,438.85**	**-**	**22,680,438.85**

In €	Within one year	After more than one year	Total 31 Dec 2020
Trade debtors	42,538.02	-	42,538.02
Amounts owed by affiliated under-takings[1]	3,846,279.92	-	3,846,279.92
Other debtors[2]	771,658.46	-	771,658.46
Total debtors	**4,660,476.40**	**-**	**4,660,476.40**

[1] As at 31 December 2021, amounts owed by affiliated undertakings are mainly composed of: Intercompany loan due within one year granted to Global Fashion Group TRM Limited and bearing a fixed interest rate of 3.833%, for a total amount of €16,762,535.63 (2020: nil), and of intercompany receivables for an amount of €2,230,940.33 (2020: €1,035,128.36).

[2] As at 31 December 2021, other debtors are composed of (i) VAT receivables for an amount of € 4,472,633.72, offset with VAT payables of €3,328,244.16, and TVA of prior years of €271,852.30 (2020: net receivable of €762,314.75) (ii) and the advance of the net worth tax 2021 paid for an amount of €6,018.75 (2020: €4,815.00).

7. CASH AT BANK AND IN HAND

As at 31 December 2021, cash at bank and in hand includes current account balances amounting to €2,328,947.58 (2020: €1,242,588.88).

8. CAPITAL AND RESERVES

The movements on the capital and reserves items during the year were 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 2020	2,138,367.16	3,568,743,336.57	222,571.35	(2,273,201,248.18)	(43,671,676.00)	1,254,231,350.90
Prior year's result allocation				(43,671,676.00)	43,671,676.00	-
Capital increase	34,561.98					34,561.98
Proceeds from issued share capital		(24,283.01)				(24,283.01)
Net profit/(loss) for the year					(63,464,108.08)	(63,464,108.08)
As at 31 Dec 2021	**2,172,929.14**	**3,568,719,053.56**	**222,571.35**	**(2,316,872,924.18)**	**(63,464,108.08)**	**1,190,777,521.69**

Subscribed capital

As of 31 December 2020, the subscribed capital was composed of 2,138,367.16 common shares with a par value of €0.01 per share.

The following operations have taken place during the year:

On 23 March 2021, the Management Board further resolved to increase, conditional to the receipt of the subscription price and the subscription certificates by the Company, the Company's share capital by an amount of twelve thousand six hundred twenty-five Euro and ninety-three cents (€12,625.93) so as to raise it from two million one hundred thirty eight thousand three hundred sixty-seven Euro and sixteen cents (€2,138,367.16) up to two million one hundred fifty thousand nine hundred ninety-three Euro and nine cents (€2,150,993.09) through the issue of one million two hundred sixty-two thousand five hundred ninety-three (1,262,593) common shares in dematerialised form with a nominal value of one cent (€0.01) each.

On 30 April 2021, the Management Board further resolved to increase, conditional to the receipt of the subscription price and the subscription certificates by the Company, the Company's share capital by an amount of thirteen thousand three hundred fifty-nine Euro and forty two cents (€13,359.42) so as to raise it from its current amount of two million one hundred fifty thousand nine hundred ninety-three Euro and nine cents (€2,150,993.09) up to two million one hundred sixty-four thousand three hundred fifty-two Euro and fifty one cents (€2,164,352.51) through the issue of one million three hundred thirty-five thousand nine hundred forty-two (1,335,942) common shares in dematerialised form with a nominal value of one cent (€0.01) each.

On 27 May 2021, the Management Board further resolved to increase, conditional to the receipt of the subscription price and the subscription certificates by the Company, the Company's share capital by an amount of three thousand six hundred forty-one Euro and fifty-seven cents (€3,641.57) so as to raise it from two million one hundred sixty-four thousand three hundred fifty-two Euro and fifty-one cents (€2,164,352.51) up to two million one hundred sixty-seven thousand nine hundred ninety-four Euro and eight cents (€2,167,994.08) through the issue of three hundred sixty-four thousand one hundred forty-seven (364,157) common shares in dematerialised form with a nominal value of one cent (€0.01) each.

On 2 August 2021, the Management Board further resolved to increase, conditional to the receipt of the subscription price and the subscription certificates by the Company, the Company's share capital by an amount of four thousand three hundred seventy-four Euro and sixty-one cents (€4,374.61) so as to raise it from its then current amount of two million one hundred sixty-seven thousand nine hundred ninety four Euro and eight cents (€2,167,994.08) up to two million one hundred seventy-two thousand three hundred sixty-eight Euro and sixty-nine cents (€2,172,368.69) through the issue of four hundred thirty-seven thousand four hundred sixty-one (437,461) common shares in dematerialised form with a nominal value of one cent (€0.01) each.

On 2 September 2021, the Management Board resolved to increase, conditional to the receipt of the subscription price and the subscription certificate by the Company, the Company's share capital by an amount of five hundred sixty Euro and forty-three cents (€560.43) so as to raise it from its then current amount of two million one hundred seventy-two thousand three hundred sixty-eight Euro and sixty-nine cents (€2,172,368.69) up to two million one hundred seventy-two thousand nine hundred twenty-nine Euro and twelve cents (€2,172,929.12) through the issue of fifty six thousand forty-three (56,043) common shares in dematerialised form with a nominal value of one cent (€0.01) each.

As of 31 December 2021, the subscribed capital is composed of 217,292,912 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 2021	213,836,716	n/a	2.1	3,568
Additions of the year	3,456,196	0.01	-	-
Disposals for the year	-	0.01	-	-
Balance as at 31 December 2021	**217,292,912**	**n/a**	**2.1**	**3,568**

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.

Share premium account

As of 31 December 2021, the share premium amounts to € 3,568,719,053.56 (2020: €3,568,743,336.57).

Reserves for own shares

Further to the capital decrease which took place on 26 June 2020, the Company has adjusted appropriately 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.

As at 31 December 2021, no allocation to legal reserve was done due to the negative financial result.

9. CREDITORS

As at 31 December 2021 and 2020, amounts due and payable for the accounts shown under "Creditors" were as follows:

In €	Within one year	Within two and five years	After five years	Total 31 Dec 2021
Convertible bonds	-	-	375,000,000.00	375,000,000.00
Trade creditors	2,676,837.86	-		2,676,837.86
Amounts owed to affiliated undertakings	2,000,000.00	4,624,202.21		6,624,202.21
Tax and social security debts	192,078.19	-		192,078.19
Other creditors	798,355.97	-		798,355.97
Total creditors	**5,667,272.02**	**4,624,202.21**	**375,000,000.00**	**385,291,474.23**

In €	Within one year	Within two and five years	After five years	Total 31 Dec 2020
Trade creditors	1,320,788.91		-	1,320,788.91
Amounts owed to affiliated undertakings	1,091,933.86	8,758,446.52	-	9,850,380.38
Tax and social security debts	16,099.59	-	-	16,099.59
Other creditors	10,734.33	-	-	10,734.33
Total creditors	**2,439,556.69**	**8,758,446.52**	**-**	**11,198,003.21**

On 15 March 2021, the Group issued convertible bonds for net proceeds of € 369.1 million (nominal value is € 375 million), with a fixed coupon rate of 1.25%. Unless previously converted, redeemed or repurchased and cancelled, the convertible bonds will be redeemed at their principal amount on 15 March 2028. The bondholders also have the right to convert the Convertible Bonds into new and/or existing (at the discretion of the Company) no-par value common shares in dematerialised form of GFG. The bondholders also have the right to redeem the options early, on 15 March 2026, for the principal amount plus accrued interest (put option).

As at 31 December 2021, trade creditors mainly included the provisions for accounting and auditing costs for an amount of €686,976.24 (2020: €559,848.24) and the provision of Interests payables relating to convertible bonds amounted to €1,390,484.45 (2020: nil).

As at 31 December 2021, amounts owed to affiliated undertakings mainly included the payable to GFG UK Services Limited, for an amount of €4,522,128.57, and the intercompany loan granted by Bigfoot GmbH, for an amount of €2,000,000.00. It bears interest at 3.925% and matures on 27 September 2022. The interest expense for the Financial Year 2021 was €20,715.28. (2020: €489,955.06).

10. OTHER OPERATING INCOME

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

11. RAW MATERIALS AND CONSUMABLES AND OTHER EXTERNAL EXPENSES

The raw materials and consumables and other external expenses were as follows:

In €	Total 31 Dec 2021	Total 31 Dec 2020
Raw materials and consumables	**(1,389.34)**	**(1,198.57)**
Other external fees	(1,389.34)	(1,198.57)
Other external expenses	**(11,592,886.97)**	**(8,200,256.46)**
Legal fees	(1,683,955.31)	(2,138,204.18)
Accounting and audit fees	(1,397,359.86)	(1,196,382.31)
Share based compensation	-	(1,549,680.32)
Other external fees	(597,373.40)	(509,689.99)
Other operational expenses	(7,914,198.40)	(2,806,299.66)
Raw materials and consumables and other external expenses	**(11,594,276.31)**	**(8,201,455.03)**

12. STAFF

The Company employed two employees during the year (2020: one employee).

13. OTHER OPERATING EXPENSES

The other operating expenses were as follows:

In €	Total 31 Dec 2021	Total 31 Dec 2020
Director's fee	(266,044.99)	(275,252.59)
Software licenses	(90,503.51)	(17,585.62)
	(356,548.50)	**(292,838.21)**

14. OTHER INTEREST AND SIMILAR INCOME

In 2021, other interest and similar income is mainly related to realised foreign exchange gains of €20,041.06 (2020: €203,662.66), other revenues of €42.18 (2020: €6,327.40), and other interest and similar revenues of €1,394,632.87 (2020: €515,336.66).

15. INCOME FROM PARTICIPATING INTERESTS

During the year 2021, the Company did not receive any dividends or incomes from its affiliated undertakings companies (2020: €146,863,692.73).

16. INTEREST PAYABLE AND SIMILAR EXPENSES

In 2021, other interest and similar expense mainly included interest on intercompany loans of €85,507.29 (2020: €1,778,664.13), interest on the convertible bonds of € 3,734,234.45 (2020: €nil), and the foreign exchange losses of €310,978.25 (2020: €706,486.17). It 2020 other interest and similar expense mainly included the net of the cost of sale (€229,430,398.80) and the proceeds on the sale (€53,974,544.19) of Global Fashion Group TRM Limited.

17. TAXATION

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

18. AUDITOR'S FEES

Art. 65 paragraph (1) 16° of the Law of 19 December 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.

19. 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 9), intercompany recharges in connection with delivery/reception of services and other operations.

20. OFF BALANCE SHEET COMMITMENTS

a) Guarantees issued

The Company has issued guarantees to suppliers of some of its direct or indirect subsidiaries, agreeing to provide support and assistance and secure payment obligations. Details are as follows of guarantees in place as at 31 December 2021:

Issuance Date	Beneficiary name	Amount (€)
06.07.21	Coccinelle SPA	100,000
02.02.20	DKH Retail Limited (Superdry)	1,400,000
26.03.19	Ralph Lauren	130,000
02.04.20	Tendam Retail, S.A (Springfield)	125,000
01.09.21	Ikonic SRL	400,000
05.10.20	DK COMPANY VEJLE	90,000
24.08.20	Accent Brands	800,512
29.09.20	Kacoo Fashion Ltd/ Glamourous	297,520
16.07.21	Ralph Lauren	881,679
29.05.20	Banco Pottencial	543,424
16.06.21	Ralph Lauren	881,679
06.08.21	Under Armour Europe B.V.	2,000,000
01.07.21	PUMA	4,712,112
15.07.21	Adidas	8,835,210
07.07.21	Levis	471,211
14.12.20	BNS Group	765,718
16.02.21	Herry Weber	167,000
04.03.21	Vanderlande Industries RUS	15,579,336

b) Long Term Incentive Plans

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:

ESOP 2018

With respect to the existing ESOP (Employee Share Option Plan) 2018, the Company is committed to issue a maximum number of 6,249,171 (2020: 8,956,057) shares at an average exercise price of €1.71 (2020: €6.99), of which 6,224,039 (2020: 8,831,261) options are vested as of 31 December 2021. Exercise requires the payment of the agreed exercise price.

LTIP 2019

In September 2019, the Company launched a new Long Term Incentive Plan. All units vest over two to three years and Performance Stock Units ("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 that vested in April 2020 were subject to a lock up period of 1 year from the date of the IPO, being 2 July 2019. On 3 July 2020, the lock-up period ended and participants were entitled to exercise all vested shares. Certain senior level executives are 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 Board as well as good and bad leaver provisions.

In 2021, 3,449,888 (2020: 4,198,937) share units were granted to participants of the 2019 Share plan. 525,170 (2020: €1,482,509) units were forfeited and 2,269,264 (2020: €1,173,136) units were exercised during the year. 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 €10.25 (2020: €2.22). The number of awards due to vest in 2022 is 2,614,058.

c) Support Letters

The Company issued several letters of support to its subsidiaries.

21. 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.

22. SUBSEQUENT EVENTS

In February 2022, certain countries announced new packages of sanctions against the public debt of the Russian Federation and a number of Russian banks, as well as personal sanctions against a number of individuals.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility on the securities and currency markets, as well as a significant depreciation of the Ruble against the US Dollar and the Euro. From 1 January 2022 to 7 March 2022, the Ruble devalued by 36%.

It is expected that these events may affect the activities of the Russian and CIS subsidiaries, which were indirectly owned and financed by the Company. The indirect investment of the Company into Russian and CIS subsidiaries as of December 31, 2021, amounts to EUR 381,057,697.95 (including shares and intergroup financing).

The Company regards these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be estimated at the moment with a sufficient degree of confidence.

Currently, the Company's management is analysing the possible impact of changing micro- and macroeconomic conditions on the Company's financial position and results of operations.

8. RESPONSIBILITY STATEMENT

Consolidated Financial Statements

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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and of the results of its operations for the year then ended in accordance with IFRS as adopted by the EU and that the Management Report (section 2) includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that Group faces.

Parent Financial Statements

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 parent financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in Luxembourg, and that the Management Report (section 2) 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.

7 March 2022

Christoph Barchewitz

Christoph Barchewitz, Co-CEO

Patrick Schmidt

Patrick Schmidt, Co-CEO

Matthew Price

Matthew Price, CFO


CAPTAIN AMERICA
ZALORA ZA
ZALORA

ADDITIONAL INFORMATION

9.1 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 EBITDA adjusted for share-based payment (income)/expenses, impairment of goodwill, Group recharges, changes to estimates for prior year tax, fulfilment centre closure costs and continuity incentives, and change in legal provisions and project costs.

Adjusted EBITDA is reconciled in note 6 to the consolidated financial statements and in section 2.8 Financial Performance.

Adjusted EBITDA is a supplemental non-IFRS measure of our operating performance that is not required by, or presented in accordance with, IFRS. Adjusted EBITDA is not a measurement of our financial performance under IFRS and should not be considered as an alternative to loss for the year, loss before income tax or any other performance measure derived from IFRS. We caution investors that amounts presented in accordance with our definition of Adjusted EBITDA may not be comparable to similar measures disclosed by other companies, because not all companies and analysts calculate Adjusted EBITDA in the same manner. We present Adjusted EBITDA because management considers it to be an important supplemental measure of the Group's operating performance. Management believes that investors' understanding of our performance is enhanced by including non-IFRS financial measures as a reasonable basis for understanding the Group's ongoing results of operations. By providing this non-IFRS financial measure, together with a reconciliation to the nearest IFRS financial measure, management believes that investors' understanding of the business and its results of operations are enhanced, as well as assisting investors in evaluating how well the business is executing its strategic initiatives.

Adjusted EBITDA provides a basis for comparison of business operations between current, past and future periods by excluding items that management does not believe are indicative of core operating performance. Adjusted EBITDA, a non-IFRS measure, may not be comparable to other similarly titled measures used by other companies.

Average order value

Average order value is defined as the NMV (see below for definition) per order.

Capex

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

In €m	Note	FY 2021	FY 2020
Additions			
Property, plant & equipment	11	29.2	28.4
Goodwill & other intangibles	13	31.0	20.3
Total Capex		**60.2**	**48.7**

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.

EBITDA is reconciled with the note 6 to the consolidated financial statements and in section 2.8 Financial Performance.

EBITDA provides a basis for comparison of our business operations between current, past and future periods by excluding items that management does not believe are indicative of core operating performance. EBITDA, a non-IFRS measure, may not be comparable to other similarly titled measures used by other companies.

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.

NMV is used as a complete measure of the merchandise volumes being sold on GFG's platforms through both Retail and Marketplace business models. Revenue, on the same basis, only takes into account the commission on a marketplace transaction and is therefore disconnected from true volume. As Retail and Marketplace volumes carry similar levels of profitability, management believes it is important to allow users of the Annual Report to understand the Group's progress on this measure.

NMV is a non-financial measure, as it includes sales taxes not recorded in revenue and Marketplace price information that can not be reconciled to the financial statements.

Net working capital

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

In €m	FY 2021	FY 2020
Inventory	283.7	195.9
Trade and other receivables (current)	52.3	80.2
Trade payables and other financial liabilities	(332.0)	(283.8)
Convertible bond liability (note 22)	10.2	-
Liabilities related to SBP	3.9	6.3
Net working capital	**18.1**	**(1.4)**

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

Pro-forma cash is defined as cash and cash equivalents at the end of the year, short term duration bonds and securitised funds plus restricted cash and cash on deposits.

Pro-forma cash reconciliation

In €m	FY 2021	FY 2020
Cash and cash equivalents	400.5	366.1
Investment funds	234.0	-
Restricted cash and cash on deposit	8.0	6.3
Pro-forma cash	**642.5**	**372.4**

9.2 FINANCIAL CALENDAR

16 May 2022	Q1 2022 Results
15 June 2022	Annual General Meeting
18 August 2022	Q2 2022 Results
10 November 2022	Q3 2022 Results

9.3 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
Jo Britten, Investor Relations Director
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