GLOBAL FASHION GROUP

2022

ANNUAL REPORT

2022

HIGHLIGHTS 2022

€1,614.8 M

NMV

(0.7)% yoy

27.9 M

ORDERS

(14.3)% yoy

11.2 M

ACTIVE CUSTOMERS

(16.5)% yoy

€57.8

AVERAGE ORDER VALUE

15.9% yoy

(3.7)%

ADJ. EBITDA MARGIN

FINANCIAL SUMMARY AND KEY PERFORMANCE INDICATORS

	2022	2021
Financial performance		
Revenue (€m)	1,102.1	1,035.9
Growth at constant currency (%)	*0.1*	*15.7*
Gross profit (€m)	468.9	448.3
Loss before interest and taxes (EBIT) (€m)	(148.0)	(109.3)
Loss for the year (€m)	(178.4)	(124.0)
Adjusted EBITDA (€m)	(40.8)	(19.0)
Adjusted EBITDA/Revenue (%)	(3.7)	(1.8)
Capex (€m)	44.0	60.2
Financial position		
Net working capital (€m)	10.8	18.1
Cash and cash equivalents (€m)	323.5	400.5
Pro-forma cash (€m)	561.4	642.5
Group KPIs		
NMV (€m)	1,614.8	1,528.6
Growth at constant currency (%)	*(0.7)*	*20.5%*
Active Customers (m)	11.2	13.4
Number of Orders (m)	27.9	32.6
Order Frequency	2.5	2.4
Average Order Value (€)	57.8	46.9

See Financial Definition section 8.1, for the presentation of the CIS segment results following disposal on 12 December 2022.

FASHION AND LIFESTYLE. WORLDWIDE.

WE ARE THE LEADING FASHION AND LIFESTYLE DESTINATION IN LATAM, SEA & ANZ.

Our purpose is to enable 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 (“LATAM”), South East Asia (“SEA”) and Australia and New Zealand (“ANZ”), connecting over 10,000 global, local and own fashion brands to a market of more than 800 million consumers.

LATAM	SEA	ANZ
dafiti	ZALORA	THE ICONIC

CONTENTS

1. TO OUR SHAREHOLDERS 8

1.1 Letter to our Shareholders 9
1.2 Report of the Supervisory Board 17
1.3 Corporate Governance Report 26

2. GROUP MANAGEMENT REPORT 58

2.1 Fundamental Information about the Group 60
2.2 Report on Economic Position 70
2.3 Report on Post Balance Sheet Events 80
2.4 Report on Risks and Opportunities 82
2.5 Report on Expected Development and Outlook 92

3. INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS 94

4 CONSOLIDATED FINANCIAL STATEMENTS 103

4.1 Consolidated Statement of Profit or Loss 104
4.2 Consolidated Statement of Comprehensive Income 105
4.3 Consolidated Statement of Financial Position 106
4.4 Consolidated Statement of Changes in Equity 108
4.5 Consolidated Statement of Cash Flows 110
4.6 Notes to the Consolidated Financial Statements 112

5. INDEPENDENT AUDITOR’S REPORT ON THE PARENT FINANCIAL STATEMENTS 186

6. PARENT FINANCIAL STATEMENTS 190

7. RESPONSIBILITY STATEMENT 216

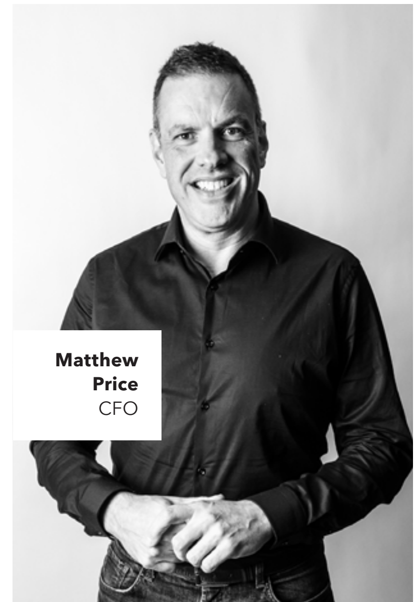
8. ADDITIONAL INFORMATION 218

8.1 Financial Definitions 218
8.2 Information Resources 220

THE MANAGEMENT BOARD

Christoph Barchewitz
CEO[1]

Gunjan Soni
COO[1]


Matthew Price
CFO

[1] Gunjan Soni was appointed COO and member of the Management Board of GFG as of 1 March 2023. Patrick Schmidt was a member of the Management Board for the full Financial Year 2022 and stepped down from his role of Co-CEO and member of the Management Board as of 28 February 2023 and Christoph Barchewitz became single CEO of the Group.

1.1 LETTER TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS,

2022 has been a transformative year for GFG.

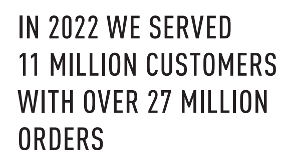
As the world was preparing to settle into the new normal following the impact of Covid-19, the year brought on a new set of challenges. Significant economic, social and political issues that continue to shape the world today. These world issues had a direct impact on the industry and our business.

At the start of the year we expected a post-Covid recovery in fashion spending that would more than offset channel switching and demand for physical retail. However as 2022 played out very differently, we are proud of how our team continued to adapt and evolve to this rapidly changing environment across all of GFG's markets.

Most significantly, the war in Ukraine had a devastating impact on peoples' livelihoods including our own colleagues as well as on our business. Our deepest gratitude, admiration and respect goes out to our Ukrainian team – and to the people of Ukraine who are an inspiration to everyone at GFG. We worked incredibly hard to support our Ukrainian team during this difficult period, but the conflict made operating a business in Russia very uncertain and ultimately, led to our decision to exit the region and execute the sale of our CIS business Lamoda, in Russia, Belarus and Kazakhstan. As we look to start a new year without the Lamoda team, we are grateful for their hard work, resilience, professionalism and for the great business which we built together over the past 11 years.

The last two years had an impact on consumer sentiment and spending globally. However, we still delivered another year of achievements and the less favourable demand environment has not changed our focus to deliver on our strategy and commitment to be the #1 fashion & lifestyle destination in our markets.

IN 2022 WE SERVED 11 MILLION CUSTOMERS WITH OVER 27 MILLION ORDERS



In 2022 we served 11 million customers with over 27 million orders. We took strides to transform GFG into a platform business and today, almost 90% of our top 30 brand partners leverage at least one of our Platform Services, enabling their businesses' growth in our markets.

ANZ performed well in 2022 delivering 16% growth and is very much established as the go-to place for fashion and lifestyle. In SEA, there was a much more gradual re-opening post Covid and we have maintained focus on profitability to deliver Adj EBITDA margin of 1%. In LATAM, we prioritised customer experience improvements ahead of growth and we have made progress across all key metrics.

We also launched our new People & Planet Positive strategy, with six strategic pillars and we are proud to see the solid progress made against each one of these in 2022.

Looking ahead, whilst this year's environment does not alter our strategy, we are making appropriate adjustments to the changing environment and reflecting the reality that our Group is now materially smaller following the sale of our CIS business, Lamoda.

RISING ECOMMERCE PENETRATION WILL CONTINUE TO DRIVE LONG-TERM GROWTH IN GFG'S MARKETS

While we expect the environment to remain uncertain over the near term, GFG continues to operate from a position of financial strength. We have a strong balance sheet and rising Ecommerce penetration will continue to drive long-term growth in GFG's markets.

Most importantly, we have positioned the business to ensure financial stability for the future when growth returns. To all our people, shareholders, brand partners and customers, thank you for your continued support. Together we continue to build the leading online fashion & lifestyle destination in LATAM, SEA and ANZ.

Christoph Barchewitz

Christoph Barchewitz, CEO

Gunjan Soni

Gunjan Soni, COO

Matthew Price

Matthew Price, CFO

WHO WE ARE

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

Global Fashion Group is a leading fashion and lifestyle destination in LATAM, SEA and ANZ. We operate in a large and growing market across 13 countries where online penetration continues to grow. As a global business with deep local roots, diversity is at the heart of everything we do and gives real meaning to our purpose of "True Self-Expression".

In 2022, we undertook the necessary strategic and operational changes to adapt to the changing, lower demand environment.

Going forward, our priority will be on building relevant and competitive platforms with a disciplined approach to capital allocation and cost. We'll continue to develop our key growth levers such as Active Customers, Order Frequency and adjacent categories to build top-line growth.

WE ARE ONLY AT THE BEGINNING OF REACHING OUR MARKET POTENTIAL

CONSTANTLY ADAPTING TO CHANGE

HOW WE WIN

WE ARE THE LEADING FASHION AND LIFESTYLE DESTINATION IN OUR MARKETS BECAUSE:

- We offer our customers a best-in-class experience;
- We are the strategic partner of choice for local and global brands in our markets;
- Our local expertise underpins our relevance for both customers and brands alike; and
- We prioritise our people, their health, wellbeing and livelihoods.

We strive to make every connection between our customers and brands, one that is People and Planet Positive. We do this by ensuring that we are mitigating our impacts on people, the environment, and communities. Our approach is not just about doing the right thing – it is increasingly driven by customer demand and is a long-term driver of value creation.

TRUE LOCAL EXPERT

Best-in-class customer experience

We focus on three critical areas for our customers.

First, we offer a broad and relevant assortment with a large choice of global and local brands.

Second, we provide an inspiring and seamless digital experience.

Third, our delivery is fast and convenient. Our customers purchased more than 50 million items in 2022 from eight local fulfilment centres, two of which are automated. This enables us to provide a competitive delivery proposition across all of our regions.

PARTNER OF CHOICE FOR BRANDS

Our partners choose GFG with our highly engaged audience for three main reasons.

First, we unlock complex markets helping to manage local regulations or limited infrastructure.

Second, we adopt a flexible approach through a variety of business models and solutions including Retail, Marketplace, and Platform Services to align with our partners' own strategies.

Third, we share our Ecommerce expertise through Platform Services which create deeper relationships with our brand partners. We offer 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.

PEOPLE & PLANET POSITIVE

Our goal is to be People & Planet Positive worldwide. Our agenda is informed by a comprehensive materiality assessment with key stakeholders where our priority is transparency. Through this we have identified six strategic priorities shown below. We are driven by the moral imperative to play a role in transforming the fashion industry in our markets, and our commitment to drive supply of and demand for more sustainable fashion.

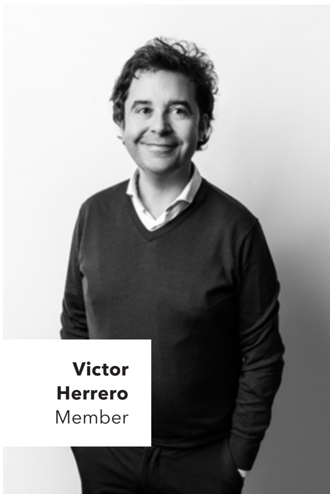
OUR SIX STRATEGIC PRIORITIES

THE SUPERVISORY BOARD

Cynthia Gordon
Chairman

Georgi Ganev
Vice Chair

Laura Weil
Member


Victor Herrero
Member

Carol Shen
Member

John Baker
Member[1]

[1] as of 1 January 2023

1.2 REPORT OF THE SUPERVISORY BOARD

OVERVIEW OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

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

- the statutory requirements;
- the Articles of Association of GFG (the "Articles of Association");
- the Rules of Procedure of the Supervisory Board dated 1 January 2022 as amended on 17 August 2022 (the "Supervisory Board Rules of Procedure");
- the Rules of Procedure of the Management Board dated 19 August 2020 as amended on 17 August 2022 (the "Management Board Rules of Procedure");
- the applicable Luxembourg laws; and
- the German Corporate Governance Code dated 28 April 2022 (the "Code").

In accordance with usual practice, the Management Board and Supervisory Board cooperated closely in the Financial Year 2022. 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. The Supervisory Board obtained regular and detailed information, written and verbal, regarding the Company and it was directly involved in all fundamental decisions impacting GFG. 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 for the Company 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.

Before adopting a resolution, any matters that require Supervisory Board approval 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. The Chairperson of the Audit Committee discussed audit-related topics with the auditor outside the meetings and without the involvement of the Management Board.

Composition of the Supervisory Board and Committees

According to the Articles of Association, the Supervisory Board shall be composed of at least three members and shall be appointed by the Annual General Meeting. For Financial Year 2022 the Supervisory Board had six members until the end of the Annual General Meeting of Shareholders ("AGM") held on 15 June 2022 ("AGM 2022") when Philipp Povel resigned from the Supervisory Board effective at the end of the AGM 2022. The other 5 members were reappointed to the Supervisory Board for a period of three (3) years expiring at the end of the AGM that resolves on the discharge for the Financial Year 2024. In the Supervisory Board Meeting held on 14 December 2022 the Supervisory Board acknowledged the resignation of Victor Herrero from the Supervisory Board effective 1 January 2023 and temporarily appointed John Baker to the Supervisory Board also effective from 1 January 2023 in place of Victor Herrero, such appointment to be ratified by the AGM in 2023. John Baker joined the Audit, Remuneration and Sustainability Committees.

Members of the Management Board are appointed by the Supervisory Board. The Management Board had three members throughout 2022 and no changes to the Management Board took place in 2022.

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 2022, the Supervisory Board had four committees, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee.

The table below summarises the composition of the Supervisory Board and its Committees from 1 January to 31 December 2022:

Board Member	Supervisory Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
Cynthia Gordon	Chairperson	Member	Chairperson	Chairperson	Member
Georgi Ganev	Vice Chairperson	-	-	Member	-
Laura Weil	Member	Chairperson	Member	-	-
Carol Shen	Member	-	Member	-	Member (Chairperson as of 1 January 2023)
Victor Herrero	Member (until 31 December 2022)	Member (until 31 December 2022)	-	Member (until 31 December 2022)	Chairperson (until 31 December 2022)
Philipp Povel	Member (until close of the AGM on 15 June 2022)	-	-	-	-

Meetings of the Supervisory Board and its Committees during Financial Year 2022:

- The Supervisory Board met twelve (12) times, during regular board cycle and in ad-hoc meetings, in Financial Year 2022. The meetings were held in person and by telephone/video conference. The Supervisory Board passed written resolutions;
- A sub-committee appointed by the Supervisory Board on 22 March 2022, passed one (1) written resolution in connection with the convening of the Annual General Meeting by the Management Board;
- The Audit Committee held a total of four (4) meetings;
- The Remuneration Committee held a total of five (5) meetings;
- The Nomination Committee held a total of four (4) meetings; and
- The Sustainability Committee held a total of four (4) meetings.

Members of the Management Board attended all Supervisory Board meetings, reporting to the Supervisory Board in detail on Global Fashion Group S.A.'s and its subsidiaries' ("the Group") 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 individualised attendance of the Supervisory Board members and the members of the Audit, Remuneration, Nomination and Sustainability Committees at their respective meetings is detailed in the table below.

Board Member	Supervisory Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee	Total Attendance rate (%)
Cynthia Gordon	12/12	4/4	5/5	4/4	4/4	100
Georgi Ganev	10/12	-	-	4/4	-	88
Laura Weil	12/12	4/4	5/5	-	-	100
Carol Shen	11/12	-	5/5	-	4/4	95
Victor Herrero	10/12	4/4	-	3/4	4/4	88
Philipp Povel (until AGM 2022)	5/5	-	-	-	-	100
Total % Attendance						**95**

Key Activities of the Supervisory Board and its Committees

The Supervisory Board and / or its Committees discussed and reviewed the following topics during Financial Year 2022:

SUPERVISORY BOARD

- Standalone and consolidated financial statements for Financial Year 2021 and the results for the first quarter, first half and third quarter of 2022 and outlook for the remainder of the Financial Year;
- The strategic positioning and structure of the Group and the corporate organisation, including the impact of the war in Ukraine in the CIS region and the Group at large and the continued impact of the Covid-19 pandemic;
- 2022 Group Strategic Priorities;
- 2022 Budget, mid-term plan and liquidity forecast, 2022 Guidance and reforecast;
- Repurchase of a portion of the outstanding Convertible bonds due 2028 for an amount of €95.1 million in aggregate principal amount;
- Sale of the CIS business Lamoda with operations in Russia, Kazakhstan and Belarus;
- Capex and investments;
- Periodic capital market and investor relations updates;
- Sustainability including the review of the strategy and the progress of the environmental, ethical supply chain and diversity and inclusion targets;
- Annual review of the Dividend Policy;
- Diversity Policy applicable to the Management Board and Supervisory Board;
- Management Board Remuneration, including base remuneration, Short-Term Incentives and Long-Term Incentive Plan;
- Amendments to the Remuneration Policy, as approved by the Annual General Meeting of Shareholders;
- Succession planning for the Management Board;
- Succession planning for the Supervisory Board;
- Composition of the Committees of the Supervisory Board;
- The issuance of shares for legacy participations and equity plans and the related capital increase;
- Reserved Matters in accordance with the Supervisory Rules of Procedure;
- Agenda and process for the Annual General Meeting of Shareholders;
- Periodic update on Legal & Governance, Risk Management & Compliance matters;
- The Declaration of compliance with the German Corporate Governance Code for Financial Year 2022;
- The Corporate Governance Report and Remuneration Report for Financial Year 2021;
- The Non-Financial Report (“People & Planet Positive Report”) for Financial Year 2021; and
- Annual Self-Review of Efficiency of the Audit Committee.

The Management Board discussed and reviewed the following topics:

- Standalone and consolidated financial statements for Financial Year 2021 and the first quarter, first half and third quarter of 2022 and outlook for the remainder of the Financial Year;
- The strategic positioning and structure of the Group's and the corporate organisation, including the impact of the war in Ukraine in the CIS region and the Group at large and impact of the ongoing Covid-19 pandemic;
- 2022 Group Strategic Priorities;
- 2022 Budget, mid-term plan and liquidity forecast, 2022 Guidance and reforecast;
- The withdrawal of the guidance for the Financial Year and the longer term targets;
- Repurchase of a portion of the outstanding Convertible bonds due 2028 for an amount of €95.1 million in aggregate principal amount;
- Sale of the CIS Lamoda Business with operations in Russia, Kazakhstan and Belarus;
- Annual review of the Dividend Policy;
- Periodic capital market and investor relations updates;
- Capex and investments;
- Gross margins, inventories and provisions;
- Sustainability including the review of the strategy and the progress of the environmental, ethical supply chain and diversity and inclusion targets;
- Special measures for employees in Ukraine, including for health, safety and humanitarian support;
- Health & Safety and Wellness updates;
- Succession planning for the key leaders of the Group;
- Remuneration system including the Short-Term and Long-Term Incentive mes for employees of the Group;
- Assessment of targets achievement in relation to the short-term incentive compensation for employees of the Group for Financial Year 2021;
- Short-term incentive compensation target setting for the employees of the Group for Financial Year 2022;
- Assessment of targets achievement in relation to Performance Stock Units allocated to eligible employees under the Long-Term Incentive Plan for Financial Year 2021;
- Allocation of restricted stock units and Performance Stock Units to eligible participants under 2019 LTIP and 2021 LTIP for Financial Year 2022 and determination of related performance targets;
- The Annual General Meeting and its agenda;
- Periodic Governance, Legal & Regulatory and Compliance updates;
- Review of the Risk Registry;
- Declaration of compliance with the German Corporate Governance Code for Financial Year 2022; and
- The Management Board Report and the People & Planet Positive Report.

The Audit Committee discussed and reviewed the following topics:

Area of Focus	Actions taken in 2022
Financial reporting	• Reviewed key accounting and reporting issues at each meeting • Reviewed and approved quarterly financial statements for Q1 and Q3 2022 and H1 2022 interim consolidated financial statements • Reviewed gross margins, inventories and provisions • Reviewed the financial controls status and progress • Review of FY 2021 consolidated and standalone financial statements
External auditor	• Received reports from the external auditor in Q1 (February), Q2 (May) and Q3 (August) of Financial Year 2022 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 2022 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 2022 and provided direction to risk coverage • Followed up on high priority actions requiring escalation with the Management Board

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 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 programme plan and methodology • Reviewed summary updates on programme progress

The significant issues considered by the Audit Committee in relation to the financial statements for the Financial Year 2022 were:

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

The Remuneration Committee discussed and reviewed the following topics:

- Assessment of targets achievement in relation to the short-term incentive compensation of the Management Board members for Financial Year 2021;
- Assessment of targets achievement in relation to Performance Stock Units allocated to the Management Board members for Financial Year 2021 under the Long-Term Incentive Plan;
- Peers Benchmarking;
- Annual Compensation Review for Financial Year 2022;
- Short-term incentive compensation target determination for Management Board members for Financial Year 2022;
- Allocation of Restricted Stock Units and Performance Stock Units to Management Board members for Financial Year 2022 under the Long-Term Incentive Plan for Financial Year 2022 and determination of related performance targets;
- Compensation framework for the Management Board for Financial Year 2023;
- Amended Remuneration Policy; and
- Remuneration Report for Financial Year 2022.

The Nomination Committee discussed and reviewed the following topics:

- Succession plan for the Management Board and Supervisory Board; and
- Profile, competencies and CVs of candidates to the Supervisory Board.

The Sustainability Committee discussed and reviewed the following topics:

- Targets achievement of the 2019-2021 Sustainability Strategy;
- The 2030 People and Planet Positive Strategy and quarterly progress of environmental, ethical sourcing and diversity and inclusion targets;
- Climate Action plan;
- Climate Risk Assessment and related risk and opportunities;
- Measures taken in relation to the people in Ukraine;
- Health and Safety and Wellness Updates, including the management of Covid-19
- Updated Code of Conduct for Suppliers;
- Findings of internal audit and related remediation actions;
- People and Planet Positive Report for Financial Year 2022; and
- Requirements of the Corporate Sustainability Reporting Directive.

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 standalone 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 2022.

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 during Financial Year 2022. The Supervisory Board would also like to thank Victor Herrero for his valuable contributions to the work of the Supervisory Board, Audit Committee and Sustainability Committee and Philipp Povel for his valuable contribution to the work of the Supervisory Board.

Luxembourg, 14 March 2023

On behalf of the Supervisory Board

Cynthia Gordon

1.3 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, dated 28 April 2022, which GFG has voluntarily decided to comply with.

In August 2022, the Supervisory Board and Management Board issued a declaration of compliance for GFG as part of its reporting on the Financial Year 2022. The few deviations from the German Corporate Governance Code are described in the declaration. This is published within the Investor Relations - Corporate Governance section on our website:

https://ir.global-fashion-group.com/websites/globalfashion/English/1058/corporate-governance-documents.html

1.3.1 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 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 German Corporate Governance Code regarding the principles of good corporate governance.

Compliance with the Corporate Governance Code

The Management Board and the Supervisory Board diligently addressed compliance with the guidance of the German Corporate Governance Code dated 28 April 2022 in Financial Year 2022 and 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 joint declaration of conformity was published on the Company's website (https://ir.global-fashion-group.com) in August 2022, as follows:

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 28 April 2022, published by the Federal Ministry of Justice in the official section of the Federal Gazette on 27 June 2022, 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 Chairmen of the Supervisory Board of a non-Group listed company. The appointment to both the Management Board of GFG and the non-Group listed company Supervisory Board Chairmanship were made before the Code that introduced this recommendation came into effect. The appointment as both a member of the Management Board and Chairmen 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. 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 Chairmen of the board of directors) was 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.

- **Principle 15 and Recommendation D.3 of the Code:** Section 100(5) of the German Stock Corporation Act upon which Principle 15 and recommendation D.3. are based on does not apply to Luxembourg companies such as GFG. Nevertheless, the Chairman of the Audit Committee has expertise, specific knowledge and experience in accounting, internal controls and risk management systems and is familiar with audits of financial statements. The Supervisory Board is of the view that the Audit Committee has sufficient expertise in these fields represented by the Chairman of the Audit Committee.

- **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 not set a maximum total remuneration for the variable compensation. 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 to avoid an automatic upward trend 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.8 of the Code**: GFG Remuneration Policy 2022 contains a special derogation procedure by which the Supervisory Board can in exceptional circumstances, as defined in the policy, subsequently change the performance targets of the Management Board. Such derogation requires a resolution of the Supervisory Board. The Supervisory Board has not used this special derogation procedure in deviation to recommendation G.8 to date.

- **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 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 2022

Global Fashion Group S.A.

The Management Board
Christoph Barchewitz, Patrick Schmidt, Matthew Price

On behalf of the Supervisory Board
Cynthia Gordon

1.3.2 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 2022.

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 2022, 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 Management Board are responsible for the following areas:

Co-CEO: Patrick Schmidt
Responsible for:

- ANZ (THE ICONIC)
- SEA (Zalora)
- Technology
- People & Culture
- Sustainability

Co-CEO: Christoph Barchewitz
Responsible for:

- LATAM (Dafiti)
- CIS (Lamoda)
- International Brands Partnerships
- Legal & Governance, Risk & Compliance
- Communications

CFO: Matthew Price
Responsible for:

- Accounting
- Financial Reporting & FP&A
- Treasury
- Tax
- Internal Audit
- Investor Relations

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 3 years. The Management Board 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 2022, 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/websites/globalfashion/English/1058/corporate-governance-documents.html. 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 consider 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 2022, 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 about 50% female representation on the Supervisory Board until 1 January 2025 in the updated Diversity Policy adopted by the Supervisory Board on 17 August 2022. 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 2022 general meeting of the shareholders held on 15 June 2022, shareholders reappointed the following five members to the Supervisory Board for a period ending at the expiration of the General Meeting of Shareholders approving the 2024 financial results:

- Cynthia Gordon – Chairperson of the Supervisory Board, Chairperson of the Remuneration Committee and of the Nomination Committee and Member of the Audit Committee and Sustainability Committee;
- Georgi Ganev – Vice Chairperson of the Supervisory Board and Member of the Nomination Committee;
- 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, the Remuneration Committee and the Sustainability Committee; and
- Laura Weil – Member of the Supervisory Board, Chairperson of the Audit Committee and Member of the Remuneration Committee.

The Chairperson of the Supervisory Board is an independent supervisory chair in line with the recommendations of the German Corporate Governance Code 2022. During Financial Year 2022, the Supervisory Board has acted amongst others through the Audit Committee, Remuneration Committee, Nomination Committee and the Sustainability Committee.

Working practices of the Audit Committee

The Chairperson of the Audit Committee has 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 2022.

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 2022, the members of the Audit Committee were:

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

Working practices of the Remuneration Committee

The Remuneration Committee assists the Supervisory Board with oversight of its responsibilities in connection with the design and administration of the remuneration system for the members of the Management Board. More specifically, the Remuneration Committee reviews and approves the Remuneration Policy and monitors its administration. In doing so, the Remuneration Committee sets the compensation of the Management Board members and the associated performance targets using peer benchmarking, corporate governance recommendations and industry best practices. All of the members of the Remuneration Committee are independent.

Composition of the Remuneration Committee

For Financial Year 2022, the members of the Remuneration Committee were:

- Cynthia Gordon (Chairperson) (independent);
- Carol Shen (independent); and
- Laura Weil (independent).

Working practices of the Nomination Committee

The Nomination Committee assists the Supervisory Board with oversight of its responsibilities in connection with succession planning of the Supervisory Board and selection of candidates appointed to the Supervisory Board. Furthermore, the Nomination Committee assists the Supervisory Board with oversight of its responsibilities in connection with the succession planning of the Management Board. All of the members of the Nomination Committee are independent.

Composition of the Nomination Committee

For Financial Year 2022, the members of the Nomination Committee were:

- Cynthia Gordon (Chairperson) (independent);
- Georgi Ganev (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 2022, the members of the Sustainability Committee were:

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

1.3.3 ANNUAL GENERAL MEETING AND SHAREHOLDERS

The shareholders of the Company 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.

1.3.4 TAKEOVER LAW

Composition of subscribed capital

As of December 31, 2022, the share capital of the Company amounts to €2,202,929.12, and is divided into 220,292,912 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 December 31, 2022, the Company held 278,773 common shares in treasury.

Equity Interests in the Company That Exceed 5% of Voting Rights[1]

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 2022 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 14.63% and a further 0.23% through the holdings of MKC Brillant Services GmbH and Bambino 53. V V GmbH.	14.86%	3 February 2022
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
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 2022. 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

[1] During 2022, UBS Group AG notified GFG several times of changes in its indirect holding of shares and other financial instruments above and below the 5% voting rights notification threshold. For the avoidance of doubt, UBS Group AG's indirect holding of shares in the Company remained below 5% in each of the notifications received. The latest notification of voting rights was published on 21 November 2022, where UBS Group AG notified GFG of a 5.11% indirect holding of shares and other financial instruments that triggered such voting rights notification. All UBS notifications can be found within the Financial News / Voting Rights / 2022 section on GFG Website (https://ir.global-fashion-group.com/websites/globalfashion/English/1040/financial-news.html#tab-2022).

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 2022, pursuant to Article 6.1 of the Articles of the Association, the Company's authorised capital, excluding the issued share capital, is €2,191,423.39 represented by 219,142,339 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 6 May 2022 (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 2022, the issued share capital of the Company amounted to €2,172,929.12, and was 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.

On 3 February 2022, the Company issued 3,000,000 common shares to an employee benefit trust to satisfy the settlement of share incentives which have been granted to current and former employees of the Company and its subsidiaries.

As at 31 December 2022, the issued share capital of the Company amounts to €2,202,929.12, and is divided into 220,292,912 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 27 April 2022, the Company completed the repurchase of €95,100,000 of the Convertible bonds due 2028 issued by the Company (the "Convertible Bonds"). The purchase price per €100,000 nominal amount was €78,000. In addition, the Company paid interest accrued on the Bonds from and including the immediately preceding interest payment date to but excluding the settlement date of the repurchase, which amounted to €169.84 per Bond. Following the settlement of the repurchase which occurred on 4 May 2022, an aggregate principal amount of the Bonds of €279,900,000 is outstanding. 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 2022, the Company held 278,773 common shares in treasury following the transfer of 96,395 unallocated shares held in trusts for the benefit of the Company into treasury shares on 14 March 2022. 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 2022.

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.

1.3.5 REMUNERATION REPORT AND OTHER DISCLOSURES

Introduction

Content

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

1. Management Board remuneration report

The Management Board remuneration report itself comprises two parts:

A. Management Board remuneration framework – The first 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 2022 Annual General Meeting ("AGM")).

B. Management Board remuneration for 2022 – The second and final part provides further detail on the actual remuneration and benefits granted to Management Board members during 2022.

2. Supervisory Board Remuneration Report

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

The remuneration of the members of the Supervisory board is established by the Shareholders of the Company in accordance with its Articles of Association. The remuneration of the Supervisory Board members was approved at the Annual General Meeting of Shareholders held on 15 June 2022. The table below shows the current Supervisory Board Fee structure:

	Supervisory Board	Audit Committee	Sustainability Committee	Remuneration Committee	Nomination Committee
Chairman	€40,000 (cumulative with Member fee)	€40,000	€20,000	€25,000	€10,000
Deputy Chairman	€10,000 (cumulative with Member fee)	n/a	n/a	n/a	n/a
Member	€30,000	€10,000	€10,000	€10,000	€5,000

The remuneration is payable in monthly installments through the reporting period. The table below sets out the total remuneration paid to each Supervisory Board member individually for the Financial Year 2022.

Board Member	Supervisory Board Positions	Fees (EUR) FY2022	Total Fees (EUR) FY2022
Cynthia Gordon	Supervisory Board Member Supervisory Board Chair Audit Committee Member Remuneration Committee Chair Sustainability Committee Member Nomination Committee Chair	30,000 40,000 10,000 25,000 10,000 10,000	125,000
Georgi Ganev	Supervisory Board Member Supervisory Board Deputy Chair Nomination Committee Member	30,000 10,000 5,000	~~45,000~~ (Waived) [1]
Laura Weil	Supervisory Board Member Audit Committee Chair Remuneration Committee Member	30,000 40,000 10,000	80,000
Carol Shen	Supervisory Board Member Remuneration Committee Member Sustainability Committee Member	30,000 10,000 10,000	50,000
Victor Herrero (Member until 31 December 2022)	Supervisory Board Member Audit Committee Member Sustainability Committee Chair Nomination Committee Member	30,000 10,000 20,000 5,000	65,000
Philipp Povel (Member until 15 June 2022)	Supervisory Board Member	30,000	13,750 (pro-rated until the end of his mandate)

[1] Georgi Ganev waived his entitlement to remuneration for the reporting period. However, this waiver can be removed for future reporting periods.

Additionally, GFG reimburses the Supervisory Board members their expenses related to the Supervisory Board mandate. GFG also provides directors and officers insurance coverage for the Supervisory Board members without any deductible payable by the Supervisory Board member.

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, 17th August 2022).
- Given our international shareholder base, 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.

A. REMUNERATION FRAMEWORK FOR THE MANAGEMENT BOARD

GFG shareholders approved the revised Remuneration Policy at our 2022 AGM, which includes the remuneration framework applicable to members of the Management Board.

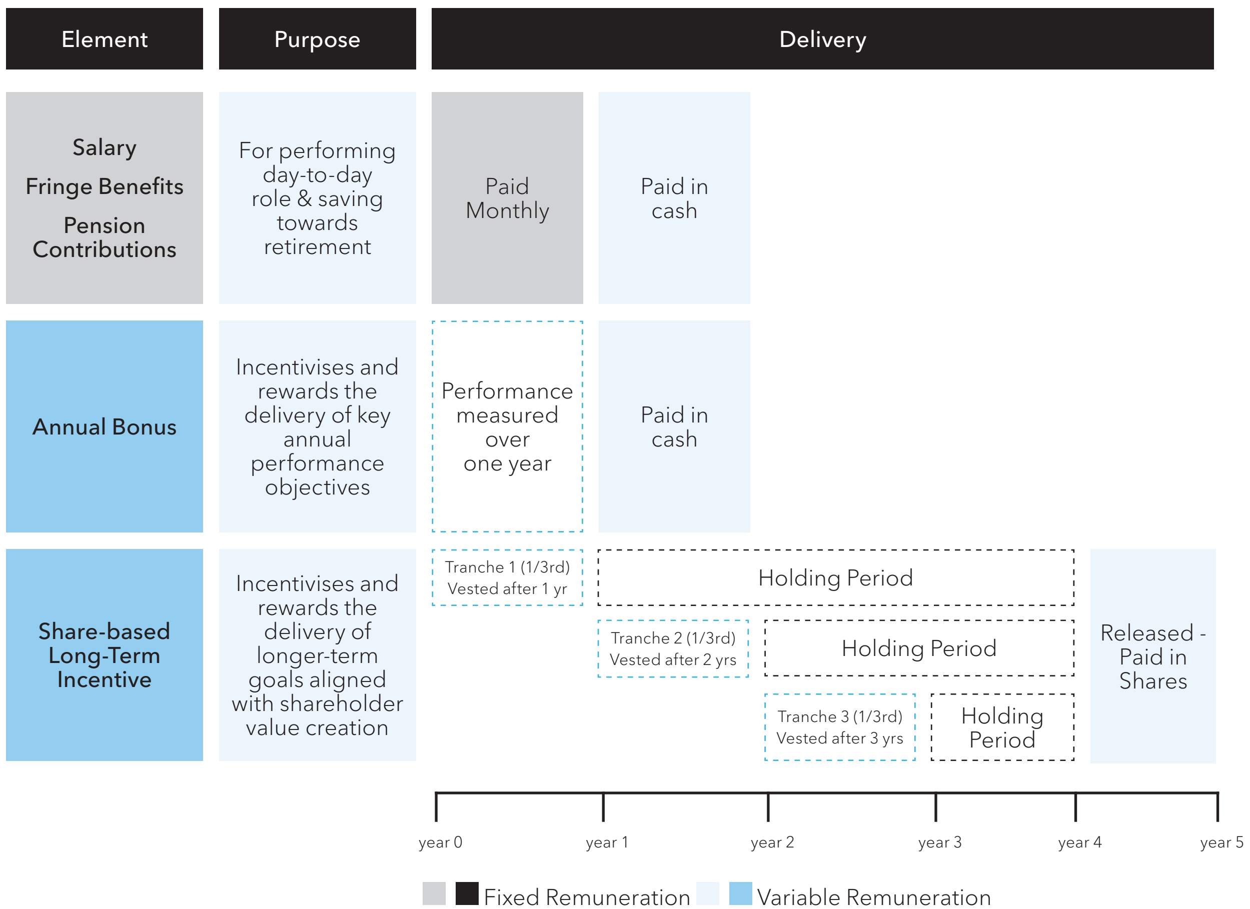
Balanced package	Long-term alignment	Strategic alignment	Competitiveness
Appropriate balance between fixed and variable and short- and long-term elements of pay	Variable components align with and incentivise the delivery of long-term sustainable performance	Framework aligned with GFG's key strategic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

Our Remuneration Principles

The remuneration framework at GFG is designed to incentivise and reward for 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.

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 Financial Year 2022 on page 52.

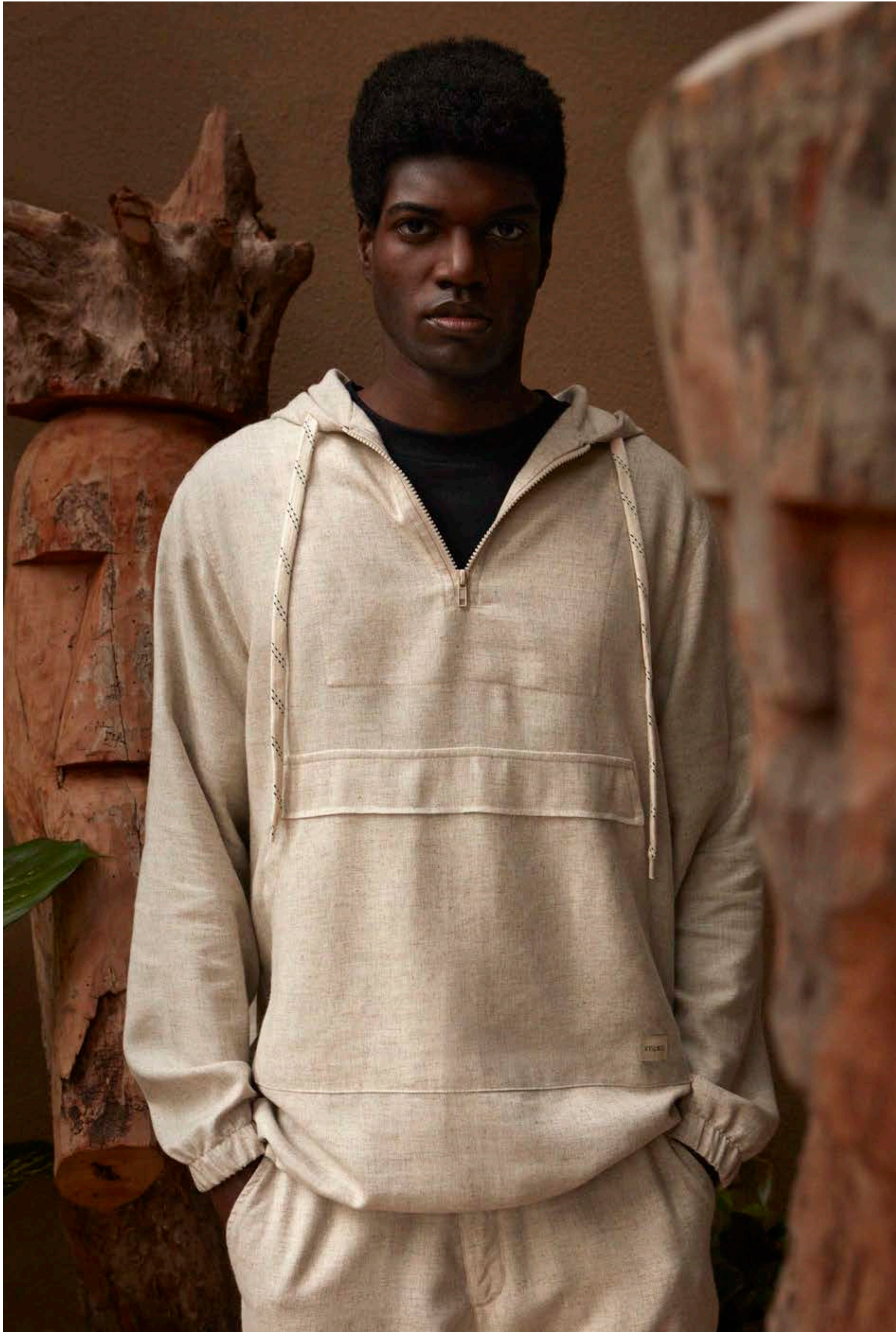
A long-term focus helps ensure that Management Board members should only receive significant reward for delivering strong and sustainable performance, while reducing the risk of payment for failure. GFG has voluntarily elected to comply with the German Code of Corporate Governance, including the 4 year holding period recommended for Share-based Long-Term Incentives of the Management Board thereunder. 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 2022 AGM) provides further technical details.

Remuneration Framework – Further details

Fixed Pay

Element	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. • Should an increase be rewarded typically this would take effect from 1 January of the financial year. • Payable in arrears in twelve equal instalments.
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 disability or sickness income protection) and directors and officers insurance ("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 60% of base salary for on-target performance and an opportunity of 90% 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 2022 Financial Year were Financial Metrics (80%) and Non-Financial objectives (20%) which in 2022 measured progress against specific sustainability goals.
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"). In the financial year 2022 a portion of the annual LTI grant was awarded as RSUs making up 1/3 of the overall award inclusive of PSUs. This is the first award of RSUs since the IPO. • Awards typically vest in equal tranches over 3 years, with all tranches subject to a holding period of 4 years from grant. • Vesting of PSUs is subject to the achievement of performance conditions assessed annually 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 2022 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 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. • 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 2020, all stock options awards held by members of the Management Board under this plan are fully vested.

B. MANAGEMENT BOARD REMUNERATION FOR 2022

This section describes the remuneration of the Management Board in relation to their contribution and performance during the Financial Year 2022. All remuneration awarded to the Management Board during 2022 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 2022 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]	2022 (Min.)	2022 (Max.)	2021	2022	2021
Fixed Remuneration	663,779	663,779	642,021	663,779	642,021
Fringe Benefits	34,586	34,586	36,462	34,586	36,462
Total (fixed components)	**698,365**	**698,365**	**678,483**	**698,365**	**678,483**
Short-Term Incentive	0	597,401	481,516	398,267[3]	193,900
Long-Term Incentive[4]	0[5]	579,999[5]	1,727,100	0	1,559,589[6]
Total (variable components)	**0**	**1,177,400**	**2,208,616**	**398,267**	**1,753,489**
Pension Supplement	66,378	66,378	64,202	66,378	64,202
Total Remuneration	**764,743**	**1,942,142**	**2,951,301**	**1,163,010**	**2,496,174**

1 Mr. Barchewitz was appointed as Co-CEO on the 01 February 2018

2 As the remuneration for Mr. Barchewitz is denominated in British pounds, exchange rates of 1£/1.13€ and 1£/1.16€ have been used for 2022 and 2021 respectively. The difference between 2022 and 2021 benefits received and benefits granted is due to the £/€ exchange rate

3 Reflects an overall performance outcome of 100% of target.

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

5 The first tranche of the 2022 grant under the LTI Plan which was made during the reporting period (grant date of 30 June 2022) will vest on 30 April 2023 and remains subject to the holding period until 1 April 2026. The remaining tranches will vest on 30 April 2024 and 30 April 2025 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 have been provided in the Annual Report 2021.

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

In€m	Benefits Granted			Benefits Received	
	2022 (Min.)	2022 (Max.)	2021	2022	2021
Fixed Remuneration[2]	609,500	609,500	575,000	609,500	575,000
Fringe Benefits	25,738	25,738	20,288	25,738	20,288
Total (fixed components)	**635,238**	**635,238**	**595,288**	**635,238**	**595,288**
Short-Term Incentive	0	548,550	431,250	365,700[3]	173,659
Long-Term Incentive[4]	0[5]	579,999[5]	1,727,100	0	3,020,880[6]
Total (variable components)	**0**	**1,128,549**	**2,158,350**	**365,700**	**3,194,538**
Pension Supplement	30,475	30,475	15,846	30,475	15,846
Total Remuneration	**665,713**	**1,794,261**	**2,769,483**	**1,031,413**	**3,805,672**

1 Mr. Schmidt was appointed as Co-CEO on the 01 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 100% of target.
4 The value of Long-Term Incentives are based on the fair value determined at the grant date
5 The first tranche of the 2022 grant under the LTI Plan which was made during the reporting period (grant date of 30 June 2022) will vest on 30 April 2023 and remains subject to the holding period until 1 April 2026. The remaining tranches will vest on 30 April 2024 and 30 April 2025 and remain subject to the same holding period
6 Shares were delivered at Fair Market Value at the vesting date to cover the tax liability that crystalised upon vesting, further details of which have been provided in the Annual Report 2021. The proceeds remain under holding.

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

In€m[2]	Benefits Granted			Benefits Received	
	2022 (Min.)	2022 (Max.)	2021	2022	2021
Fixed Remuneration	527,198	527,198	507,643	527,198	507,643
Fringe Benefits	1,524	1,524	572	1,524	572
Total (fixed components)	**528,722**	**528,722**	**508,215**	**528,722**	**508,215**
Short-Term Incentive	0	474,478	380,732	316,319[3]	153,316
Long-Term Incentive[4] (Total)	0[5]	579,000[5]	1,114,920	0	0
Total (variable components)	**0**	**1,053,478**	**1,495,652**	**316,319**	**153,316**
Pension Supplement	52,720	52,720	50,764	52,720	50,764
Total Remuneration	**581,442**	**1,634,920**	**2,054,632**	**897,761**	**712,295**

1 Mr. Price was appointed as CFO on the 09 April 2019
2 As the remuneration for Mr. Barchewitz is denominated in British pounds, exchange rates of 1£/1.13€ and 1£/1.16€ have been used for 2022 and 2021 respectively. The difference between 2022 and 2021 benefits received and benefits granted is due to the £/€ exchange rate
3 Reflects an overall performance outcome of 100% of target.
4 The value of Long-Term Incentives are based on the fair value determined at the grant date
5 The first tranche of the 2022 grant under the LTI Plan which was made during the reporting period (grant date of 30 May 2022) will vest on 30 April 2023 and remains subject to the holding period until 1 April 2026. The remaining tranches will vest on 30 April 2024 and 30 April 2025 and remain subject to the same holding period

ii) Management Board – Individual remuneration mix

Management Board Remuneration Mix

	Benefits Granted		Benefits Received
	2022 (Min.)	2022 (Max.)	2022
Christoph Barchewitz			
Fixed Remuneration	100%	39%	66%
Variable Remuneration	0%	61%	34%
Patrick Schmidt			
Fixed Remuneration	100%	37%	65%
Variable Remuneration	0%	63%	35%
Matthew Price			
Fixed Remuneration	100%	36%	65%
Variable Remuneration	0%	64%	35%

Salary

In December 2021, we undertook an industry peer benchmarking exercise with our external independent advisers Deloitte and Kienbaum, for the Management Board members. The results indicated that the base salaries for our Management Board members should receive a marginal increase to reflect the market environment. Consequently a salary adjustment of 6% increase to base salary was awarded for Mr. Christoph Barchewitz and Mr. Patrick Schmidt which is the first adjustment since appointment to the Management Board. A 5% salary adjustment was also awarded to Mr. Matthew Price. This is in line with the nominal salary increment for employees for 2022, the historical increases provided to the members of the Management Board and the comparison to market based on the benchmarking.

Finge Benefits

Benefits which the Management Board members received during 2022 and which are captured in the figure shown above include health insurance, life & income protection insurance.

Pension Contributions

For 2022, 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. For Mr Patrick Schmidt this was adjusted to 5% of the base salary instead of a flat value per annum.

2022 Annual Short Term Incentive

At the start of 2022, financial performance targets and non-financial targets were set for the Management Board under the Short-Term Incentive Programme. The Short Term Incentive maximum payout was increased to 60% of base salary from 50% in the prior three years reflecting the amended Remuneration Policy approved at the 2022 annual general meeting.

The financial metrics for the 2022 Short Term Incentive, which represent 80% of the total opportunity, were NMV Growth (40%), Adjusted EBITDA (30%) and Cash-flow (30%). The non-financial metrics which represent 20% of the total opportunity relate to our Sustainability objectives which we introduced as targets in 2022 in line with our commitment to become a leader in sustainability. These non-financial metrics are aligned with the annual milestones required to deliver our publicly communicated Sustainability Commitments. For 2022, the sustainability related non-financial metrics both achieved the 2022 milestone targets and focused on the following two strategic goals:

- % NMV from products made using majority sustainable materials and / or eco-friendly production
- % of third party brands meeting GFG's human rights standards for brands

The Supervisory Board assessed the 2022 performance against the agreed Short Term Incentive targets and in doing so considered the financial performance of the Group for the full year (including CIS which was divested on 12 December 2023), and the outcome of the non-financial targets. The Supervisory Board concluded an "on target" achievement for the combined metrics of the Short Term Incentive.

Long Term Incentive ('LTIP') – Awards granted during 2022

During the Financial Year 2022, Management Board members received awards under the GFG Share Plan. Awards were granted in the form of RSUs and PSUs, reflecting GFG's pay for performance ethos. While RSUs have typically not been granted since the 2019 IPO event they are used as a meaningful mix of the total allocation to offset the highly volatile environment and uncertainty of the business impact due to the exposure of the Lamuda business. Therefore the RSU component provides a minimum LTIP opportunity and some guarantee of LTIP vesting.

RSU awards are divided into three equal tranches, vesting after 1, 2 and 3 years respectively. All tranches are subject to a holding period of 4 years from grant.

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.

2022 Grant Tranches	Achievement based on Financial Year metrics&targets
Tranche 1 - vesting 2023	1 Jan -31 Dec 2022
Tranche 2 - vesting 2024	1 Jan - 31 Dec 2023
Tranche 3 - vesting 2025	1 Jan - 31 Dec 2024

The performance conditions attached to Tranche 1 of the 2022 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.

Management Board Member	# RSU Granted (2022 Grant)	# PSU Granted (2022 Grant)	
		'On target'	'At Maximum'
Christoph Barchewitz	99,999	210,000	300,000
Patrick Schmidt	99,999	210,000	300,000
Matthew Price	99,999	140,001	200,001

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 how the number of units outstanding under the GFG Share Plan and the 2016 LTIP legacy plan.

The Awards made during 2022 (as described above) can be seen under the line "Granted during the reporting period".

The Company did not apply malus or clawback with respect to any awards held by Management Board members during the Financial Year 2022.

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	613,277	608,175	207,200	463,874	671,517	188,160	289,553
Granted during the reporting period	99,999	300,000[2]	0	99,999	300,000[2]	0	99,999	200,001[2]
Vested during the reporting period	103,600	116,799[3]	0	103,600	116,799[3]	0	62,720	55,073[3]
Delivered during the reporting period	0	0	0	0	0	0	0	0
Forfeited / expired during the reporting period	0	94,856[4]	0	0	94,856[4]	0	0	44,727[4]
Exercised during the reporting period (2016 LTIP)	0	0	0	0	0	0	0	0
Outstanding at the end of the reporting period[7]	410,799	818,421	0	203,599	519,615	0	288,159	444,827
Exercisable at the end of the reporting period	**0**	**0**	**608,175[5]**	**0**	**0**	**671,517[6]**	**0**	**0**

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. 55.18% of maximum opportunity)
4 Represents the non-vested portion of the PSUs resulting from the performance conditions achieved vs. maximum potential
5 Options with strike prices ranging from €5.37 to €7.99. No more options will be granted under this programme
6 Options with strike prices ranging from €0.01 to €7.99. No more options will be granted under this programme
7 Including all units under holding

Change in pay of Management Board Members

The diverse footprint over which GFG operates, combined with 6,031 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 in the sector in which we operate and that are comparable and representative of the markets, the remuneration of the Management Board is in line with our sector median total cash level.

1.3.6 FINANCIAL REPORTING

At the AGM on 15 June 2022, Ernst & Young ("EY") were re-elected as the independent auditor of the standalone 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

CONTENTS
SECTION 2

2.1 FUNDAMENTAL INFORMATION ABOUT THE GROUP 60
2.2 REPORT ON ECONOMIC POSITION 70
2.3 REPORT ON POST BALANCE SHEET EVENTS 80
2.4 REPORT ON RISKS AND OPPORTUNITIES 82
2.5 REPORT ON EXPECTED DEVELOPMENTS AND OUTLOOK 92

GROUP MANAGEMENT REPORT

2.1 FUNDAMENTAL INFORMATION ABOUT THE GROUP

2.1.1 BUSINESS MODEL AND GROUP STRUCTURE

- Leading fashion and lifestyle destination in our 13 countries of operation.
- Global business with deep local expertise.
- Connecting more than 800 million potential consumers with thousands of global, local and own brands via three well-established Ecommerce platforms.

Business model

Global Fashion Group is a leading fashion and lifestyle destination across its 13 countries of operation and three main geographic regions: Latin America (LATAM), South East Asia (SEA) and Australia and New Zealand (ANZ). We offer our customers a one-stop shopping experience via our inspiring and seamless platforms with a broad and relevant assortment.

Each platform is operated under an individual brand name: Dafiti (in Brazil, Chile, Colombia and Argentina), ZALORA (in Indonesia, the Philippines, Singapore, Malaysia, Taiwan, Hong Kong and Brunei) and THE ICONIC (in Australia and New Zealand). GFG connects a population of more than 800 million with thousands of brands on these three well-established Ecommerce platforms.

GFG customers are young, diverse, highly engaged and digitally native. They are predominantly female, and typically aged between 15 and 45 years. With approximately 49 million social media followers across the top-five social media platforms in our markets, GFG's customers demonstrate their openness to purchase products online and a high level of engagement by interacting with our content and apps.

GFG reflects the scale and diversity of our markets by engaging customers with a broad and relevant assortment. We cover all key fashion and lifestyle categories such as apparel, footwear, accessories, beauty and sportswear, across a mix of thousands of global, local and own brands, tailored to meet aesthetic, cultural, sizing and price preferences.

Products are sourced from brand partners through two business models: (1) Retail, where the inventory of products sold to customers is owned by the Group and (2) Marketplace, where brand partners list their products on GFG's apps and websites. A large proportion of brands operate across both models. During FY22, Marketplace share was stable at a 34% share of NMV. As the only online pure play fashion and lifestyle platform of scale in its markets, GFG facilitates brands' market entries and helps them overcome the challenges of customer acquisition, logistics, infrastructure, geography, and regulatory processes.

GFG also 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 online channels (own or third-party);

- **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 and technology infrastructure is fashion-specific, highly efficient and scaled for growth.

GFG operates eight regional fulfilment centres with a total storage capacity of over 27 million items. Fulfilment, payment options and customer support are all locally tailored to each market. Fulfilment includes a reliable mix of own and third-party last mile delivery. There are 40 payment options available across GFG markets and we have 24/7 in-house customer support. This commitment to delivering an outstanding shopping experience to customers has yielded a consistently high net promoter score ("NPS") – the Group achieved 78 in 2022. GFG's data science teams are at the forefront of innovation, creating smart solutions from deep and relevant insights. The Group's technology teams improve our apps by leveraging these daily insights. This focus on technology supports GFG's buying and merchandising teams to accurately plan, schedule and trade assortments to match consumer preferences.

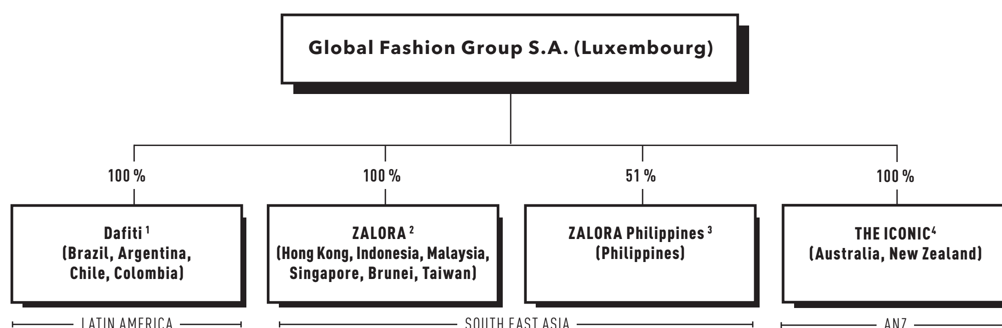
GFG has a highly diverse and global team of just over 6,000 people with deep local know-how, with more than 97% of colleagues based in countries of operation. Our people have a passion for fashion, lifestyle and technology, expertise in adapting to changing needs and strong capabilities to combine the art and science that creates GFG's compelling customer proposition.

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 1.3.4 of the Group Annual Report for composition of subscribed capital and own shares and refer to section 1.3.5 for shares awarded to employees.

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 2022, 55 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] *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.

[3] *ZALORA* Philippines operations are conducted by BF Jade E-Services Philippines Inc.

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

Business segments

The Group consists of three operating segments, which also comprise its reportable segments: LATAM, 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, Chile, Colombia and Argentina.

SEA

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

ANZ

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

[1] Source: Euromonitor International

2.1.2 CORPORATE STRATEGY AND TARGETS

Our strategy remains focused on being the partner of choice for brands in our markets, while constantly improving our customer experience. Whilst this year's weaker macro environment does not alter our long-term strategy, we continue to adapt as we have successfully done so in the past. Following the sale of Lamoda (CIS), our Group is now materially smaller. To help navigate the uncertainty and challenges of operating in a lower growth environment, we have increased our emphasis on profitability, driving cost savings and efficiencies as well as improving cash generation. We have increased our focus on our loyal customer base, optimising the experience for them and maximising the return on our Retail budgets. We continue to invest in the future through Technology, evolving our core set of global products including Seller Centre, Datajet and Marketing by GFG as well as ensuring our apps are as best in market.

The less favourable demand environment has not changed our focus to deliver on our Group strategy which will support our journey toward being a platform business so that we are well-positioned when a growth environment returns.

Based on our vision, strategy, and our strong commitment to be the #1 fashion & lifestyle destination in our markets, there is immense opportunity ahead of us. Our Ecommerce penetration accelerated 2020/21 during Covid and despite the recent penetration plateau, the ultimate increase will continue to drive long-term growth in GFG's markets.

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.

Broad & relevant assortment

During 2022, GFG further increased the breadth of its assortment, broadening into adjacent categories such as Beauty and Home, as well as growing ts share of premium and luxury offerings to reach 16% of NMV.

Partnering with over 70% of the top 50 global fashion brands, GFG offers the most relevant assortment to its customer base. GFG expands its assortment offering by leveraging its Marketplace business mode which offers customers more options without taking on inventory risk. 83% of GFG's top 30 global brands have adopted a hybrid partnership model by moving some of their products onto Marketplace.

Inspiring & seamless digital experience

GFG's shopping apps are best-in-class, with 57% of 2022 NMV now generated from app (2021: 55%). GFG's regional apps create a more personalised experience for customers, with sophisticated search and recommendation, visual search, virtual try on and other discovery capabilities. The app drives higher engagement which is proven by our highest spenders buying on the app. For example, in ANZ the top 25% of NMV spenders are 3.5x more likely to buy on the app.

Fast & convenient delivery

Our operational infrastructure is an essential part of excellent customer service – ongoing investments in our fulfilment centres will help unlock our full growth potential. Our aim is to make delivery and returns as convenient as possible to drive greater customer satisfaction and higher online penetration. To help unlock our full growth potential, we make ongoing investments in our fulfilment centres and provide alternative delivery options such as courier and pick-up points to make our process as easy as possible.

The Group is focused on improving customer convenience by enhancing its operational infrastructure. For example, in Brazil, GFG sees significant opportunity to boost Ecommerce demand by developing a more convenient and reliable 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.

While the best-in-class customer experience priority is critical for our entire business, our investment plan in LATAM has been heavily focused to improve this area. From the start of the year we have delivered a number of specific initiatives across LATAM to ensure we unlocked the potential across this large market. We invested in our front-end to roll-out a new improved app and website experience. In our marketing strategy, we put attention on customer retention and re-engagement driving marketing efficiency Recognising that we needed to improve the speed of delivery for more of our customers, we increased delivery times to 19% faster. Together these initiatives will meaningfully progress our customer experience as they have done so across our other markets.

2. Partner of choice for brands.

Unlocking complex markets

We unlock complex markets for our brand partners and help them to build positions and brands in our markets. Through a variety of business models and solutions, we look after our brand partners' reputation and help them navigate and unlock complex geographies. For both our global and local brand partners, GFG also provides instant access to a highly engaged audience of 11.2 million with attractive demographics who are fashion-conscious and digitally native.

Offering flexible business models

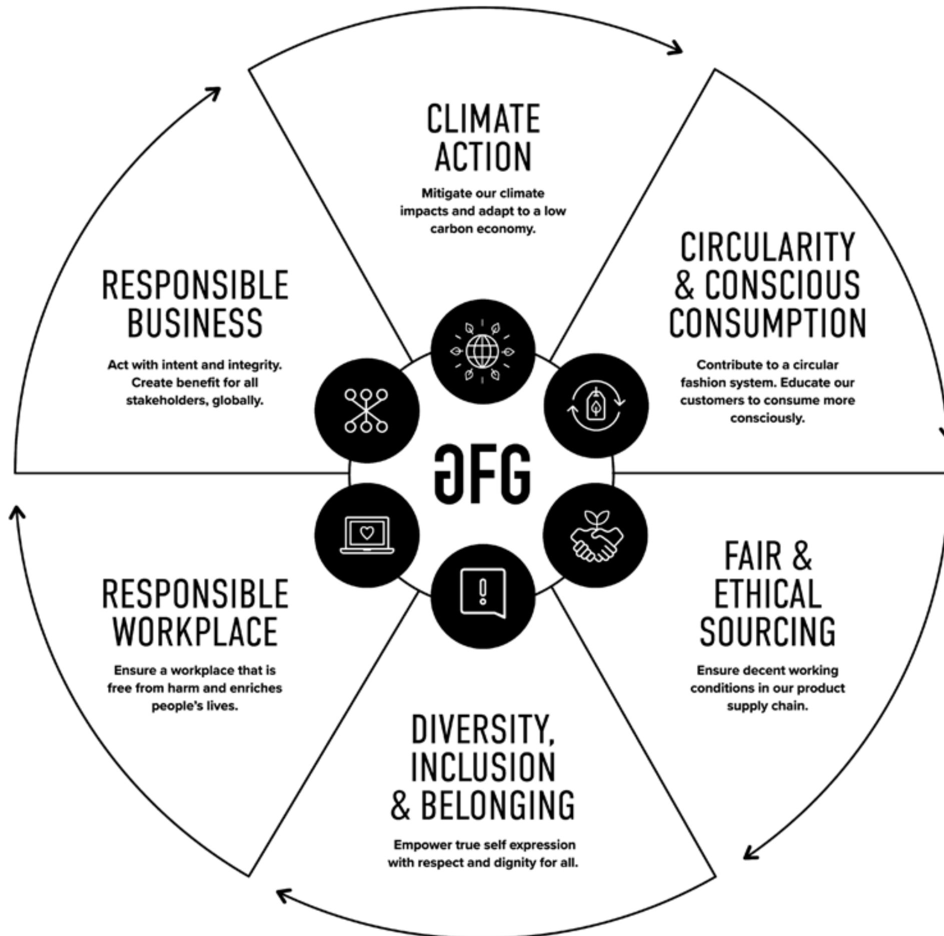
GFG offers multiple partnership models tailored to brands' needs. Under the retail model (66% of 2022 NMV), the Group owns, holds and fulfils stock – this is ideally suited for low-risk, fast-moving inventory. Under the Marketplace model (34% of 2022 NMV), GFG connects brands to its platform, where they act as sellers on GFG's apps and websites. Within Marketplace, we offer three different fulfilment models – fulfilled by GFG, cross-docking and drop shipment. Marketplace allows GFG to provide a broader assortment of products, including new products with an unproven sell-through rate, without inventory risk.

This year we implemented a Size Refill functionality which leverages Marketplace to increase assortment depth and width across the entire platform. There are multiple initiatives in place to further scale GFG's Marketplace business, including growing SKU width and offering long tail categories and brands.

Unrivalled Platform Services

To allow brands to leverage our strong Ecommerce expertise and capabilities, GFG offers Platform Services to its brand partners. Operations by GFG helps brand partners that lack infrastructure with end-to-end operational services ranging from e-production through fulfilment, delivery and returns all the way to providing customer service on their behalf. Marketing by GFG and Data by GFG provide brands with additional customer reach, engagement and insights.

We are actively scaling Platform Services as part of our intention to become a platform business that is the undisputed partner of choice for brands. GFG's ambition is to grow the NMV share of Marketplace and to expand selection and reduce inventory risk and to scale Platform Services to 5-10% of Revenue.



3. People & Planet Positive.

The fundamental values which guide the way we do business continue to be at the core of our strategy and 2022 has been the first year of implementation of our 2030 strategy, developed last year to guide us on this agenda. Our goal is to be People & Planet Positive, worldwide. To deliver on this we have articulated six strategic priorities – Climate Action, Circularity & Conscious Consumption, Fair & Ethical Sourcing, Diversity, Inclusion & Belonging, Responsible Workplace 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. This year we have worked to embed this strategy throughout the business and to lay the foundations in respect of policies and systems that are required to support the transformation it will deliver. The subsequent section details our priorities and progress, for each strategic priority.

Our key priorities in Climate Action include transitioning our assortment from both our own and third-party brands, to be made from lower carbon materials and processes, 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 and harnessing the power of employees to have a positive impact through community engagement. Our Science Based Targets were approved in 2022, however given the deconsolidation of Lamoda these will need to be recalculated and resubmitted in 2023.

Our transition of both third-party brand and own brand products to be made from those with a lower environmental impact has continued in earnest this year, with 21% of own brand products made from preferred materials and 15% of our NMV coming from products made using preferred materials or manufactured with lower impact processes. Transforming our logistics supply chain to work with low emissions vehicles is progressing slower than ideal, however we did increase the proportion of parcels delivered by low emissions methods to 3.6% in 2022. Direct purchase of renewables for our operations remains in most GFG markets however the proportion of green electricity directly purchased did increase to 53%. As with prior years renewable energy certificates will be purchased for the remainder, allowing for 100% usage of green electricity across our operations. Employees across the Group engaged in activities connected to improving the environment, recording 2,747 hours of volunteering in 2022.

Circularity & Conscious Consumption

Our key priorities in Circularity & Conscious Consumption include continuing to pursue reduction of its waste and packaging footprints while also improving the circularity outcomes of what remains, investing in responsible production systems to extend product life and the circularity of product; and building our customers capacity to support sustainable and circular fashion through information, education and circularity solutions.

Our waste diversion performance has improved in 2022, with 91% diverted from landfill and for our new, broader packaging target we achieved 82% of our directly purchased and own brand packaging made from lower impact packaging materials. We have developed Circular Design Principles and begun advancing our circular assortment with 3% of sold units from fashion assortment made in line with circular criteria (recycled, repaired, pre-loved, circular design) in 2022. 145 tonnes of packaging was retrieved from customers and responsibly disposed of in the year. Customer engagement on sustainable shopping continued in all markets and 33% customers shopped our sustainable shopping edits in 2022.

Fair & Ethical Sourcing

Our key priorities in Fair & Ethical Sourcing are to 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. We are investing in traceability and worker dialogue to ensure fair and ethical working conditions and wages for people throughout our supply chain, ensuring responsible purchasing principles are embedded in the way we trade and demonstrating our commitment to decent work by actively seeking to improve livelihoods in our supply chain.

In addition to maintaining our due diligence programmes of the human rights standards in place in our own brand supply chain, we have stepped up this year our focus on worker voice. GFG's newly developed Framework for Effective In-factory Grievance Mechanisms enables our team to assess and work actively to improve effectiveness of existing grievance systems in place in the factories we work with. We have piloted this in China in 2022 and will scale this to more factories and markets in the coming year. In addition we have extended our work to provision independent grievance mechanisms, which work alongside in-factory systems, and begun to also roll this out in China. On responsible purchasing practices we have completed a benchmark assessment of our current behaviours and processes to understand the impact we may have on the supply chain and begun building awareness of our internal teams on this topic. In respect of third-party brands we have developed the first version of GFG's Human Rights Standards and begun the process to assess our brand portfolio against them. 6% of GFG's brands have been confirmed to be meeting our Human Rights Standards and the work to assess the remainder is ongoing.

Diversity, Inclusion & Belonging

Our key priorities in 2022 focused on ensuring each of our markets made progress on action plans developed in 2021 and embedding in our people and culture policies and programmes. This work focused on each local market's specific journey maps to enhance current programmes or policies and build awareness across the business.

Our progress in 2022 is measured by a regular survey question asking employees if they 'feel a sense of belonging where they can be their true authentic selves at work'. In 2022 we achieved an average across the combined markets of 80% of employees agreeing or strongly agreeing to the question. This presents a continued opportunity to reach our goal of 100% by 2025. In addition we strive for gender equality and representation successfully maintaining a 50/50 gender representation on the GFG Executive team and the Supervisory Board.

Our work continues in 2023 with commitment to all our senior leaders participating in diversity & inclusion awareness training and enhancing our approach to hiring and promotions to ensure we reduce bias, increasing diverse representation of all people in our workplace and leadership roles.

Responsible Workplace

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. In 2022 we remained a workplace free of any work related fatality and continued to strive for the highest level of safe work practices and in all our operations. This remains our commitment in coming years.

Our focus in 2022 has been embedding our Health, Safety & Wellbeing management system and continuing the execution of the identified action plans and our strategic priorities which have been identified and informed through our Safety Capability Culture Maturity Assessment in 2021. All GFG regions follow a consistent Group wide Risk Assessment for our Operations, follow an aligned and regular Responsible Metric Reporting cycle which is getting gradually expanded, and pushed further on visible Safety Leadership through regular Safety Walks of Senior Management. The Group wide Responsible Workplace Commitment statement that provides all employees a clear commitment from our management teams globally has also been shared with all our GFG regions for local deployment.

In 2023 we will work with all regional Health & Safety senior leaders and teams to revisit the 2021 Safety Maturity Model for continuous development and progress against our maturity assessment. We will continue to look at how we can improve reporting further through automation and additional metrics on a local and global level.

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.

2022 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 practises 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 4 April 2023.

OTHER NON-FINANCIAL INFORMATION

Other non-financial information, such as environmental, social, human rights and the fight against corruption, along with reporting against the EU Taxonomy is contained in the Group's People & Planet Positive Report which will be available on our website on 4 April 2023.

2.1.3 INTERNAL MANAGEMENT SYSTEM

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

The Group's key performance indicators include NMV, Revenue, Adjusted EBITDA, Capex and Pro-forma cash along with the number of Active Customers, the number of Orders, Order Frequency and the Average Order Value.

2.1.4 EMPLOYEES

At the end of 2022, the GFG team consisted of 6,031 employees (2021: 6,754), representing a year-on-year decrease of 10.7% primarily driven by earlier seasonal adjustments in our operational workforce. The average headcount increased to 6,307 (2021: 6,193) employees, which is mainly driven by a higher headcount in the first six months of 2022 compared to 2021 but was gradually adjusted in the second half to support our strategic initiatives across the Group's warehouse, fulfilment and technology teams.

2.1.5 RESEARCH AND DEVELOPMENT

An experienced global team of more than 700 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.

2.2 REPORT ON ECONOMIC POSITION

2.2.1 MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

GFG operates in the online fashion and lifestyle market in 13 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.

In 2022, our sector was anticipating a recovery in market spend to pre-Covid pandemic levels that would more than offset the channel switch and return of demand for physical retail. This recovery did not materialise beyond a few short periods in some of our countries. On the back of the war in Ukraine and its macro impacts, the sector experienced a lower demand environment that required players to operate with less visibility and to react quickly to changing demand patterns. The change in demand profile resulted in higher levels of discounting sector wide and closed with stock levels slightly lower than prior year. GFG experienced operating cost deleverage across our fixed cost structure. Across all regions, we have seen costs increase from rising inflation.

Our markets have recovered to pre-pandemic levels. In 2022, our 13 countries accounted for €250 billion of the global market for fashion and lifestyle (online and offline combined), up from €220 billion in 2019. The overall fashion and lifestyle sector in GFG's geographic footprint is expected to develop favourably with an estimated annual growth rate of 4% from 2022 to 2026.

Ecommerce will benefit from continued increases in online penetration but we have seen that effect temporarily plateau in 2022 as physical stores re-opened. Looking ahead, we expected online penetration to grow and drive growth. Online penetration across our markets is estimated to have increased from an average of 10% to over 15% from 2019 to 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. In the long-term, we anticipate that our regions still have significant headroom to grow online penetration in our markets as they move toward developed markets, US at 28% and Western Europe at 23% 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 2022, GFG's largest net foreign currency exposures were to the United States dollar (USD), pound sterling (GBP), 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 2022 92.2% 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.

2.2.2 SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Sale of Lamoda Business

The most significant event during the year was the war in Ukraine which made operating a business in Russia very uncertain and ultimately led to our decision to exit the region. GFG executed the sale of our CIS business, Lamoda, in Russia, Kazakhstan and Belarus to fashion retail investor, Iakov Panchenko. The transaction completed on 12 December 2022 for gross €149.2 million proceeds. This equates to €95 million proceeds net of transaction costs, in addition to the cash held in the Lamoda business as at 30 September 2022 less agreed permitted expenditure.

Lamoda made up 36% of 2021 Group NMV and delivered €31m Adj EBITDA. The transaction leaves the Group materially smaller.

The IFRS 5 criteria were met prior to the end of September 2022 and hence the business was classified as an Asset Held for Sale until the date of disposal and as a Discontinued Operation for the year. In line with this reporting, GFG's FY 2022 performance KPIs are presented excluding CIS, with prior comparatives also being shown on this basis. CIS assets and liabilities are not included in the current year balance sheet following disposal. The prior year figures include CIS in the consolidated statement of financial position and the consolidated statement of cash flows includes all CIS cash flows up until the point of sale.

Weaker demand environment

Across the remainder of regions, the post-Covid recovery in fashion and lifestyle spend did not materialise beyond a few short periods in some of our markets. The lower demand environment meant we operated with less visibility and worked closely with brand partners to react quickly to changing patterns in demand. Over the year NMV declined by (0.7)%. Inventory was actively managed, albeit with higher levels of discounting in ANZ resulting in a lower closing inventory position than the prior year. We experienced operating cost deleverage across the fixed cost structure. Across all geographies we have seen costs increase from rising inflation.

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.

Convertible bond

On 27 April 2022, the Group successfully repurchased outstanding Convertible bonds due 2028 via a modified Dutch auction procedure announced on 26 April 2022. At the close, GF G agreed to purchase bonds representing €95.1 million in aggregate principal amount (approximately 25% of the outstanding principal amount). This repurchase reflected the strength of our liquidity position and the Management Board's confidence in delivering our long-term strategy within the funding available

2.2.3 FINANCIAL PERFORMANCE

The results for the year ended 31 December 2022 show continued absolute Euro revenue growth, remaining broadly flat on a constant currency basis. Adjusted EBITDA profit declined in the year, driven by fixed cost deleverage on lower volumes, compounded by increased discounting in ANZ. Please refer to section 4 for the Group consolidated financial statements.

Results of operations

In €m	For the year ended 31 Dec 2022	2021	% change
Revenue	1,102.1	1,035.9	0.1 [1]
Cost of sales	(633.2)	(587.6)	
Gross profit	**468.9**	**448.3**	**4.6**
Selling and distribution expenses	(367.2)	(349.5)	-
Administrative expenses	(203.4)	(178.4)	-
Other operating income	2.3	1.5	-
Other operating expenses	(6.6)	(8.5)	-
Net impairment losses of financial assets	(0.8)	(0.6)	-
Impairment of goodwill	(41.2)	(22.1)	-
Loss before interest and taxes	**(148.0)**	**(109.3)**	**(35.4)**
Gain on repurchase of convertible bonds	9.3	-	-
Finance income	8.3	1.5	-
Finance costs	(45.8)	(30.2)	-
Result from indexation of IAS 29 Hyperinflation	5.5	(3.2)	-
Loss before tax from continuing operations	**(170.7)**	**(134.8)**	**-**
Income (expense)/ benefit	(7.7)	10.8	-
Loss for the year for continuing operations	**(178.4)**	**(124.0)**	**-**

[1] Constant currency growth rate

Adjusted EBITDA bridge

In €m	For the year ended 31 Dec 2022	2021
Loss before interest and taxes	(148.0)	(109.3)
Depreciation and amortisation	54.4	44.9
EBITDA	(93.6)	(64.4)
Share-based payment expenses	8.0	20.0
IAS 29 Hyperinflation EBITDA impact	4.6	-
Impairment of goodwill	41.2	22.1
One off costs and income [1]	(1.0)	3.3
Adjusted EBITDA	**(40.8)**	**(19.0)**

[1] One-off costs and income include one off consulting income, changes in estimates of prior year tax provisions and one off payroll and office closure costs. In the prior year, fulfilment centre closure costs, continuity incentives, changes in legal provisions and project costs were also included in one-off costs. IAS 29 Hyperinflation EBITDA impact is adjusted effective 1 January 2022 onwards.

Key Group Figures

GFG's key performance indicators include NMV, Revenue, Adjusted EBITDA, Capex, along with the number of Active Customers, number of Orders, Order Frequency and Average Order Value. See section 8.1 Financial Definitions for key performance indicator definitions.

Key performance indicators and financial information

	For the year ended 31 Dec 2022	2021
Financial performance		
Revenue (€m)	1,102.1	1,035.9
Growth at constant currency (%)	*0.1%*	*15.7%*
Gross profit (€m)	468.9	448.3
Loss before interest and taxes (EBIT) (€m)	(148.0)	(109.3)
Loss for the year (€m)	(178.4)	(124.0)
Adjusted EBITDA (€m)	(40.8)	(19.0)
Adjusted EBITDA/Revenue (%)	(3.7)	(1.8)
Capex (€m)	44.0	60.2
Financial position and cash flow		
Net working capital (€m)	10.8	18.1
Cash and cash equivalents (€m)	323.5	400.5
Pro-forma cash (€m)	561.4	642.5
Group KPIs		
NMV (€m)	1,614.8	1,528.6
Growth at constant currency (%)	*(0.7)%*	*20.5%*
Active Customers (in millions)	11.2	13.4
Number of Orders (in millions)	27.9	32.6
Order Frequency	2.5	2.4
Average Order Value (€)	57.8	46.9

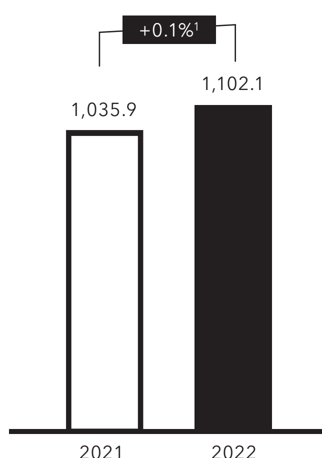
Growth of Revenue

Revenue remained flat year on year, with a 0.1% increase on a constant currency basis to €1,102.1 million (2021: €1,035.9 million).

The lower demand environment meant we operated with less visibility and worked closely with brand partners to react quickly to changing patterns in demand, with Marketplace continuing to be an attractive option for brands and GFG alike. Marketplace share of NMV was 34% in 2022, remaining flat year on year. The Group increased focus on its Platform Services, generating increased revenue from its Marketing by GFG, Operations by GFG and Data by GFG business models.

Technology innovations focused on app functionality continue to deliver new levels of customer engagement and strengthen GFG's app-first approach. Apps generated 57% of NMV in the year, up 2 percentage points compared to 2021.

Growth of revenue (€m)



[1] Constant currency basis

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 8.1 for further details.

In 2022, the Group generated Adjusted EBITDA was €(40.8) million (2021: (€19.0) million) with an Adjusted EBITDA margin of (3.7)% (2021: (1.8)%). Gross margin declined marginally, by 0.8 percentage points year on year, driven by promotional activity in ANZ and the broader rise in inventory prices which, in LATAM, could not be fully passed onto the customer. Fulfilment, Tech and Admin costs increased year on year as a percentage of NMV as fulfilment centre costs and technology investment increased. Marketing expenses decreased year on year as a percentage of NMV as marketing investment was optimised to the current trading environment.

Adjusted EBITDA excludes an expense for share-based payments of €8.0 million (2021: €20.0 million). The decrease 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. IAS 29 Hyperinflation impact of €4.6 million has also been excluded, effective from 1 January 2022. Non-recurring items of €40.2 million (2021: €25.4 million) were also excluded from the Adjusted EBITDA measure which included an impairment of goodwill of €41.2 million recorded in H1 2022 (FY 2021: €22.1 million) in respect of the LATAM CGU. Other non-recurring items of €(1.0) million (2021: €3.3 million) included one off consulting income, changes in estimates of prior year tax provisions, and one off payroll and office closure costs.

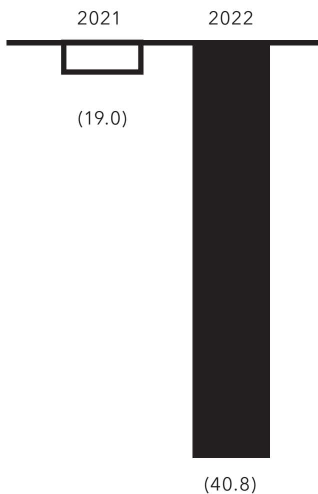
Loss for the year

In 2022, the loss for the year increased by 43.9% to €(178.4) million (2021: €(124.0) million). Within loss for the year, finance costs increased by €15.6 million to €45.8 million (2021: €30.2 million) driven by an increase in factoring interest expense and fair value changes on investment funds. Net foreign currency gains of €7.0 million, increased finance income to €8.3 million for the year (2021: €1.5 million).

Growth underpinned by leading customer experience

As part of the Group's interim impairment assessment, management estimated that the enterprise value of the LATAM Cash Generating Unit ("CGU"), which is based on company business plans, was lower than the recoverable amount at H1 2022 and therefore recognised an impairment charge on goodwill of €41.2 million. This reflected the macroeconomic changes and market conditions as a result of the second-order impacts of the Covid pandemic in the LATAM region. No additional impairment charge was recognised following the Group's annual impairment assessment at the year end (2021: €22.1 million).

Analysis of Adjusted EBITDA (€m)



Growth of NMV

In 2022, NMV declined by (0.7)% on a constant currency basis, to €1,614.8 million (2021: €1,528.6 million), whilst Average Order Value, increased by 15.9%, and Order Frequency marginally increased by 2.5% to 2.5 times per year (2021: 2.4 times).

Active Customers decreased by 16.5% year on year from 13.4 million to 11.2 million and Customer orders were down by 14.3% to 27.9 million (2021: 32.6 million) in FY 2022, reflecting the impact of weakened consumer demand.

Technology innovations focused on app functionality have delivered new levels of customer engagement and strengthened GFG's app-first approach. Apps generated 57% of NMV in the year, up two percentage points compared to 2021.

Marketplace revenue was stable during the year, representing 34% of NMV.

Report by Segment

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

Segment Growth for the year

In ANZ, the macroeconomic environment began to slow which has impacted consumer sentiment and demand. In response we made significant inventory adjustments and incurred higher levels of discounting than initially anticipated. Despite this, ANZ has performed incredibly well in 2022 delivering 15.5% growth in NMV and is very much established as the go-to place for fashion and lifestyle.

In SEA, there was a much more gradual reopening post Covid. The lower demand environment together with our deliberate shift away from lower price merchandise meant volumes declined, resulting in an NMV decline of (4.8)%. In response to this benign environment we have maintained our focus on profitability and efficient working capital management to deliver Adj EBITDA margin 1%. In LATAM, customer experience improvements were prioritised ahead of growth, which meant NMV declined by 12.3%.

The lower demand environment created elevated levels of inventory. With intake management and minimal gross margin investment, we finished the year with a relatively clean assortment. We focused our teams on strong Marketplace and Platform Services performance, particularly in SEA. Overall, our gross margin declined (0.8) pp to 42.5%. Fixed cost deleverage on lower volumes alongside rising inflation resulted in a Adj. EBITDA margin decline of 1.9ppt to (3.7)%, with ANZ and SEA remaining profitable in the period.

Segment Results of the Group year 2022

In €m	LATAM	SEA	ANZ	Total Fashion Business	Other	Reconciliation	Total
Revenue	349.3	279.6	474.7	1,103.6	43.0	(44.5)	1,102.1
% YoY Revenue constant currency growth rate	*(9.6)*	*(9.2)*	*15.7*	*-*	*-*	*-*	*0.1*
Net Merchandise Value	556.4	411.9	646.4	-	-	-	1,614.8
% YoY NMV constant currency growth rate	*(12.3)*	*(4.8)*	*15.5*	*-*	*-*	*-*	*(0.7)*
Gross profit	150.0	108.7	211.8	470.5	-	-	468.9
% Margin	*42.9*	*38.9*	*44.6*	*42.6*	*-*	*-*	*42.5*
Adjusted EBITDA	(20.2)	2.1	11.3	(6.8)	-	-	(40.8)
% Margin	*(5.8)*	*0.7*	*2.4*	*(0.6)*	*-*	*-*	*(3.7)*

Segment Results of the Group year 2021

In €m	LATAM	SEA	ANZ	Total Fashion Business	Other	Reconciliation	Total
Revenue	352.1	289.0	394.8	1,035.9	24.6	(24.6)	1,035.9
% YoY Revenue constant currency growth rate	*(0.4)*	*7.1*	*45.5*	*-*	*-*	*-*	*15.7*
Net Merchandise Value	583.2	407.2	538.2	-	-	-	1,528.6
% YoY NMV constant currency growth rate	*3.9*	*21.0*	*45.3*	*-*	*-*	*-*	*20.5*
Gross profit	158.8	109.6	180.2	448.6	-	-	448.3
% Margin	*45.1*	*37.9*	*45.7*	*43.3*	*-*	*-*	*43.3*
Adjusted EBITDA	(12.0)	-	15.6	3.6	-	-	(19.0)
% Margin	(3.4)	0.0	4.0	0.3	-	-	(1.8)

Cash flows

The liquidity and cash position of the Group is presented in the following summary consolidated statement of cash flows. Note, in the IFRS Group Consolidated Financial Statements, cash flows are presented including those of CIS up until 12 December 2022 when it was sold.

	For the year ended 31 Dec	
In €m	2022	2021
Net cash generated from/(used) in operating activities	**92.6**	**(51.2)**
Net cash used in investing activities	**(38.0)**	**(293.1)**
Net cash (used in)/ generated from financing activities	**(121.9)**	**370.1**
Change in cash and cash equivalents	(67.3)	25.8
Exchange-rate related changes in cash and cash equivalents	(9.7)	8.6
Cash and cash equivalents at the beginning of the year	400.5	366.1
Cash and cash equivalents at the end of the year	**323.5**	**400.5**

In 2022, GFG generated positive cash flows from operating activities of €92.6 million (2021: €51.2 million outflow) driven by positive cash flows from CIS. The movement in the remaining three regions was mainly driven by changes in working capital cash flows as the Group reduced inventory intake compared to the previous year.

Inventory intake reduced during the year

Cash outflows from investing activities includes additions to property, plant and equipment of €22.8 million (2021: €25.8 million), of which €10.6 million related to investment in our warehouses and fulfilment centres, with a further €7.9 million recognised as assets in the course of construction. Additions to intangible assets were €44.8 million (2021: €30.8 million). These investments primarily relate to Internally developed intangible assets of €34.1 million (2021: €22.2 million) and were capitalised in accordance with the recognition criteria of IAS 38, intangible assets. Also included within cash flows are the gross proceeds form the sale of the Lamoda business of €149.2 million offset by the net change in the cash of the Lamoda business during the period prior to its disposal.

Net cash from financing activities includes repayment of borrowings and the partial repurchase of the convertible bond of €74.3 million, along with the ongoing coupon payments paid biannually at 1.25%. Also included are principal IFRS 16 lease payments of €30.5 million (2021: €22.8 million).

Financial position

The Group's financial position is shown in the following condensed consolidated statement of financial position. The 2022 statement of financial position reflects the sale of CIS on 12 December 2022. A restatement of the 2021 statement of financial position is not permitted under IFRS.

Assets

	For the year ended 31 Dec		
In €m	2022	2021	Change (%)
Non-current assets	365.9	506.5	(27.8)
Current assets	808.0	1,038.2	(22.2)
Total assets	**1,173.9**	**1,544.7**	**(24.0)**

Equity and Liabilities

	For the year ended 31 Dec		
In €m	2022	2021	Change (%)
Equity	478.8	573.3	(16.5)
Non-current liabilities	308.5	448.4	(31.2)
Current liabilities	386.6	523.0	(26.1)
Total equity and liabilities	**1,173.9**	**1,544.7**	**(24.0)**

Total assets of the Group decreased by €370.8 million when compared with 31 December 2021, mainly as a result of the disposal of CIS. In addition, an impairment of Goodwill related to the LATAM region was recognised in H1 2022 (€41.2 million). Property, Plant and Equipment increased year on year net of CIS 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 and office space.

The net book value of right-of-use assets as at 31 December 2022 was €66.0 million (2021: €122.6 million). Total lease liabilities of €74.0 million (2021: €133.2 million), net of lease repayments and interest, are split between non-current and current lease liabilities on the consolidated statement of financial position.

In 2022, Capex additions were €44.0 million (2021: €60.2 million) and primarily related to the Group's investment in internally developed technology and continued investment in its delivery and fulfilment infrastructure, recognised as assets in the course of construction.

The net book value of Goodwill decreased by €31.8 million to €95.7 million (2021: €127.5 million) as a result of the impairment to the LATAM CGU in H1 2022, partly offset by positive translation adjustments.

Inventories decreased by €113.5 million to €170.2 million (2021: €283.7 million), as a result of the disposal of CIS and the Group's controlled intake amidst the uncertain demand environment. Other current financial assets include €226.4 million (2021: €234.0 million) in relation to highly liquid investment funds.

Pro-forma cash decreased from €642.5 million to €561.4 million, driven by the partial repurchase of €74.3 million of convertible bonds, investment in Capex and working capital, offset by proceeds from the sale of the CIS business of €149.2 million. Included within the year end pro-forma cash balance is €11.4 million (2021: €8.0 million) of restricted cash related to the Group's debt facilities.

Equity decreased by €94.5 million, primarily as a result of losses incurred for 2022 , the reversal of foreign currency translation reserve related to CIS of €86.8 million and the reversal of €13.6 million following the partial repurchase of 25% of the convertible bonds.

Non-current liabilities decreased to €308.5 million (2021: €448.4 million), €243.8 million (2021: €318.4) representing the non-current portion of the convertible bond liability, discounted to present value. The decrease reflects the partial repurchase during the year.

At 31 December 2022, current liabilities were €386.6 million (2021: €523.0 million), an decrease of €136.4 million, the biggest driver of which was the CIS disposal resulting in a decrease of €123.4 million in trade payables.

2.2.4 REVIEW OF PARENT FINANCIAL STATEMENTS

Global Fashion Group S.A, for the year ended 31 December 2022, including the results of its branch, GFG Denmark. The most significant event in the period was the impairment of the Shares in affiliated undertakings of €460.3 million driven by the declining macroeconomic environment across the CGUs. In addition, the partial repurchase of the Convertible Bond reduced the Debenture loan by €95.1 million. All other transactions were part of the ordinary course of business with its affiliates.

2.2.5 OVERALL ASSESSMENT OF THE ECONOMIC POSITION BY THE MANAGEMENT BOARD

The Management Board are pleased with how the teams have continued to adapt as the pandemic tail winds faded and globally the macro environment has become more uncertain. Despite this backdrop, the Group delivered broadly similar NMV and Revenue as last year, whilst cost de-leverage meant adjusted EBITDA margin stepped back. The Group benefits from a strong balance sheet so that long term investments can continue and the Group can continue to navigate the dynamic external environment.

2.3 REPORT ON POST BALANCE SHEET EVENTS

Effective 1 March 2023, Patrick Schmidt, Co-Chief Executive Officer of GFG stepped down by mutual agreement, after 10 years with the company. Christoph Barchewitz, current Co-Chief Executive Office, has been appointed Chief Executive Officer.

Also effective 1 March 2023, Gunjan Soni was appointed to the Management Board, joining Christoph Barchewitz and Matthew Price, Chief Financial Officer. Gunjan Soni has taken the role of Group Chief Operating Officer in addition to her role as ZALORA Chief Executive Officer which she has held since 2019.

2.4 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 committed to 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 remains fit for purpose.

2.4.1 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 reporting on 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 Groups objectives and underlying risk appetite.

Risk Monitoring & Reporting

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 executive 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 assessments recommendations.

2.4.2 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 2022. 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 great 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. This is further exacerbated by more recent inflationary pressures driving increased price competition. **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, leveraging operational efficiencies • Growth of the GFG marketplace offering • Building and developing strong long-term relationships with brands and partners to unlock strong commercial exchange

Operational risks

Risk	Description
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, as well as consultation of the staff for H&S related matters in line with our Health & Safety Commitment Statement • 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 • Visible Safety Leadership in our operational areas through regular Leadership Safety Walks • Investment in health & safety capability, resources and tools across the Group to provide practical and applicable procedures and policy
Major disruption to critical infrastructure	Risk of interruption to one or more business processes due to disruption to a fulfilment centre remains a possibility. Dependence on a single fulfilment centre in some regions creates a significant risk of significant loss of operation in the event of a catastrophic loss. There is a risk of failure of 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 • Prudent on site risk management inc. fire suppression, human elements, site surveillance and hazard management
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 in general are increasing in both number and sophistication. GFG develops its proactive and reactive controls 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

Climate risk

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. The following specific physical risks have been identified for GFG:

- Extreme Heat - Extreme heat presents the highest risk for all four businesses. Climate change projections indicate that higher maximum temperatures and longer warm spell duration are likely to intensify for all assets under all climate scenarios, particularly by 2050. Some assets (ZALORA, THE ICONIC and Dafiti) are already located in areas with high exposure to extreme heat.
- Riverine Flood - Riverine flood risk is likely to increase as a result of changes in extreme precipitation, with a moderate to very high risk for all businesses by 2050, except Dafiti. Moderate risk exists for ZALORA and a high risk is already present for THE ICONIC, by 2030.
- Coastal Flood - Coastal floods present very low risk for the GFG Group. Few assets are in areas exposed to coastal floods and this is not expected to change in the future.
- Wind and Cyclones - Cyclones could affect ZALORA and THE ICONIC businesses. This risk could have a particularly material impact on ZALORA, with assets located in cyclone-exposed areas that may experience higher cyclone intensity.
- Landslides - Landslides present moderate to high risk for the ZALORA business due to the proximity of assets to previous landslide locations.
- Water Scarcity - Water scarcity presents a low risk for GFG. Although all businesses have assets located in areas already exposed to water scarcity, drought risk will reduce for many locations due to changing precipitation patterns. It is noted that water availability may be affected by other factors (e.g. local water demand) and site-specific assessments may be warranted.

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. The following specific transition risks have been identified:

- Carbon pricing - New or increasing GHG taxes or introduction of emissions trading systems in the geographies where GFG operates or procures raw materials or products, impacting operating costs.
- Regulations impacting marine and aviation industry - Ambition for marine and aviation industry to reduce GHG emissions could result in increased transportation costs for GFG.
- Customer demand for green products - Increasing demand for low carbon, sustainable products could affect demand for GFG products (own brand and others), impacting revenues.
- Low-carbon land transportation - Increasing demand for low carbon, sustainable products could affect demand for GFG products (own brand and others), impacting revenues.
- Technology deployment for reducing emissions - Stakeholder driven decarbonisation requiring GFG to deploy renewables at a faster pace than anticipated under a low-carbon scenario, resulting in additional capital and operating costs.

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.

Key mitigating activities / initiatives

- Completion of a climate risk assessment in line with Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations to identify the physical and transition risks and opportunities. Integration of climate risk into the core Enterprise Risk Management system of the business and development of a short to medium term mitigation plan to address the riverine flood risk in ANZ.
- Setting of Science Based Targets, approved in 2022. While these will have to be recalculated given the divestment of Lamoda, they will be resubmitted in 2023 and will drive our carbon mitigation agenda.
- Comprehensive Group Sustainability Strategy and environmental management programmes, which measure and mitigate GFG's climate impacts, and transition of operations, own brand products and packaging to have a lower climate footprint.

- Targets and programmes to increase the use of lower carbon transportation and low to zero emissions delivery methods, including collaboration with third-party brands and logistics providers and cost-benefit analysis of the potential costs associated with a shift to low carbon transportation.
- Targets and programmes to increase the proportion of lower impact materials used in our own brand and by third-party brands and to increase purchase rates of our customers of these products.
- Targets and programmes to increase the use of renewable energy and energy efficiency measures across our operations and supply chain.
- 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.

Social Sustainability and human rights risks in our business and value chain

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 standards 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 human rights 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.
- 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.
- Programmes which facilitate workers in our own-brand supply chain raising grievances both within their place of employment and via independent mechanisms and remediation of issues identified.
- ESG risk assessment of brands before onboarding in progress Assessments of third-party brand performance against GFG's Human Rights Standards and engagement with poorer performers to address gaps identified.
- 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 details of or mitigating actions are captured in the People & Planet Positive Report to be released on 4 April 2023.

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 13 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 certain 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. 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 engagement 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, have been internalised to ensure categories remain relevant and reflect emerging customer wants and needs.

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.

Climate: Following its detailed assessment of climate risks and opportunities, as they arise in each of its regional businesses, GFG recognises an opportunity to continue to differentiate itself as a leader in sustainability and climate responsibility. Its commitment in this space and as articulated in the People, Planet, Positive Report is supported by the growing interest in circular business models. Such interest could mean that GFG's focus on procuring circular raw materials, finished products and packaging material could help reap benefits from an increase in market share and revenue.

2.5 REPORT ON EXPECTED DEVELOPMENTS AND OUTLOOK

The outlook is impacted by the macroeconomic backdrop. ANZ consumer sentiment has stepped down and we expect this alongside higher interest rates to start to dampen discretionary spend. Whilst performance in LATAM remains challenging we will continue to invest in the assortment and customer proposition whilst de-prioritising short term growth.

Luxembourg, 14 March 2023

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 4.6, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, 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 analysed individual significant long outstanding balances.

Building a better working world

- 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 2022 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 2022, goodwill amounts to €95.7 million and intangible assets to €99.9 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.

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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 recognition of net deferred tax assets amounting to €2.8 million as of December 31, 2022. In accordance with 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 recognised 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 30 and 31 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 2.5 and the corporate governance statement, section 1.3, 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.

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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 15 June 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 9 years.

The consolidated management report from section 2.1 to 2.5 is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying corporate governance statement in sections 1.3 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 2022 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; and
- 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 2022, identified as "5493001035L29EQRO222-2022-12-31-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, 14 March 2023

P.E NATION
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CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS
SECTION 4

4.1	CONSOLIDATED STATEMENT OF PROFIT OR LOSS	104
4.2	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	105
4.3	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	106
4.4	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	108
4.5	CONSOLIDATED STATEMENT OF CASH FLOWS	110
4.6	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	112

4.1 CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

In €m	Note	2022	2021[1]
Continuing operations			
Revenue	24	1,102.1	1,035.9
Cost of sales		(633.2)	(587.6)
Gross profit		468.9	448.3
Operating (expenses)/income			
Selling and distribution expenses	25,26	(367.2)	(349.5)
Administrative expenses	25,26	(203.4)	(178.4)
Other operating income	27	2.3	1.5
Other operating expenses	27	(6.6)	(8.5)
Net impairment losses on financial assets[2]		(0.8)	(0.6)
Impairment of goodwill	13	(41.2)	(22.1)
Loss before interest and tax (EBIT)[3]		**(148.0)**	**(109.3)**
Gain on repurchase of convertible bonds	22	9.3	-
Finance Income	28	8.3	1.5
Finance Costs	28	(45.8)	(30.2)
Result from indexation of IAS 29 Hyperinflation	34	5.5	3.2
Loss before tax from continuing operations		**(170.7)**	**(134.8)**
Income taxes (expense)/ benefit	30	(7.7)	10.8
Loss for the year from continuing operations		**(178.4)**	**(124.0)**
Net (loss)/ income from discontinued operations	29	(18.2)	(0.8)
Loss for the year		**(196.6)**	**(124.8)**
Loss for the year attributable to:			
Equity holders of the parent		(196.3)	(124.2)
Non-controlling interests		(0.3)	(0.6)
Loss for the year		**(196.6)**	**(124.8)**
Loss per share (€)			
Basic and diluted, loss per share attributable to ordinary equity holders of the parent (€)	10	(0.9)	(0.6)
Loss per share for continuing operations (€)			
Basic and diluted, loss per share for continuing operations per share attributable to ordinary equity holders of the parent (€)	10	**(0.8)**	(0.6)

[1] The amounts shown do not correspond to the 2021 financial statements and reflect adjustments made in connection with the presentation of discontinued operations (Note 29).

[2] 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.

[3] EBIT is calculated as loss for the year from continuing operations before income taxes, gain on repurchase of convertible bonds, finance income, finance costs and the result from indexation of IAS 29 hyperinflation.

The accompanying notes are an integral part of these consolidated financial statements.

4.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

In €m	2022	2021
Loss for the year	**(196.6)**	**(124.8)**
Other comprehensive income		
items that will be or have been subsequently reclassified to profit or loss, net of tax		
Exchange differences on translation to presentation currency net of tax from continuing operations	7.0	10.8
Exchange differences on translation to presentation currency recycled to profit or loss	86.8	-
Net other comprehensive income for the year, net of tax	93.8	10.8
Total comprehensive loss for the year, net of tax	(102.8)	(114.0)
Total comprehensive loss for the year attributable to:		
Equity holders of the parent	(102.5)	(113.4)
Non-controlling interests	(0.3)	(0.6)

The accompanying notes are an integral part of these consolidated financial statements.

4.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

ASSETS

In €m	Note	31 Dec 2022	31 Dec 2021
Non-current assets			
Property, Plant and Equipment	11	65.1	100.2
Right of Use Asset	12	66.0	122.6
Goodwill	13	95.7	127.5
Other Intangible Assets	13	99.9	126.7
Other financial assets	16	36.2	20.6
Income tax receivables		0.2	0.4
Other non-financial assets	14	-	0.5
Deferred tax assets	30	2.8	8.0
Total non-current assets		**365.9**	**506.5**
Current assets			
Inventories	15	170.2	283.7
Trade and other receivables	16	37.1	52.3
Other financial assets	16	23.2	26.6
Other financial assets – investment funds	16	226.5	234.0
Income tax receivables		2.9	3.3
Other non-financial assets	14	24.6	37.8
Cash and cash equivalents	17	323.5	400.5
Total current assets		**808.0**	**1,038.2**
Total assets		**1,173.9**	**1,544.7**

The accompanying notes are an integral part of these consolidated financial statements.

4.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022 (continued)

EQUITY AND LIABILITIES

In €m	Note	31 Dec 2022	31 Dec 2021
Equity			
Common share capital	18	2.2	2.2
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	18	12.6	0.3
Share-based payments reserves	18,19	155.1	146.3
Convertible bond equity component	18,22	36.3	48.6
Accumulated Deficit		(2,142.6)	(1,945.9)
Foreign currency translation reserve		13.6	(80.1)
Equity attributable to holders of the parent		475.5	569.7
Non-controlling interests	18	3.3	3.6
Total equity		**478.8**	**573.3**
Non-current liabilities			
Borrowings	20	-	12.2
Lease liabilities	12	56.1	108.0
Other financial liabilities – Convertible bonds	22	243.8	318.4
Provisions	21	2.6	2.7
Deferred tax liabilities	30	5.0	5.3
Non-financial liabilities	23	1.0	1.8
Total non-current liabilities		308.5	448.4
Current liabilities			
Borrowings	20	17.0	23.2
Lease liabilities	12	17.9	25.2
Trade payables and other financial liabilities	22	200.5	321.7
Other financial liabilities – Convertible bonds	22	8.2	10.2
Provisions	21	20.3	23.9
Income tax liabilities	23,30	18.3	21.3
Non-financial liabilities	23	104.4	97.5
Total current liabilities		386.6	523.0
Total liabilities		695.1	971.4
Total equity and liabilities		**1,173.9**	**1,544.7**

The accompanying notes are an integral part of these consolidated financial statements.

4.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

		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 2022		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
Loss for the year		-	-	-	-	-	-	-	(196.3)	-	(196.3)	(0.3)	(196.6)
Other comprehensive income from continuing operations		-	-	-	-	-	-	-	-	*7.0*	*7.0*	-	*7.0*
Other comprehensive loss recycled to profit or loss		-	-	-	-	-	-	-	-	*86.8*	*86.8*	-	*86.8*
Total Other Comprehensive Income		-	-	-	-	-	-	-	-	93.8	93.8	-	93.8
Total comprehensive (loss)/income for the year		-	-	-	-	-	-	-	(196.3)	93.8	(102.5)	(0.3)	(102.8)
Share-based payment expenses	19	-	-	-	-	-	8.8	-	-	-	8.8	-	8.8
Adjustment for Hyperinflation	34	-	-	-	-	-	-	-	(0.4)	-	(0.4)	-	(0.4)
Repurchase of Convertible Bonds	18, 22	-	-	-		12.3	-	(12.3)	-	-	-	-	-
Balance at 31 December 2022		**2.2**	**303.6**	**(7.5)**	**2,102.2**	**12.6**	**155.1**	**36.3**	**(2,142.6)**	**13.6**	**475.5**	**3.3**	**478.8**

The accompanying notes are an integral part of these consolidated financial statements.

4.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

In €m	Note	Attributable to Shareholders of the Company										Non-controlling interests	Total equity
		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		
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)/income for the year		-	-	-	-	-	-	-	(124.2)	10.8	(113.4)	(0.6)	(114.0)
Share-based payments expenses	19	-	-	-	-	-	18.0	-	-	-	18.0	-	18.0
Adjustment for Hyperinflation	34	-	-	-	-	-	-	-	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**

The accompanying notes are an integral part of these consolidated financial statements.

4.5 CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

In €m	Note	2022 [1]	2021 [1]
Cash flows from operating activities			
Loss for the year before tax from continuing operations [2]		(170.7)	(134.8)
(Loss)/Profit before tax from discontinued operations, including loss on disposal [2]	29	(1.1)	0.5
Loss for the year before tax		(171.8)	(134.3)
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets		43.9	43.0
Amortisation of intangible assets		35.4	27.8
Impairment of goodwill	13	41.2	22.1
Impairment losses on other financial assets		-	0.2
Share based payment expense		9.6	22.1
Fair value remeasurement	28	12.4	0.6
Interest income		(2.6)	(1.6)
Interest costs		43.2	31.2
Foreign currency gains		(33.5)	(5.4)
Other non-cash transactions		0.2	0.5
Loss/(Gain) from disposal of property, plant and equipment and intangible assets		0.5	(0.2)
Loss from disposal of subsidiaries	29	112.5	-
Gain on repurchase of convertible bonds	22	(9.3)	-
Changes in Provisions		(2.3)	(0.6)
Cash from operations before changes in working capital		**79.4**	**5.4**
Increase in inventories		(21.7)	(79.9)
Decrease in trade receivables		5.4	26.6
Increase in trade payables		26.0	35.1
Changes in other receivables and other payables		36.4	(6.6)
Cash flows from/(used in) operations		**125.5**	**(19.4)**
Cash outflow from share-based payments arrangements	19	-	(4.9)
Income tax paid	30	(15.2)	(9.2)
Interest received		2.6	1.6
Interest paid		(20.3)	(19.3)
Net cash flow from/(used in) operating activities		**92.6**	**(51.2)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(22.8)	(25.8)
Proceeds from sale of property, plant and equipment		0.2	0.5
Cash inflow from disposal of subsidiaries and associated companies		36.7	-
Acquisition of intangible assets and capitalised development expenditures		(44.8)	(30.8)
Cash outflow from other securities, deposits and transfer of restricted cash		(2.3)	(2.5)
Purchase of investment funds	16	(5.0)	(234.5)
Net cash flow used in investing activities		**(38.0)**	**(293.1)**

4.5 CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022 (continued)

In €m	Note	2022	2021
Cash flows from financing activities			
Proceeds from borrowings and other financial liabilities	20	39.6	47.3
Repayment of borrowings	20	(52.6)	(21.3)
Coupon payments on Convertible bonds	22	(4.1)	(2.3)
Proceeds from issuance of Convertible Bonds	22	-	375.0
Proceeds from issuance of common shares	18	-	0.1
Transaction costs on issuance of Convertible Bonds		-	(5.9)
Repurchase of Convertible bonds	18,22	(74.3)	-
Payments under lease liabilities		(30.5)	(22.8)
Net cash flow (used in)/from financing activities		**(121.9)**	**370.1**
Cash and cash equivalents at the beginning of the year	17	400.5	366.1
Effect of exchange rate changes on cash and cash equivalents		(9.7)	8.6
Cash and cash equivalents at the end of the year		**323.5**	**400.5**

[1] Cash flows are presented for both continuing and discontinued operations in line with IFRS 5

[2] Figures are re-presented for discontinued operations

The accompanying notes are an integral part of these consolidated financial statements.

4.6 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.') and its subsidiaries. GFG S.A. is hereinafter referred as the 'Company' was incorporated on 1 October 2014 . 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 S.A. 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 14 March 2023. 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 three Ecommerce platforms across three regions in 13 countries under the following labels: Dafiti (LATAM), Zalora (SEA) and THE ICONIC (ANZ). Please refer to note 6 for more details on our segmental disclosures.

The most significant event during the year was the war in Ukraine which made operating a business in Russia very uncertain and ultimately led to our decision to exit the region. GFG executed the successful sale of our CIS ('Commonwealth of Independent States') business, Lamoda, in Russia, Kazakhstan and Belarus. The transaction completed on 12 December 2022 for gross €149.2 million proceeds. In accordance with IFRS 5, the CIS segment is presented as a discontinued operation in these financial statements. As at 28 September 2022, the disposal group was classified as an asset held for sale prior to the sale.

Across the remainder of regions, the post-Covid recovery in fashion and lifestyle spend did not materialise beyond a few short periods in some of our markets. The lower demand environment meant we operated with less visibility and worked closely with brand partners to react quickly to changing patterns in demand. Inventory was actively managed, albeit with higher levels of discounting in ANZ resulting in a lower closing inventory position than the prior year. We experienced operating cost deleverage across the fixed cost structure. Across all geographies we have seen costs increase from rising inflation.

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 countries that cross the equator contrast the more seasonal climates in the southern hemisphere. 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 27 April 2022, the Group successfully repurchased outstanding convertible bonds due 2028 via a modified Dutch auction procedure announced on 26 April 2022. At the close, GFG agreed to purchase Bonds representing €95.1 million in aggregate principal amount (approximately 25% of the outstanding principal amount). This repurchase reflected the strength of the Group's liquidity position and the Board's confidence in delivering our long-term strategy within the funding available. See note 18 for further details.

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 may not exactly reflect 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 2022 and 2021. 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, relevant equity components 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 profit and loss statement.

Business combinations and Goodwill

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 determining 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 34 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 is 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.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether the transfers have occurred between levels in hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 32 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 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.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A discontinued operation is component of an entity that either has been disposed of / abandoned or is classified as held for sale, and represents either a separate major line of business or a geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 29. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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 reduce 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 and non-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; and
- 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 Company 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 Company 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.

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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 see 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. Any difference between the carrying amount and the consideration, if reissued, is recognised in directly in equity. 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 or 12 months after such an event and under the condition the employee is still employed with the Company. 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 bond 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.

Upon repurchase of convertible bonds by the Group, the carrying amount of the equity component is reduced and reclassified from Convertible bond equity component to Other reserves.

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 estimates based on historical return rates 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.

Contract Liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group delivers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., delivers the related goods or services to the customer). The Group's Contract liabilities represent advance payments for orders received but not shipped, liabilities from store credit balances and unredeemed customer loyalty points.

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 Company 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. Please see note 30 for further detail.

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. 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. The Group reviews forecasted profits and at 31 December 2022 believes a partial deferred tax recognition of unused tax losses appropriately reflects their recoverability against future taxable profits. Due to changes in the macro-economic environment throughout the year, the Group changes its approach to review forecasts one year on from the balance sheet date, instead of two years. If a two year forecast was used, an additional deferred tax asset of €6.4 million would have been recognised.

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. For further information, we refer to note 30.

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 categorised 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 categorised 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 31 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. Company-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 and the cash flows projections cover a detailed three-year forecast. 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 used for extrapolation purposes. These selected inputs are consistent with industry and macroeconomic forecasts in the regions where the CGU;s operate. These estimates are most relevant to goodwill 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 our Annual Report and the People and Planet Positive Report, due to be published on 4 April 2023 and the stated 2030 sustainability targets.

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.

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, when conducting the impairment assessment on the carrying value of goodwill. 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.

Property, Plant & Equipment ("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 2021, with the exception of the following.

The following standards and interpretations were effective 1 January 2022 but do not have a significant 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
Amendments to IAS 37 regarding the costs to include when assessing whether a contract is an onerous one	1 January 2022	No significant effect
Annual Improvements 2018-2020	1 January 2022	No effect
Amendments to IFRS 3 updating a reference to the Conceptual Framework	1 January 2022	No effect

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
IFRS 17: Insurance Contracts	1 January 2023	No effect expected
Amendments to IAS 1 regarding the disclosure of accounting policies	1 January 2023	No significant effect expected
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates a nd 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
Amendments to IAS 1 regarding the current or non-current classification of liabilities	1 January 2024	No significant effect expected (not currently endorsed by the EU)
Amendments to IFRS 16– lease liability in a sale and lease back.	1 January 2024	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;
- 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 financial statements. The column 'Other' includes headquarters and other business activities.

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

Please see Note 29 for the details of sale of CIS, which was a discontinued operation during the year.

Reportable segment information for the year ended 31 December 2022 is set out below:

In €m	LATAM	SEA	ANZ	Total Fashion Business	Other	Reconciliation[1]	Total
Revenues from external customers	349.3	278.1	474.7	1,102.1	-	-	1,102.1
Intersegment Revenue	-	1.5	-	1.5	43.0	(44.5)	-
Total Revenue	**349.3**	**279.6**	**474.7**	**1,103.6**	**43.0**	**(44.5)**	**1,102.1**
Cost of sales	(199.3)	(170.9)	(262.9)	(633.1)	(0.2)	0.1	(633.2)
Gross profit	**150.0**	**108.7**	**211.8**	**470.5**	**42.8**	**(44.4)**	**468.9**
Operating (expenses)/income							
Selling and distribution expenses	(129.9)	(81.0)	(157.6)	(368.5)	(0.1)	1.4	(367.2)
Administrative expenses	(60.5)	(40.3)	(56.2)	(157.0)	(36.1)	(10.3)	(203.4)
Other (expenses)/income	(50.4)	1.8	(4.8)	(53.4)	(35.2)	42.3	(46.3)
EBIT	**(90.8)**	**(10.8)**	**(6.8)**	**(108.4)**	**(28.6)**	**(11.0)**	**(148.0)**
Depreciation and Amortisation	18.2	10.5	11.5	40.2	3.2	11.0	54.4
EBITDA[2]	**(72.6)**	**(0.3)**	**4.7**	**(68.2)**	**(25.4)**	**-**	**(93.6)**
Recurring items (see below)							12.6
Non-recurring items (see below)							40.2
Adjusted EBITDA[3]	**(20.2)**	**2.1**	**11.3**	**(6.8)**	**(34.0)**	**-**	**(40.8)**
Reconciliation to loss before tax:							
Finance income							8.3
Finance costs							(45.8)
Share-based payment expense							(8.0)
Depreciation and amortisation							(54.4)
Gain on repurchase of convertible bonds							9.3
IAS 29 Hyperinflation result							5.5
IAS 29 Hyperinflation EBITDA impact							(4.6)
One off consulting income							0.7
Change in estimate of prior year tax provision							1.5
One off payroll and office closure costs							(1.2)
Impairment of Goodwill							(41.2)
Loss before tax from continuing operations							**(170.7)**
Recurring items							
Share-based payment expense	2.3	1.9	1.5	5.7	2.3	-	8.0
Group recharges	3.3	2.2	5.1	10.6	(10.6)	-	-
IAS 29 Hyperinflation EBITDA impact	4.6	-	-	4.6	-	-	4.6
Non-recurring items							
One off consulting income	-	-	-	-	(0.7)	-	(0.7)
Change in estimate of prior year tax provision	0.1	(1.7)	-	(1.6)	0.1	-	(1.5)
One off payroll and office closure costs	0.9	-	-	0.9	0.3	-	1.2
Impairment of Goodwill	41.2	-	-	41.2	-	-	41.2

[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 expenses, impairment of goodwill, Group recharges, one off consulting income changes to estimates for prior year tax, one off payroll and office closure costs, fulfilment centre closure costs and continuity incentives, changes in legal provisions and project costs and IAS 29 Hyperinflation EBITDA impact effective from 1 January 2022 onwards.

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

In €m	LATAM	SEA	ANZ	Total Fashion Business	Other	Reconci-liation [1]	Total
Revenues from external customers	352.1	289.0	394.8	1,035.9	-	-	1,035.9
Intersegment Revenue	-	-	-	-	24.6	(24.6)	-
Total Revenue	**352.1**	**289.0**	**394.8**	**1,035.9**	**24.6**	**(24.6)**	**1,035.9**
Cost of sales	(193.3)	(179.4)	(214.6)	(587.3)	(0.4)	0.1	(587.6)
Gross profit	**158.8**	**109.6**	**180.2**	**448.6**	**24.2**	**(24.5)**	**448.3**
Operating (expenses)/income							
Selling and distribution expenses	(133.5)	(86.2)	(130.6)	(350.3)	(0.1)	0.9	(349.5)
Administrative expenses	(51.3)	(37.1)	(49.6)	(138.0)	(34.2)	(6.2)	(178.4)
Other (expenses)/income	(28.8)	0.9	(2.9)	(30.8)	(18.2)	19.3	(29.7)
EBIT	**(54.8)**	**(12.8)**	**(2.9)**	**(70.5)**	**(28.3)**	**(10.5)**	**(109.3)**
Depreciation and Amortisation	14.7	7.7	10.9	33.3	1.1	10.5	44.9
EBITDA [2]	**(40.1)**	**(5.1)**	**8.0**	**(37.2)**	**(27.2)**	**-**	**(64.4)**
Recurring items (see below)							20.0
Non-Recurring items (see below)							25.4
Adjusted EBITDA [3]	**(12.0)**	**0.0**	**15.6**	**3.6**	**(22.6)**	**-**	**(19.0)**
Reconciliation to loss before tax:							
Finance income							1.5
Finance costs							(30.2)
Share-based payment expense							(20.0)
Depreciation and amortisation							(44.9)
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 from continuing operations							**(134.8)**
Recurring items							
Share-based payment expense	5.1	3.3	2.9	11.3	8.7	-	20.0
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 expenses, impairment of goodwill, Group recharges, changes to estimates for prior year tax, one off payroll and office closure costs, fulfilment centre closure costs and continuity incentives, changes in legal provisions and project costs and IAS 29 Hyperinflation EBITDA impact effective from 1 January 2022 onwards. In addition, in 2022 CIS disposal and Ukrainian related costs, including charitable donations and legal costs, were also adjusted for. The equivalent IAS 29 Hyperinflation EBITDA impact for FY 2021 was a €3.3 million negative impact, which was not treated as a recurring item. Had it been treated as a recurring item, it would have resulted in an Adjusted EBITDA of €(15.7) million.

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 €230.8 million (2021: €216.0 million) in Brazil and € 474.7 million (2021: €394.8 million) in Australia.

During 2022 and 2021 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	2022	2021
LATAM	129.0	155.7
ANZ	137.3	133.3
SEA	49.6	50.1
CIS	-	130.4
Other	13.6	16.0
Total	**329.5**	**485.5**

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 2022	31 Dec 2021
Bigfoot GmbH, Berlin, Germany	Investment Holding	Berlin	100%	100%
Juwel 198 VV UG (haftungsbeschränkt), 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%
GFG Luxembourg One S.à r.l, Luxembourg	Finance Holding	Senningerberg	100%	100%
Dafiti Latam GmbH & Co. Beteiligungs KG, Berlin, Germany	Holding	Berlin	99.14%	99.14%
VRB GmbH & Co. B-126 (Einhundertsechsundzwanzig) KG, Berlin, Germany	Holding	Berlin	95.91%	95.91%
BFOOT S.R.L. (Arg), Buenos Aires, Argentina	Online Retail	Buenos Aires	95.77%	95.77%
VRB GmbH & Co. B-127 (Einhundertsiebenundzwanzig) KG, Berlin, Germany	Holding	Berlin	95.84%	95.84%
Bigfoot Chile SpA, Santiago, Chile	Online Retail	Santiago	95.31%	95.31%
VRB GmbH & Co. B-128 (Einhundertachtundzwanzig) KG, Berlin, Germany	Holding	Berlin	96.79%	96.79%
Bigfoot Colombia SAS, Bogota, Colombia	Online Retail	Bogota	96.79%	96.79%
GFG Comercio Digital Ltda (formerly Comercio Digital BF Ltda), Sao Paulo, Brazil	Online Retail	Sao Paulo	99.13%	99.13%

	Principal activity	Registered office	Ownership[1] 31 Dec 2022	31 Dec 2021
Blanko 20 KG. GmbH & Co. KG, Berlin, Germany	Online retail	Berlin	100%	100%
Fashion Delivered LLC, Ukraine, Kiev	Call centre	Kiev	100%	100%
Lamoda GmbH, (formerly Glamstyle Central + Eastern Europe GmbH&Co. KG)[2]	Holding	Berlin	0%	100%
Kupishoes LLC, Moscow, Russia[2]	Online Retail	Moscow	0%	100%
Lamoda Service TOO, Almaty, Kazakhstan[2]	Online Retail	Almaty	0%	100%
OOO Fashion Delivered, Almaty, Kazakhstan[2]	Online Retail	Almaty	0%	100%
LLC Ecom Solution, Moscow, Russia[2]	Online Retail	Moscow	0%	100%
Fashion Delivered OOO, Moscow, Russia[2]	Online Retail	Moscow	0%	100%
LLC Fashion Delivered, Minsk, Belarus[2]	Online Retail	Minsk	0%	100%
LLC Pick-up, Moscow, Russia[2]	Pick-up Point	Moscow	0%	100%
Juwel 145 V V UG (haftungsbeschränkt), Berlin, Germany	Trustee	Berlin	100%	100%
Zalora Group GmbH, Berlin, Germany	Holding	Berlin	100%	100%
Brillant 1257 GmbH, Berlin, Germany[3]	General Partner	Berlin	0%	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%	100.00%
Brillant 1257. GmbH & Co. Dritte Verwaltungs KG, Berlin, Germany	Holding	Berlin	94.49%	94.49%
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, Berlin, Germany	Holding	Berlin	91.73%	91.73%
BF Jade E-Services Philippines Inc., Makati City, Philippines[4]	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%
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%
Brillant 1257. GmbH & Co. Neunte Verwaltungs KG, Berlin, Germany[3]	Holding	Berlin	0%	100%
Zalora Hong Kong Ltd, Hong Kong, China	Online Retail	Hong Kong	100%	100%
ZSEA Technology Services Company Limited, 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[3]	General Partner	Berlin	0%	100%
Internet Services Australia 1 Pty Ltd, Sydney, Australia	Online Retail	Sydney	93.70%	93.70%

	Principal activity	Registered office	Ownership[1] 31 Dec 2022	31 Dec 2021
Mena Style Fashion GmbH & Co. KG, Berlin, Germany[3]	Holding	Berlin	0%	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[3]	Holding	Berlin	0%	100%
Jade 1411. GmbH (Komplementär), Berlin, Germany	General Partner	Berlin	100%	100%
VRB GmbH & Co. B-196 KG, Berlin, Germany[3]	Holding	Berlin	0%	100%
Tricae Comercio Varejista Ltda, Sao Paulo, Brazil	Online Retail	Sao Paulo	99.91%	99.91%
Jade 1159. GmbH, Berlin, Germany	Holding	Berlin	100%	100%
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[6]	Holding	Berlin	0%	100%
Kanui Comercio Varejista Ltda, Sao Paulo, Brazil	Online Retail	Sao Paulo	99.91%	99.91%
Zalora eFulfillment Services Sdn Bhd Kuala Lumpur, Malaysia[5]	Holding	Kuala Lumpur	64.95%	64,95%
E-Kilau Sdn Bhd Kuala Lumpur, Malaysia[5]	Holding	Kuala Lumpur	1.84%	1.84%
GFG Denmark, filial af Global Fashion Group S.A., Luxembourg[6]	Branch	Denmark	100%	100%

Please see note 29 for details of the disposal of the CIS legal entities during the year.

At 31 December 2021 and 2022 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] Entities disposed from the Group as at 12 December 2022. Please see Note 29 for further details.

[3] Entities eliminated from the Group as at 31 December 2022.

[4] For the years ended 31 December 2021 and 2022, 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.

[5] Zalora eFulfillment 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 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 with 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 2022 and 2021 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	2022	2021
Short-term employee benefits	2.0	2.5
Share-based payments charge	2.3	4.8
Total	4.3	**7.3**

Further details of directors' remuneration can be found in the remuneration report in section 1.3.5, along with directors' interest in issued shares and share options.

9. AUDITORS' REMUNERATION

Included in administrative expenses is the independent auditor's remuneration, including 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

	For the year ended 31 Dec	
In €m	2022	2021
Audit and audit-related services:		
Audit of the parent Company and consolidated financial statements	1.1	1.4
Audit of the Company's subsidiaries	1.2	1.2
Total fees	**2.3**	**2.6**

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

	For the year ended 31 Dec	
In €m	2022	2021
Loss attributable to ordinary equity holders of the parent for basic earnings:		
Continuing operations	(178.1)	(123.4)
Discontinued operations	(18.2)	(0.8)
Loss attributable to ordinary equity holders of the parent for basic earnings:	**(196.3)**	**(124.2)**
Weighted average number of ordinary shares for basic and diluted EPS (m)[1]	220.0	216.1
Basic and diluted EPS from continuing operations (€)	(0.8)	(0.6)
Basic and diluted EPS from discontinued operations (€)	(0.1)	-
Total Basic and diluted EPS (€)	**(0.9)**	**(0.6)**

1 The weighted average number of shares takes into account the weighted average effect of 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 number 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 year.

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 2021	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
Additions	4.2	17.4	5.8	27.4
Disposals	(4.1)	(1.5)	(9.4)	(15.0)
Reclassifications	3.6	2.3	(5.9)	-
Currency translation diffference	4.7	7.5	5.1	17.3
Disposal of business	(22.1)	(54.6)	(7.8)	(84.5)
At 31 December 2022	**38.4**	**76.6**	**4.0**	**119.0**
Depreciation and impairment				
At 1 January 2021	(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)
Depreciation charge for the year	(6.6)	(13.6)	-	(20.2)
Disposals	2.9	1.3	-	4.2
Reclassifications	(0.8)	0.8	-	-
Currency translation differences	(2.3)	(4.0)	-	(6.3)
Disposal of business	13.0	29.0	-	42.0
At 31 December 2022	**(23.1)**	**(30.8)**	**-**	**(53.9)**
Net book value				
At 31 December 2022	**15.3**	**45.8**	**4.0**	**65.1**
At 31 December 2021	22.8	61.2	16.2	100.2

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:

In €m	As at 31 December 2022	2021
Right-of-use assets		
Property	21.7	45.4
Warehouse	43.8	74.5
Motor Vehicle	-	2.5
Office equipment and other	0.5	0.2
	66.0	**122.6**
Lease Liabilities		
Current	17.9	25.2
Non-current	56.1	108.0
	74.0	**133.2**

Please refer to note 4 for critical judgements related to leases.

Additions to right-of-use assets during the year were €66.1 million (2021: €33.0 million).

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

In €m	For the year ended 31 Dec 2022	2021
Depreciation charge of right of use assets		
Property	4.3	4.4
Warehouse	9.6	7.8
Office equipment and other	0.2	0.4
	14.1	**12.6**
Interest expense (included in finance costs)	5.3	4.6
Expense relating to short-term leases	-	-
Expense relating to leases of low-value assets that are not shown above as short term leases	-	-
	5.3	**4.6**

The total cash outflow for leases in 2022, including interest and payments, was €44.5 million (2021: €32.0 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 2022, there were no balances excluded from lease liabilities, which were not expected to be payable (2021: 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 2022, 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) (2021: nil).

(vii) Lease not yet commenced to which the lessee is committed

As at 31 December 2022 and 2021, the Group was not committed to any leases, which had not yet commenced.

Please refer to note 32 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 2021	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
Additions	-	33.0	11.3	-	-	-	44.3
Reclassifications	-	(0.7)	0.7	-	-	-	0.0
Disposals	-	(0.9)	-	-	-	-	(0.9)
Currency translation differences	58.3	5.2	3.1	30.0	13.5	0.1	52.0
Disposal of Business	(407.1)	(25.8)	(16.8)	(201.3)	(88.0)	-	(331.9)
At 31 December 2022	**353.5**	**78.6**	**35.9**	**199.3**	**67.8**	**1.0**	**382.6**

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 2021	(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)	-	-	-	-	-	-
Reclassification	-	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)
Amortisation charge for the year	-	(19.7)	(6.8)	(6.5)	(4.4)	-	(37.4)
Impairment loss	(41.2)	-	-	-	-	-	-
Reclassifications	-	1.1	(1.1)	-	-	-	-
Disposals	-	0.2	-	-	-	-	0.2
Currency translation differences	(48.3)	0.9	(3.0)	(28.8)	(10.7)	(0.1)	(41.8)
Disposal of business	406.5	4.1	13.4	201.1	70.0	-	288.6
At 31 December 2022	**(257.8)**	**(41.9)**	**(27.0)**	**(154.0)**	**(58.8)**	**(1.0)**	**(282.7)**
Net book value							
At 31 December 2022	**95.7**	**36.7**	**8.9**	**45.3**	**9.0**	**-**	**99.9**
At 31 December 2021	127.5	39.3	8.1	50.8	28.5	-	126.7

See note 26 for breakdown of amortisation expenses between cost of sales and general administration.

As of 31 December 2022 and 2021, there were no intangible assets in which title was restricted.

Impairment testing of CGUs containing goodwill

Based on the ongoing macroeconomic impact of Covid-19, political unrest and increasing pressure from local and established global online players, management identified external indicators of impairment in respect of the LATAM CGU in the first half of 2022. As a result, management re-estimated the recoverable amount of the LATAM CGU as at 30 June 2022 and the Group recorded impairment charges of €41.2 million (year ended 31 December 2021: €22.1 million) in respect of the Group's investments in LATAM. The Group reassessed the impairment analysis as at 31 December 2022 for it's three remaining CGUs and no further impairment charges were recognised.

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 2022	31 Dec 2021
LATAM	38.1	68.8
SEA	-	-
ANZ	57.6	58.2
CIS	-	0.5
Total	**95.7**	**127.5**

Impairment approach for the year ended 31 December 2022

As part of the 2022 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 ongoing second-order impacts 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 six years using fading annual growth rates that converge towards perpetual growth rates ('PGRs') in the long term, as determined by management. Cash flows have been extrapolated over a six-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.

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 2022 were as follows:

CGU	Discount Rate (%)	Perpetual Growth Rate(%)
LATAM	22.7	3.6
SEA	16.9	4.0
ANZ	15.6	2.6
GFG Group-level test	19.1	3.0

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
SEA	11.6	4.0
ANZ	11.6	2.6
GFG Group-level test	13.2	3.0

The key assumptions used in the estimation of the recoverable amounts of all three 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.

- EBITDA margin (pre-IFRS 16, including non-operational corporate costs) is expected to gradually increase over the forecast period.

- 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 on each CGU. If the discount rates were 3% higher than management's estimates, headroom remains for SEA and ANZ. The estimate of the recoverable amount for LATAM is sensitive to the discount rate assumption, and an increase of the discount rate by 10.6% would result in the CGUs recoverable amount being equal to its carrying amount. Using the WACC of 22.7%, the recoverable amount of the CGU exceeds its carrying amount by €24.4 million.

If the estimated cash flows were 5% lower than management's estimate in each year, headroom remains across all CGUs and there would have been no requirement for the Group to recognise any impairment charge in 2022. Similarly, no impairment charge would be required for each CGU if the estimated growth rates were 1% lower than management estimates.

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 SEA and ANZ.

14. OTHER NON-FINANCIAL ASSETS

Other non-financial assets are as follows:

In €m	31 Dec 2022	31 Dec 2021
Non-current		
Other non-financial assets	-	0.5
Other non-financial assets (non-current)	-	0.5
Current		
Prepayments	11.9	19.5
VAT and Tax refunds	5.7	9.7
Other non-financial assets	0.1	0.2
Right to recover returned goods	6.9	8.5
Less: Provision for impairment	-	(0.1)
Other non-financial assets (current)	24.6	37.8
Total non-financial assets	**24.6**	**38.3**

15. INVENTORIES

Inventories net of provision are as follows:

In €m	31 Dec 2022	31 Dec 2021
Raw materials and supplies	0.7	3.5
Finished goods and merchandise	185.4	303.1
Less: Provisions on finished goods and merchandise	(15.9)	(22.9)
Total inventories	**170.2**	**283.7**

During 2022 €6.8 million (31 December 2021: €8.9 million) was recognised as an expense write-off for inventories carried at net realisable value. This is recognised in cost of sales. The decrease in inventories of €113.5 million to €170.2 million in 2022 is primarily due to the disposal of the Lamoda business.

16. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Trade receivables and other financial assets are as follows:

In €m	31 Dec 2022	31 Dec 2021
Non-current		
Receivables from deposits/restricted cash	36.2	20.6
Other financial assets (non-current)	36.2	20.6
Current		
Trade receivables before impairments	38.1	52.8
Less: loss allowance (note 32)	(1.0)	(0.5)
Trade and other receivables (current)	37.1	52.3
Other financial assets		
Investment funds at fair value through profit or loss	226.5	234.0
Receivable from deposit/restricted cash	13.0	8.5
Receivables from loans	0.4	0.4
Receivables from employees	0.1	0.1
Contract assets	5.7	6.0
Other financial receivables	4.3	12.3
Less: loss allowance	(0.3)	(0.7)
Other financial assets (current)	**249.7**	**260.6**

Non-current and current receivables from deposits/restricted cash include guarantees to banks, suppliers and leasing partners.

During the year, the Group acquired €5.0 million (2021: €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). These funds are mainly short term duration bonds with low volatility and a high credit score. Funds were held with Morgan Stanley, HSBC and Santander as at 31 December 2022 and 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 32.

17. CASH AND CASH EQUIVALENTS

In €m	As at 31 Dec 2022	As at 31 Dec 2021
Short term deposits	1.0	2.8
Cash at bank	322.5	397.7
Cash and cash equivalents	**323.5**	**400.5**

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 2022 (2021: nil).

18. EQUITY

Common share capital

As at 31 December 2022, the issued share capital was 220,292.912 common shares (2021: 217,292.912), 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 2021	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
Common Share Capital issued	3,000,000	0.01	-	-
Balance as at 31 December 2022	**220,292,912**	**0.01**	**2.2**	**303.6**

During the year, 3,000.000 (2021: 3,456,196) common shares were used at nominal value to facilitate the units being exercised under the share-based payment plans. Please see note 19 for more details.

Treasury shares

The total number of common shares in treasury was 278,773 as at 31 December 2022 and 182,378 as at 31 December 2021. The change in the year was as a result of the transfer of shares previously held on trust for the Company, to the Company's share account.

Authorised Capital

In the context of the 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

			2022			2021
	No.	Par Value	€m	No.	Par Value	€m
Authorised						
Common shares	439,435,251	0.01	4.4	431,435,251	0.01	4.3
Issued						
Common shares	220,292,912	0.01	2.2	217,292,912	0.01	2.2

Capital reserves

There were no changes to capital reserves in the current or prior year. The reserve represents the cumulative impact of acquisitions of the Group prior to the IPO.

Share-based payment reserves

Share-based payment reserves amounted to €155.1 million as at 31 December 2022 (2021: €146.3 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).

On 27 April 2022, the Group repurchased convertible bonds, which were due to be redeemed on 15 March 2028. The Group purchased Bonds representing €95.1 million in aggregate principal amount (approximately 25 % of the original principal amount). Following the repurchase, the carrying amount of equity component was €36.3 million (31 December 2021: €48.6 million) as €12.3 million was reclassified from Convertible bond equity component to Other reserves.

Non-controlling interest

As of 31 December 2022 and 2021 non-controlling interests mainly consisted of management participations. No capital contributions from a third party shareholder were received during 2022 (2021:nil).

19. SHARE-BASED PAYMENTS

As at 31 December 2022, the Group's share-based payment arrangements are 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 €8.0 million (2021: €20.0 million) is comprised of:

- €8.1 million (2021: €19.8 million) relating to the Long-term incentive plan;

- €(0.1) million (2021: €0.2 million) relating to the 2018 employee share option plan;

(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 has 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 that apply in specific situations 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 are 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 recognises 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.

Stock unit awards	Number of Shares 2022	Number of Shares 2021
Outstanding at the beginning of the year	5,931,316	5,275,862
Granted during the period	6,811,357	3,449,888
Forfeited during the period	(1,654,755)	(525,170)
Exercised during the period	(1,830,398)	(2,269,264)
Outstanding at 31 December	9,257,250	5,931,316
Total Awards vested and therefore exercisable as at 31 December	**1,484,027**	**931,722**

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.

The weighted average share price for units exercised in the year was €1.80 (2021: €2.18).

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 year was €1.61 (2021: €10.25). The number of awards due to vest in 2023 is 3,289,572.

As at 31 December 2022, liabilities arising from applicable employer social charges of €2.5 million (2021: €2.5 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.

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 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 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 balance of the number of converted options outstanding and their related weighted average exercise prices are as follows for the year ended 31 December 2022:

Share option awards	Weighted Average Exercise Price	Number of Options
	2022	2022
Total Awards vested as at 31 December	**8.86**	**6,249,171**
In-the-money awards vested as at 31 December	**1.06**	**219,215**

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	4.90	71,340
Forfeited during the year	-	-
Exercised during the year	2.82	(2,778,226)
Outstanding at 31 December	8.86	6,249,171
Total Awards vested as at 31 December	**8.86**	**6,224,039**
In-the-money awards vested as at 31 December	**4.37**	**212,142**

The weighted average fair value of options granted during the year was € nil (2021: €nil).

The liabilities in relation to the ESOP are shown in the table below:

In €m	2022	2021
Expense arising from cash-settled share-based payment transactions	(0.1)	1.0
Expenses arising from applicable employer social charges	-	(0.4)
Liability arising from cash-settled portion of share-based payments	0.5	0.5
Liability arising from applicable employer social charges	0.9	0.7

Liabilities are included within Trade payables and other financial liabilities and were classified as non-current as they are expected to be settled at least one year from the reporting date. The intrinsic value of the liability is close to the carrying amount.

20. BORROWINGS

The Group has the following borrowings:

In €m	31 Dec 2022	31 Dec 2021
Non-Current		
Borrowings	-	12.2
Current		
Borrowings	17.0	23.2
Total borrowings	**17.0**	**35.4**

The tables below summarise the changes in the Group's borrowings arising from financing:

In €m	1 Jan 2022	Repayments	FX movement	New borrowings	CIS Disposal	31 Dec 2022
Interest bearing bank borrowings (current and non-current)	35.4	(52.6)	(5.3)	39.6	(0.1)	**17.0**

In €m	1 Jan 2021	Repayments	FX movement	New borrowings	CIS Disposal	31 Dec 2021
Interest bearing bank borrowings (current and non-current)	10.2	(21.3)	(0.8)	47.3	-	**35.4**

On 14 June 2019, the Group entered into a 1 year uncommitted short term loan facility for PHP300.0 million (€5.0 million) to fund working capital requirements. The facility is renewed annually in June. As at 31 December 2022 the Group had utilised PHP300.0 million (€5.0 million) (31 December 2021: PHP300.0 million (€5.0 million)).

On 25 June 2020, the Group entered into a new USD5 million (€4.7 million using FX rate as at 31 December 2022) uncommitted trade guarantee facility with Citibank. Effective on 25 June 2021, the trade guarantee facility was increased to USD10 million (€9.4 million using FX rate as at 31 December 2022). Under the terms of this facility restricted cash held against this facility represents 50% of the value of guarantees issued, plus 10% FX cover for issuances in EUR/USD currency. In December 2022 Citibank extended the facility limit by an additional USD5 million subject to any utilisation of this additional USD5 million supported by 100% cash collateralisation. This is included within Other Financial Assets (non-current). As at 31 December 2022, the Group had utilised USD9.8 million (€9.3 million) of this facility representing guarantees issued to cover payments to certain Group suppliers and payments under certain Group property leases (31 December 2021: €5.7 million).

On 17 July 2020, the Group entered into new bi-lateral revolving credit facilities with HSBC consisting of two elements: €20 million of bank guarantees; and €10 million of buyer loan facilities for supplier financing to improve local working capital profiles. The facilities are renewed annually following the bank's annual credit review. The buyer loan facility continues to provide supply chain financing to improve local capital profiles. The security package remains unchanged. As at 31 December 2022, the Group had utilised €7.1 million (31 December 2021: €9.2 million) of the buyer loan facility. As at 31 December 2022, the Group had utilised €19.4 million (31 December 2021: €19.8 million) of the guarantee facility representing guarantees issued to cover payments to certain Group suppliers and payments under certain Group property leases.

Effective on 27 August 2021, the Group entered into a BRL29.7 million (approximately €4.8 million using FX rate as at 31 August 2021) 1 year term loan facility with Santander to fund Dafiti Brazil's working capital requirements. On 31 August 2022 Dafiti Brazil repaid the BRL8.0 million of this term loan and extended the remaining loan of BRL21.7 million (approximately €4.2 million using FX rate as at 31 August 2022) for four months with the loan being repaid on 29 December 2022.

On 4 March 2022 the Group entered into a USD7 million (approximately €6.7 million) one year facility agreement to provide Group's Indonesian business supplier financing and working capital funding. The facility will become available to the Group after completion of conditions precedents required under the facility. As at 31 December 2022 the Group had utilised €2.8 million of the facility.

From February 2022 to September 2022 the Group entered into three separate term loans to fund Dafiti Argentina's working capital requirements. The term loans were drawn on 24 February 2022 for ARS174.5 million (approximately €1.5 million using FX rate as at 24 February 2022); on 23 March 2022 for ARS100.0 million (approximately €0.8 million using FX rate as at 23 March 2022); and on 22 August 2022 for ARS95.0 million (approximately €0.7 million using FX rate as at 22 August 2022). All three term loans are due to be repaid in February 2023. As at 31 December 2022 the Group had ARS369.5 million (approximately €2.0 million using FX rate as at 31 December 2022) outstanding in aggregate under the three term loan agreements.

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 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 1 January 2022	23.5	0.9	2.2	26.6
Additions	-	-	0.1	0.1
Used	(2.9)	-	-	(2.9)
Net movement on disposal of subsidiaries	(0.3)	-	(0.1)	(0.4)
Currency translation differences	(0.5)	0.1	(0.1)	(0.5)
Carrying amount as at 31 December 2022	**19.8**	**1.0**	**2.1**	**22.9**

Provisions amounted to €22.9 million as of 31 December 2022 (2021: €26.6 million) where of €2.6 million are classified as non-current (2021: €2.7 million) mostly relating to restoration obligations and provisions for litigations and pensions, and €20.3 million as current (2021: €23.9 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 31 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 at 31 December 2022. The provision has been classified as current.

22. TRADE PAYABLES AND OTHER FINANCIAL LIABILITIES

In €m	31 Dec 2022	31 Dec 2021
Non-current		
Convertible bonds debt component	243.8	318.4
Trade and other financial liabilities (non-current)	**243.8**	**318.4**

In €m	31 Dec 2022	31 Dec 2021
Current		
Trade payables	181.9	285.5
Other financial liabilities	6.4	20.7
Other financial liabilities – Convertible bond	8.2	10.2
Refund liabilities	12.2	15.5
Trade and other financial liabilities (current)	208.7	331.9
Total trade and other financial liabilities	**452.5**	**650.3**

Refund liabilities, included in current other financial liabilities reflect the Group's obligation to refund its customers for returned goods.

The tables below summarise the changes in the Group's trade payables and other financial liabilities during the year:

In €m	1 Jan 2022	Net-Cash flows [1]	FX move-ment	Other	31 Dec 2022
Convertible bonds debt component	318.4	(74.3)	-	(0.3)	243.8
Total trade and other financial liabilties (non-current)	**318.4**	**(74.3)**	**-**	**(0.3)**	**243.8**

In €m	1 Jan 2022	Net-Cash flows [1]	FX move-ment	Other	31 Dec 2022
Other financial liabilities – Convertible bond (current)	10.2	(4.1)	-	2.1	8.2

The tables below summarise the changes in the Group's trade payables and other financial liabilities during 2021:

In €m	1 Jan 2022	Net-Cash flows [1]	FX move-ment	Other [2]	31 Dec 2022
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 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	Net-Cash flows	FX move-ment	Other	31 Dec 2021
Other financial liabilities – Convertible bond	-	(2.3)	-	12.5	10.2

As at 31 December 2022, current other financial liabilities included €8.2 million and non-current other financial liabilities included €243.8 million related to the debt component of Convertible Bonds.

On 15 March 2021, the Group issued Convertible bonds for gross proceeds of €375.0 million, with transaction costs of €5.9 million and with a fixed coupon rate of 1.25%.

On 27 April 2022, the Group repurchased convertible bonds, which were due to be redeemed on 15 March 2028. The Group purchased Bonds representing €95.1 million in aggregate principal amount (approximately 25 % of the original principal amount).

The purchase price per €100,000 nominal amount was €78,000, resulting in a cash outflow of €74.3 million. This resulted in a gain recognised in the interim condensed consolidated statement or profit or loss of €9.3 million.

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 the 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 2022 was 74.62% (31 December 2021: 78.69%) of the nominal value, approximately €208.9 million (31 December 2021: €295.1 million). The fair value of convertible bonds is classified as level 1 as the bonds are traded on the Frankfurt Stock Exchange.

The equity component was €36.3 million (31 December 2021: €48.6 million).

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 of proft or loss. However, the valuation of these options was nil at date of issue as well as at 31 December 2022 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.

As of 31st December 2022, liabilities from taxes relate primarily to VAT obligations and amounted to €43.1 million (2021: €22.0 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.

23. OTHER NON-FINANCIAL LIABILITIES

In €m	31 Dec 2022	31 Dec 2021
Non-Current		
Other non-financial liabilities	1.0	1.8
Other non-financial liabilities (non-current)	1.0	1.8
Current		
Liabilities from taxes	45.3	27.4
Accruals for personnel related expenses	18.4	21.5
Liabilities to employees	2.9	3.6
Liabilities from social security	1.9	5.3
Contract liabilities	35.6	38.0
Other non-financial liabilities	-	1.7
Withholding tax payable	0.3	-
Other non-financial liabilities (current)	104.4	97.5
Income tax liabilities	18.3	21.3
Total non-finanical liabilities	**123.7**	**120.6**

24. REVENUE

Revenues for the year are as follows:

In €m	2022	2021
Sale of goods	956.5	911.0
Marketplace	115.3	104.8
Other	30.3	20 .1
Total Revenue	**1,102.1**	**1,035.9**

Other revenues include platform services by providing operations, marketing and data services in addition to a minor contribution of 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	2022	2021
Wages and salaries [1]	197.4	157.3
Social security costs [2]	14.3	12.2
Share-based payment expense	8.0	20.0
Total	**219.7**	**189.5**

[1] Wages and salaries included in Cost of sales amounts to €0.8m (2021: €0.9m) and amounts included within Selling and Distribution expenses €94.3m (2021 : €73.2) and Administrative expenses were €102.3m (2021: €83.2m).

[2] Social security contributions included in Cost of sales amounts to €0.1m (2021: €0.1m) and amounts included within Selling and Distribution expenses €5.9m (2021: €5.2m) and Administrative expenses were €8.3m (2021: €6.9m).

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 2022 was:

2022	LATAM	SEA	ANZ	Other [1]	Total
Average number of employees	3,108	1,747	1,263	189	**6.307**

[1] "Other" includes employees of headquarters and other business activities.

The average monthly number of employees in 2021 was:

2021	LATAM	SEA	ANZ	Other [1]	Total
Average number of employees	3,281	1,818	934	160	**6.193**

[1] "Other" includes employees of headquarters and other business activities

Total Selling and Distribution expenses for the year were €367.2 million (2021: €349.5 million). Total Administrative expenses for the year were €203.4 million (2021: €178.4 million). Employee benefit expenses and Depreciation and Amortisation (Note 26) are included within these balances per the consolidated statement of profit or loss.

26. DEPRECIATION AND AMORTISATION EXPENSES

During the financial year, depreciation and amortisation expenses were categorised in expenses per function, as follows:

In €m	2022	2021
Included in selling and distribution expenses		
Depreciation of property, plant & equipment	8.0	7.6
Depreciation of right-of-use assets	10.2	8.8
Amortisation of intangible assets	0.8	0.4
Included in general and administrative expenses		
Depreciation of property, plant & equipment	2.8	2.2
Depreciation of right-of-use assets	3.9	3.8
Amortisation of intangible assets	28.7	22.1
Total	**54.4**	**44.9**

27. OTHER OPERATING INCOME AND EXPENSES

Other operating income for the year was €2.3 million (2021: €1.5 million), which consisted of income from the disposal of property, plant and equipment and other income.

Other operating expenses for the year are as follows:

In €m	2022	2021
Other operating expenses		
Loss from disposal of intangible assets	-	0.3
Loss from disposal of PPE	0.8	0.1
Write-off of receivables	0.7	1.2
Other taxes	1.2	4.2
Other expenses	3.9	2.7
Total other operating expenses	**6.6**	**8.5**

28. FINANCIAL RESULT

The financial result for the year is as follows:

In €m	Note	2022	2021
Financial Result			
Interest income		1.3	1.5
Interest expenses		(16.7)	(9.9)
Interest expense on lease liabilities	12	(5.3)	(4.6)
Interest expense on convertible bond	22	(11.4)	(11.5)
Foreign exchange gains/(losses)		7.0	(3.4)
Fair value changes to investment funds		(12.4)	(0.8)
Total financial result		**(37.5)**	**(28.7)**

29. DISCONTINUED OPERATIONS

On 12 December 2022, the Group completed the sale of its Lamoda business, with operations in Russia, Kazakhstan and Belarus, for the cash consideration of €149.2 million. The Lamoda business represented the CIS segment and formerly included operations in Ukraine, which were not part of the disposal group. On 28 September 2022, the sale was deemed to be highly probably and the CIS segment was classified as an Asset Held for Sale until the date of disposal and as a Discontinued Operation for the year.

The result of the CIS segment for the period is presented below:

In €m	For the period ended 12 Dec 2022	For the year ended 31 Dec 2021
Revenue	794.4	523.6
Expenses	(693.5)	(519.0)
Operating profit (EBIT)	**100.9**	**4.6**
Finance income	20.2	-
Finance expense	(9.7)	(4.1)
Income before tax from discontinued operations	**111.4**	**0.5**
Income taxes	(17.1)	(1.3)
Income for the year for discontinued operations from operating activities	**94.3**	**(0.8)**
Loss on disposal of discontinued operation	(112.5)	-
Net loss for the period from discontinued operations	**(18.2)**	**(0.8)**

The major classes of assets and liabilities of CIS classified as held for sale as at 12 December 2022 are, as follows:

Effect of disposal on financial position of the group

In €m	As at 12 Dec 2022
Assets	
Property, Plant and Equipment	42.5
Right of Use Asset	96.2
Goodwill	0.6
Intangible Assets	43.3
Other financial assets & Deferred tax assets	16.7
Inventories	157.0
Debtors	29.3
Other non-financial assets	13.7
Cash and cash equivalents	112.6
Total Assets	**511.9**
Liabilities	
Lease liabilities	(97.1)
Non-Financial liabilities	(72.3)
Trade payables and other liabilities	(169.7)
Total liabilities	**(339.1)**
Net assets directly associated with the disposal group	**172.8**
Consideration received, satisfied by cash	149.2
Less: Net assets directly associated with the disposal group	(172.8)
Less: Foreign currency translation loss recycled to profit or loss	(86.8)
Less: Transaction costs	(2.1)
Loss on disposal	**(112.5)**

The net cash flows incurred by CIS are, as follows:

In €m	For the period ended 12 Dec 2022	For the year ended 31 Dec 2021
Operating	130.3	21.7
Investing	(25.1)	(22.5)
Financing	9.2	2.2
Net cash inflow	**114.4**	**1.4**

Earnings per share

In €m	31 Dec 2022	31 Dec 2021
Basic and diluted, profit for the period from discontinued operations (€)	(0.1)	0.0

30. INCOME TAXES

Income tax (expense)/benefit is as follows:

In €m	2022	2021
Current tax expense	(4.7)	2.0
Thereof prior period	*0.1*	*1.5*
Deferred tax	(3.0)	8.8
Income tax (expense) / benefit for the year	**(7.7)**	**10.8**

Income tax paid in 2022 amounts to €15.2 million (2021: €9.2 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	2022	2021
Profit/(loss) before tax	**(170.7)**	**(134.8)**
Weighted average applicable tax rate (in %)	29.4	11.4
Tax calculated at domestic tax rates applicable to profits in the respective countries	50.2	15.5
Tax effect of items which are not deductible or assessable for taxation purposes:		
Share-based payment expenses	-	(0.3)
Other permanent differences	(2.5)	(9.1)
Income which is exempt from taxation	3.3	14.2
Expenses not deductible for tax purposes	(31.1)	(6.3)
Utilisation of previous unrecognised tax losses	(1.6)	8.7
Unrecognised tax loss carry forwards for the year	(27.5)	(16.6)
Adjustments in respect of prior years	0.8	4.0
Other	0.7	0.7
Income tax (expense) / benefit for the year	**(7.7)**	**10.8**

Deferred tax effects relating to each component of other comprehensive income

In 2022 and 2021 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. €3,445.0 million (2021: 2,877.3 million). The tax loss carry forwards expire as follows:

In €m	2022	2021
Tax loss carry forward expiring by the end of:		
Within one year	9.9	9.0
After one year but not more than five years	42.3	57.2
More than five years	623.9	59.7
Indefinite	2,778.9	2,751.4
Total tax loss carry forwards	**3,445.0**	**2,877.3**

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.

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 2022	Exchange differences	Transferred to Disposals	Charged / (credited) to profit or loss	31 Dec 2022
Tax effect of deductible / (taxable) temporary differences and tax loss carry forwards					
Difference between tax and accounting value of:					
Trade name	(15.5)	(0.3)	-	2.0	(13.8)
Customer relationship	(6.5)	(0.7)	3.4	1.5	(2.3)
Technology	(1.1)	-	-	(0.1)	(1.2)
Tax loss carryforwards	21.8	-	(0.8)	(10.0)	11.0
Other	4.0	0.7	(4.2)	(3.6)	4.1
Net deferred tax asset / (liability)	**2.7**	**(0.3)**	**(1.6)**	**(3.0)**	**(2.2)**
Recognised deferred tax asset	25.8	0.7	(5.0)	(6.4)	15.1
Recognised deferred tax liability	(23.1)	(1.0)	3.4	3.4	(17.3)

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	0.3	-	7.2	21.8
Other	3.6	0.1	-	0.3	4.0
Net deferred tax asset / (liability)	**(7.5)**	**(0.1)**	**-**	**10.3**	**2.7**
Recognised deferred tax asset	17.9	0.4	-	7.5	25.8
Recognised deferred tax liability	(25.4)	(0.5)	-	2.8	(23.1)

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 €44.2 million (2021: € 214.7 million) of unremitted earnings of subsidiaries for which no deferred tax liabilities were recognised.

31. CONTINGENCIES AND COMMITMENTS

Legal proceedings

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 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 €17.9 million (2021: €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 2022, potential tax risks, including the issues above, estimated by the Group amount to €95.0 million (2021: €126.6 million) including €41.9 million in relation to income tax and €53.1 million in relation to indirect tax (2021: € 51.2 and € 75.4 million), of which provisions of €37.2 million (2021: €43.5 million) including €17.5 million in relation to income tax and €19.7 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 2022, the Group had commitments of €2.9 million (2021: € 33.6 million) primarily relating to ongoing development of the warehouse in Brazil (prior year capital commitments related to completion of a new fulfilment center in Russia).

32. 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 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 scope of debt financing operations of GFG.

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 of 92% 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.

At 31 December 2022, if the € 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 €13.7 million (2021: €34.0 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 €.

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.

During 2022, there were significant fluctuations in some of the Group's key reporting currencies, as follows:

Currency / €	Closing FX rate 31 Dec 2022	Closing FX rate 31 Dec 2021	% Variance
RUB	74.6816	85.3002	12.4
BRL	5.6412	6.3103	10.6
AUD	1.5768	1.5615	(1.0)

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, cash and cash equivalents and investment funds. In relation to cash and cash equivalents, 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 2022, 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	19.7	(0.2)
Logistics companies	2.9	-
Large corporate clients	12.7	(0.2)
Individual customers	2.5	(0.6)
Other	0.3	-
Total	**38.1**	**(1.0)**

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)**

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 2022:

In €m	Gross Carrying Amount	Loss allow-ance	Loss rate (%)
Current (not past due)	30.8	(0.2)	(0.8)
1 – 30 days past due	2.6	(0.1)	(2.0)
31 – 60 days past due	0.8	-	-
61 – 90 days past due	0.8	(0.4)	-
More than 90 days past due	3.1	(0.3)	(9.9)
Total	**38.1**	**(1.0)**	**(2.5)**

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	2022
Balance as at 1 January 2022	(0.5)
Net remeasurement of loss allowance (as per income statement)	(0.5)
Balance as at 31 December 2022	**(1.0)**

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, reserve borrowing facilities (see further detail in note 20) and 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 2022 and 2021 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 2022 is as follows:

In €m	Less than 1 year	From 1 to 5 years	Over 5 years	Total
Liabilities				
Undiscounted Borrowings	17.1	-	-	17.1
Trade payables and other financial liabilities	191.1	1.4	-	192.5
Other financial liabilities – convertible bond	3.5	290.4	-	293.9
Undiscounted Lease liabilities	18.7	56.8	10.9	86.3
Total future payments, including future principal and interest payments	**230.3**	**348.6**	**10.9**	**589.8**

As at 31 December 2022, the carrying value of borrowings, trade payables and other financial liabilities and lease liabilities, were €17.0 million, €452.5 million and €74.0 million respectively.

The convertible bond redemption value of €243.8 million is included within trade payables and other financial liabilities due within 1 to 5 years.

The maturity analysis of financial liabilities at 31 December 2021 was as follows:

In €m	Less than 1 year	From 1 to 5 years	Over 5 years	Total
Liabilities				
Undiscounted Borrowings	66.2	13.4	-	79.6
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	169.0
Total future payments, including future principal and interest payments	**418.9**	**506.8**	**38.5**	**964.2**

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.

33. 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 2022	31 Dec 2021
Equity attributable to equity holders of the parent	475.5	569.7
Total Assets	1,173.9	1,544.7
Equity Ratio (%)	40.5	36.9

There were no changes made to the objectives, policies or processes during the period from incorporation up to 31 December 2022.

34. 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/loss on the net monetary position due to Hyperinflation for the year ended 31 December 2022 was €5.5 million (2021: €3.2 million).

The Consumer Price Index ("IPC"), as published monthly by the Argentine Ministry of Economy, presented an accumulated interannual variation was 50.9% for the year ended 31 December 2021 while for the year edned 31 December 2022, it was 94.8%.

35. EVENTS AFTER THE REPORTING PERIOD

Effective 1 March 2023, Patrick Schmidt, Co-Chief Executive Officer of GFG stepped down by mutual agreement, after 10 years with the company. Christoph Barchewitz, current Co-Chief Executive Office, has been appointed Chief Executive Officer.

Also effective 1 March 2023, Gunjan Soni was appointed to the Management Board, joining Christoph Barchewitz and Matthew Price, Chief Financial Officer. Gunjan Soni has taken the role of Group Chief Operating Officer in addition to her role as ZALORA Chief Executive Officer which she has held since 2019.

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

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5. 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 2022, 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 2022, 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 estimated value of equity interests of the investments prepared by Management and comparing the carrying value of the investments to the estimated 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 from section 2.1 and the corporate governance statement in section 1.3 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").

Building a better working world

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 15 June 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 9 years.

The management report from section 2.1 to section 2.5 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying corporate governance statement in section 1.3 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 2022 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 valid xHTML format.

In our opinion, the financial statements of the Company as at 31 December 2022, identified as "5493001035L29EQRO222-2022-12-31-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, 14 March 2023

PARENT FINANCIAL STATEMENTS

CONTENTS
SECTION 6

BALANCE SHEET 192
PROFIT AND LOSS ACCOUNT 194
NOTES TO THE FINANCIAL STATEMENTS 196

BALANCE SHEET
as at 31 December 2022

ASSETS

In €		Note	31 Dec 2022	31 Dec 2021
B. Formation Expenses		3	3,938,521.54	6,791,691.16
C. Fixed Assets				
I.	Intangible assets			
2.	Concessions, patents, licences, trademarks and similar rights and assets, if they were	4	-	15,702.20
	a) acquired for valuable consideration and need not be shown under C.I.3		-	*15,702.20*
	b) created by the undertaking itself		-	15,702.20
III.	Financial assets	5	1,095,525,412.26	1,544,029,644.78
1.	Shares in affiliated undertakings		1,095,525,412.26	1,544,029,644.78
D. Current Assets				
II.	Debtors	6	16,754,150.46	22,680,438.85
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		16,176,763.70	21,759,343.82
	a) becoming due and payable within one year		16,176,763.70	21,759,343.82
4.	Other debtors		534,848.74	878,557.01
	a) becoming due and payable within one year		534,848.74	878,557.01
III.	Investment	8	222,571.35	222,571.35
1.	Own shares	7	2,026,124.76	2,328,947.58
IV.	Cash at bank and in hand		19,002,846.57	25,231,957.78
E. Prepayments			-	-
Total Assets			**1,118,466,780.37**	**1,576,068,995.92**

BALANCE SHEET
as at 31 December 2022 (continued)

CAPITAL, RESERVES AND LIABILITIES

In €		Note	31 Dec 2022	31 Dec 2021
A. Capital and Reserves		8		
I.	Subscribed capital		2,202,929.14	2,172,929.14
II.	Share premium account		3,568,689,053.56	3,568,719,053.56
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		(2,380,337,033.36)	(2,316,872,924.18)
VI.	Profit or loss for the Financial year		(487,801,330.74)	(63,464,108.18)
			702,976,189.95	**1,190,777,521.69**
C. Creditors		9		
1.	Debenture loan		279,900,763.25	375,000,000.00
	a) Convertible loans		279,900,763.25	375,000,000.00
	i) becoming due and payable within one year			
	ii) becoming due and payable after more than one year		279,900,763.25	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	1,870,329.46	2,676,837.86
	a) becoming due and payable within one year		1,870,329.46	2,676,837.86
6.	Amounts owed to affiliated undertakings	9	126,553,967.58	6,624,202.21
	a) becoming due and payable within one year		126,553,967.58	2,000,000.00
	b) becoming due and payable after more than one year		-	4,624,202.21
8.	Other creditors	9	1,824,870.79	990,434.16
	a) Tax authorities		23,762.26	13,153.69
	b) Social security authorities		160,903.67	178,924.50
	c) Other creditors		1,640,204.86	798,355.97
	i) becoming due and payable within one year		*1,640,204.86*	*798,355.97*
			410,149,931.08	**385,291,474.23**
D. Deferred income		10	5,340,659.34	-
Total Capital, Reserves and Liabilities			**1,118,466,780.37**	**1,576,068,995.92**

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2022

In €	Note	31 Dec 2022	31 Dec 2021
4. Other operating income	11	4,078,128.54	4,512,100.83
5. Raw materials and consumables and other external expenses	12	(7,095,442.45)	(11,594,276.31)
a) Raw materials and consumables		(1,475.80)	(1,389.34)
b) Other external expenses		(7,093,966.65)	(11,592,886.97)
6. Staff costs	13	(1,685,175.30)	(842,851.77)
a) Wages and salaries		(1,670,898.74)	(829,201.83)
b) Social security costs		(14,276.56)	(13,649.94)
ii) other social security costs		(14,276.56)	(13,649.94)
7. Value adjustments		(2,813,432.19)	(3,949,584.35)
a) in respect of formation expenses and of tangible and intangible fixed assets	3, 4	(2,868,871.82)	(1,737,726.42)
b) in respect of current assets		55,439.63	(2,211,857.93)
8. Other operating expenses	14	(351,420.15)	(356,548.50)
9. Income from participating interests	15	-	-
a) derived from affiliated undertakings		-	-
11. Other interest receivable and similar income		21,302,281.69	1,414,716.11
a) derived from affiliated undertakings	16	279,536.35	1,413,546.64
b) other interest and similar income		21,022,745.34	1,169.47
13. Value adjustments in respect of financial assets and of investments held as current asset	5	(460,343,792.11)	(48,501,000.00)
14. Interest payable and similar expenses	17	(40,858,189.72)	(4,130,719.99)
a) concerning affiliated undertakings		(36,966,862.12)	(20,715.28)
b) other interest and similar expenses		(3,891,327.60)	(4,110,004.71)
15. Tax on profit or loss		(15,349.05)	(13,536.70)
16. Profit or loss after taxation		(487,782,390.74)	(63,461,700.68)
17. Other taxes not shown under items 1. to 17.	18	(18,940.00)	(2,407.50)
18. Profit or loss for the Financial Year		**(487,801,330.74)**	**(63,464,108.18)**

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2022

1. GENERAL INFORMATION

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

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

- Dafiti – LATAM
- Zalora – SEA
- THE ICONIC – ANZ

During the year the war in Ukraine made operating a business in Russia very uncertain and ultimately led to the Group's decision to exit the region. GFG executed the successful sale of the Commonwealth of Independent States (CIS) business, Lamoda, in Russia, Kazakhstan and Belarus. The transaction completed on 12 December 2022 for gross €149.2 million proceeds, resulting in a net loss on the disposal of €112.5 million.

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, authorization, 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.

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 14 March 2023. The shareholders will ratify the approval of the Financial statements at the annual general meeting.

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 and the going concern assumption. As at 31 December 2022, the current ratio of the Company was in a negative position as a result of an intercompany creditor becoming current during the year. The intercompany creditor is an entity controlled by the Company and the balance will be settled in 2023 via an equity restructure between the Company and its affiliated undertakings.

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	20.00%	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.

Deferred income
Deferred income includes income received during the financial year but relating to a subsequent financial year.

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 nominal value and the relevant portion of issuance costs are recorded under formation expenses.

Comperative figures.
Some figures for the year ended 31 December 2021 hebe been reclassified to ensure the comparability with the figures for the year ended 31 December 2022. These reclassifications have no effect on the prior year's loss.

3. FORMATION EXPENSES

The movements for the year were as follows:

In €	Total as at 31 Dec 2022	Total as at 31 Dec 2021
Gross book value – opening balance	9,773,539.02	4,203,912.00
Additions for the year	-	5,569,627.02
Gross book value – closing balance	9,773,539.02	9,773,539.02
Accumulated value adjustment – opening balance	(2,981,847.86)	(1,261,173.60)
Allocations for the year	(2,583,169.62)	(1,720,674.26)
Reversal of amortised costs related to partial bond repurchase	(1,093,857.66)	-
Accumulated value adjustment – closing balance	(5,835,017.48)	(2,981,847.86)
Net book value – closing balance	**3,938,521.54**	**6,791,691.16**

Formation expenses relate to the transaction's costs qualifying as IPO (occurred in July 2019) related costs for a consideration of €4,203,912.00 and the convertible bonds issuance expenses (occurred in March 2021) for a consideration of €5,569,627.02 which have been capitalised and amortised over the period ending 15 March 2026, which is the put option date of the convertible bonds. The formation expenses related to the convertible bonds issuance expenses have been reduced by €1,093,857.86, approximately 25% following bond repurchase in May 2022.

4. INTANGIBLE ASSETS

The movements for the year are as follows:

In €	Software	Licenses	Total as at 31 Dec 2022
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	(39,717.33)	(44,827.00)	(84,544.33)
Allocations for the year	(15,702.20)	-	(15,702.20)
Accumulated value adjustment – closing balance	(55,419.53	(44,827.00)	(100,246.53)
Net book value – closing balance	**-**	**-**	**-**

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**

5. SHARES IN AFFILIATED UNDERTAKINGS

The movements for the year are as follows:

In €	Total as at 31 Dec 2022	Total as at 31 Dec 2021
Gross book value – opening balance	2,948,694,743.90	2,611,772,456.25
Additions for the year	48,269,554.35	337,032,387.88
Disposals for the year	(105,259,557.4)	(110,100.23)
Gross book value – closing balance	2,891,704,740.85	2,948,694,743.90
Accumulated value adjustment – opening balance	(1,404,665,099.35)	(1,356,164,099.35)
Allocation for the year	(460,343,792.11)	(48,501,000.00)
Disposals for the year	68,829,562.64	-
Accumulated value adjustment – closing balance	(1,796,179,328.64)	(1,404,665,099.35)
Net book value – closing balance	**1,095,525,412.26**	**1,544,029,644.78**

As at 31 December 2022, the investment in Global Fashion Group SGP Services Pte. Ltd present an impairment of €48,269,554.35 and the investment in Bigfoot GmbH present an impairment of €412,074,237.76. As Bigfoot GmbH indirectly owns the operating entities of the Group, an impairment was recorded after the Group sold its CIS business. The CIS business represented a material part of the value of the Group, generating approximately 35% of total revenue for the Group. The sale generated a loss on disposal of €112,500,000.00. Following this, the impairment was booked to reflect the reduction in the value of Bigfoot GmbH net assets.

The addition of the year (€48,269,554.35) relates to the investments in Global Fashion Group SGP Services Pte. Ltd.

The disposals of the year (€36,429,994.76) relate to the share transfer of Jade 1159. GmbH and Jade 1218. GmbH to Bigfoot GmbH.

Name	Country	Own-ship %	Last balance sheet date	Net equity at the last balance sheet date €	Result for the last financial year €	**Carrying value as at 31 Dec 2022 €**	Carrying value as at 31 Dec 2021 €
Bigfoot GmbH	Germany	100	31.12.2022	1,256,478,745.04	(323,551,228.12)	393,766,502.91	805,840,740.67
Jade 1159. GmbH	Germany	0	31.12.2022	-	2,377,192.00	-	16,705,275.74
Jade 1218. GmbH	Germany	0	31.12.2022	-	2,355,291.06	-	19,724,719.02
GFG UK Finance Limited	United Kingdom	100	31.12.2022	876,122,501.43	15,762,825.91	697,814,964.69	697,814,964.69
GFG SGP Services Pte. Ltd	Singapore	100	31.12.2022	(22,191,965.74)	(24,853,558.14)	-	-
GFG Luxembourg One S.A.r.l.	Luxem-bourg	100	31.12.2022	4,681,971.40	(38,734.97)	2,000,000.00	2,000,000.00
GFG eCommerce Technologies GmbH	Germany	100	31.12.2022	7,717,609.25	2,108,673.25	1,943,944.43	1,943,944.43

Name	Country	Ownership %	Gross book value 31 Dec 2022 €	Accumulated Value Adjustments 31 Dec 2022 €	Net book value 31 Dec 2022 €
Bigfoot GmbH	Germany	100.00	2,087,175,277.38	(1,693,408,774.47)	393,766,502.91
Jade 1159. GmbH	Germany	100.00	-	-	-
Jade 1218. GmbH	Germany	100.00	-	-	-
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	100.00	0.23	-	0.23
Global Fashion Group SGP Services Pte. Ltd.	Singapore	100.00	102,770,554.35	(102,770,554.35)	-
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
			2,891,704,740.85	**(1,796,179,328.82)**	**1,095,525,412.26**

In the opinion of the Supervisory Board, the investments in the above companies do not present permanent impairment as of 31 December 2022.

During the year 2022, Global Fashion Group SGP Services Pte. Ltd. provided an additional equity funding for a total amount of €48,269,554.35.

During the year 2022, Jade 1159. GmbH and Jade 1218. GmbH transferred their shares to Bigfoot GmbH with a sale price of €1,233,000.00 resulting in a loss of €35,196,994.76.

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	100.00	0.00	-	0.00
Global Fashion Group SGP Services Pte. Ltd.	Singapore	100.00	54,501,000.00	(54,501,000.00)	0.00
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**

6. DEBTORS

As at 31 December 2022 and 2021, the debtors' balance were the following:

In €	Within one year	After more than one year	Total 31 Dec 2022
Trade debtors	42,538.02	-	42,538.02
Amounts owed by affiliated under-takings[1]	16,176,763.70	-	16,176,763.70
Other debtors[2]	534,848.74	-	534,848.74
Total debtors	**16,754,150.46**	**-**	**16,754,150.46**

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**

7. CASH AT BANK AND IN HAND

As at 31 December 2022, cash at bank and in hand includes current account balances amounting to €2,026,124.76 (2021: €2,328,947.58).

1 As at 31 December 2022, amounts owed by affiliated undertakings are mainly composed of: Intercompany loan due within one year granted to Global Fashion Group UK Finance Limited for a total amount of €12,300,000.00 (2021: € Nil) and of receivables from affiliated companies for a total amount of €1,115,767.29 (2021: €2,230,940.33). They are mainly composed of management recharges receivable from GFG Luxembourg One SARL for an amount of €105,885.00 (2021:€105,885.00), Internet Services Australia for an amount of €191,716.00 (2021: €739,253.00), and Dafiti Brazil for an amount of €717,215.74 (2021:€717,215.74). As at 31 December 2021, amounts owed by affiliated undertakings also composed of an 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 EUR 16,762,535.63. This loan has been repaid during the year.

2 As at 31 December 2022, other debtors are composed of (i) VAT receivables for an amount of €5,546,519.98 (2021: €4,472,633.72), offset with VAT payables of €4,146,058.40 (2021: €3,328,244.16), and VAT payables of prior years of €871,852.30 (2021:net receivable of €271,852.30) (ii) and the advance of the net worth tax 2021 paid for an amount of €6,018.75 (2021: €6,018.75).

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 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
Prior year's result allocation	-	-	-	(63,464,108.08)	63,464,108.08	-
Capital increase	30,000.00	-	-	-	-	30,000.00
Proceeds from issued share capital	-	(30,000.00)	-	-	-	(30,000.00)
Net profit/ (loss) for the year	-	-	-	-	(487,801,330.74)	(487,801,330.74)
As at 31 Dec 2022	**2,202,929.14**	**3,568,689,053.56**	**222,571.35**	**(2,380,337,033.36)**	**(487,801,330.74)**	**702,976,189.95**

Subscribed capital

As of 31 December 2021, the subscribed capital was composed of 217,292.912 common shares with a par value of €0.01 per share.

The following operations have taken place during the year:

On 3 February 2022, 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 thirty thousand Euro (€30,000.00) so as to raise it from its then current amount of two million one hundred seventy-two thousand nine hundred twenty-nine Euro and fourteen cents (€2,172,929.14) up to two million two hundred two thousand nine hundred twenty-nine Euro and fourteen cents (€2,202,929.14) through the issue of three million (3,000.000) common shares in dematerialised form with a nominal value of one cent (€0.01) each.

As of 31 December 2022, the subscribed capital is composed of 220,292.912 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 2022	217,292.914	n/a	2.1	3,568
Additions of the year	3,000,000	0.01	0.1	-
Disposals for the year	-	-	-	-
Balance as at 31 December 2022	**220,292.914**	**n/a**	**2.2**	**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 2022, the share premium amounts to €3,568,689,053.56 (2021: €3,568,719,053.56).

Reserves for own shares

The total number of own shares was 278,773 as at 31 December 2022 and 182,378 as at 31 December 2021. The change in the year was as a result of the transfer of shares previously held on trust for the Company, to the Company's share account.

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 2022, no allocation to legal reserve was made due to the negative financial result in the current financial year.

9. CREDITORS

As at 31 December 2022 and 2021, 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 2022
Convertible bonds	-	-	279,900,763.25	279,900,763.25
Trade creditors	1,870,329.46	-	-	1,870,329.46
Amounts owed to affiliated undertakings	126,553,967.58	-	-	126,553,967.58
Tax and social security debts	184,665.93	-	-	184,665.93
Other creditors	1,640,204.86	-	-	1,640,204.86
Total creditors	**130,249,167.85**	**-**	**279,900,763.25**	**410,149,931.08**

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**

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).

On 27 April 2022, the Group repurchased convertible bonds, which were due to be redeemed on 15 March 2028. The Group purchased Bonds representing €95.1 million in aggregate principal amount (approximately 25 % of the original principal amount).

The purchase price per €100,000 nominal amount was €78,000. This resulted in a gain recognised in the statement of profit or loss of €20.9 million, recognised in other interest and similar income. Following the settlement of the repurchase, an aggregate principal amount of the Bonds of €279.9 million is outstanding. The original terms of the bonds remain unchanged for the remaining outstanding units.

As at 31 December 2022, trade creditors mainly included provisions for accounting and auditing costs for an amount of €595,846.74 (2021: €686,976.24).and other provisions for a total amount of €696,859.02 (2021: €1,778,407.35) mainly related to interest payable on convertible bonds.

As at 31 December 2022, amounts owed to affiliated undertakings included various intercompany loans granted by Global Fashion Group TRM Limited, for a total amount of €123,412,980.18, and the intercompany loan granted by Bigfoot GmbH, for an amount of €2,000,000.00. The intercompany loans granted by Global Fashion Group TRM Limited bear various interest rates and mature in 2023. The interest expense for the financial year 2022 was €959,440.81 (2021: EUR nil). The intercompany loan granted by Bigfoot GmbH bears interest at 4.587% and matures on 26 September 2023. The interest expense for the financial year 2022 was €100,305.56 € (2021: €20,715.28).

10. DEFERRED INCOME

Deferred income comprise payment received in advance in respect of consulting services that will be rendered in 2023 for a total amount of €5,340,659.34 (2021: Nil).

11. OTHER OPERATING INCOME

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

12. RAW MATERIALS AND CONSUMABLES AND OTHER EXTERNAL EXPENSES

The raw materials and consumables and other external expenses were as follows:

In €	Total 31 Dec 2022	Total 31 Dec 2021
Raw materials and consumables	**(1,475.80)**	**(1,389.34)**
Other external fees	(1,475.80)	(1,389.34)
Other external expenses	**(7,093,966.65)**	**(11,592,886.97)**
Legal fees	(1,848,980.84)	(1,683,955.31)
Accounting and audit fees	(1,133,018.92)	(1,397,359.86)
Other external fees	(742,966.08)	(597,373.40)
Other operational expenses	(3,370,476.60)	(7,914,198.40)
Raw materials and consumables and other external expenses	**(7,095,442.45)**	**(11,594,276.31)**

13. STAFF

The Company did employ three employees during the year (2021: two employee).

14. OTHER OPERATING EXPENSES

The other operating expenses were as follows:

In €	Total 31 Dec 2022	Total 31 Dec 2021
Director's fee	(326,875.10)	(266,044.99)
Software licenses	(24,545.05)	(90,503.51)
	(351,420.15)	**(356,548.50)**

15. INCOME FROM PARTICIPATING INTERESTS

During the year 2022, the Company did not receive any dividends or incomes from its affiliated undertakings companies (2021: €nil).

16. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

In 2022, other interest and similar income mainly related to realised foreign exchange gains of €42,282.10 (2021: €20,041.06), gain on repurchase of convertible bonds of €20,921,514.95 (2021: €nil), other revenues of €72,840.00 (2021: €42.18), and other interest and similar revenues of €265,644.64 (2021: €1,394,632.87).

17. INTEREST PAYABLE AND SIMILAR EXPENSES

In 2022, other interest and similar expense included interest on intercompany loans of €1,782,844.90 (2021: €85,507.29), interest on the convertible bonds of €3,807,922.24 (2021: €3,734,234.45), the loss resulting from the transfer of shares of Jade 1159 and Jade 1218 to Bigfoot for €35,196,994.76 (2021: € nil) and the foreign exchange losses of €70,427.82 (2021: €310,978.25).

18. TAXATION

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

19. AUDITOR'S FEES

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

20. RELATED PARTIES TRANSACTIONS

The Company conducts transactions with affiliated entities of GFG Group on normal commercial terms and conditions. These transactions may include loans granted/received to/from group entities (Notes 6 and 9), intercompany recharges in connection with delivery/reception of services and other operations.

21. 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 2022:

Issuance Date	Beneficiary name	Amount (€)
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
05.10.20	DK COMPANY VEJLE	90,000
24.08.20	Accent Brands	809,585
16.06.21	Ralph Lauren	967,680
21.07.20	Pottencial Sequradora	628.770
14.02.22	Santander	7.741.436
08.09.22	PT. Bank HSBC Indonesia	6.559.220

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 (2021: 6,249,171) shares at an average exercise price of €8.86 (2021: €8.86), of which 6,249,171 (2021: 6,244,039) options are vested as of 31 December 2022. 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 2022, 6,811,357 (2021: 3,449,888) share units were granted to participants of the 2019 Share plan. 1,654,755 (2021: 525,170) units were forfeited and 1,830,398 (2021: 2,269,264) 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 € 1.61 (2020: €10.25). The number of awards due to vest in 2023 is 3,289,572.

c) Support Letters

The Company issued several letters of support to its subsidiaries.

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

There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of the management and supervisory bodies during the financial year.

23. SUBSEQUENT EVENTS

Effective 1 March 2023, Patrick Schmidt, Co-Chief Executive Officer of the Group stepped down by mutual agreement, after 10 years with the company. Christoph Barchewitz, current Co-Chief Executive Office, has been appointed Chief Executive Officer.

Also effective 1 March 2023, Gunjan Soni was appointed to the Management Board, joining Christoph Barchewitz and Matthew Price, Chief Financial Officer. Gunjan Soni has taken the role of Group Chief Operating Officer in addition to her role as ZALORA Chief Executive Officer which she has held since 2019.

7. RESPONSIBILITY STATEMENT

Consolidated Financial Statements

We, Christoph Barchewitz, Chief Executive Officer, Gunjan Soni, Chief Operating 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 2022, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards 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, Chief Executive Officer, Gunjan Soni, Chief Operating 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 2022, 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.

14 March 2023

Christoph Barchewitz

Christoph Barchewitz, CEO

Gunjan Soni

Gunjan Soni, COO

Matthew Price

Matthew Price, CFO

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8. ADDITIONAL INFORMATION

8.1 FINANCIAL DEFINITIONS

In line with IFRS 5 disclosure requirements, all financial KPIs related to the Statement of Profit or Loss are presented excluding CIS (as a discontinued operation) for the current and comparative year. All non-financial KPIs are also presented excluding CIS for the current and comparative year.

KPIs related to the Statement of Financial Position exclude all CIS balances as at 31 December 2022, following its disposal on 12 December 2022. The comparative figures are not restated.

KPIs related to the Statement of Cash Flows include all cash flows for CIS up until its disposal date. The comparative figures are not restated.

Active Customers

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

Adjusted EBITDA

Adjusted EBITDA is calculated as loss before interest and tax adjusted for depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets and impairment losses, and adjusted for share-based payment expenses, impairment of goodwill, Group recharges, one off consulting income, changes to estimates for prior year tax, one off payroll and office closure costs, fulfilment centre closure costs and continuity incentives, changes in legal provisions and project costs and IAS 29 Hyperinflation EBITDA impact effective from 1 January 2022 onwards.

Adjusted EBITDA is reconciled in the note 6 to the consolidated financial statements and in section 2.2.3 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. The current year figures below are presented excluding CIS, whilst the prior year figures have not been restated:

In €m	FY 2022	FY 2021
Additions		
Property, plant & equipment	11.9	29.2
Goodwill & other intangibles	32.1	31.0
Total Capex	**44.0**	**60.2**

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 2.2.3 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 2022	FY 2021
Inventory	170.2	283.7
Trade and other receivables (current)	37.1	52.3
Trade payables and other financial liabilities	(208.7)	(332.0)
Convertible bond liability (note 22)	8.2	10.2
Liabilities related to SBP (note 23)	4.0	3.9
Net working capital	**10.8**	**18.1**

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 2022	FY 2021
Cash and cash equivalents	323.5	400.5
Investment funds	11.4	8.0
Restricted cash and cash on deposit	226.5	234.0
Pro-forma cash	**561.4**	**642.5**

8.2 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
email: investors@global-fashion-group.com

Press / Communications
Jovana Lakcevic, Head of PR & Communications
email: press@global-fashion-group.com

Concept / Consulting / Design
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GFG GLOBAL FASHION GROUP