2020

INTERIM MANAGEMENT REPORT

FOR THE PERIOD
ENDED 30 JUNE 2020

GFG GLOBAL FASHION GROUP

OUR VISION IS TO BE THE #1 FASHION & LIFESTYLE DESTINATION IN GROWTH MARKETS

Our Purpose is True Self Expression.

As the leading fashion & lifestyle destination in Latin America, Commonwealth of Independent States, South East Asia and Australia & New Zealand, we connect over 10,000 global, local and own fashion brands to a market of more than one billion consumers who are moving online.

We do this through four established ecommerce platforms, each tailored to local market needs and individual customer preferences through our own technology innovations.

LATAM	CIS	SEA	ANZ
dafiti	lamoda	ZALORA	THE ICONIC

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	Q2 2020	Q2 2019	H1 2020	H1 2019
Financial performance				
Revenue (€m)	336.1	342.4	607.6	603.2
Growth at constant currency (%)	11.3	16.5	9.9	15.9
Gross Profit (€m)	143.5	141.3	253.7	239.4
Loss before interest and taxes (EBIT) (€m)	(9.3)	(14.3)	(50.5)	(65.8)
Loss for the period (€m)	(8.6)	(26.7)	(80.9)	(71.2)
Adjusted EBITDA (€m)	9.5	(3.2)	(13.2)	(28.8)
Adjusted EBITDA/Revenue (%)	2.8	(0.9)	(2.2)	(4.8)
Capex (€m)	11.5	12.9	28.6	24.6

	Q2 2020	FY 2019	H1 2020	FY 2019
Financial position				
Net working capital (€m)	21.9	(12.0)	21.9	(12.0)
Cash and cash equivalents (€m)	242.6	277.3	242.6	277.3

	Q2 2020	Q2 2019	H1 2020	H1 2019
Group KPIs				
NMV (€m)	488	449	860	790
Growth at constant currency (%)	22.8	22.7	18.6	22.4
Active Customers (m)	14.6	12.0	14.6	12.0
NMV/Active Customer (€)	126	131	126	131
Number of Orders (m)	10.6	8.9	18.0	15.8
Order Frequency	2.5	2.6	2.5	2.6
Average Order Value (€)	46.1	50.5	47.9	50.1

INTERIM GROUP MANAGEMENT REPORT

1. BACKGROUND TO THE GROUP

1.1 Business model

The disclosures made in the 2019 Annual Report around our markets, customers, business model, segments, research and development, sustainability and employee matters are still applicable at the time this interim management report is being issued, with the exception that from Q2 2020 the Group is now reporting in four segments: Latin America (LATAM); Commonwealth of Independent States (CIS); South East Asia (SEA) and Australia and New Zealand (ANZ). Previously SEA and ANZ were reported in aggregate as Asia Pacific (APAC).

2. REPORT ON ECONOMIC POSITION

2.1 Macroeconomic and Sector-Specific Environment

- All countries in which GFG operates were impacted by the COVID-19 pandemic, requiring significant action by the Company.
- While GFG's revenue and NMV are impacted by currency movements against the Euro, over 80% of cash flows were naturally hedged.
- The fashion & lifestyle sector in GFG's geographic footprint is expected grow at 6% from 2019 to 2023.

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

The COVID-19 pandemic has had a significant impact on global activity, with the recovery likely to be more gradual than first expected. In economies with a plateau or decline in infection rates, recovery projections take into account persistent social distancing into the second half of 2020. A notable effect of the larger-than-anticipated impact to economic activity during the lockdown in the first and second quarters of 2020 is a reduction in productivity as surviving businesses increase necessary workplace safety and hygiene practices. For economies that have had less success in controlling the virus, strict lockdown measures that continue well into the second half of 2020 will impose additional strains on economic activity.

The impact of government interventions affected macroeconomic conditions across our markets at different times and with different consequences during the first six months of the year. All countries in which GFG operates were impacted by the pandemic, requiring significant changes to the Group's operational procedures to ensure the application of appropriate health and safety measures. Emerging market and developing economies are expected to recover at a rate higher than the US and Western Europe in 2021. The downward revision to growth prospects for emerging market and developing economies over 2020–21 (2.8 percentage points) exceeds the revision for advanced economies (1.8 percentage points). Excluding China, the downward revision for emerging markets and developing economies over 2020–21 is 3.6 percentage points. In Latin America, where most countries are still struggling to contain infections, Brazil is projected to contract by 9.1% in 2020. In CIS, the disruptions due to the pandemic imply a sharp recession in Russia with a contraction of 6.6%. Indonesia, Philippines and Malaysia are expected to contract 2.0% on a full year 2020 basis, with more developed Asian countries expected to contract at 0.8% on the same basis[1].

[1] International Monetary Fund: World Economic Outlook, June 2020.

Since GFG's operations are predominantly in countries outside of the Eurozone, the majority of its revenues and costs are denominated in currencies other than the Euro (EUR). GFG is therefore exposed to fluctuations in the values of these currencies relative to the EUR. In the first six months of 2020, 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 net merchandise value (NMV) are impacted by changes in the value of foreign currencies relative to the EUR, in FY 2019 more than 90% of cash flows in our LATAM segment and more than 80% in our CIS, SEA, ANZ segments were naturally hedged as local currency revenues are typically matched against a local currency cost base.

The overall fashion & lifestyle segment in GFG's geographic footprint is expected to develop favourably with an estimated annual growth rate of 6% from 2019 to 2023 . This growth rate is considerably higher than the annual growth rate of 3% forecast over the same period for developed markets such as the United States (US) and Western Europe[1]. 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.

Within GFG's footprint, online sales in the fashion & lifestyle segment are expected to outperform the overall sector, with an annual growth rate of 17% from 2019 to 2023[1]. With a market value of €22 billion in 2019, online sales comprised only 7% of total spend in the fashion & lifestyle sector[1]. Given online penetration of the fashion & lifestyle sector was 23% in the US and 16% in Western Europe in 2019[1], we believe this indicates significant headroom to grow online penetration in the markets GFG operates in.

[1] Euromonitor International. Based on the markets for apparel and footwear, beauty and personal care, personal accessories and eyewear.

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

- A population that is on average younger than that of the US or Western Europe and has favourable smartphone and online shopping habits;
- The lack of a broad bricks-and-mortar fashion retail offering, with floor space of only 5 sqm per capita, compared to 76 sqm and 54 sqm per capita in the US and Western Europe respectively[1]
- The demonstration that other verticals, such as consumer electronics, have already reached higher online penetration levels; 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, management believes the Group will be one of the major beneficiaries of these developments. GFG considers itself among the market leaders in the sector and footprint, and will continue to focus on growth and market leadership.

2.2 Financial Performance of the Group

The results for the six-month period ended 30 June 2020 demonstrate strong constant currency revenue growth and further progress toward break-even.

- GFG showed strong revenue growth in the first half year of 2020, with a strong recovery from the end of April.
- Adjusted EBITDA improved by 54.2%, further driving towards breakeven.
- Technology innovations continue to deliver new levels of customer engagement with Apps generating 58% of NMV in Q2.

Results of operations

In € m	H1 2020	H1 2019	% change
Revenue	607.6	603.2	9.9 [1]
Cost of sales	(353.9)	(363.8)	
Gross profit	**253.7**	**239.4**	
Selling and distribution costs	(206.4)	(211.0)	
Administrative expenses	(92.7)	(93.5)	
Other operating income	3.5	7.3	
Other operating expenses	(7.7)	(6.5)	
Net impairment losses of financial assets	(0.9)	(1.5)	
Loss before interest and taxes (EBIT)	**(50.5)**	**(65.8)**	**23.3**
Result from investment in associates	(0.1)	3.2	
Finance income	1.2	3.9	
Finance costs	(29.9)	(7.2)	
Result from indexation of IAS 29 Hyperinflation	0.7	0.9	
Loss before tax	(78.6)	(65.0)	
Income taxes	(2.3)	(6.2)	
Loss for the period	**(80.9)**	**(71.2)**	**(13.6)**

[1] Constant currency growth

Adjusted EBITDA bridge

In € m	H1 2020	H1 2019	% change
Loss before interest and taxes (EBIT)	**(50.5)**	**(65.8)**	**23.3**
Depreciation and amortisation	32.7	30.0	
EBITDA	**(17.8)**	**(35.8)**	**50.3**
Share-based payments expenses	4.6	(0.2)	
One off costs [1]	-	7.2	
Adjusted EBITDA	**(13.2)**	**(28.8)**	**54.2**

[1] One-off costs include those relating to the IPO, historical tax adjustments and costs relating to the wind-down of Lost Ink Limited.

Key Group Figures

GFG's key performance indicators include Revenue, Gross Profit, Adjusted EBITDA, NMV, Net working capital, Capex, the number of Active Customers and the NMV per Active Customer along with the Number of Orders, Order Frequency and Average Order Value.

Financial information and key performance indicators

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Adjusted EBITDA (as % of revenue)	2.8	(0.9)	(2.2)	(4.8)
Capex (€m)	11.5	12.9	28.6	24.6

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Order Frequency	2.5	2.6	2.5	2.6
Average Order Value (€)	46.1	50.5	47.9	50.1

Business Activities

The Group's principal business activity is fashion & 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 regional ecommerce platforms across 17 countries under the following labels: Dafiti (LATAM), Lamoda (CIS), ZALORA (SEA) and THE ICONIC (ANZ).

While the Group was trading in line with management expectations until mid-March, half-year results were negatively impacted across each of the regions at different times by the COVID-19 pandemic and by currency headwinds in most markets. However, GFG experienced a strong recovery in sales from late April, which was driven by strong performances in CIS and LATAM and an acceleration of Marketplace participation across the Group. GFG's major fulfilment centres in Australia, Malaysia, Brazil and Russia have operated without interruptions. Only two of the smaller fulfilment centres in Argentina and the Philippines were closed, for around 30 and 40 days respectively, resulting in a minor financial impact as order deliveries were delayed until the re-openings in late April. The Group and its businesses rapidly adapted by focussing on the safety of its teams and customers, working closely with brand partners to maximise the relevance of the assortment offered, driving increased Marketplace adoption and accelerating customer acquisition, with 2.5 million new customers shopping on GFG platforms for the first time. Consequently, May and June were GFG's strongest months in the past four years, resulting in revenue growth for Q2 of 11.3% on a constant currency basis, to €336.1 million (Q2 19: €342.4 million).

The COVID-19 pandemic acted as an indicator of impairment for the Group, both in terms of internal changes to management forecasts and as an external indicator through changes in macroeconomic activity and government imposed social restrictions. The Group performed an impairment assessment of the LATAM CGU and re-estimated the recoverable amount as at 30 June 2020. No impairment charge was required and headroom in absolute terms was €8.4 million. In addition, the headroom for the other CGUs remain significant as at 30 June 2020 similar to the situation as at 31 December 2019.

The variance in revenue and margin over the course of the period reflects the seasonality of fashion sales. The Group's presence in the northern hemisphere (CIS); southern hemisphere (Australia 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 geographic area. New season collections drive most sales in the second and fourth quarter, with the first and third quarter focusing on end of season sales.

Growth of Revenue

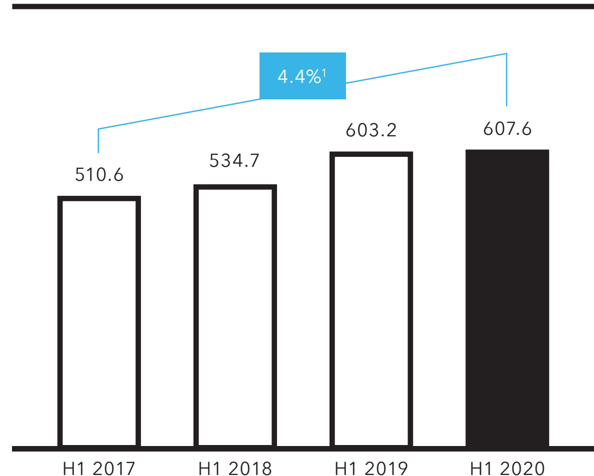
In Q2 2020, revenue grew by 11.3% on a constant currency basis (Q2 2019: 16.5%), decreasing by €6.3 million to €336.1 million as reported (Q2 2019: €342.4 million). For the first half, revenue was €607.6 million (H1 2019: €603.2 million), increasing 9.9% year-on-year on a constant currency basis. As a result of the GFG Marketplace business growing rapidly and the different economic basis by which it operates, revenue growth lags behind NMV growth.

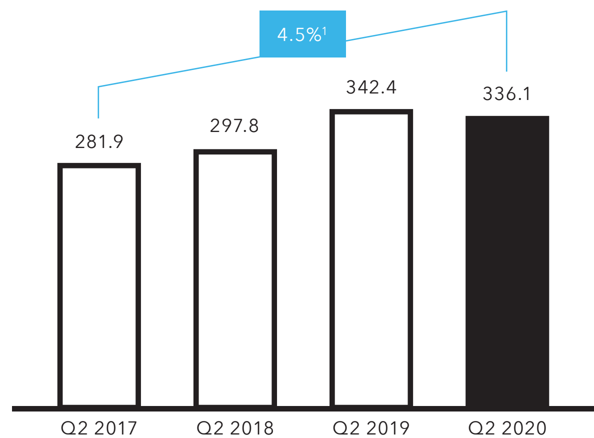
GFG continues to be at the forefront of defining what an inspiring customer experience looks like in its markets. In the first half of 2020, GFG's strategy of offering a broad assortment evolved with a significant increase in Marketplace participation, more exclusive global brand collaborations, further development of the modest fashion segment and continuing to offer our customers increasing ways of shopping sustainably.

Like most fashion ecommerce businesses, GFG benefited from lower return rates during Q2 as a result of lockdown measures introduced by governments across the markets in which GFG operates. Typically, return rates across the Group are much lower than in peer businesses that focus on more developed markets, and reduced to 7% in the quarter (Q2 2019: 9%). The approximate benefits to Retail revenue and Retail gross profit in the quarter were €5 million and €2 million, respectively.

Technology innovations focused on app functionality continue to deliver new levels of customer engagement and strengthen GFG's app-first approach. Apps generated 58% of NMV in Q2, up 11 percentage points compared to the same period last year.

H1 and Q2 Revenue 2017 – 2020 (€m)





Revenue growth for Q2 of 11.3% on a constant currency basis was driven by the acquisition of 2.5 million new customers, strong performances in CIS and LATAM.

[1] Compound Annual Growth Rate (CAGR)

Loss for the period

The loss for the second quarter was €8.6 million (Q2 19: €26.7 million loss), an improvement of €18.1 million.

In the first six months of 2020, the loss for the period was €80.9 million (H1 2019: €71.2 million), a deterioration of 13.6% driven primarily by adverse currency translation effects. Losses before interest and taxes reduced to €50.5 million (H1 2019: €65.8 million) an improvement of 23.3%.

Growth of NMV

In Q2 2020, NMV grew by 22.8% on a constant currency basis, to €488.3 million. NMV for the first half, reached €860.4 million, an increase of 18.6% on a constant currency basis.

The growth in NMV was primarily driven by increased Marketplace participation which was 28% for the first half (H1 2019: 19%) and 31.0% for the quarter (Q2 2019: 19%). Active Customers increased to 14.6 million, growing by 21.6% and NMV per Active Customer decreased by 0.9% on a constant currency basis to €126.2 million, illustrating how customer habits have shifted through the pandemic.

The number of orders achieved continued to grow, up by 18.8% to 10.6 million in Q2 2020 and, on average, customers purchased 2.5 times in the previous twelve months, marginally lower than in the prior year period, again reflecting changed customer habits during the pandemic.

Improvements to Adjusted EBITDA

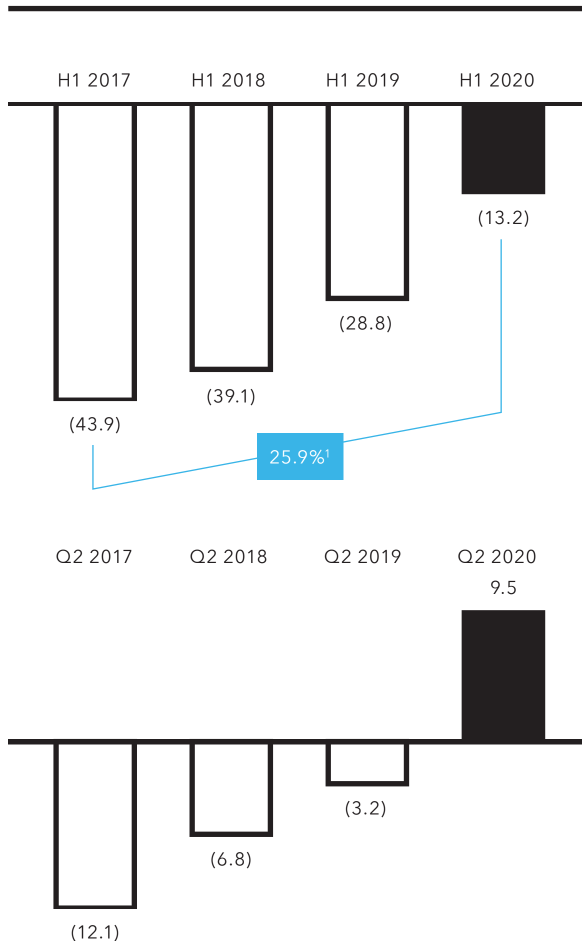
To assess the operating performance of the business, management also considers Adjusted EBITDA and Adjusted EBITDA margin as key performance indicators. See Financial Definitions section for further information.

In the second quarter of 2020, the Group generated an Adjusted EBITDA profit of €9.5 million (Q2 19: €3.2 million loss), giving an Adjusted EBITDA margin of 2.8% (Q2 19: (0.9)%). This was GFG's second profitable quarter.

In the first half of the year, Adjusted EBITDA was negative €13.2 million (H1 2019: €28.8 million loss). Adjusted EBITDA margin increased by 2.6 percentage points year-on-year to (2.2)% (H1 2019: (4.8)%), as a result of increased Marketplace participation, sales to newly acquired customers, marketing savings taken during the pandemic and further leverage of technology and admin costs as the business continued to grow.

Adjusted EBITDA for the period excludes a charge for share-based payments of €4.6 million (H1 2019: €7.0 million recurring and non-recurring items, including share-based payments, as well as certain non-recurring items such as one-off fees related to the IPO, one-off tax adjustments, non-trading income and costs relating to the wind-down of Lost Ink Limited).

H1 and Q2 Adjusted EBITDA (€m)



[1] Compound Annual Growth Rate (CAGR)

2.3 Report by Segment

- Change of segment result reporting. APAC now reported under two operating segments, being South East Asia ("SEA"), representing the operating activities of the ZALORA business and Australia & New Zealand ("ANZ") which represents the operating activities of THE ICONIC.
- Standout revenue and NMV growth on a constant currency basis in CIS and LATAM.

The presentation of the segment results was changed for this second quarter and half-year report, and the respective results for Q2 and H1 2019 have been re-presented accordingly in this report.

Previously, the Group reported internally and publicly disclosed three operating segments, LATAM which consists of Dafiti, CIS which consists of Lamoda, and APAC which includes ZALORA and THE ICONIC. The column 'Other' includes headquarter and other business activities.

Management reporting was developed in Q2 2020 to include a more granular view of the previous APAC region, based on its geographical split. APAC is now reported under two operating segments, being South East Asia ("SEA"), representing the operating activities of the ZALORA business and Australia & New Zealand ("ANZ") which represents the operating activities of THE ICONIC.

Segment Growth for the Quarter

The Group delivered strong constant currency revenue growth in the quarter. CIS was the best performing segment, with 27.2% growth. LATAM and SEA grew by 16.1% and 12.9% respectively. Revenue and gross profit declined on a reported basis in LATAM due to adverse currency movements but increased in real local currency terms. Revenue in ANZ decreased by 19.3% on a constant currency basis.

Gross Margin in CIS increased to 47.9%, driven by improved Marketplace share and increased marginally to 45.3% in LATAM, with increased Marketplace participation more than offsetting a limited investment in retail margin. Gross margin in ANZ increased by 0.5 percentage points in the quarter to 43.3%. SEA gross margin decreased slightly to 29.7% in the quarter.

Given the economics of our retail model versus Marketplace, NMV growth always leads revenue growth. In Q2, the strongest NMV growth was seen in CIS at 45.2% on a constant currency basis, LATAM grew by 26.8% on a constant currency basis while SEA saw growth of 17.5%, in each case driven by strong development of Marketplace sales. ANZ saw a decrease in NMV of 14.8%.

In Q2 2020, strongest NMV growth was seen in CIS at 45.2%, driven by significant growth in CIS share of Marketplace.

Segment Results of the Group Q2 2020

In € m	LATAM	CIS	SEA	ANZ	Total Fashion Business	Other	Reconciliation	Total
Revenue	92.2	122.1	67.9	54.0	336.2	6.1	(6.2)	336.1
Net Merchandise Value	146.1	184.6	83.2	74.3	488.3	-	-	488.3
Gross profit	41.8	58.5	20.2	23.4	143.9	5.7	(6.1)	143.5
% Margin	45.3	47.9	29.7	43.3	42.8	-	-	42.7

Segment Results of the Group Q2 2019

In € m	LATAM	CIS	SEA	ANZ	Total Fashion Business	Other	Reconciliation	Total
Revenue	106.1	104.8	61.5	69.8	342.2	8.2	(8.0)	342.4
Net Merchandise Value	148.6	139.0	70.9	90.9	449.4	-	-	449.4
Gross profit	44.9	50.0	18.5	29.9	143.3	5.7	(7.7)	141.3
% Margin	42.4	47.7	30.1	42.8	41.9	-	-	41.3

Segment Growth for the Half-Year

The CIS segment enjoyed the highest revenue growth for the first half at 20.0% on a constant currency basis. LATAM grew at 12.1%, and SEA grew by 16.9%. ANZ decreased by 13.2% on the same basis.

Gross margin in LATAM increased by 1.6 percentage points driven by the beneficial impact of increased Marketplace participation. CIS margin improved year-on-year by 2.8 percentage points. Gross margin in SEA increased by 0.4 percentage points over the prior year. In ANZ, gross margin increased by 0.6 percentage points compared to the same period last year.

NMV growth in CIS was also the highest of all regions at 33.5% due to increasing Marketplace participation faster than any other region. LATAM NMV growth was 19.4%, while that of SEA was 19.0% at constant currency. ANZ NMV decreased on a constant currency basis by 8.7%.

Revenue growth followed that of NMV growth, with the highest growth seen in CIS.

Segment Results of the Group Half-Year 2020

In € m	LATAM	CIS	SEA	ANZ	Total Fashion Business	Other	Reconciliation	Total
Revenue	167.6	219.4	122.0	98.9	607.9	12.6	(12.9)	607.6
Net Merchandise Value	252.9	324.1	147.9	135.6	860.4	-	-	860.4
Gross profit	72.0	100.7	37.9	43.8	254.4	12.1	(12.8)	253.7
% Margin	43.0	45.9	31.1	44.3	41.8	-	-	41.8

Segment Results of the Group Half-Year 2019

In € m	LATAM	CIS	SEA	ANZ	Total Fashion Business	Other	Reconciliation	Total
Revenue	186.2	190.9	104.9	119.3	601.3	15.3	(13.4)	603.2
Net Merchandise Value	258.2	253.8	122.8	155.4	790.2	-	-	790.2
Gross profit	77.1	82.2	32.2	52.1	243.6	8.5	(12.7)	239.4
% Margin	41.4	43.1	30.7	43.7	40.6	-	-	39.7

2.4 Cash flows

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

In € m	H1 2020	H1 2019
Net cash flow used in operating activities	**(1.7)**	**(95.8)**
Net cash flow (used in) / from investing activities	**(24.0)**	**57.6**
Net cash flow used in financing activities	**(0.2)**	**(10.7)**
Change in cash and cash equivalents	(25.9)	(48.9)
Effect of exchange rate changes on cash and cash equivalents	(8.8)	(0.4)
Cash and cash equivalents at the beginning of the period	277.3	105.0
Cash and cash equivalents at the end of the period	**242.6**	**55.7**

Net cash used in operating activities was €1.7 million in the first six months of 2020 (H1 2019: €95.8 million outflow). The improved net cash flows generated from operations was mainly driven by cash preservation measures that were put in place at the start of the pandemic, with an emphasis on marketing efficiency and better management of working capital.

Net cash flow from investing activities was impacted by additions to property, plant and equipment and intangible assets, which were €24.8 million (H1 2019: €22.9 million). During the six-month period ended 30 June 2020, the Group acquired property, plant and equipment with a total cost of €13.1 million (H1 2019: €13.3 million). These investments primarily relate to assets in the course of construction and office and IT equipment. The Group acquired intangible assets with a total cost of €11.7 million (H1 2019: €9.6 million) of which €7.1 million (H1 2019: €8.2 million) were internally developed intangible assets capitalised in accordance with the recognition criteria of IAS 38, Intangible Assets.

Net cash used in financing activities relates primarily to outflows as payments made under finance leases of €9.9 million (H1 2019: €10.6 million).

2.5 Financial position

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

Assets

	30 Jun 2020	31 Dec 2019	% Change
Non-current assets	481.7	552.3	(12.8)
Current assets	548.3	652.2	(15.9)
Total assets	**1,030.0**	**1,204.5**	**(14.5)**

Equity

	30 Jun 2020	31 Dec 2019	% Change
Equity	533.3	649.5	(17.9)
Non-current liabilities	83.7	98.9	(15.4)
Current liabilities	413.0	456.1	(9.4)
Total equity and liabilities	**1,030.0**	**1,204.5**	**(14.5)**

At 30 June 2020, total assets of the Group were €1,030.0 million (31 December 2019: €1,204.5 million), the decrease of €174.5 million primarily relating to decreases in inventory and other non-financial assets following cash preservation measures taken during the pandemic. Goodwill has also decreased by €34.5 million which is linked to currency fluctuations in the period.

The net book value of right-of-use assets as at 30 June 2020 was €83.6 million (31 December 2019: €95.2 million). Total lease liabilities of €92.7 million (31 December 2019: €106.1 million), net of lease repayments and interest, are split between non-current and current lease liabilities on the interim condensed consolidated statement of financial position.

In the first six months of the year, Capex additions were €28.6 million (H1 2019: €24.6 million) and primarily related to the Group's continuous investment in its delivery and fulfilment infrastructure, as assets in the course of construction, and office and IT equipment along with intangible assets.

The decrease in inventories of €56.4 million to €177.6 million (31 December 2019: €234.0 million) represents a Group-wide reduction in seasonal intake and increased Marketplace participation by brand partners, which from an inventory perspective is non-risk, along with the adverse impacts of foreign currency translation.

The closing pro-forma cash position at the end of Q2 2020 was €262.6 million (31 December 2019: €300.8 million), including €20.0 million of restricted cash related to the revolving credit facility in place at period end and approximately €10.5 million drawn on local working capital facilities.

Movements in equity for the period relate primarily to losses incurred for the six-month period to 30 June 2020, and by unfavourable translation adjustments.

Non-current liabilities decreased by €15.2 million, €12.5 million of which represents the non-current portion of lease contracts under IFRS 16, discounted to present value.

Current liabilities were €413.0 million at the end of the period. The period-on-period decrease of €43.1 million reflects the seasonality of the Group's working capital and €72.3 million lower trade and other liabilities. This decrease was offset by an increase in non-financial liabilities of €25.0 million.

Overall Assessment

The Management Board views the business development in the first six months of the 2020 financial year as good, given the backdrop of a global pandemic and economic uncertainty. The Management Board is pleased to provide full year financial guidance, see section 5 for further information.

2.6 Employees

The average headcount for the six months to 30 June 2020 was 13,018 (H1 2019: 11,638), an increase of 1,380. The growth was primarily driven by the increasing headcount in the commercial and operations departments in CIS.

2.7 Non-financial reporting

Despite the headwinds of COVID-19, GFG continues to place significant emphasis on the implementation of the sustainability commitments launched in March 2020 alongside its first annual non-financial report.

Recognising the impact of COVID-19 on the people in GFG's supply chain, the Company was an early endorser of the ILO-coordinated COVID-19: Action in the Global Garment Industry which commits GFG to a range of actions to limit the effect of COVID-19 in its controllable supply chain. These actions include ensuring manufacturers are paid for finished goods and goods in production, maintaining open lines of communication with suppliers, and advocating for the introduction of social protection measures where they do not exist. GFG's active involvement in this initiative is ongoing and the Company is pleased that a number of the countries traded with, including Bangladesh, India and Indonesia have been prioritised for attention by the Call to Action.

In terms of the associated health risks in the workplace during COVID-19, throughout the pandemic GFG has been regularly communicating with suppliers about safe practices at work during this time, including providing written guides and invitations to webinars about managing workforces safely. Where necessary, such as in Brazil, GFG has developed and begun implementing a remote audit model, including worker interviews, which allows the Group to continue having confidence in the working conditions of suppliers.

In addition a few key highlights of the Group's progress towards its sustainability targets in the first half include:

- Pivoting delivery plans for training to suppliers to digital channels, delivering webinars to private label suppliers and factories in China, Bangladesh, India and Indonesia on the Group's ethical sourcing requirements;
- Completing baseline work across the Group and setting two additional sustainability targets for 2022, committing to:
  - 15% of private label product made from sustainable materials and active divestment from most environmentally harmful materials underway; and
  - 12% of all product across the Group meeting sustainable product criteria (inclusive of brands).
- Significantly stepping up the mechanisms to track waste across the Group and increasing recycling rates to exceed the 2022 target of 50% of waste recycled;
- Launching new order satchels made of 100% recycled post-consumer plastic at THE ICONIC;
- Raising €31,300 via an e-donation drive across ZALORA's South East Asian markets to support communities to deal with the social and economic impacts of COVID-19, in collaboration with local non-profit organisations;
- Launching "Giving Made Easy" at THE ICONIC in Australia, enabling customers to download a free shipping label and use it to send used clothing in good condition to charity. With significant uptake during the COVID-19 lockdown period, almost 6,500kg of textiles have been donated by customers and diverted from landfill since launch at the end of January.

3. SUBSEQUENT EVENTS

On 31 July 2020, the Company cancelled and replaced its existing Group-level financing arrangements with new bi-lateral revolving credit facilities. The new facility amounted to €30 million. The new arrangements consist 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. The new facilities have a less onerous security package than the previous arrangements. The loan origination fees of the original facility of €1.0 million, that were capitalised and not fully amortised as at 30 June 2020, were expensed in full when the facility was cancelled.

Restricted cash of €20 million that was held under the previous facility was released as at 31 July 2020 on cancellation.

4. RISK AND OPPORTUNITY REPORT

Management has assessed the risks as described in the 2019 Annual Report, and considered their potential business impact and probability of occurrence. We did not identify any risks that would threaten the ability of the Group to continue as a going concern.

The COVID-19 pandemic has created unprecedented disruption to the global economy and world trade. Following an initial decline in mid-March, GFG has seen strong order growth since late April driven by record numbers of new customers. It has continued to operate through the pandemic with appropriate health and safety measures in place to protect team members and customers. The economic impact of the pandemic is expected to continue for the rest of the year and potentially into 2021. This could reasonably lead to decreased consumer demand and supply side disruptions that cannot be fully ascertained at this time. We will continue to closely monitor the risk with scenario planning, considering any COVID-19 restrictions in force, fashion & lifestyle consumer demand, and the pace of channel shift to online of both the consumer and our brand partners.

5. OUTLOOK

COVID-19 continues to impact countries globally, and the economic and consumer outlook remains uncertain across GFG's markets. After strong and profitable growth in the second quarter, the Company provides the following outlook for the full year 2020.

Constant currency NMV growth of c.20% delivering c.€1.9 billion NMV and c.€1.3 billion of revenue. GFG also expects to approach breakeven with respect to Adjusted EBITDA. Capex investment will be no more than €45 million. This guidance is based on the currency exchange rates at 30 June 2020.

6. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this document are forward-looking statements. Forward-looking statements can typically be identified by the use of words such as "expects", "may", "will", "could", "should", "intends", "plans", "predicts", "envisages" or "anticipates" or other words of similar meaning. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting Global Fashion Group S.A. ("GFG") and its group (the "GFG Group"). They are not historical or current facts, nor are they guarantees of future performance.

By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described in this document. These forward-looking statements speak only as of the date of this announcement. Except as required by any applicable law or regulation, the GFG Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based. These risks and uncertainties include those discussed or identified in the filings with the Luxembourg financial and stock market regulator (Commission de Surveillance du Secteur Financier). Neither GFG nor any other person accepts any responsibility for the accuracy of the opinions expressed in this document or the underlying assumptions.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In € m	Note	For the six-month period ended 30 June 2020 (Unaudited)	2019 (Unaudited)
Revenue		607.6	603.2
Cost of sales		(353.9)	(363.8)
Gross profit		**253.7**	**239.4**
Operating (expenses)/income			
Selling and distribution expenses		(206.4)	(211.0)
Administrative expenses		(92.7)	(93.5)
Other operating income		3.5	7.3
Other operating expenses		(7.7)	(6.5)
Net impairment losses of financial assets [1]		(0.9)	(1.5)
Loss before interest and tax (EBIT) [2]		**(50.5)**	**(65.8)**
Result from investment in associates	7	(0.1)	3.2
Finance Income	6	1.2	3.9
Finance Costs	6	(29.9)	(7.2)
Result from indexation of IAS 29 Hyperinflation		0.7	0.9
Loss before tax		**(78.6)**	**(65.0)**
Income taxes		(2.3)	(6.2)
Loss for the period		**(80.9)**	**(71.2)**
Loss for the period attributable to:			
Equity holders of the parent		(77.4)	(67.1)
Non-controlling interests		(3.5)	(4.1)
Loss for the period		**(80.9)**	(71.2)
Loss per share (€)			
Basic and diluted, loss for the period attributable to ordinary equity holders of the parent (€)	8	(0.4)	(1.0)

[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 from the period before income taxes, finance income, finance costs, result from indexation of IAS 29 hyperinflation as well as before results from investment in associates.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € m	For the six-month period ended 30 June **2020 (Unaudited)**	 2019 (Unaudited)
Loss for the period	(80.9)	(71.2)
Other comprehensive loss Items that will be subsequently reclassified to profit or loss, net of tax		
Exchange differences on translation to presentation currency	(44.0)	11.5
Net other comprehensive (loss)/income for the period, net of tax	(44.0)	11.5
Total comprehensive loss for the period, net of tax	(124.9)	(59.7)
Total comprehensive loss for the period attributable to:		
Equity holders of the parent	(118.8)	(55.5)
Non-controlling interests	(6.1)	(4.2)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS In € m	Note	30 Jun 2020 (Unaudited)	31 Dec 2019 (Audited)
Non-current assets			
Property, Plant and Equipment	10	94.2	106.7
Right of Use Assets	10	83.6	95.2
Goodwill	11	149.9	184.4
Other Intangible Assets	11	127.3	141.2
Investments in associates		–	0.1
Other financial assets	13	26.4	24.1
Income tax receivables		0.2	0.2
Other non-financial assets		0.1	0.4
Total non-current assets		481.7	552.3
Current assets			
Inventories	12	177.6	234.0
Trade and other receivables		70.7	52.1
Other financial assets	13	15.0	16.7
Income tax receivables		2.7	2.2
Other non-financial assets		39.7	69.9
Cash and cash equivalents	14	242.6	277.3
Total current assets		548.3	652.2
Total assets		**1,030.0**	**1,204.5**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES In € m	Note	30 Jun 2020 (Unaudited)	31 Dec 2019 (Audited)
Equity			
Common share capital		1.9	2.1
Share premium		184.4	184.4
Treasury shares		(7.5)	(7.7)
Capital reserves		2,102.2	2,102.2
Other reserves		0.3	0.3
Share-based payment reserves		122.2	117.1
Accumulated Deficit		(1,793.2)	(1,715.4)
Foreign currency translation reserve		(83.0)	(41.7)
Equity attributable to holders of the parent		527.3	641.3
Non-controlling interests		6.0	8.2
Total equity		**533.3**	**649.5**
Non-current liabilities			
Lease liabilities		70.4	82.9
Provisions		2.8	3.4
Deferred tax liabilities		9.9	12.2
Non-financial liabilities		0.6	0.4
Total non-current liabilities		83.7	98.9
Current liabilities			
Borrowings		10.5	5.4
Lease liabilities		22.3	23.2
Trade payables and other financial liabilities		239.3	311.6
Provisions		24.3	24.3
Income tax liabilities		29.1	29.1
Non-financial liabilities		87.5	62.5
Total current liabilities		413.0	456.1
Total liabilities		496.7	555.0
Total equity and liabilities		**1,030.0**	**1,204.5**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company			
	Common share capital	Share premium	Convertible preference shares	Treasury shares
As at 1 January 2020 (Audited)	2.1	184.4	-	(7.7)
Loss for the period	-	-	-	-
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	-	-	-
Share-based payments	-	-	-	-
Adjustment for Hyperinflation	-	-	-	-
Treasury share cancellation	(0.2)	-	-	0.2
Capital contributions	-	-	-	-
Balance as at 30 June 2020 (Unaudited)	**1.9**	**184.4**	**-**	**(7.5)**

	Attributable to shareholders of the Company			
In EUR m	Common share capital	Share premium	Convertible preference shares	Treasury shares
Balance at 1 January 2019 (Audited)	0.7	–	0.8	(7.5)
Loss for the period	-	–	-	-
Other comprehensive income/(loss)	-	–	-	-
Total comprehensive loss for the period	-	–	-	-
Share-based payments	-	–	-	-
Adjustment for Hyperinflation	-	–	-	-
Share Redistribution [1]	0.8	–	(0.8)	-
Balance at 30 June 2019 (Unaudited)	**1.5**	**-**	**-**	**(7.5)**

[1] Share redistribution of CPS to share capital.

Attributable to shareholders of the Company							
Capital reserves	Other reserves	Share-based payments reserves	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
2,102.2	0.3	117.1	(1,715.4)	(41.7)	641.3	8.2	649.5
-	-	-	(77.4)	-	(77.4)	(3.5)	(80.9)
-	-	-	-	(41.3)	(41.3)	(2.7)	(44.0)
-	-	-	(77.4)	(41.3)	(118.7)	(6.2)	(124.9)
-	-	5.1	-	-	5.1	-	5.1
-	-	-	(0.4)	-	(0.4)	-	(0.4)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4.0	4.0
2,102.2	**0.3**	**122.2**	**(1,793.2)**	**(83.0)**	**527.3**	**6.0**	**533.3**

Attributable to shareholders of the Company							
Capital reserves	Other reserves	Share-based payments reserves	Accumulated deficit	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
2,102.2	0.3	111.3	(1,581.0)	(39.5)	587.3	16.5	603.8
-	-	-	(67.1)	-	(67.1)	(4.1)	(71.2)
-	-	-	-	11.6	11.6	(0.1)	11.5
-	-	-	(67.1)	11.6	(55.5)	(4.2)	(59.7)
-	-	2.4	-	-	2.4	-	2.4
-	-	-	0.9	-	0.9	-	0.9
-	-	-	-	-	-	-	-
2,102.2	**0.3**	**113.7**	**(1,647.2)**	**(27.9)**	**535.1**	**12.2**	**547.3**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In € m	Note	For the six-month period ended 30 June 2020 (Unaudited)	2019 (Unaudited)
Cash flows from operating activities			
Loss for the period before tax		(78.6)	(65.0)
Depreciation of property, plant and equipment and right-of-use assets		20.9	19.0
Amortisation of intangible assets		11.8	11.0
Share based payment expense/(credit)		4.6	(0.2)
Interest income		(1.4)	(3.5)
Interest costs		7.6	7.1
Share of losses of investments accounted for using equity method		-	1.8
Foreign currency losses/(gains)	6	21.9	(2.2)
Other non-cash transactions		3.1	0.3
Gains from disposal of property, plant and Intangible equipment and intangible assets		0.2	(0.1)
Changes in Provisions		0.9	0.7
Gains from disposal of associated entities	7	-	(4.9)
Cash used in operations before changes in working capital		**(9.0)**	**(36.0)**
Increase in trade receivables		(26.2)	(3.7)
Decrease/(increase) in inventories		28.4	(34.2)
(Decrease)/Increase in trade payables		(36.1)	9.0
Changes in other receivables and other payables		48.5	(25.6)
Cash flows from/(used in) operations		**5.6**	**(90.5)**
Cash flows used in share-based payments arrangements		-	(0.6)
Income taxes paid		(1.8)	(1.0)
Interest received		1.4	3.5
Interest paid		(6.9)	(7.2)
Net cash flow used in operating activities		**(1.7)**	**(95.8)**

In € m	Note	For the six-month period ended 30 June 2020 (Unaudited)	2019 (Unaudited)
Cash flows from investing activities			
Purchase of property, plant and equipment		(13.1)	(13.3)
Proceeds from sale of property, plant and equipment		0.6	0.8
Cash inflow from disposal of subsidiaries and associated companies	7	-	114.3
Acquisition of intangible assets and capitalised development expenditures		(11.7)	(9.6)
Cash inflow/(outflow) from other securities, deposits and transfer of restricted cash	13	0.2	(34.6)
Net cash flow (used in)/from investing activities		**(24.0)**	**57.6**
Cash flows from financing activities			
Proceeds from borrowings and other financial liabilities		6.0	0.2
Repayment of borrowings		(0.3)	(0.3)
Capital contributions from shareholders (net of transaction costs)		4.0	-
Payments under lease liabilities		(9.9)	(10.6)
Net cash flow used in financing activities		**(0.2)**	**(10.7)**
Cash and cash equivalents at the beginning of the period		277.3	105.0
Effect of exchange differences on cash and cash equivalents		(8.8)	(0.4)
Cash and cash equivalents at the end of the period	**14**	**242.6**	**55.7**

SELECTED EXPLANATORY NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

General information

The interim condensed 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 interim condensed consolidated financial statements were approved and authorised for issue by the Supervisory Board on 19 August 2020 and were signed on its behalf.

Business activities

The Group's principal business activity is fashion & 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 5 for more details on our segmental disclosures.

While the Group was trading in line with management expectations until mid-March, half-year results were negatively impacted across each of the regions at different times by the COVID-19 pandemic, and by currency headwinds. However, GFG experienced a strong recovery in sales from late April, which was driven by strong performance in CIS and LATAM and increased Marketplace participation. ANZ saw moderate growth because of soft trading in Australia. GFG's major fulfilment centres in Australia, Malaysia, Brazil and Russia have operated without interruptions. Only two of the smaller fulfilment centres in Argentina and the Philippines were closed, for around 30 and 40 days respectively, resulting in a minor financial impact as order deliveries were delayed until the re-openings in late April. The Group and its businesses rapidly adapted by focussing on the safety of its teams and customers, working closely with brand partners to maximise the relevance of the assortment offered, driving increased Marketplace adoption and accelerating customer acquisition, with 2.5 million new customers shopping on GFG platforms for the first time.

The COVID-19 pandemic acted as an indicator of impairment for the Group, both in terms of internal changes to management forecasts and as an external indicator through changes in macroeconomic activity and government imposed social restrictions. The Group identified an indicator of impairment in the LATAM CGU and re-estimated the recoverable amount as at 30 June 2020. No impairment charge was required and headroom in absolute terms was €8.4 million. In addition, the headroom for the other CGUs remain significant as at 30 June 2020 similar to the situation as at 31 December 2019. Refer to note 11 for more information.

There were no adverse impacts on Group revenues during the period. 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 period reflects the seasonality of fashion sales along with the impact of COVID-19 on our operations. The Group's presence in the northern hemisphere (CIS); southern hemisphere (Australia 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.

2. BASIS OF PREPARATION

Statement of compliance

These interim condensed consolidated financial statements for the six-month period ended 30 June 2020 and 2019 have been prepared in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union (EU).

These interim condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The interim condensed 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 in percentage figures that may not exactly reflect the absolute figures they relate to.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were largely those as applied to the consolidated financial statements for the year ended 31 December 2019. On re-estimation of the LATAM CGU recoverable amount, the Group has updated key assumptions relating to the measurement of value-in-use including discount rates and perpetual growth rates. Refer to note 11 for more information.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim condensed 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 2019.

The following standards and interpretations were effective 1 January 2020 but do not have a significant effect on the results or financial position of the Group:

Standard	Effective date
Amendments to references to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3: Definition of Business	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform	1 January 2020

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	To be applied from	Effects
IFRS 16 Covid-19-Related Rent Concessions	Periods beginning on or after 1 Jun 2020	Not yet adopted in the EU for Q2 2020. The amendment will be applied once adopted in the EU.
Amendments to IAS 1 regarding the classification of liabilities	1 Jan 2022	No significant effect expected
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 Jan 2022	No significant effect expected
Amendments to IAS 37 regarding the costs to include when assessing whether a contract is onerous	1 Jan 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 Jan 2022	No effect expected
Amendments to IFRS 3 updating a reference to the Conceptual Framework	1 Jan 2022	No effect expected
Amendments to IFRS 1 resulting from annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	1 Jan 2022	No effect expected
IFRS 17: Insurance Contracts	1 Jan 2023	No effect expected

ONDER

5. 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.

Previously, the Group has reported to the CODM and publicly disclosed three operating segments, Latin America ("LATAM") which includes Dafiti, Commonwealth of Independent States ("CIS") which includes Lamoda, and Asia-Pacific ("APAC") which includes the two major trading businesses for that region being ZALORA and THE ICONIC.

The reporting to the CODM was further developed in Q2 2020 to include a more granular view of the previous APAC region, based on its geographical split. Accordingly, APAC is now reported under two operating segments, South East Asia ("SEA"), being representing the operating activities of the ZALORA business and Australia & New Zealand ("ANZ") which represents the operating activities of THE ICONIC. The column 'Other' includes headquarter and other business activities.

From 30 June 2020, the Group is disclosing four operating segments, following the guidance set out in IFRS 8. These segments will represent the geographical areas that the main fashion ecommerce business units operate and which are now reported on a monthly basis to the CODM. Comparative figures for the six-month period to 30 June 2019 have been restated to align with this change in presentation. The new 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 consolidated accounts.

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

Reportable segment information for the six-month period ended 30 June 2020 is set out below:

In € m	LATAM	CIS	SEA	ANZ	Total Fashion Business	Other	Reconciliation [1]	Total
Revenues from external customers	167.6	219.4	121.7	98.9	607.6	-	-	607.6
Intersegment Revenue	-	-	0.3	-	0.3	12.6	(12.9)	-
Total Revenue	**167.6**	**219.4**	**122.0**	**98.9**	**607.9**	**12.6**	**(12.9)**	**607.6**
Cost of sales	(95.6)	(118.7)	(84.1)	(55.1)	(353.5)	(0.5)	0.1	**(353.9)**
Gross Profit	**72.0**	**100.7**	**37.9**	**43.8**	**254.4**	**12.1**	**(12.8)**	**253.7**
Operating (expenses)/income								
Selling, distribution and admin expenses								(299.1)
Other								(5.1)
EBIT								**(50.5)**
Depreciation and Amortisation								32.7
EBITDA [2]								**(17.8)**
Recurring items:								
Share-based payment expense								4.6
Adjusted EBITDA [3]								**(13.2)**
Reconciliation to loss before tax:								
Result from investments – associated companies								(0.1)
Finance income								1.2
Finance costs								(29.9)
Share-based payment expense								(4.6)
Depreciation and Amortisation								(32.7)
IAS 29 Hyperinflation result								0.7
Loss before tax								**(78.6)**
Other segmental information:								
Depreciation and Amortisation	(5.8)	(12.6)	(2.8)	(4.7)	(25.9)	(1.2)	(5.6)	(32.7)

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 calculated as loss before interest and tax adjusted for depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets and impairment losses, and adjusted for share-based payment (income)/expenses.

Reportable restated segment information for the six-month period ended 30 June 2019 is set out below:

In € m	LATAM	CIS	SEA (Restated)	ANZ (Restated)	Total Fashion Business	Other	Reconciliation [1]	Total
Revenues from external customers	186.2	190.9	102.9	119.3	599.3	3.9	-	603.2
Intersegment Revenue	-	-	2.0	-	2.0	11.4	(13.4)	-
Revenue	**186.2**	**190.9**	**104.9**	**119.3**	**601.3**	**15.3**	**(13.4)**	**603.2**
Cost of sales	(109.1)	(108.7)	(72.7)	(67.2)	(357.7)	(6.8)	0.7	(363.8)
Gross profit	**77.1**	**82.2**	**32.2**	**52.1**	**243.6**	**8.5**	**(12.7)**	**239.4**
Operating (expenses)/income								
Selling, distribution and admin expenses								(304.5)
Other								(0.7)
EBIT								**(65.8)**
Depreciation and Amortisation								30.0
EBITDA [2]								**(35.8)**
Recurring and non-recurring items (see below)								7.0
Adjusted EBITDA [3]								**(28.8)**
Reconciliation to loss before tax:								
Result from investments – associated companies								3.2
Finance income								3.9
Finance costs								(7.2)
Share-based payment expenses								0.2
Depreciation and Amortisation								(30.0)
IAS 29 Hyperinflation result								0.9
IPO related costs								(4.2)
Wind-down of Lost Ink Limited								(5.5)
One-off tax adjustments [4]								2.5
Loss before tax								**(65.0)**
Other segmental information:								
Depreciation and Amortisation	(5.6)	(10.3)	(3.7)	(2.8)	(22.4)	(1.4)	(6.2)	(30.0)
Recurring items:								
Share-based payment expenses								(0.2)
Non-recurring items:								
IPO related costs								4.2
Wind-down of Lost Ink Limited								5.5
One-off tax adjustments [4]								(2.5)

[1] The reconciliation column includes consolidation adjustments, including intercompany eliminations and amortization 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 calculated as loss before interest and tax adjusted for depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets and impairment losses, and adjusted for share-based payment (income)/expenses as well as one-off fees related to the IPO, one-off tax adjustments and costs relating to the wind-down of Lost Ink Limited.

[4] Relates to tax audit provisions for other taxes, Sales tax refunds, irrecoverable indirect taxes and other.

Information about geographical areas

Revenue from external customers by region are determined based on location of the selling business. Revenue from external customers for the six-month period to 30 June 2020 include € 121.6 million (six-months to 30 June 2019: € 139.2 million) in Brazil, € 203.7 million (six months to June 2019: € 176.3 million) in Russia and € 98.9 million (six months to June 2019: € 119.3 million) in Australia.

During the six-month periods to 30 June 2020 and 2019 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;

Non-current assets by region

In € m	30 Jun 2020	31 Dec 2019
LATAM	170.6	218.4
CIS	109.4	133.2
SEA	33.7	31.8
ANZ	135.6	140.4
Other	5.7	4.2
Total	**455.0**	**528.0**

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 CODM in monthly management accounts.

6. FINANCIAL RESULT

	For the six-month period ended 30 June	
In € m	2020	2019
Financial Result		
Interest income	1.4	3.5
Interest expenses	(2.8)	(3.7)
Interest expense on lease liabilities	(4.5)	(3.5)
Depreciation of financial assets	(0.1)	(0.1)
Foreign exchange (losses)/gains	(22.7)	0.4
Total financial result	**(28.7)**	**(3.4)**

Foreign exchange losses relate primarily to foreign exchange losses on intra-group loans and losses arising in the operating activities of the Group.

7. INVESTMENTS IN ASSOCIATES

On 25 February 2019, the Group sold its 46.93% share of Namshi Holding Limited to Emaar Malls for cash consideration. The following table summarises the gain that arose on disposal:

In € m	As at 25 February 2019
Investment in associate	
Carrying amount of investment in associate disposed of[1]	109.3
Consideration	
Consideration satisfied by cash	114.3
Less: transaction costs[2]	(0.1)
Gain on disposal	**4.9**
Result of associate[3]	(1.7)
Total	**3.2**

[1] In addition to the 46.93% share of net assets, the carrying amount of the investment in associate disposed of includes € 3.7m in relation to the Put Option carrying value and € 0.7m of Foreign Currency translation reserve.

[2] Transaction costs include legal, tax advisory fees and other separation costs.

[3] Result of associate up until sale of Namshi on 25th February 2019.

8. LOSS PER SHARE

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

The following tables reflect the income and share data used in the basic and diluted EPS calculations for the six-month period ended 30 June 2020 and 30 June 2019:

Loss per share

	For the six-month period ended 30 June	
In € m	2020	2019
Loss attributable to ordinary equity holders of the parent for basic earnings:	**(77.4)**	**(67.1)**
Weighted average number of ordinary shares for basic and diluted EPS (m)[1]	195.2	69.3
Basic and diluted EPS from continuing operations (€)	(0.4)	(1.0)

[1] The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

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.

9. SHARE-BASED PAYMENTS/ SHARE-BASED COMPENSATION

As at 30 June 2020, the Group's share-based payment arrangements are primarily composed of:

a) 2019 share plan;
b) 2018 employee share option plan (ESOP 2018);

The total share-based payment expense of € 4.6 million (H1 2019: € credit 0.2 million) is comprised of:

- € 4.7 million (H1 2019: € nil) relating to the 2019 share plan;
- Credit € 0.1 million (H1 2019: charge of € 0.5 million) relating to the 2018 employee share option plan;
- € nil (H1 2019: € credit 0.3 million) relating to former plans.

In H1 2020, 3,599,696 share units were granted to participants under the terms of the 2019 Share plan. 924,883 units have been forfeited in the period and 1,925,067 are subject to a holding period of 4 years from the grant date. The number of awards due to vest in 2020 is 1,608,702. 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 €1.49.

In relation to the ESOP 2018, 8,254,287 out of 9,189,210 grants have vested.

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six-month period ended 30 June 2020, the Group acquired property, plant and equipment with a total cost of € 17.7 million (30 June 2019: € 14.7 million). These investments primarily relate to assets in the course of construction & Office / IT equipment.

The net book value of right-of-use assets in property, plant and equipment as at 30 June 2020 is € 83.6 million (31 December 2019: € 95.2 million).

11. GOODWILL AND OTHER INTANGIBLE ASSETS

During the six-month period ended 30 June 2020, the Group's net book value for Goodwill decreased from € 184.4 million to € 149.9 million due to the effect from the translation to presentation currency.

During the six-month period ended 30 June 2020, the Group acquired intangible assets with a total cost of € 10.9 million (30 June 2019: € 9.9 million) of which € 7.1 million (30 June 2019: € 8.2 million) were capitalised internally developed intangible assets in accordance with the recognition criteria of IAS 38, Intangible Assets.

Management have assessed internal and external indicators of impairment, with a focus on share price and market capitalisation, 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.

Based on the significant headroom for CIS, SEA and ANZ as at 31 December 2019, positive trading trends year-to-date, shifts to online consumption, and measures taken to reduce significant costs, management have not re-estimated

the recoverable amount for these CGUs on the basis that the headroom would not be entirely eliminated by a change in short-term cash flows or changes in key assumptions such as discount rates or perpetual growth rates. Management have analysed the internal and external indicators of impairment carefully and have followed the guidance set out in IAS 36.15 that allows for the concept of materiality to be considered when assessing whether the recoverable amount of a CGU needs to be re-estimated. The guidance states that, if previous calculations show that an asset's recoverable amount is significantly greater than its carrying amount, the entity need not re-estimate the asset's recoverable amount if no events have occurred that would eliminate that difference.

As at 31 December 2019, headroom in the LATAM CGU was limited at €13.0 million. When increasing the weighted average discount rate for the CGU by 60 basis points, an impairment charge of €1.5 million would have been required. Given the significant macroeconomic impact of COVID-19 in the region and the sensitivity of the recoverable amount of the LATAM CGU at year end, management re-estimated the recoverable amount of the LATAM CGU as at 30 June 2020. Consistent with the impairment test methodology at year-end 2019, the LATAM CGU's recoverable amount was estimated as of 30 June 2020 based on a calculation of value-in-use, relying on the discounted cash flow ("DCF") method. No impairment charge was required and headroom in absolute terms was €8.4 million. The basis for the re-estimate was an updated LATAM management mid-year forecast for 2020 and a medium term plan covering 2021 and 2022 cash flows followed by an extrapolation of expected cash flows for seven years using a perpetual growth rate (PGR) as determined by management. Cash flows have been extrapolated over a seven-year period, to reflect the early development stage of the CGU and its growth potential over the full ten-year horizon period. The terminal value of the CGU is calculated using the terminal year cash flow which is capitalised into perpetuity using a CGU-specific PGR and discount rate. The selected growth rates are consistent with industry and macroeconomic forecasts in the region where the CGU operates. The present value of the expected cash flows of the CGU is determined by applying a discount rate that is commensurate with the risks and uncertainty inherent in the CGU's forecasts.

The key assumptions used in the impairment analysis of the LATAM CGU as of 30 June 2020 were:

- 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 cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. 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.
- Management assumes that the COVID-19 pandemic will continue to affect economic activity in the region towards the end of 2020. The medium term plan covering the years to 2022 assumes business activity recovers and does not assume a second wave of the pandemic.
- Increased Marketplace participation in the region will continue to boost EBITDA over the forecast period as the business attracts new customers to its platform. Revenue growth is set to be adversely impacted on a full year 2020 basis due to the decrease in activity seen between the first two quarters of the year. However, as activity picked up late in the second quarter, management forecasts a strong revenue recovery in 2021 (+16.8%) and 2022 (+16.2%).
- EBITDA margin (pre-IFRS 16 excluding corporate costs) is expected to gradually increases over the forecast period to reach between 10.3% and 11.2% of revenues from 2024 onwards.

The discount rates and growth rates used in re-estimating the LATAM CGU recoverable amount were as follows:

LATAM	Discount Rate (post tax)	Equivalent pre-tax discount rate	Perpetual Growth Rate
31 December 2019	14.9%	18.0%	2.8% [1]
30 June 2020	15.5%	19.2%	2.8%

[1] The perpetual growth rate remains unchanged from year-end as headroom for the CGU was not sensitive to movements in this key assumption.

The post-tax discount rate used in the re-estimation of LATAM recoverable amount was 15.5%, representing an increase of 60bps versus the rate that was used at year-end.

Sensitivity analysis

Sensitivity analysis has been performed on the LATAM CGU. If the discount rate was 1% higher than management's estimates, there would have been a requirement for the Group to recognise an impairment charge of €9.3 million in H1 2020. If the estimated growth rate was 1% lower than management's estimates, there would have been no requirement for the Group to recognise any impairment charge in H1 2020. If the estimated cash flows were 5% lower than management's estimates in each year, there would have been a requirement for the Group to recognise an impairment charge of €0.7 million.

Given the concerns about the development of the health situation in the LATAM region, we have analysed a potential second wave or double-hit economic recovery of COVID-19 in 2020 and 2021 as a reasonably possible event which could impact the LATAM CGU's future cash flows. Based on this, we have used a set of simplified assumptions to model the potential impact of a second wave of COVID-19 occurring in 2021 and a slow economic recovery over 2022 and 2023. If free cash flow was to reduce by 50% in the years 2021-2023, there would not be any requirement to recognise an impairment

12. INVENTORIES

The decrease of inventories by €56.4 million to €177.6 million in the first six months of 2020 is primarily due to a decrease of inventory intake in light of COVID-19.

The Group has taken active measures to reduce inventory intake in order to free up liquidity.

13. OTHER FINANCIAL ASSETS

As at 30 June 2020, other financial assets include restricted cash of € 20.0 million (31 Dec 2019: €20.0 million) that provides guarantees to banks, suppliers and leasing partners in relation to the Group's Revolving Credit Facility, that was established on 28 August 2018. See note 17 for further detail.

The transfer from cash and cash equivalents to restricted cash is shown through investing activities in the interim condensed consolidated statement of cash flows.

14. CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

In € m	30 Jun 2020	31 Dec 2019
Short term deposits	56.0	96.2
Cash at bank and in hand	186.6	181.1
Cash and cash equivalents	**242.6**	**277.3**

15. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

15.1 Financial Risk Management

In the course of its ordinary business activities, the Group is principally exposed to market risk (primarily currency risk, interest rate risk), credit risk and liquidity risk.

There have been no changes in the Group's risk management or in any risk management policies since year end.

Compared to year end, there was no material change in the interest rate risk, credit risk and there was no material change in the contractual undiscounted cash out flows for financial liabilities. There have been significant fluctuations in material trading currencies such as BRL & RUB since year end.

15.2 Fair Value Measurement

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.

The fair values of other financial assets and financial liabilities measured at amortised cost as well as of finance lease liabilities approximate their carrying amount. Changes in market rates during the period have not had a material effect on fair values as long term financial assets are not significant for the Group.

16. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties to whom the Group maintains business relationships within the periods disclosed include Rocket Internet SE ("Rocket Group") (to 2 July 2019) and Kinnevik AB ("Kinnevik") as they had or have the ability to exercise significant influence as shareholders of the Group as well as their subsidiaries and joint ventures.

Since 2 July 2019, following the IPO, Rocket Group does not have the ability to exercise significant influence over the Group and as such is no longer a related party.

Until 2 July 2019, the Group had purchases from Rocket Group of €0.1 million and amounts owed to Rocket Group of € nil. The Group had no purchases or amounts owed to Kinnevik as at 30 June 2020.

17. REVOLVING CREDIT FACILITY

On 28 August 2018, the Group closed a €70 million facility ending in October 2020. The total facility amount is split between Facility A €50 million and Facility B €20 million. Facility A is a base currency revolving credit facility. Facility B is an off-statement of financial position letter of credit facility. As at 30 June 2020, the combined draw down on the facility was €18.9 million.

The Company amended its existing revolving credit facility ('the amended facility') on July 9, 2019. The total facility amount and allocation above remains unchanged with Facility A permitted to increase by up to €30 million (to a total of €80 million) by way of an accordion option. €50 million that was classified as restricted under the previous agreement was released to the Company on July 11, 2019.

There is no obligation to hold restricted cash as part of the amended facility unless the market capitalisation falls below €600 million. If the market capitalisation falls below €600 million then the Group will have to restrict cash equal to any draw downs. As at 30 June 2020 the market capitalisation of the Group was below €600 million and Facility B has been utilised by €20 million. As at 30 June 2020, €20 million has been restricted under the facility under current other financial assets on the statement of financial position.

On 31 July 2020, the RCF facility was cancelled, refer to note 19 for more details.

18. CONTINGENCIES AND COMMITMENTS

Litigations & claims

From time to time and in the normal course of business, claims against the Company 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 interim condensed consolidated financial statements.

Capital commitments

As at 30 June 2020, the Group had commitments of €5.2 million (31 December 2019: €5.3 million) relating to the completion of a new fulfilment center in Brazil.

Tax contingencies and commitments

In accordance with IFRIC 23 and IAS 37, GFG reviews its uncertain tax positions and contingent tax liabilities. Any tax risks categorised as probable reflects the risks where the filing position taken by GFG is more likely than not to be successfully challenged by the tax authorities and, thus, a provision is anticipated in the interim condensed consolidated financial statements.

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 30 June 2020, potential tax risks, including the issues above, estimated by the Group amount to €149.0 million (2019: €137.2 million) including €67.9 million (2019: €54.4 million) in relation to income tax and €81.1 million in relation to indirect tax (2019: €82.7 million), of which provisions of €45.9 million (2019: €47.2 million) including €24.7 million in relation to income tax and €21.2 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.

19. EVENTS AFTER REPORTING PERIOD

On 31 July 2020, the Company cancelled and replaced its existing Group-level financing arrangements with new bi-lateral revolving credit facilities. The new facility amounted to €30 million. The new arrangements consist 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. The new facilities have a less onerous security package than the previous arrangements. The loan origination fees of the original facility of €1.0 million, that were capitalised and not fully amortised as at 30 June 2020, were expensed in full when the facility was cancelled.

Restricted cash of €20 million that was held under the previous facility was released as at 31 July 2020 on cancellation.

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

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 interim condensed consolidated financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and of the results of its operations for the period then ended prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted for use in the European Union, and that the interim management report includes a fair review of the development and performance of the business and the position of Global Fashion Group S.A., together with a description of the principal risks and uncertainties that Global Fashions Group S.A. faces for the remaining months of the financial year.

Christoph Barchewitz

Christoph Barchewitz, Co-CEO

Patrick Schmidt

Patrick Schmidt, Co-CEO

Matthew Price

Matthew Price, CFO

REVIEW OPINION

Report on review of interim condensed consolidated financial statements

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Global Fashion Group S.A. as of 30 June 2020, which comprise the interim condensed consolidated statement of financial position as at 30 June 2020 and the related interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Supervisory Board is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Société Anonyme
Cabinet de révision agréé

Olivier Lemaire
Luxembourg, 19 August 2020

SUPPLEMENTARY INFORMATION

FINANCIAL DEFINITIONS

1. Adjusted EBITDA

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

Adjusted EBITDA is reconciled in the note 5 to the interim condensed consolidated financial statements.

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 we consider it to be an important supplemental measure of our operating performance. Management believes that investors' understanding of our performance is enhanced by including non-IFRS financial measures as a reasonable basis for understanding our ongoing results of operations. By providing this non-IFRS financial measure, together with a reconciliation to the nearest IFRS financial measure, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives.

Adjusted EBITDA provides a basis for comparison of our business operations between current, past and future periods by excluding items that we do not believe are indicative of our core operating performance. Adjusted EBITDA, a non-IFRS measure, may not be comparable to other similarly titled measures of other companies.

2. EBIT

EBIT is calculated as loss from the period before income taxes, finance income, finance costs, result from indexation of IAS 29 hyperinflation as well as before results from investment in associates.

EBIT is reconciled with the note 5 to the interim condensed consolidated financial statements.

EBIT provides a basis for comparison of our business operations between current, past and future periods by excluding items that we do not believe are indicative of our core operating performance. EBIT, a non-IFRS measure, may not be comparable to other similarly titled measures of other companies.

3. 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 5 to the interim condensed consolidated financial statements

EBITDA provides a basis for comparison of our business operations between current, past and future periods by excluding items that we do not believe are indicative of our core operating performance. EBITDA, a non-IFRS measure, may not be comparable to other similarly titled measures of other companies.

4. CAPEX

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

This information can be reconciled with the note 10 *Property, plant and equipment* & note 11 *Goodwill and other intangible assets*.

Capital expenditures represents funds used by the Group to acquire, upgrade, and maintain physical assets such as property, buildings, an industrial plant, technology, or equipment. We present CAPEX because we consider it to be an important supplemental measure of our operating performance. Management believes that investors' understanding of our performance is enhanced by including non-IFRS financial measures as a reasonable basis for understanding our ongoing results of operations. By providing this non-IFRS financial measure, together with a reconciliation to the nearest IFRS financial measure, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives.

In € m	Note	30 Jun 2020	31 Dec 2019
Property, plant and equipment	10	17.7	48.9
Goodwill and other intangibles	11	10.9	23.2
Total Capex		**28.6**	**72.1**

5. Net Working Capital

Net working capital is calculated as inventories plus current trade and other receivables less current trade payables and other financial liabilities and excluding current share-based payment liabilities.

Net working capital is a measure of the Group's liquidity and refers to the difference between operating current assets and operating current liabilities.

In € m	Note	30 Jun 2020	31 Dec 2019
Inventory	12	177.6	234.0
Trade and other receivables (current)		70.7	52.1
Trade payables and other financial liabilities (current)		(239.3)	(311.6)
Current share-based payment liabilities	9	12.9	13.5
Net working capital		**21.9**	**(12.0)**

6. Pro-forma cash

Pro-forma cash is defined as cash and cash equivalents at the end of the year plus restricted cash and cash on deposits.

In € m	Note	30 Jun 2020	31 Dec 2019
Cash and cash equivalents	14	242.6	277.3
Restricted cash and cash on deposit	13, 17	20.0	23.5
Pro-forma cash		**262.6**	**300.8**

FINANCIAL CALENDAR

20 August 2020	Q2 2020 Results	Virtual
2/3 September 2020	UK Roadshow	Virtual
9 September 2020	Goldman Sachs Global Retail Conference	Virtual
10 September 2020	Copenhagen Roadshow	Virtual
17 September 2020	Citi Small/Mid-Cap Conference	Virtual
21 September 2020	Berenberg/Goldman Sachs German Corporate Conference	Virtual
23 September 2020	Baader Investment Conference	Virtual

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**

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