2023

ANNUAL REPORT

GLOBAL FASHION GROUP

GFG AT A GLANCE

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 the leading fashion and lifestyle destination in LATAM, SEA and ANZ. As a global business with local roots, diversity is at the heart of everything we do. This gives real meaning to our purpose of enabling our customers to find true self-expression. We operate under three different brands in our three regions - Dafiti in LATAM, ZALORA in SEA and THE ICONIC in ANZ.

We span 11 countries where we have significant growth opportunities with relatively low online penetration in our large markets. We are only at the beginning of reaching our market potential.

LATIN AMERICA	SOUTHEAST ASIA	AUSTRALIA NEW ZEALAND
dafiti	ZALORA	THE ICONIC
BRAZIL, COLOMBIA, CHILE	INDONESIA, PHILIPPINES, SINGAPORE, MALAYSIA, TAIWAN, HONG KONG	AUSTRALIA, NEW ZEALAND

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;
- We are a **true local expert** which underpins our relevance for both customers and brands; and
- We strive to make every connection between our customers, brands and employees, one that is **People & Planet Positive**

BEST-IN-CLASS CUSTOMER EXPERIENCE

- Broad and relevant assortment with a large choice of global and local brands
- Inspiring and seamless digital experience
- Fast and convenient delivery

PARTNER OF CHOICE FOR BRANDS

- Unlock complex markets helping to manage local regulations or limited infrastructure
- Offer flexible business models and solutions including Retail, Marketplace and Platform Services to align with our partners' own strategies
- Share our ecommerce expertise through Platform Services which create deeper relationships with our brand partners

PEOPLE & PLANET POSITIVE

- Climate action to mitigate our impact and adapt to a low carbon economy
- Circularity and conscious consumption in our contributions and by educating our customers
- Fair and ethical sourcing to ensure decent working conditions in our supply chain
- Diversity, inclusion and belonging to empower true self-expression
- Responsible workplace to ensure workplaces are free from harm and enrich lives
- Responsible business to act with intent and integrity

2023 HIGHLIGHTS

€1,279 M
NMV
(14.2)% yoy

8.8 M
ACTIVE CUSTOMERS
(18.6)% yoy

(6.9)%
ADJ. EBITDA MARGIN

20.8 M
ORDERS
(23.1)% yoy

€61.5
AVERAGE ORDER VALUE
11.6% yoy

FINANCIAL SUMMARY AND KEY PERFORMANCE INDICATORS [1]

	2023	2022
Financial Performance		
Revenue (€m)	838.0	1,069.2
Growth at constant currency (%)	*(18.0)*	*0.0*
Gross profit (€m)	352.9	452.7
Loss before interest and taxes (EBIT) (€m)	(178.5)	(143.5)
Loss for the year (€m)	(179.9)	(174.8)
Adjusted EBITDA (€m)	(58.3)	(42.3)
Adjusted EBITDA / Revenue (%)	(6.9)	(4.0)
Capex (€m)	28.5	42.5
Financial Position		
Net working capital (€m)	(36.9)	10.8
Pro-forma cash (€m)	396.5	561.4
Pro-forma net cash (€m)	206.3	264.5
Group KPIs		
NMV (€m)	1,279.3	1,553.6
Growth at constant currency (%)	*(14.2)*	*(0.7)*
Active Customers (m)	8.8	10.8
Number of Orders (m)	20.8	27.0
Order Frequency	2.4	2.5
Average Order Value (€)	61.5	57.5

[1] All figures are presented excluding Argentina except for pro-forma cash for which Argentina balances remain within the Group following the close of operations.

See Financial Definition section 8.1, for the presentation of the Argentina results following the announcement to close operations on 6 September 2023.

1.1 LETTER FROM OUR MANAGEMENT BOARD

2023 was another year of significant change for GFG and a testament to our resilience. Navigating unprecedented global challenges, we adapted and remain confident in our future potential.

Operating across 11 diverse countries in the dynamic online fashion and lifestyle market, we are inherently exposed to a wide range of factors, from macroeconomic trends to sector-specific developments and the evolution of the online channel itself. 2023 presented a unique set of challenges – some familiar, like the lingering effects of the pandemic and the Ukraine war leading to our CIS exit, and some new and intensifying, such as the global cost-of-living squeeze and heightened competition from cross-border players.

Anticipating continued lower demand and lack of growth in 2023, we took proactive cost measures. However, inflation, rising interest rates and political uncertainties further weakened consumer demand across all our markets. This led to sales and volumes missing expectations, resulting in fixed cost deleverage despite our cost actions.

In spite of these headwinds, we saw positive developments amidst the challenges. Online penetration in our markets continued to grow gradually in 2023, albeit at a slower pace than the pandemic surge. With our regions at earlier stages of this online shift compared to higher-penetrated markets, we firmly believe online penetration will remain a long-term significant longer term growth driver for GFG.

We navigated the year by prioritising what we could control. We implemented cost actions, focused on inventory control, continued with our disciplined customer acquisition and limited capital investments. We also prioritised the growth of our Marketplace, which carries no balance sheet risk, expanding offerings and attracting new customers. By implementing these cost saving measures, we achieved a breakeven quarter to conclude the year and improved our cash flow compared to 2022.

Our regional strategies also adapted to these challenges. In LATAM, we took decisive actions to streamline the business, including consolidating platforms, rationalising product assortment and closing operations in Argentina. Our new LATAM CEO, Leandro Medeiros, brings extensive experience to lead this continued transformation. In SEA, we focused on customer loyalty and further integrating with our brand partners, with the loyalty programme doubling in size and Platform Services growing. In ANZ, our new CEO, Jere Calmes, has already made significant progress on optimising the business model with exciting plans for 2024.

Looking ahead, we understand that market uncertainties persist. Whilst we are confident in our long-term potential, we remain cautious on our expected timing to return to growth, recognising the volatility we have experienced.

2023 was a year of immense change and adaptation. We remain committed to efficiency and innovation, sustainable and responsible development and our partnerships. The actions we have taken and the initiatives in place position us for long-term success. We appreciate your continued trust and support as we navigate this transformative journey together.

Christoph Barchewitz

Christoph Barchewitz, CEO

Gunjan Soni

Gunjan Soni, COO

The Management Board

Christoph Barchewitz
CEO

Gunjan Soni
COO

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 applicable to the Company;
- 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 14 August 2023 (the "Management Board Rules of Procedure");
- the German Corporate Governance Code of 28 April 2022 (the "Code").

In accordance with usual practice, the Management Board and Supervisory Board cooperated closely in the Financial Year 2023. 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. Additionally, the Chairperson of the Supervisory Board has been immediately notified of any important event and the Supervisory Board has approved every transaction of fundamental importance for the Company as well as transactions by members of the Management Board and related persons with GFG. The Chairperson of the Supervisory Board and 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 with the Supervisory Board. Discussions took place in meetings of the Supervisory Board or its committees. Furthermore, the Chairperson of the Audit Committee discussed audit-related topics with the statutory auditor outside the Audit Committee 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 2023 the Supervisory Board had five members. Four members of the Supervisory Board (Cynthia Gordon, Georgi Ganev, Laura Weil and Carol Shen) were reappointed at the Annual General Meeting of Shareholders ("AGM") held on 15 June 2022 ("AGM 2022") for a period of three (3) years expiring at the end of the AGM that resolves on the discharge for the Financial Year 2024. The Supervisory Board Meeting held on 14 December 2022 temporarily appointed John Baker to the Supervisory Board effective from 1 January 2023 in place of Victor Herrero, who resigned from the Supervisory Board effective 1 January 2023. John Baker's appointment was ratified at the AGM held on 14 June 2023 for a period expiring at the end of the AGM that resolves on the discharge for the Financial Year 2024.

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 2023, the Supervisory Board had four committees, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee.

Composition of the Management Board

Members of the Management Board are appointed by the Supervisory Board. Until 1 March 2023, the Management Board was composed of three members, Christoph Barchewitz (Co-CEO), Patrick Schmidt (Co-CEO) and Matthew Price (CFO). Effective 1 March 2023, the Supervisory Board appointed Christoph Barchewitz as sole CEO of GFG and he remained a member of the Management Board. Additionally, Gunjan Soni was appointed Group Chief Operating Officer ("COO") and member of the Management Board and Patrick Schmidt stepped down from his role as Co-CEO and Member of the Management Board. As of 14 August 2023, Matthew Price stepped down from his role as Group CFO and member of the Management Board. After the foregoing changes GFG's Management Board currently has two members: Christoph Barchewitz (Group CEO) and Gunjan Soni (Group COO).

Meetings of the Supervisory Board and its Committees during Financial Year 2023:

- The Supervisory Board met eight (8) times, during the regular board cycle and in ad-hoc meetings. 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 February 2023 passed one (1) written resolution in connection with the convening of the Annual General Meeting;
- A sub-committee appointed by the Supervisory Board on 9 August 2023 passed one (1) written resolution in connection with the repurchase of a portion of the outstanding Convertible bonds due 2028;
- The Audit Committee held a total of four (4) meetings;
- The Remuneration Committee held a total of four (4) meetings;
- The Nomination Committee held a total of one (1) meeting; and
- The Sustainability Committee held a total of three (3) meetings.

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

The 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	8/8	4/4	4/4	1/1	3/3	100%
Georgi Ganev	7/8			1/1		88.8%
Laura Weil	8/8	4/4	4/4			100%
Carol Shen	8/8			1/1	3/3	100%
John Baker	8/8	4/4	4/4		3/3	100%
Total % Attendance						**97.5%**

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 2023:

Supervisory Board

- Changes to the Management Board;
- Standalone and consolidated financial statements for the full financial year 2022. Financial results for the first quarter and third quarter of 2023. Audited financial statements for the first half of financial year 2023 and outlook for the remainder of the financial year;
- The strategic positioning and structure of the Group and the corporate organisation;
- 2023 Group strategic priorities;
- 2023 Budget, mid-term plan and liquidity forecast, 2023 guidance and re-forecast;
- Repurchase of a portion of the outstanding Convertible bonds due 2028 for an amount of € 74.6 million and € 27 million in aggregate principal amount;
- Shutdown of the operations in Argentina;
- Liquidation of the subsidiary in Ukraine;
- Capex and investments;
- Periodic capital market and investor relations updates;
- Sustainability matters, including the review of the sustainability strategy and 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 and Governance, Risk Management and Compliance matters;
- The Declaration of compliance with the German Corporate Governance Code for Financial Year 2023;
- The Corporate Governance Report and Remuneration Report for Financial Year 2022;
- The Non-Financial Report ("People & Planet Positive Report") for Financial Year 2022; and
- Annual Self-Review of Efficiency of the Audit Committee and Supervisory Board.

The Management Board discussed and reviewed the following topics:

- Standalone and consolidated financial statements for the full Financial Year 2022. Financial results for the first quarter and third quarter of 2023. Audited financial statements for the first half of Financial Year 2023 and outlook for the remainder of the Financial Year;
- The strategic positioning and structure of the Group and the corporate organisation;
- 2023 Group strategic priorities;
- 2023 Budget, mid-term plan and liquidity forecast, 2023 guidance and reforecast;
- Amendment to the guidance for Financial Year 2023;
- Repurchase of a portion of outstanding Convertible Bonds due 2028 for an amount of € 74.6 million and € 27 million in aggregate principal amount;
- Closure of the operations in Argentina;
- Closure of the subsidiary in Ukraine;
- Annual review of the dividend policy;
- Capex and investments;
- Gross margins, inventories and provisions;
- Periodic capital market and investor relations updates;
- Sustainability matters, including the review of the sustainability strategy and targets;
- Health and Safety and wellness updates;
- Review and implementation of the succession planning for the key leaders of the Group;
- Remuneration system including the short-term and long-term incentive programmes for employees of the Group;
- Assessment of target achievement in relation to the short-term incentive compensation for employees of the Group for Financial Year 2022;
- Short-term incentive compensation target setting for the employees of the Group for Financial Year 2023;
- Assessment of targets achievement in relation to Performance Stock Units allocated to eligible employees under the long-term incentive plan for Financial Year 2022;
- Allocation of restricted stock units and Performance Stock Units to eligible participants under 2019 LTIP and 2021 LTIP for Financial Year 2023 and determination of related performance targets;
- The agenda for the Annual General Meeting of Shareholders;
- Periodic governance, legal and regulatory and compliance updates;
- Review of the Risk Register;
- Declaration of compliance with the German Corporate Governance Code for Financial Year 2023;
- The Management Board Report; and
- The Non-Financial Report ("People & Planet Positive Report") for Financial Year 2022.

The Audit Committee discussed and reviewed the following topics:

Area of Focus	Actions Taken in 2023
Financial Reporting	• Reviewed key accounting and financial reporting issues in each quarterly meeting • Reviewed and approved standalone and consolidated financial statements for Financial Year 2022; • Reviewed and approved quarterly financial results for Q1 and Q3 2023 and H1 2023 interim consolidated financial statements • Reviewed gross margins, inventories and provisions • Reviewed the cash investment strategy • Reviewed the financial controls status and progress
External Auditor	• Received reports from the external auditor for Financial Year 2022 and H1 of Financial period 2023 covering financial reporting, accounting and audit issues • Reviewed and pre-approved all audit and non-audit services rendered by the external auditor • Approved the 2023 external audit plan • Discussed with the external auditor compliance requirements and timeline regarding the Corporate Sustainability Reporting Directive • 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 2023 and 2024 and provided direction to risk coverage • Followed up on high priority actions with the Management Board

Risk Management	• Reviewed updates in relation to the risk assessment process, risk registers and associated actions including:
	  • Cyber Security and Technology
	  • Treasury Risk Strategy
	• Reviewed summary updates in relation to the enterprise risk management framework
	• Informed of risk transfer strategy with regard to central insurance procurement
	• Reviewed and approved the Cyber and Information Security Risk Management Programme and Roadmap 2023–2024

Internal Controls	• Reviewed the annual internal controls self-assessment programme and methodology • Reviewed summary updates on programme progress
Others	• Review of Corporate Sustainability Reporting Directive (CSRD) reporting readiness and process to be implemented as of Financial Year 2024 • Conducted annual self-assessment of the effectiveness of the Audit Committee

The significant issues considered by the Audit Committee in relation to the financial statements for the Financial Year 2023 were:

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

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 2023;
- Assessment of targets achievement in relation to Performance Stock Units allocated to the Management Board members for Financial Year 2023 under the long-term incentive plan;
- Peers benchmarking;
- Annual compensation review for Financial Year 2023, including review of the compensation for the Management Board after the Management Board changes that took place in March and August of Financial Year 2023;
- Short-term incentive compensation target determination for Management Board members for Financial Year 2023;
- Allocation of Restricted Stock Units and Performance Stock Units to Management Board members for Financial Year 2023 under the long-term incentive plan and determination of related performance targets;
- Review of compensation framework for the Management Board for Financial Year 2024;
- Review of the amended Remuneration Policy approved by the Annual General Meeting of shareholders; and
- Remuneration Report for Financial Year 2023.

The Nomination Committee discussed and reviewed the following topics:

- Succession plan for the Management Board;
- Succession plan for the Supervisory Board;
- Review of the annual Supervisory Board performance survey results and actions post survey; and
- Profile, competencies and CVs of Supervisory Board members.

The Sustainability Committee discussed and reviewed the following topics:

- Quarterly updates regarding GFG People & Planet Positive Strategy;
- 2023 sustainability prioritisation plan;
- Sustainable shopping verification and credibility;
- Approval of the People & Planet Positive Report for Financial Year 2022;
- Amendments of the Sustainability Strategy Targets for 2030;
- Reporting requirements and limited assurance by independent auditors regarding the Corporate Sustainability Reporting Directive; and
- Update on the double materiality assessment required by the Corporate Sustainability Reporting Directive.
- Review of diversity and inclusion progress against targets and goals.

The Supervisory Board satisfied itself with 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 for Financial Year 2023. 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 2023.

The Supervisory Board would like to thank the Management Board and all employees of GFG for their hard work and their high level of commitment during the Financial Year 2023.

Luxembourg, 5 March 2024

The Supervisory Board of GFG

Cynthia Gordon
Chairman

Georgi Ganev
Vice Chair

Laura Weil
Member

Carol Shen
Member

John Baker
Member

1.3 CORPORATE GOVERNANCE REPORT

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

In August 2023, the Supervisory Board and Management Board issued a declaration of compliance for GFG. 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.

1.3.1 DECLARATION OF COMPLIANCE

In this statement, GFG reports in accordance with Article 68 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 German 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 2023 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 in August 2023, 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 Chairman 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 Chairman of a non-Group listed company's Supervisory Board has not given rise to any conflicts or work management issues to date. The Supervisory Board of GFG considers the case-by-case assessment of the compatibility of both roles to be more appropriate.

- Recommendation 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 stock 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, are linked to continuous employment with no financial and non-financial performance criteria attached to it.

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

- Recommendation G.8 of the Code: GFG Remuneration Policy 2023 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.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. 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 2023

Global Fashion Group S.A.

The Management Board,
Christoph Barchewitz and Gunjan Soni

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 and Hospitality Policy, the Sanctions Policy, the Conflict of Interest 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 applicable law, the Articles of Association and the Management Board's Rules of Procedure. It has a duty to act in the best interests of the Company and to enhance its long-term enterprise value. The Board develops the Company's strategy, discusses it and agrees it with the Supervisory Board and ensures its implementation. It is also responsible for appropriate risk management and control. The Management Board shall inform the Supervisory Board in a timely and comprehensive manner of all matters relevant to the company and shall inform the Chairman of the Supervisory Board without undue delay of any important events or business matters that may have a significant impact on the situation of the company. The age limit for members of the Management Board is set at 69 years in the Rules of Procedure of the Management Board.

The Management Board performs its management function as a collective body. 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.

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. The allocation of responsibilities among the members of the Management Board is defined in the Management Board Rules of Procedure and for Financial Year 2023 each member of the Management Board is responsible for the following areas:

CEO: Christoph Barchewitz

- LATAM (Dafiti)
- ANZ (THE ICONIC)
- International Brand Partnerships
- Legal and Governance, Risk and Compliance
- Communications
- People and Culture
- Accounting
- Financial Reporting and FPandA
- Treasury
- Tax
- Internal Audit
- Investor Relations

COO: Gunjan Soni

- SEA (Zalora)
- Product and Engineering
- Data
- Cyber Security
- Sustainability

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 Group CEO and the Group COO. The Management Board does not currently have a Chairman as the 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.

The Supervisory Board's target for at least one female representative to be appointed to the Management Board by 1 January 2025 has been achieved earlier by the appointment of Gunjan Soni as Group COO as of 1 March 2023.

The Supervisory Board and Management Board considers that the executive management team and employee base globally is highly diverse. The Management Board also defined a diversity target of maintaining a 50 / 50 gender balance on the GFG Executive team until 1 January 2025. During the Financial Year 2023, the Supervisory Board worked on 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. The Supervisory Board appoints and removes the members of the Management Board and is responsible for ensuring that long-term succession planning is undertaken.

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 does not 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. The Supervisory Board's skills and expertise also comprises expertise regarding sustainability issues relevant to the Company. At least one member must have knowledge in the field of auditing and at least one other member must have expertise in the field of auditing. The competence profile of the Supervisory Board has been published in the Corporate Governance section of the Company's website.

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 four 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;
- Carol Shen – Member of the Supervisory Board, Chairperson the Sustainability Committee and Member of the Nomination Committee; and
- Laura Weil – Member of the Supervisory Board, Chairperson of the Audit Committee and Member of the Remuneration Committee.

At the 2023 General Meeting of Shareholders, held on 14 June 2023, shareholders ratified the appointment of John Baker as member of the Supervisory Board for a period ending at the expiration of the General Meeting of Shareholders approving the 2024 financial results. John Baker had been provisionally appointed by the Supervisory Board after the resignation of Victor Herrero as Supervisory Board member, effective 1 January 2023. John Baker's appointment was subject to ratification of his appointment by the General Meeting of Shareholders. John Baker is a member of the Supervisory Board, member of the Audit, Remuneration and Sustainability Committees.

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 2023, the Supervisory Board has acted amongst others through the Audit Committee, Remuneration Committee, 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 2023:

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	Chairperson
John Baker	Member	Member	Member		Member

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. Another member of the Audit Committee has expertise in the field of auditing. 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.

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.

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.

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 and 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.

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.

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, 2023, the share capital of the Company amounts to €2,237,929.12, and is divided into 223,792,912 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, 2023, 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 2023 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	Holding Percentage	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

1 During 2022 and 2023, 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 11 January 2024, where UBS Group AG notified GFG of a 5.65% 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).

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 2023. 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 states that all future appointments to the Management Board will be for a maximum term of three years to ensure compliance with the German Corporate Governance Code. Reappointments for successive years are permitted. The Supervisory Board is entitled to revoke the appointment of a Management Board member for cause (pursuant to Article 15.3 of the Articles of Association).

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

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

Authority of the Management Board to Issue and Buy Back Shares

Authorised Capital

As at 31 December 2023, pursuant to Article 6.1 of the Articles of the Association, the Company's authorised capital, excluding the issued share capital, is €2,156,423.39 represented by 215,642,339 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 1 May 2023 (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 2023, the issued share capital of the Company amounted to €2,202,929.12, and was 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.

On 21 March 2023, the Company issued 3,500,000 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 2023, the issued share capital of the Company amounts to €2,237,929.12, and is divided into 223,792,912 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 25 August 2023, the Company repurchased €74,600,000 of the Convertible Bonds due 2028 issued by the Company (the "Convertible Bonds"). The purchase price per €100,000 nominal amount was €73,000. 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 €553.67 per Bond. In addition, on 31 August 2023, the Company repurchased an additional €27,000,000 of the Convertible Bonds. The purchase price per €100,000 nominal amount was €73,000. 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 €574.05 per Bond. Following the settlement of both repurchases, an aggregate principal amount of the Bonds of €178,300,000 in aggregate principal amount of Convertible Bonds 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 2023, the Company held 278,773 common shares in treasury. In line with Luxembourg Company Law, the voting rights attached to the common shares held in treasury by the Company are suspended. The Company's Annual General Meeting 2021 authorised the Management Board to repurchase up to 20% of the total number of common shares of the Company until 25 May 2026. No use was made of this authorisation for Financial Year 2023.

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 meeting of the shareholders', 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 meeting of the shareholders'. In such a case, the next general meeting of the shareholders' 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 meeting of the shareholders' 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

This report provides information about the structure of the remuneration framework and how it is operated at GFG. There is a remuneration report for the Management Board and the Supervisory Board.

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, to the extent that it is consistent with Luxembourg corporate law and GFG's corporate structure, the recommendations of the German Corporate Governance Code 2019, amended in 2022 (the "Code") with certain exemptions, as set out in our Declaration of Compliance, 17th August 2023.

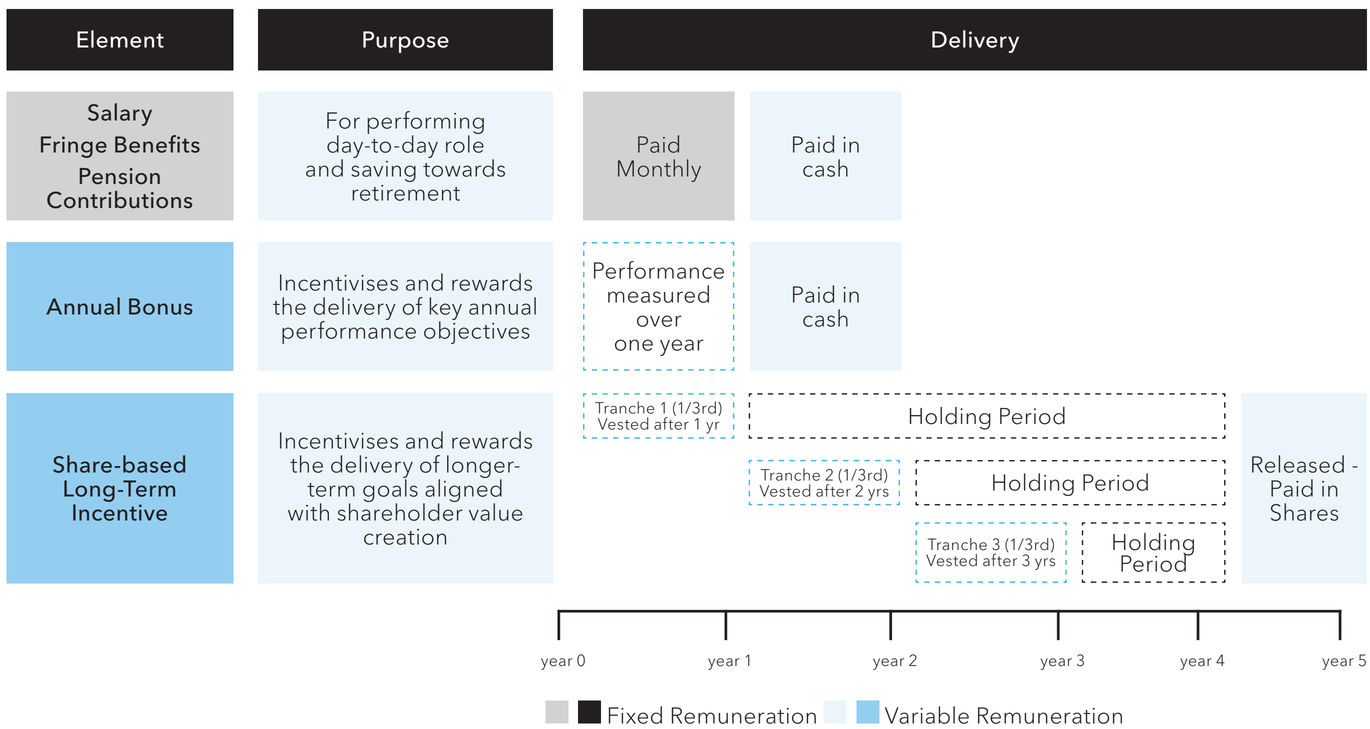
Management Board Remuneration Report

Management Board Remuneration Framework

GFG shareholders approved the revised Remuneration Policy at our 2023 Annual General Meeting ("AGM"), which includes the remuneration framework applicable to members of the Management Board. 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:

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

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 when setting annual compensation packages. We invite you to read the details of the actual remuneration mix for FY2023 on page 19. A long-term focus helps ensure that Management Board members should only receive significant reward for delivering strong and sustainable performance. 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 2023 AGM) provides further technical details.

Management Board Remuneration for 2023

This section details the actual remuneration and benefits granted to the Management Board during the Financial Year 2023. All remuneration awarded to the Management Board during 2023 was in line with the Company's Remuneration Policy.

Until 1 March 2023, the Management Board was composed of three members, Christoph Barchewitz (Co-CEO), Patrick Schmidt (Co-CEO) and Matthew Price (CFO). Effective 1 March 2023, the Supervisory Board appointed Christoph Barchewitz as sole CEO of GFG Group and he remained a member of the Management Board. Additionally, Gunjan Soni was appointed Group COO and Member of the Management Board and Patrick Schmidt stepped down from his role as Co-CEO and Member of the Management Board. As of 14 August 2023, Matthew Price stepped down from his role as Group CFO and Member of the Management Board, with his last day of employment being 31 August 2023.

Therefore tables below set out (i) each individual's total remuneration in relation to 2023 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 show. For the Management Board members that have either joined or stepped down from the Management Board, all data below is prorated for tenure accordingly. In the case of Mr Matthew Price the compensation is pro rata from 1 January 2023 to 14 August 2023 and for Ms Gunjan Soni pro rata from 1 March 2023 to 31 December 2023.

i) Management Board – Individual Total Remuneration

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

	Benefits Granted			Benefits Received	
In €[2]	2023 (Min.)	2023 (Max.)	2022	2023	2022
Fixed Remuneration	751,641	751,641	663,779	751,641	663,779
Fringe Benefits	36,488	36,488	34,586	36,488	34,586
Total (fixed components)	**788,130**	**788,130**	**698,365**	**788,130**	**698,365**
Short-Term Incentive	–	845,597	597,401	281,866[3]	398,267
Long-Term Incentive[4]	–[5]	1,070,400[5]	579,999	–	–
Total (variable components)	**–**	**1,915,997**	**1,177,400**	**281,866**	**398,267**
Pension Supplement	75,164	75,164	66,378	75,164	66,378
Total Remuneration	**863,294**	**2,779,290**	**1,942,143**	**1,145,159**	**1,163,010**

1 Mr. Barchewitz was appointed as Co-CEO on 01 February 2018 and CEO on 01 March 2023

2 As the remuneration for Mr. Barchewitz is denominated in British pounds, exchange rates of 1£ / 1.16€ and 1£ / 1.13€ have been used for 2023 and 2022 respectively

3 Reflects an overall performance outcome of 50% 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 2023 grant under the LTI Plan which was made during the reporting period (grant date of 27 March 2023) will vest on 30 April 2024 and remains subject to the holding period until 30 April 2027. The remaining tranches will vest on 30 April 2025 and 30 April 2026 and remain subject to the same holding period

Gunjan Soni (Chief Operating Officer)[1] year of Appointment to the Management Board: 2023

	Benefits Granted			Benefits Received	
In €[2]	2023 (Min.)	2023 (Max.)	2022	2023	2022
Fixed Remuneration	419,750	419,750	–	419,750	–
Fringe Benefits	22,970	22,970	–	22,970	–
Total (fixed components)	**442,720**	**442,720**	**–**	**442,720**	**–**
Short-Term Incentive	–	377,775	–	125,925	–
Long-Term Incentive[3]	–	355,014	–	58,888[4]	–
Total (variable components)	**–**	**732,789**	**–**	**184,813**	**–**
Pension Supplement	41,975	41,975	–	41,975	–
Total Remuneration	**484,695**	**1,217,484**	**–**	**669,508**	**–**

1 Ms. Soni was appointed as COO on the 01 March 2023

2 As the remuneration for Ms. Soni is denominated in Singapore Dollars, exchange rates of 1S$/0.69€ has been used for 2023

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

4 The tranches that vested in 2022 came out of holding and were delivered

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

	Benefits Granted			Benefits Received	
In €[2]	2023 (Min.)	2023 (Max.)	2022	2023	2022
Fixed Remuneration	507,917	507,917	609,500	507,917	609,500
Fringe Benefits	7,779	7,779	25,738	7,779	25,783
Total (fixed components)	**515,696**	**515,696**	**635,238**	**515,696**	**635,238**
Short-Term Incentive	–	457,125	548,550	–	365,700
Long-Term Incentive[3]	–	–	579,999	256,289[4]	–
Total (variable components)	**–**	**457,125**	**1,128,549**	**256,289**	**365,700**
Pension Supplement	10,158	10,158	30,475	10,158	30,475
Total Remuneration	**525,854**	**982,979**	**1,794,262**	**782,143**	**1,031,413**

1 Mr. Schmidt departed the business on 30 April 2023
2 As the remuneration for Mr. Schmidt is denominated in Danish Krone, an exchange rate of 1DKK/0.13€ has been used for 2023
3 The value of Long-Term Incentives are based on the fair value determined at the grant date
4 For the tranches that vested in 2023, shares were delivered at Fair Market Value at the vesting date to cover the tax liability that crystallised upon vesting, further details of which have been provided in the Annual Report 2021. The proceeds remain under holding. Subsequently, the 2019 award came out of holding on 30 September 2023 and was delivered

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

	Benefits Granted			Benefits Received	
In €[2]	2023 (Min.)	2023 (Max.)	2022	2023	2022
Fixed Remuneration	361,807	361,807	527,198	361,807	527,198
Fringe Benefits	–	–	1,524	–	1,524
Total (fixed components)	**361,807**	**361,807**	**528,722**	**361,807**	**528,722**
Short-Term Incentive	–	325,627	474,478	108,542[3]	316,319
Long-Term Incentive[4] (Total)	–	–	579,000	85,266	–
Total (variable components)	**–**	325,627	**1,053,478**	**193,808**	**316,319**
Pension Supplement	36,181	36,181	52,720	36,181	52,720
Total Remuneration	**397,988**	**723,615**	**1,634,920**	**591,796[5]**	**897,761**

1 Mr. Price departed the business on 31 August 2023
2 As the remuneration for Mr. Price is denominated in British pounds, exchange rates of 1£/1.16€ and 1£/1.13€ have been used for 2023 and 2022 respectively.
3 Reflects an overall performance outcome of 50% of target
4 The value of Long-Term Incentives are based on the fair value determined at the grant date
5 The 2019 award came out of holding on 30 September 2023 and was delivered

ii) Management Board Individual Remuneration Mix

	Benefits Granted		Benefits Received
	2023 Min.	2023 Max	2023
Christoph Barchewitz			
Fixed Remuneration	100%	31%	75%
Variable Remuneration	0%	69%	25%
Gunjan Soni			
Fixed Remuneration	100%	40%	72%
Variable Remuneration	0%	60%	28%
Patrick Schmidt			
Fixed Remuneration	100%	53%	67%
Variable Remuneration	0%	47%	33%
Matthew Price			
Fixed Remuneration	100%	55%	67%
Variable Remuneration	0%	45%	33%

Salary
In Q1 2023, we updated our previous industry peer benchmarking exercise for the Management Board members done with our external independent advisory partners. The results indicated that the base salaries were competitive and relevant to this peer group for our Management Board. The committee considered the overall market benchmarking along with the sizable increase in scope and responsibility as sole CEO and determined an adjustment of 10% increase to base salary awarded for Mr. Christoph Barchewitz.

Separately, Mr. Patrick Schmidt received a partial payment equal to 6 months salary of his contractual 9 month notice period and was paid in lieu upon stepping down from his role as Co-CEO and Member of the Management Board.

Fringe Benefits
Benefits which the Management Board members received during 2023 and which are captured in the figure shown on the prior page include health insurance, life and income protection insurance aligned to the contractual agreements.

Pension Contributions
For 2023, Mr. Christoph Barchewitz, Ms. Gunjan Soni and Mr. Matthew Price were provided with a cash supplement in lieu of pension participation of 10% of base salary. Mr. Patrick Schmidt was provided with a cash supplement in lieu of pension participation of 5% of base salary. The supplement was paid with the monthly base salary and pro rata for the period worked in the case of Mr. Patrick Schmidt and Mr. Matthew Price.

2023 Annual Short Term Incentive
At the start of 2023, financial performance targets and non-financial targets were set for the Management Board under the Short-Term Incentive Program. The Short Term Incentive target payout was adjusted from 60% to 75% of base salary for on target achievement for Mr. Christoph Barchewitz as the sole CEO. For Ms. Gunjan Soni, the target payout opportunity was 60% of base salary for on target achievement, reflecting the amended Remuneration Policy approved at the 2023 Annual General Meeting.

The financial metrics for the 2023 Short Term Incentive, which represent 80% of the total opportunity, were NMV Growth (20%), Adjusted EBITDA (40%) and Cash flow (40%). 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 2023, the sustainability related non-financial metrics both achieved the 2023 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 2023 performance against the agreed Short Term Incentive targets and in doing so considered the financial performance of the Group for the full year, and the outcome of the non-financial targets. Based on overall financial and non-financial targets during 2023, the Supervisory Board has determined that the annual bonus achievement was at 50% of overall.

Financial Metrics	Weighting	Target	Achievement	Weighted Pay-out
A combination of key financial metrics, aligned with GFG's short-term business priorities				
NMV (YoY %)	16% of total	2.0%	(14.2)%	0%
Adjusted EBITDA (€m)	32% of total	(8.0)	(58.3)	0%
Cash flow (€m)[1]	32% of total	(65.0)	(67.6)	28.7%

Sustainability Objectives	Weighting		Target	Achievement	Weighted Pay-out
Sustainability objectives for Management Board member focused on GFG's strategic sustainability priorities					
Climate Action	10% of total	15.5%	% NMV from products made using majority sustainable materials and / or eco-friendly production	15.8%	10.4%
Fair and Ethical Sourcing	10% of total	10.3%	Third-party brands % of brands meeting GFG's human rights standards for brands	11.1%	10.9%
Total 2023 Annual Bonus					**50% Achievement**

[1] The cash flow performance target excludes exceptional items, one-off items and funding activities

Long Term Incentive ("LTIP"): Awards Granted During 2023

During the Financial Year 2023, Management Board members, Mr. Christoph Barchewitz and Ms. Gunjan Soni received awards under the GFG Share Plan. Awards were granted in the form of PSUs, reflecting GFG's pay for performance ethos to both Members, additionally the Supervisory Board also determined a single first year RSU Award for Ms Gunjan Soni specifically to support her transition to the Management Board.

RSU/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.

2023 Grant Tranches	Achievement Based on Financial Year Metrics and Targets
Tranche 1 – vesting 2024	1 Jan – 31 Dec 2023
Tranche 2 – vesting 2025	1 Jan – 31 Dec 2024
Tranche 3 – vesting 2026	1 Jan – 31 Dec 2025

The performance conditions attached to Tranche 1 of the 2023 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 (2023 Grant)	# PSU Granted (2023 Grant)	
		'On Target'	'At Maximum'
Christoph Barchewitz	–	420,000	600,000
Gunjan Soni	99,999	208,599	297,999

The Supervisory Board awarded in Financial Year 2023 a further performance grant of 600,000 units to Mr. Christoph Barchewitz with the specific aim of rewarding an acceleration of the company's financial performance in the next 3 years (i.e. 2023 – 2026). The award is structured with specific stretch performance criteria of achievement of Adjusted EBITDA breakeven and positive Normalised Free Cash Flow by end of 2026.

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 LTIP Overview table provides further information for each Management Board member as to the number of units outstanding under the GFG Share Plan and the 2016 LTIP legacy plan. The Awards made during 2023 (as described above) can be seen under the line "Granted during the reporting period."

The Remuneration Committee and Supervisory Board extended from four to five years the holding period applicable to 460,321 shares granted to Christoph Barchewitz in September 2019 that were subject to a four year holding period and were scheduled to be released on 30 September 2023. Therefore, the release of 460,321 shares is scheduled for 30 September 2024.

The Company did not apply malus or clawback with respect to any awards held by Management Board members during the Financial Year 2023.

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

	Christoph Barchewitz [1]			Gunjan Soni [2]		
	RSUs	PSUs	Stock Options	RSUs	PSUs	Stock Options
Outstanding at the beginning of the reporting period	410,799	806,671	608,175	144,999	238,610	107,080
Granted during the reporting period	–	1,200,000 [3]	–	99,999	297,999 [3]	–
Vested during the reporting period	33,333	180,596 [4]	–	48,333	30,816 [5]	–
Delivered during the reporting period	–	–	–	33,333	45,987	–
Forfeited/expired during the reporting period	–	61,993 [6]	–	–	61,169 [6]	–
Exercised during the reporting period (2016 LTIP)	–	–	–	–	–	–
Outstanding at the end of the reporting period [10]	410,799	1,944,678	-	211,665	429,453	–
Exercisable at the end of the reporting period	**-**	**-**	**608,175 [7]**	**-**	**-**	**107,080 [9]**

	Patrick Schmidt [1]			Matthew Price [1]		
	RSUs	PSUs	Stock Options	RSUs	PSUs	Stock Options
Outstanding at the beginning of the reporting period	307,199	657,266	671,517	288,159	439,929	-
Granted during the reporting period	–	–	–	–	–	–
Vested during the reporting period	33,333	180,596 [4]	–	33,333	100,580 [4]	–
Delivered during the reporting period	240,533	266,087	–	188,160	67,893	–
Forfeited/expired during the reporting period	66,666	312,493 [6]	–	66,666	200,461 [6]	–
Exercised during the reporting period (2016 LTIP)	–	–	–	–	–	–
Outstanding at the end of the reporting period [10]	-	78,686	-	33,333	171,575	–
Exercisable at the end of the reporting period	**-**	**-**	**671,517 [8]**	**-**	**-**	**-**

1 Appointment to the Management Board in June 2019
2 Appointment to the Management Board in March 2023
3 The grant is subject to multi-year performance criteria with a 3 year vesting schedule
4 Based on PSU performance conditions achievement during the performance period (i.e. 74.44% of maximum opportunity)
5 Based on PSU performance conditions achievement during the performance period (i.e. 33.5% of maximum opportunity)
6 Represents the non-vested portion of the PSUs resulting from the performance conditions achieved vs. maximum potential
7 Options with strike prices ranging from €5.37 to €7.99. No more options will be granted under this programme
8 Options with strike prices ranging from €0.01 to €7.99. No more options will be granted under this programme
9 Options (cash awards) with strike prices ranging from €5.99 to €15.97. No more options will be granted under this programme
10 Including all units under holding

Change in Pay of Management Board Members

The diverse geographical footprint where GFG operates, combined with over 4,400 employees globally as at 31 December 2023, our approach to defining appropriate remuneration is localised to the countries and employment law landscape. This 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.

Supervisory Board Remuneration Report

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 14 June 2023. 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 instalments through the reporting period. The table below sets out the total remuneration paid to each Supervisory Board member individually for the Financial Year 2023. The Remuneration of the Supervisory Board has remained constant in the last years with a slight amendment in Financial Year 2022 when the Remuneration and Nomination Committee we put in place.

Board Member	Supervisory Board Positions	Fees (€) FY2023	Total Fees (€) FY2023
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	30,000 20,000	50,000
John Baker	Supervisory Board Member Audit Committee Member Remuneration Committee Member Sustainability Committee Chair	30,000 10,000 10,000 10,000	60,000

[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.

1.3.6 FINANCIAL REPORTING

At the AGM on 14 June 2023, Ernst and Young ("EY") were re-elected as the independent auditor of the standalone and consolidated financial statements. In preparation, Ernst and 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

2.1.1 BUSINESS MODEL AND GROUP STRUCTURE

Business Model

Global Fashion Group (GFG) is the leading fashion and lifestyle destination in 11 countries across Latin America, Southeast Asia, and Australia New Zealand. We offer our customers a one-stop shop experience on our inspiring and seamless platforms, featuring a broad and relevant assortment of products.

Our three ecommerce platforms operate under individual brand names:

- **Dafiti:** Brazil, Chile and Colombia
- **ZALORA:** Indonesia, the Philippines, Singapore, Malaysia, Taiwan and Hong Kong
- **THE ICONIC:** Australia and New Zealand

GFG connects 800 million consumers with thousands of brands on these well-established platforms.

Our customers are young, diverse, highly engaged and digitally native. They are predominantly female and typically aged between 15 and 45 years. With over 33 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 offer all of the key fashion and lifestyle categories, including 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.

Our products are sourced from our brand partners through two business models:

- **Retail:** GFG owns the inventory of products sold to customers; and
- **Marketplace:** Brand partners retain ownership of inventory and list their products on our apps and websites.

A large proportion of our brands operate across both models. In 2023, Marketplace share grew to 38% of NMV.

As the only online pure-play fashion and lifestyle platform of scale in our markets, GFG facilitates brands' market entries and helps them overcome the local challenges of customer acquisition, logistics, infrastructure and regulatory processes.

GFG also assists its brand partners in developing their overall ecommerce capabilities by providing distinct Platform Services, including:

- **Operations by GFG:** Fulfilment services for products that brands sell via our Marketplace or their other online channels (own or third-party);
- **Marketing by GFG:** Paid marketing services to promote brands' products; and
- **Data by GFG:** Data analytics across customers, traffic and product.

Our operational infrastructure is fashion-specific, highly efficient and scaled for growth with:

- Seven regional fulfilment centres with a total storage capacity of over 24 million items;
- Fulfilment, payment options and customer support all locally tailored to each market;
- Reliable last-mile delivery, with a wide range of payment options available across our markets; and
- 24/7 in-house customer support, achieving a Net Promoter Score ("NPS") of 77 in 2023.

Our technology platform and infrastructure is a key differentiator with:

- An experienced and commercially focused global technology team of more than 600 software engineers and data scientists;
- Scalable, custom-built platform integrated within each region to reflect the global and local nature of our business;
- Tailored technology stacks for each major market, providing substantial flexibility and enabling us to efficiently respond to local business expectations and regulatory requirements;
- Data science teams at the forefront of innovation, creating smart solutions based on deep and relevant insights that our technology teams leverage daily to improve our front-ends; and
- Technology led planning and scheduling of assortment for buying and merchandising to accurately match customer preferences.

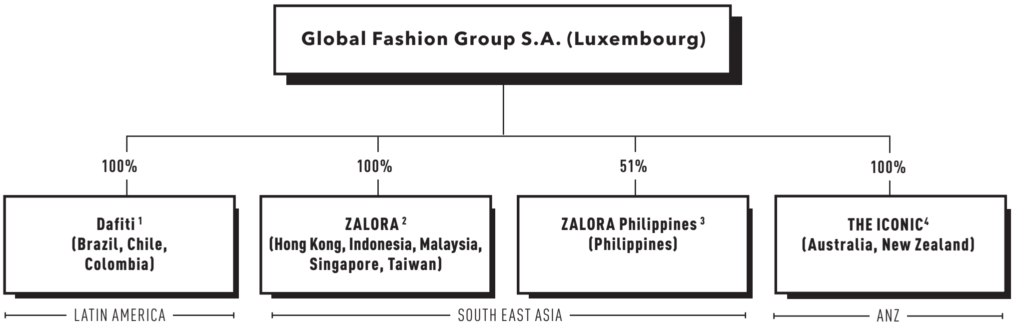
GFG has a highly diverse and global team of almost 4,500 people with deep local know-how. More than 96% of our colleagues are based in the countries where we operate. Our people have a passion for fashion, lifestyle and technology, expertise in adapting to changing needs and strong capabilities to combine the art and science that creates our compelling customer and brand proposition.

Group Structure

Global Fashion Group S.A. ("the Company") 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 2023, 51 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, 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 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 represent its reportable segments: LATAM, SEA and ANZ.

LATAM

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

SEA

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

ANZ

GFG operates under THE ICONIC brand, launched in late 2011, in Australia and New Zealand.

2.1.2 CORPORATE STRATEGY

Our vision is to be the #1 fashion and lifestyle destination in our markets. Our purpose is to enable true self-expression. In order to achieve our long-term vision and execute on our purpose, we focus on three strategic priorities which are all underpinned by our true local expertise.

1. Best-in-Class Customer Experience

Broad and relevant assortment
GFG offers a wide range of products from over 6,000 global and local brands, including our own brands with exclusive products. We cover all the major fashion and lifestyle categories and brand segments. Apparel and footwear represents the majority of our business at 47% of NMV and followed by sport at 26%. We have also expanded into adjacent categories such as beauty and home to become a one-stop destination for customers. Our premium brand segment is our fastest growing and reached 17% of NMV in 2023.

Our Marketplace business model allows us to expand our assortment without taking on inventory risk. As a result, 83% of our top 30 global and local brand partners have adopted a hybrid partnership model, moving some of their products onto our Marketplace.

Inspiring and seamless digital experience
After carefully curating the right brands and products, GFG engages and inspires our customers with a superior shopping experience. Our onsite and in-app experiences are appealing, intuitive and visually rich, bringing to life the unique features of our products.

Our apps play a vital role in building customer loyalty and engagement. We continue to invest in and improve our apps to ensure they are best-in-class. In 2023, 62% of our NMV was generated from our apps, up from 58% in 2022.

Fast and convenient delivery
GFG is constantly evaluating ways to enhance our delivery and returns processes, with the goal of making them as convenient as possible to drive greater customer satisfaction and higher online penetration.

We lease seven fulfilment centres across our markets with all operations run entirely by GFG which ensures reliable and smooth delivery for our customers. This ability to serve our markets at scale is not easily replicated. We handle large volumes at speed with local teams and well-invested infrastructure to meet our customers' delivery expectations.

We offer multiple delivery options, ranging from standard delivery to same-day delivery in some cities. We also make the returns process as simple as possible to instil confidence in our customers as they shop. Convenience is key, so standard returns are free with the option for items to be picked up from home or dropped off at a designated point.

2. Partner of Choice for Brands

Unlocking complex markets
GFG provides the expertise and support that our brand partners need to expand into our markets. Our regions are vast and diverse, with complex regulations and import processes. Our local experts and fulfilment centres on the ground enable us to manage the supply chain effectively, both for GFG and our brand partners.

Offering flexible business models
GFG offers flexible business models to suit the needs of our brand partners.

- **Retail:** We take ownership of a brand's stock and control all aspects of the sale process. Retail accounts for the majority of our NMV at 62% in 2023.

- **Marketplace:** We connect brands as sellers on our apps and websites. Brands retain ownership of their stock and control selling and pricing. Marketplace accounts for 38% of 2023 NMV, and we continue to expand it across our regions. We offer three fulfilment models within Marketplace including Fulfilled by GFG, cross-docking and drop shipment. We recently launched Fulfilled by GFG in ANZ, which provides brands with a convenient and efficient way to fulfil their Marketplace orders utilising GFG's fulfilment infrastructure.

Unrivalled Platform Services
GFG's Platform Services offers a suite of operations, marketing and data analytics support to all our brand partners, including those not currently using Retail or Marketplace. These services allow our brands to leverage our strong ecommerce and local expertise, as well as our capabilities in technology, data and marketing. Through Platform Services, brands can leverage all of our capabilities to complement their own.

Operations by GFG helps brand partners that lack the local infrastructure and resources with services such as e-production, delivery, returns and single stock solution for multi-platform fulfilment. Single stock solution allows brands to use our warehouse as one stock pool to fulfil across multiple platforms.

Marketing by GFG offers a complete suite of services to improve awareness, reach and engagement, both on and off our platforms.

Data by GFG provides brands with insights about consumers, assortment trends, inventory performance and competitor benchmarking. This is especially important in the markets we operate in, where structured consumer information can be difficult to access.

We are actively scaling Platform Services, which accounted for 4% of Revenue in 2023. All of our business models and service offerings are highly flexible, allowing our brand partners to leverage them according to their own strategies and capabilities. As a result, these services create deeper relationships with our brand partners as well as income expansion opportunities for GFG.

3. People & Planet Positive

Our 2030 strategy, developed in 2021 to guide our long-term agenda, remains grounded in the fundamental values that continue to shape our business practices. Our goal is to be People & Planet Positive worldwide. To deliver on this we have articulated six strategic priorities – Climate Action, Circularity and Conscious Consumption, Fair and Ethical Sourcing, Diversity, Inclusion and Belonging, Responsible Workplace and Responsible Business. This year we have revisited and adapted our suite of Group targets to align to the changing business and global climate and environmental developments, applying new learnings of where and how we can have our highest impact on improving the lives of our people and footprint on the planet. We have continued to embed our People & Planet Positive ("PPP") strategy throughout the business and started the detailed preparation for the EU's upcoming Corporate Sustainability Reporting Directive ("CSRD").

Following the sale of our CIS business in late 2022 and the winddown of our Argentina operations in 2023, we revisited our Group targets to ensure alignment with the broader GFG strategy, evolving business environment and our learnings from implementing our PPP strategy over the last two years. As a result, we streamlined our targets to a focused set of 27 with an emphasis on where we have high control and ability to make a real impact to address our environmental footprint. The principles we utilised in reviewing our targets were to:

- Focus on what we can directly influence with the highest impact in reducing our footprint on the environment, climate and people;
- Assess the highest business environment and climate impact based on our geographical locations and capabilities;
- Seek perspective and alignment from our regional business leaders on priority opportunities where we can focus sustained efforts in the next two to three years with the highest level of progress;
- Improve transparency and visibility as a precursor to CSRD and ensure any shift in direction is able to be clearly articulated with defendable logic that will meet any regulator, investor or customer expectation of our commitments and progress.

This approach also supports the Group's PPP priorities for 2024 which focuses on the following areas whilst maintaining the already established programmes and frameworks:

1. Prepare the business for CSRD compliance and ESRS Reporting;
2. Focus on the revised targets and what actions produce the biggest impact; and
3. Drive awareness and information through the business and enable key functions like commercial and operations teams to enable sustainability initiatives in more depth and ownership going forward.

A full summary of our progress and performance in delivery of our PPP agenda is published in our 2023 People & Planet Positive Report available on our website.

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 5 March 2024.

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, Pro-forma Cash, Active Customers, Orders, Order Frequency and Average Order Value.

2.1.4 EMPLOYEES

At the end of 2023, the GFG team consisted of 4,413 employees (2022: 5,846), representing a year-on-year decrease of 24.5% primarily driven by reduced operational employees required in our fulfilment centres and strategic fixed cost reductions across our marketing, technology and administrative functions. The average headcount decreased to 5,071 employees (2022: 6,101), reflecting the reduced headcount across all teams during the year.

2.2 REPORT ON ECONOMIC POSITION

2.2.1 MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

GFG operates in the online fashion and lifestyle market in 11 countries. Our performance depends on the conditions and outlook of these markets, including macroeconomic conditions, the overall fashion and lifestyle sector, and the development of the online channel within this sector.

Since our IPO in 2019, GFG has endured three significant disruptions: the COVID-19 pandemic, the war in Ukraine which resulted in the sale of our CIS business and now the cost of living squeeze. Consumer sentiment and demand have weakened in all our markets since 2022 due to inflation, political uncertainty, rising interest rates, and the continued shift back to physical retail.

Going into 2023, we expected 2022's lower demand trends to continue throughout the first half of the year and so we planned to expand on our proactive cost-cutting measures and implement further efficiency initiatives. Though we anticipated challenges, we also saw potential for a recovery in the second half of the year as peak ecommerce headwinds, such as reopening effects and a profitability-over-growth focus, were expected to ease. However, instead we saw cost of living pressures escalate throughout H1 and significant step-downs in consumer expenditure in our markets. Fashion has been particularly vulnerable to these spending cuts because of its discretionary nature.

As a result, our sales and volumes came in much lower than anticipated, leading to fixed cost deleverage. This, along with inflation, offset our targeted cost actions.

Whilst macro factors vary by country, each of our three regions saw similar performance trends through 2023, with topline figures down. Specifically, LATAM continued to face record highs of household debt and high apparel inflation which made customers more price sensitive. In SEA, ecommerce growth slowed as customers went back to shopping offline post COVID. In ANZ, retail sales turned sharply negative in the year as the macro backdrop remained challenging for consumer spending, leading to a highly competitive discount environment. Whilst regional inflation appears to have peaked and interest rates are projected to moderate going into 2024, demand is still lagging as disposable income is impacted in the near-term.

Turning to the online fashion and lifestyle segment, online penetration has continued to increase gradually throughout 2023 after the post COVID impact seen in 2022. With our regions at earlier stages in the structural shift of offline to online compared to higher-penetrated regions, we expect online penetration to remain a significant growth driver for GFG.

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 2023, GFG's largest net foreign currency exposures were to the US dollar (USD), British pound (GBP), Australian dollar (AUD), and 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 2023, [94]% of our cash flows in our three operating segments were naturally hedged, as local currency revenues are typically matched against a local currency cost base.

2.2.2 SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Closure of the Argentina Business

In early September, GFG made the decision to close our operations in Argentina. Operating in Argentina was challenging due to multiple factors, including consistently high inflation, restrictive import controls and the exodus of international brands and vendors. Despite the best efforts of our local and global teams, Dafiti Argentina experienced worsening performance since 2020, with no signs of improvement.

Dafiti Argentina was relatively small in the Group context, accounting for about 4% of NMV and 3% of Revenue in H1 2023.

The IFRS 5 criteria were met prior to the end of September 2023 and hence the business was classified as a Discontinued Operation for the year. In line with this reporting, GFG's FY 2023 performance KPIs are presented excluding Argentina, with prior comparatives also being shown on this basis. The Consolidated Statement of Profit or Loss is presented excluding Argentina for the current and comparative year. The Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows include Argentina for the current and comparative year.

Weaker Demand Environment

Consumer spending and demand remained challenging across our markets leading to an NMV decline of 14.2% in 2023. Despite this backdrop, there were no material rental concessions or lease modifications in the period and there was no significant increase in credit risk linked to trade receivables.

Convertible Bond

On 25 August 2023, GFG repurchased €74.6 million in aggregate principal amount of its outstanding Convertible Bonds due 2028 via a bilateral purchase.

On 31 August 2023, GFG repurchased €27.0 million in aggregate principal amount of its outstanding Convertible Bonds due 2028 via modified Dutch auction procedure announced on 22 August 2023.

In total, GFG repurchased €101.6m of its outstanding Convertible Bonds at a purchase price of €73,000 per bond which represented approximately 37% of the outstanding principal amount. €178.3 million remains outstanding and €196.7 million in aggregate principal amount of the Bonds are held by the Group in treasury.

2.2.3 FINANCIAL PERFORMANCE

The results for the year ended 31 December 2023 show revenue decline, both in absolute terms and 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 LATAM and ANZ. Please refer to section 4 for the Group consolidated financial statements.

Results of Operations

In €m	For the year ended 31 Dec 2023	2022	% change
Revenue	838.0	1,069.2	(18.0)[1]
Cost of sales	(485.1)	(616.5)	
Gross profit	352.9	452.7	
Selling and distribution expenses	(288.3)	(353.4)	
Administrative expenses	(183.8)	(199.0)	
Other operating income	3.4	2.3	
Other operating expenses	(7.9)	(4.1)	
Net impairment losses of financial assets	(0.1)	(0.8)	
Impairment of goodwill and other non-financial assets	(54.7)	(41.2)	
Loss before interest and taxes	**(178.5)**	**(143.5)**	**(24.4)**
Gain on repurchase of Convertible bonds	18.3	9.3	
Finance income	15.9	8.4	
Finance costs	(21.7)	(41.3)	
Loss before tax from continuing operations	(166.0)	(167.1)	
Income (expense)/benefit	(13.9)	(7.7)	
Loss for the year for continuing operations	**(179.9)**	**(174.8)**	

[1] Constant currency growth rate

Adjusted EBITDA Bridge

In €m	For the year ended 31 Dec 2023	2022
Loss before interest and taxes	(178.5)	(143.5)
Depreciation and amortisation	57.5	53.2
EBITDA	(121.0)	(90.3)
Share-based payment expenses	1.7	7.7
Group Recharges and associated taxes	0.4	0.1
Impairment of goodwill and other non-financial assets	54.7	41.2
One-off costs and income[1]	5.9	(1.0)
Adjusted EBITDA	**(58.3)**	**(42.3)**

[1] One-off costs and income include changes in estimates of prior year tax provisions and one off payroll and office closure costs. In the prior year, one off consulting income was also included in one-off costs.

Key Group Figures

GFG's key performance indicators ("KPIs") 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 KPI definitions.

KPIs and Financial Information

	For the year ended 31 Dec 2023	2022
Financial performance		
Revenue (€m)	838.0	1,069.2
Growth at constant currency (%)	*(18.0)*	-
Gross profit (€m)	352.9	452.7
Loss before interest and taxes (EBIT) (€m)	(178.5)	(143.5)
Loss for the year (€m)	(179.9)	(174.8)
Adjusted EBITDA (€m)	(58.3)	(42.3)
Adjusted EBITDA/Revenue (%)	(6.9)	(4.0)
Capex (€m)	28.5	42.5
Financial position and cash flow		
Net working capital (€m)	(36.9)	10.8
Pro-forma cash (€m)	396.5	561.4
Pro-forma net cash (€m)	206.3	264.5

	For the year ended 31 Dec	
	2023	2022
Group KPIs		
NMV (€m)	1,279.3	1,553.6
Growth at constant currency (%)	*(14.2)*	*(0.7)*
Active Customers (in millions)	8.8	10.8
Number of Orders (in millions)	20.8	27.0
Order Frequency	2.4	2.5
Average Order Value (€)	61.5	57.5

Financial Performance of the Group

In 2023, NMV declined by 14.2% on a constant currency basis, to €1,279.3 million (2022: €1,553.6 million), whilst Average Order Value increased by 11.5% and Order Frequency was 2.4 times per year (2022: 2.5 times), a marginal decrease of 5.5%.

Revenue decreased year-on-year, with a (18.0)% decrease on a constant currency basis to €838.0 million (2022: €1,069.2 million)

Active Customers decreased by 18.6% year-on-year from 10.8 million to 8.8 million and customer orders were down by 23.1% to 20.8 million (2022: 27.0 million) in FY 2023, reflecting the impact of weakened consumer demand.

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 38% in 2023, increasing 5 percentage points 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 62% of NMV in the year, up 4 percentage points compared to 2022.

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 2023, the Group generated an Adjusted EBITDA of €(58.3) million (2022: (€42.3) million) with an Adjusted EBITDA margin of (6.9)% (2022: (4.0)%). Gross margin declined marginally, by 0.2 percentage points year-on-year, driven by investments in Retail margin offset by increased Marketplace participation and Platform Services. Fulfilment declined marginally year-on-year as a percentage of NMV, driven by efficiency measures, whilst Tech and Admin costs increased year-on-year as a percentage of NMV, despite significant cost reduction programmes across all regions and central functions.

Adjusted EBITDA excludes an expense for share-based payments of €1.7 million (2022: €7.7 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. Non-recurring items of €60.6 million (2022: €40.2 million) were also excluded from the Adjusted EBITDA measure which included an impairment of goodwill and other non-financial assets of €54.7 million recorded at year end 2023 (2022: €41.2 million) in respect of the LATAM and SEA group of Cash Generating Units (CGUs). Other non-recurring items of €(5.9) million (2022: €(1.0) million) included changes in estimates of prior year tax provisions, and one off payroll and office closure costs.

In 2023, the loss for the year increased by 2.9% to €(179.9) million (2022: €(174.8) million). Within loss for the year, finance costs decreased by €19.6 million to €21.7 million (2022: €41.3 million) driven by a decrease in interest expenses and fair value changes on investment funds which resulted in a gain of €9.6 million for the year (2022: €(12.4) million loss). The positive impact from fair value changes on investments funds, increased finance income to €15.9 million for the year (2022: €8.4 million).

As part of the Group's annual impairment assessment, management estimated that the enterprise value of the LATAM and SEA group of CGUs, which are based on company business plans, was lower than the recoverable amount at year end and therefore recognised an impairment charge on goodwill and other non-financial assets of €54.7 million. This reflects the macroeconomic changes, market conditions and increasing pressure from local and established global online players in the LATAM and SEA regions.

Financial Performance by Segment

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

In ANZ, the macroeconomic environment was slower than expected in 2023, which impacted consumer sentiment and demand. In response we focused on reducing fixed costs and careful inventory management. ANZ is the segment with the lowest revenue and NMV decline at (14.3)% and (10.8)% respectively on a constant currency basis.

In SEA, the lower demand environment continued, resulting in a decline in revenue and NMV of (20.9)% and (15.0)% respectively on a constant currency basis. SEA continued to grow Marketplace and Platform Services, contributing to a gross margin improvement of 2.6 percentage points increase year-on-year.

In LATAM, revenue and NMV continued to decline by (21.1)% and (17.9)% respectively on a constant currency basis. In the LATAM region we took decisive action to streamline the business including consolidating platforms, rationalising product assortment and closing operations in Argentina.

Across all segments, we carefully managed intake and inventory levels throughout the year, ending the year with significantly lower intake and a lower aged inventory profile.

2023 Segment Results of the Group

In €m	LATAM	SEA	ANZ	Total Fashion Business	Other	Reconciliation	Total
Revenue	250.5	212.4	378.0	840.9	41.5	(44.4)	838.0
% YoY Revenue constant currency growth rate	*(21.1)*	*(20.9)*	*(14.3)*	–	–	–	*(18.0)*
Net Merchandise Value	407.8	335.8	535.7	–	–	–	1,279.3
% YoY NMV constant currency growth rate	*(17.9)*	*(15.0)*	*(10.8)*	–	–	–	*(14.2)*
Gross profit	104.6	88.2	163.2	356.0	–	–	352.9
% Margin	*41.8*	*41.5*	*43.2*	*42.3*	–	–	*42.1*
Adjusted EBITDA	(27.4)	(1.4)	(2.9)	(31.7)	–	–	(58.3)
% Margin	*(11.0)*	*(0.7)*	*(0.8)*	*(3.8)*	–	–	(6.9)

2022 Segment Results of the Group

In €m	LATAM	SEA	ANZ	Total Fashion Business	Other	Reconciliation	Total
Revenue	316.4	279.6	474.7	1,070.7	42.6	(44.1)	1,069.2
% YoY Revenue constant currency growth rate	*(10.3)*	*(9.2)*	*15.7*	–	–	–	*0.0*
Net Merchandise Value	495.3	411.9	646.4	–	–	–	1,553.6
% YoY NMV constant currency growth rate	*(13.5)*	*(4.8)*	*15.5*	–	–	–	*(0.7)*
Gross profit	133.8	108.7	211.8	454.3	–	–	452.7
% Margin	*42.3*	*38.9*	*44.6*	*42.4*	–	–	*42.3*
Adjusted EBITDA	(21.7)	2.1	11.3	(8.3)	–	–	(42.3)
% Margin	(6.9)	0.7	2.4	(0.8)	–	–	(4.0)

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 Argentina for all periods presented and CIS up until 12 December 2022 when it was sold.

In €m	For the year ended 31 Dec 2023	2022
Net cash generated from/(used in) operating activities	**(47.5)**	**92.6**
Net cash used in investing activities	**48.9**	**(38.0)**
Net cash (used in)/generated from financing activities	**(99.5)**	**(121.9)**
Change in cash and cash equivalents	(98.1)	(67.3)
Exchange-rate related changes in cash and cash equivalents	0.5	(9.7)
Cash and cash equivalents at the beginning of the year	323.5	400.5
Cash and cash equivalents at the end of the year	**225.9**	**323.5**

In 2023, GFG generated negative cash flows from operating activities of €(47.5) million (2022: income of €92.6 million). The movement was mainly driven by the inclusion of the CIS business in the prior year.

Cash flows from investing activities includes additions to property, plant and equipment of €4.6 million (2022: €22.8 million), of which €2.3 million related to investment in our warehouses and fulfilment centres, with a further €2.2 million recognised as assets in the course of construction. Additions to intangible assets were €24.3 million (2022: €44.8 million). These investments primarily relate to Internally developed intangible assets of €21.2 million (2022: €34.1 million) and were capitalised in accordance with the recognition criteria of IAS 38, intangible assets. Included within 2022 cash flows are the gross proceeds from 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. In 2023 we generated positive cash flows from investing activities due to the redemption of €75.0 million from investment funds.

Net cash from financing activities includes repayment of borrowings of €48.5 million (2022: €52.6 million), proceeds from borrowings of €44.0 million (2022: €39.6 million) and the partial repurchase of the convertible bond of €74.7 million (2022: €74.3 million), along with the ongoing coupon payments paid biannually at 1.25%. Also included are principal IFRS 16 lease payments of €17.4 million (2022: €30.5 million). The closing pro-forma cash position at the end of 2023 was €396.5 million (2022: €561.4 million), including €161.1 million held in highly liquid investment funds (2022: €226.5 million) and €9.5 million (2022: €11.4 million) of restricted cash related to the Group's debt facilities.

Financial Position

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

Assets

In €m	For the year ended 31 Dec 2023	2022	Change (%)
Non-current assets	284.2	365.9	(22.3)
Current assets	577.8	808.0	(28.5)
Total assets	**862.0**	**1,173.9**	**(26.6)**

Equity and Liabilities

In €m	For the year ended 31 Dec 2023	2022	Change (%)
Equity	295.7	478.8	(38.2)
Non-current liabilities	249.5	308.5	(19.1)
Current liabilities	316.8	386.6	(18.1)
Total equity and liabilities	**862.0**	**1,173.9**	**(26.6)**

Total assets of the Group decreased by €311.9 million when compared with 31 December 2022, mainly as a result of the decrease in investments funds and cash and cash equivalents, driven by the partial repurchase of €74.7 million of Convertible bonds and the decrease in inventories as the Group closed the year with a healthy inventory position. In addition, an impairment of Goodwill and other non-financial assets related to the LATAM and SEA regions was recognised amounting to €54.7 million (2022: €41.2 million).

The net book value of right-of-use assets as at 31 December 2023 was €51.5 million (2022: €66.0 million). Total lease liabilities of €61.7 million (2022: €74.0 million), net of lease repayments and interest, are split between non-current and current lease liabilities on the consolidated statement of financial position.

In 2023, Capex additions were €28.5 million (2022: €42.5 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 €39.6 million to €56.1 million (2022: €95.7 million) as a result of the impairment to the LATAM and SEA group of CGUs, partly offset by positive translation adjustments.

Inventories decreased by €59.7 million to €110.5 million (2022: €170.2 million), as a result of the Group's controlled intake and sell through of aged inventory amidst the uncertain demand environment. Other current financial assets include €161.1 million (2022: €226.5 million) in relation to highly liquid investment funds.

Pro-forma cash decreased from €561.4 million to €396.5 million, driven by the partial repurchase of €74.7 million of Convertible bonds, Adjusted EBITDA losses and investment in Capex. Included within the year end pro-forma cash balance is €9.5 million (2022: €11.4 million) of restricted cash related to the Group's debt facilities.

Equity decreased by €183.1 million, primarily as a result of losses incurred for 2023.

Non-current liabilities decreased to €249.5 million (2022: €308.5 million), €160.3 million (2022: €243.8) 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 2023, current liabilities were €316.8 million (2022: €386.6 million), a decrease of €69.8 million, mostly driven by a decrease in trade payables of €11.5m and deferred income of €8.7 million. In addition, liabilities from taxes consisting of VAT obligations, amounting to €36.0 million, were reclassified from current to non-current financial liabilities due to changes in the settlement date to a period exceeding 12 months from 31 December 2023.

2.2.4 REVIEW OF PARENT FINANCIAL STATEMENTS

Section 7 presents the results of the parent Company, Global Fashion Group S.A, for the year ended 31 December 2023, including the result of its branch, GFG Denmark. The most significant event in the period was the impairment of the Shares in affiliated undertakings of €722.5 million driven by the declining macroeconomic environment across the CGUs. In addition, the partial repurchase of the Convertible Bond reduced the Debenture loan by €101.6 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 is pleased with the team's resilience and adaptability in navigating a complex and evolving global landscape this year. The group has made significant progress on its strategic initiatives such as increasing our Marketplace and Platform Services share to maintain a stable Gross Margin against topline declines. Whilst cost pressures and deleverage led to a step back in Adjusted EBITDA margin, the Group continues to have a strong balance sheet position. This enables the Group to continue strategic investments to be well positioned to quickly adapt to changing market conditions and capitalise on its long-term potential.

2.3 REPORT ON POST BALANCE SHEET EVENTS

In January and February 2024, the Group redeemed €151.5 million of investments in investment funds accounted for as Financial assets at fair value through profit or loss. The cash proceeds were placed in short-term cash deposits and money market funds.

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. Risk management is an integral part of GFG's approach to good corporate assurance and business practice.

GFG remains 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 continuously refers back to during the risk management 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 through strong leadership and commitment across all levels of our operations. This includes a dedication to supporting all components of the framework through 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 cycle for risk management that emphasises 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 process is completed on an annual cycle.

Risk Identification

GFG considers a range of factors to identify risks that may affect one or more objectives, including,but not limited to,threats and opportunities, changes in internal or external context, indicators of emerging risks, limitations and biases.

GFG holistically considers the cause, risk and consequence in order to form a complete understanding of the nature of a risk before factoring in any control measures that may already be in place to mitigate the risk. In this way the identification phase provides a full 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 the risks, including an analysis of the likelihood and severity of the risk. This analysis is then plotted against a Group-wide matrix to track our most salient risks.

Risk Evaluation

Following analysis, risks are then evaluated to determine what additional actions should be taken (if any) to mitigate the risk and to formulate a risk 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, also taking into consideration the Group's objectives and underlying risk appetite.

Risk Monitoring and Reporting

The risk management process is underpinned by monitoring and reporting, which ensures adequate oversight, transparency and the provision of the best available information upon which to base management decisions.

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 by recording, tracking and reviewing all risks, risk sponsors, risk owners and risk treatments, and treatment owners on a regular basis. This ensures accountability, transparency, measurement, and review of progress against risk treatment plans.

The Group adopts a GRC (Governance, Risk and Compliance) committee structure both regionally and globally, which oversees the risk management process and its outputs, including ensuring transparent reporting upstream and downstream. These committees meet quarterly at a minimum, are chaired by the relevant senior executive, and assume responsibility for delivering on the risk treatment plans.

This structure is further supported by the Group's Internal Audit function, which provides independent, objective assurance over 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 by the GFG Audit Committee (a committee of the Supervisory Board), thereby ensuring both executive and board oversight to support delivery against the risk assessments and treatment plans.

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 2023. 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: Geopolitical 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. This is further exacerbated by 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 key brands and partners to unlock strong commercial exchange

Operational Risks

Health, Safety and Wellbeing

Operating in diverse and geographically dispersed locations, GFG recognises and prioritises the health, safety and wellbeing (Responsible Workplace) of all its people in completing their work activities. We work closely with our operations teams in fulfilment and e-production to ensure optimal health and safety practices.

Key mitigating activities/initiatives

- Regular formal assessment and development of the health and safety culture maturity, aligning leadership roles and responsibilities as well as consultation of staff for health and safety related matters in line with our health and safety Commitment Statement
- Adoption and implementation of a health and safety management System guided by the ISO 45001 standard
- Governance and reporting of health and safety matters with clear leadership accountabilities
- Visible Safety Leadership in our operational areas through regular Leadership Safety Walks and Talks
- Investment in health and safety capability, awareness, training, 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 • Information Security and Data Governance framework, policy and oversight • 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 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 may pose a risk to our suppliers' ability to operate, our brand partners to obtain materials for their products 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 three 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. • Riverine Flood – Riverine flood risk is likely to increase as a result of changes in extreme precipitation, with a moderate to very high risk in the ANZ and SEA regions. • 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 our ANZ and SEA assets. 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. Drought risk will reduce for many locations due to changing precipitation patterns. It is noted that water availability may be affected by other factors and site-specific assessments may be warranted. Transition risk, associated with the move toward a lower carbon economy, may impact GFG's cost of regulatory 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 greenhouse gas 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 Greenhouse Gas emissions could result in increased transportation costs for GFG. • Customer demand for environmentally friendly products – Increasing demand for circular, low carbon, sustainable products could affect demand for GFG products (own brand and others). • General regulatory landscape changes for areas like emission, energy, circular production or product waste requirements which trigger additional work and challenges in obtaining materials. • 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** • Climate risk assessment and the integration of climate risk into the core Enterprise Risk Management system of the group, 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 and the wind down of Argentina, they will be resubmitted in 2024 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 brands 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. • Targets and programmes to enable circular progress of our products and packaging including offering product recovery programmes to our customers. • Comprehensive GFG Corporate Sustainability governance and standards by the GFG Supervisory Board Sustainability Committee and bi-annual 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 works with third-party brands and develops and manufactures its own brands with various suppliers in a number of emerging markets. For GFG's own brand 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, forced or child labour • 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 • the development of the materials which make up our own products may have a negative impact on the environment. 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 across all markets 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 stakeholders, 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 bi-annual 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 including provision of eLearning programmes. • 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 in March 2024.

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 is 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 and €120 million in November 2020 through a share placement. The Group 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. • Liability management through convertible bond buy-backs. • 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	GFG operates across 11 countries, each with a unique regulatory and legislative regime with varying levels of maturity, creating an inherent regulatory risk. **Mitigating activities/initiatives** • Investment in legal and compliance capability in each region, with monitoring via the Group General Counsel, Regional and Group GRC Committees as well as the Global Legal and GRC Function. • Periodic in-depth review of material compliance obligations. • Continuous monitoring and review of changes to the regulatory environment GFG operaates in and assessment of the impact on the Group's operations.

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, 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: 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 our continued work to increase transparency on GHG emissions along the value chain, work with our partner on increasing the share of our assortment which includes sustainable materials and the interest in circular principles. Such interest could mean that GFG's focus on procuring circular raw materials, finished products and packaging material could reap benefits from an increase in market share and revenue.

2.5 REPORT ON EXPECTED DEVELOPMENTS AND OUTLOOK

GFG expects the macroeconomic headwinds impacting trade to persist through 2024 as consumers recover in a more moderate interest rate and inflationary environment. We remain focused on profitability and cash flow and will continue to execute on our cost initiatives. By streamlining our operations in 2023, we are well-positioned for 2024. We started to see the benefits of our leaner structure, and expect these cost savings to continue to grow throughout the year, as we navigate offsetting pressures from inflation and lower volumes.

Luxembourg, 5 March 2024

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 2023, 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 material accounting policy information.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

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

Key audit matters

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

1. Revenue recognition and returns allowances

Risk Identified

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

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

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

Our answer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Inventories and inventory allowances

Risk Identified

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

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

Our answer

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

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

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

- We checked the clerical accuracy of the computation of provision for slow moving and obsolete inventories as at 31 December 2023 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 or Group of 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 2023, goodwill amounts to €56.1 million and intangible assets to €79.4 million.

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

Our answer

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

- We assessed the Group's determination of cash generating units ("CGUs") based on our understanding of the nature of the Group and its operations, and assessed whether this was consistent with the internal reporting of the business.

- We assessed the historical accuracy of management's estimates and budget.

- We evaluated the key assumptions of the cash flow forecasts from the business plan, taking into account our knowledge of the business and relevant external information.

- We involved our valuation experts to assist us with our assessment of the WACC, expected inflation rates and terminal growth rates and the other management assumptions used in the model by comparing to the relevant assumptions to the relevant industry trends and economic forecast.

- We recomputed the value in use of each CGU prepared by Management and compared with the carrying value in order to determine whether an impairment exists. When applicable we tested the clerical accuracy of the computation of the impairment.

- We assessed the Group's sensitivity analysis on the CGUs in two main areas being the discount rate and growth rate assumptions.

- We assessed the adequacy of the Group's disclosures in respect of the accounting policies on goodwill and intangible assets in Note 3 and Note 13 to the consolidated financial statements.

4. Recognition of income and indirect tax contingencies and tax positions

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.

Our answer

Our audit procedures over recognition of direct and indirect tax contingencies and tax positions, 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.

- We also assessed the adequacy of the Group's disclosures in respect of the tax contingencies and tax positions 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 in 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.

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 14 June 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

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

The accompanying corporate governance statement in section 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 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Group, it relates to:

- Financial statements prepared in valid xHTML format;

- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2023, identified as "GFG_ConsolFS_31.12.23.xhtml", 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 and Young
Société anonyme
Cabinet de révision agréé

Gael Denis

Luxembourg, 5 March 2024

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS
SECTION 4

4.1 CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

In €m	Note	2023	2022 [1]
Continuing operations			
Revenue	24	838.0	1,069.2
Cost of sales		(485.1)	(616.5)
Gross profit		**352.9**	**452.7**
Operating (expenses)/income			
Selling and distribution expenses	25,26	(288.3)	(353.4)
Administrative expenses	25,26	(183.8)	(199.0)
Other operating income	27	3.4	2.3
Other operating expenses	27	(7.9)	(4.1)
Net impairment losses on financial assets [2]		(0.1)	(0.8)
Impairment of non-financial assets	11,12,13	(54.7)	(41.2)
Loss before interest and tax (EBIT) [3]		**(178.5)**	**(143.5)**
Gain on repurchase of Convertible bonds	22	18.3	9.3
Finance Income	28	15.9	8.4
Finance Costs	28	(21.7)	(41.3)
Loss before tax from continuing operations		**(166.0)**	**(167.1)**
Income taxes expense	30	(13.9)	(7.7)
Loss for the year from continuing operations		**(179.9)**	**(174.8)**
Net (loss)/ income from discontinued operations	29	(1.6)	(21.8)
Loss for the year		**(181.5)**	**(196.6)**
Loss for the year attributable to:			
Equity holders of the parent		(178.4)	(196.3)
Non-controlling interests		(3.1)	(0.3)
Loss for the year		**(181.5)**	**(196.6)**
Loss per share (€)			
Basic and diluted, loss per share attributable to ordinary equity holders of the parent (€)	10	(0.8)	(0.9)
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)**	(0.8)

[1] The amounts shown here do not correspond to the 2022 financial statements and reflect adjustments made in connection with the presentation of discontinued operations (Note 29).

[2] Net impairment losses on 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 before income taxes, finance income and finance costs.

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 2023

In €m	2023	2022
Loss for the year	**(181.5)**	**(196.6)**
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	(2.3)	7.0
Exchange differences on translation to presentation currency recycled to profit or loss	–	86.8
Net other comprehensive (loss)/ income for the year, net of tax	(2.3)	93.8
Total comprehensive (loss) for the year, net of tax	(183.8)	(102.8)
Total comprehensive (loss) for the year attributable to:		
Equity holders of the parent	(180.8)	(102.5)
Non-controlling interests	(3.0)	(0.3)

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

4.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

ASSETS

In €m	Note	31 Dec 2023	31 Dec 2022
Non-current assets			
Property, Plant and Equipment	11	57.4	65.1
Right of Use Asset	12	51.5	66.0
Goodwill	13	56.1	95.7
Other intangible assets	13	79.4	99.9
Other financial assets	16	39.8	36.2
Income tax receivables		–	0.2
Deferred tax assets	30	-	2.8
Total non-current assets		284.2	365.9
Current assets			
Inventories	15	110.5	170.2
Trade and other receivables	16	38.6	37.1
Other financial assets	16	19.2	23.2
Other financial assets – investment funds	16	161.1	226.5
Income tax receivables		2.5	2.9
Other non-financial assets	14	20.0	24.6
Cash and cash equivalents	17	225.9	323.5
Total current assets		577.8	808.0
Total assets		**862.0**	**1,173.9**

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

4.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023 (continued)

EQUITY AND LIABILITIES

In €m	Note	31 Dec 2023	31 Dec 2022
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		25.8	12.6
Share-based payments reserves	18,19	157.9	155.1
Convertible bond equity component	18,22	23.1	36.3
Accumulated Deficit		(2,323.1)	(2,142.6)
Foreign currency translation reserve		11.2	13.6
Equity attributable to holders of the parent		295.4	475.5
Non-controlling interests	18	0.3	3.3
Total equity		**295.7**	**478.8**
Non-current liabilities			
Lease liabilities	12	43.6	56.1
Other financial liabilities – Convertible bonds	22	160.3	243.8
Provisions	21	4.1	2.6
Deferred tax liabilities	30	4.4	5.0
Non-financial liabilities	23	37.1	1.0
Total non-current liabilities		249.5	308.5
Current liabilities			
Borrowings	20	11.9	17.0
Lease liabilities	12	18.1	17.9
Trade payables and other financial liabilities	22	189.0	200.5
Other financial liabilities – Convertible bonds	22	5.5	8.2
Provisions	21	16.6	20.3
Income tax liabilities	23,30	20.8	18.3
Non-financial liabilities	23	54.9	104.4
Total current liabilities		316.8	386.6
Total liabilities		566.3	695.1
Total equity and liabilities		**862.0**	**1,173.9**

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 2023

		Equity attributable to shareholders of the Parent											
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 2023		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
Loss for the year		–	–	–	–	–	–	–	(178.4)	–	(178.4)	(3.1)	(181.5)
Total Other Comprehensive Income		–	–	–	–	–	–	–	–	(2.4)	(2.4)	0.1	(2.3)
Total comprehensive (loss)/ income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(178.4)**	**(2.4)**	**(180.8)**	**(3.0)**	**(183.8)**
Share-based payment expenses	19	–	–	–	–	–	2.8	–	–	–	2.8	–	2.8
Adjustment for Hyperinflation	34	–	–	–	–	–	–	–	(2.1)	–	(2.1)	–	(2.1)
Repurchase of convertible bonds	18,22	–	–	–	–	13.2	–	(13.2)	–	–	–	–	–
Balance as at 31 December 2023		**2.2**	**303.6**	**(7.5)**	**2,102.2**	**25.8**	**157.9**	**23.1**	**(2,323.1)**	**11.2**	**295.4**	**0.3**	**295.7**

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

	Equity attributable to Shareholders of the Parent												
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 payments 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.

4.5 CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

In €m	Note	2023[1]	2022[1]
Cash flows from operating activities			
Loss for the year before tax from continuing operations[2]		(166.0)	(167.1)
(Loss)/Profit before tax from discontinued operations, including loss on disposal[2]		(1.6)	(4.7)
Loss for the year before tax		(167.6)	(171.8)
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets		26.8	43.9
Amortisation of intangible assets		31.3	35.4
Impairment of non-financial assets	13	54.7	41.2
Impairment losses on other financial assets		0.1	–
Share based payment expense	19	1.7	9.6
Fair value remeasurement	28	(9.6)	12.4
Interest income		(8.2)	(2.6)
Interest costs		24.5	43.2
Foreign currency gains		(2.6)	(33.5)
Other non-cash transactions		(2.0)	0.2
Loss/(Gain) from disposal of property, plant and equipment and intangible assets		3.1	0.5
Loss from disposal of subsidiaries	29	–	112.5
Gain on repurchase of Convertible bonds	22	(18.3)	(9.3)
Changes in Provisions		(1.5)	(2.3)
Cash from operations before changes in working capital		**(67.6)**	**79.4**
Increase in inventories		54.5	(21.7)
Decrease in trade receivables		(1.8)	5.4
Increase in trade payables		(13.7)	26.0
Changes in other receivables and other payables		(8.5)	36.4
Cash flows (used in)/from operations		**(37.1)**	**125.5**
Income tax paid	30	(6.6)	(15.2)
Interest received		1.2	2.6
Interest paid		(5.0)	(20.3)
Net cash flow (used in)/from operating activities		**(47.5)**	**92.6**
Cash flows from investing activities			
Purchase of property, plant and equipment		(4.6)	(22.8)
Proceeds from sale of property, plant and equipment		0.3	0.2
Cash inflow from disposal of subsidiaries and associated companies	29	–	36.7
Acquisition of intangible assets and capitalised development expenditures		(24.3)	(44.8)
Cash outflow from other securities, deposits and transfer of restricted cash		2.5	(2.3)
Cash outflow from investment funds	16	75.0	(5.0)
Net cash flow from/(used in) investing activities		**48.9**	**(38.0)**

4.5 CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023 (continued)

In €m	Note	2023	2022
Cash flows from financing activities			
Proceeds from borrowings and other financial liabilities	20	44.0	39.6
Repayment of borrowings	20	(48.5)	(52.6)
Coupon payments on Convertible bonds	22	(2.9)	(4.1)
Repurchase of Convertible bonds	18,22	(74.7)	(74.3)
Payments under lease liabilities		(17.4)	(30.5)
Net cash flow used in financing activities		**(99.5)**	**(121.9)**
Cash and cash equivalents at the beginning of the year	17	323.5	400.5
Effect of exchange rate changes on cash and cash equivalents		0.5	(9.7)
Cash and cash equivalents at the end of the year	17	**225.9**	**323.5**

[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. was incorporated on 1 October 2014. 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 5 March 2024. The shareholders will ratify the approval of the financial statements at the annual general meeting.

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 11 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.

On 6 September 2023 it was announced that Global Fashion Group would close operations in Argentina. Operating in Argentina was challenging due to multiple factors, including consistently high inflation, restrictive import controls and the exodus of international brands and vendors. Despite the best efforts of our local and global teams, Dafiti Argentina experienced worsening performance since 2020, with no signs of improvement. In accordance with IFRS 5, Argentina is presented as a discontinued operation in these financial statements.

Across the remainder of the regions, consumer sentiment has weakened as a result of inflation, political uncertainty, rising interest rates and the continued shift back to physical retail. Such cost of living pressures significantly stepped down consumer expenditure in our markets and fashion has been particularly vulnerable to these spending cuts because of its discretionary nature. The projected cashflows reflect the impact of macroeconomic and market challenges, particularly in LATAM and SEA and the Group have recorded impairment charges for the year of €54.7 million in respect of the Group's investments in LATAM and SEA (2022: €41.2 million in respect of the Group's investment in LATAM).

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

On 25 August 2023, the Group repurchased bonds which were due to be redeemed on 15 March 2028. The Group repurchased bonds representing €74.6 million in aggregate principal amounts (approximately 27% of the principal amount as at the end of December 2022).

On 31 August 2023 the Group repurchased bonds which were due to be redeemed on 15 March 2028. The Group repurchased bonds representing €27.0 million in aggregate principal amounts (approximately 10% of the principal amount as at the end of December 2022). 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 and 22 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 MATERIAL ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2023 and 2022. 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 net assets attributable to the owners of the parent and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between this adjustment and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

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

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;
- non-monetary equity items in a foreign currency are translated using historic rates;
- 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 had 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.

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 considered.

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.

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.

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.

<u>Financial assets measured at amortised cost</u>

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 investments in 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.

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. See note 22 for details.

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.

Discontinued operations

A discontinued operation is component of an entity that either has been disposed of or abandoned. A disposal group which will be abandoned cannot be classified as a non-current asset held for sale, because the carrying amount will be principally recovered through use. The disposal group still needs to meet to represent 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.

The key to determining at which point the disposal group should be treated as a discontinued operation is determining the date at which it ceases to be used and no longer has a remaining useful economic life. For the Group's operating disposal group, this will be the date that no further revenue will be generated and assets cease to be used, determining their remaining economic life to be nil. 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 in investment funds 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 an investment 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.

The Group elected to use the exemptions proposed by IFRS 16 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.

<u>As a lessee</u>
The Group recognizes 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 underlying 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 groups of 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.

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

Expenditure incurred during the research phase of an intangible asset cannot be capitalised and is recognised as an expense.

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/Rights	1–5
Internally developed software/ 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. 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 tests impairment at a group of CGU's level with 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 purpose of impairment testing, goodwill was allocated to the Group's group of regional CGUs. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups. Goodwill arising from business combinations is allocated to the group of 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 group of 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 two years to reflect a five-year horizon. To calculate the terminal value of the group of 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 group of CGUs, and then to reduce the carrying amounts of the other assets in the group of CGUs 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.

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 Bond

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 recognized 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 recognized as revenue when the customer uses the material right or when they expire.

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 the expected returns of goods, based on historical return rates and reduces revenue by the full amount of sales that it estimates will be returned.

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 recognized 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 Assets

A contract asset is initially recognised for revenue earned by the Group during the accounting year but not received in that same accounting period. The Group's Contract assets represent Receivables from accrued income.

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 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 leases or business combinations 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.

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 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 together with future tax planning strategies.

Statutory tax and customs legislation, which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. 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 categorized either as possible or remote, and it determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. The risks considered as possible are not provisioned but disclosed as tax contingencies in the Group consolidated financial statements while remote risks are neither provisioned nor disclosed.

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

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

If facts and circumstances change, the Group reassesses the judgments and estimates regarding the uncertain tax position taken. Please refer to note 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 group of CGUs operate. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different groups of 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

The Group has performed a qualitative assessment of climate change risks and in line with the stated 2030 sustainability targets, has identified both physical and transitional climate change risks affecting its business. Further information on these risks is disclosed in section 2.4.2 Risks and Opportunities report in our Annual Report.

Based on the assessment performed, climate change is expected to have minimal impact on the Group's operations in the short and medium term (i.e. 2030) and expected to become more notable in long term. Although, the financial impact of these risks and opportunities has not yet been fully quantified, it was not expected to have a material impact on the carrying amounts of assets and liabilities in the current year financial statements.

Specifically, management considered if climate change impacts shall be factored into account in its future cash flow projections used in the goodwill impairment assessment and concluded that climate change is not expected to have material impact on the short-term to medium term cash flows.

Management will continue to assess the financial effects of these risks in the future.

The impact of climate change risks was also considered on the following items:

<u>Income taxes</u>

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.

<u>Property, Plant and Equipment ("PPE"), intangible assets and Goodwill</u>

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.

<u>Other matters</u>

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 MATERIAL 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 2022, with the exception of the following.

The following standards, amendments and interpretations were effective 1 January 2023 but do not have a significant effect on the results or financial position of the Group:

Standard	Effective date	Effects
IFRS 17: Insurance Contracts	1 January 2023	No effect
Amendments to IAS 1 regarding the disclosure of accounting policies	1 January 2023	No significant effect
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023	No effect
Amendments to IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction [1]	1 January 2023	No significant effect
Amendments to IAS 12 Income taxes: international tax reform – Pillar two model rules	1 January 2023	No significant effect (note 30)

[1] This did not have an impact on the consolidated financial statements since the Group was already recognising deferred tax on its leases in all jurisdictions.

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

Standard	Effective date	Effects
Amendments to IAS 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 leases back	1 January 2024	No effect expected
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability	1 January 2024	No effect expected
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	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 and Chile;
- South East Asia ("SEA") including Malaysia, Indonesia, Singapore, Philippines, Taiwan and Hong Kong; and
- Australia and 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 refer to note 29 which contains details of the Argentina business disposal, which was categorised as a discontinued operation during the year and is no longer presented as part of segment reporting.

Reportable segment information for the year ended 31 December 2023 is set out below:

In €m	LATAM [1]	SEA	ANZ	Total Fashion Business	Other	Reconci-liation [2]	Total
Revenues from external customers	250.5	209.5	378.0	838.0	–	–	838.0
Intersegment Revenue	–	2.9	–	2.9	41.5	(44.4)	–
Total Revenue	**250.5**	**212.4**	**378.0**	**840.9**	**41.5**	**(44.4)**	**838.0**
Cost of sales	(145.9)	(124.2)	(214.8)	(484.9)	(0.2)	–	(485.1)
Gross profit	**104.6**	**88.2**	**163.2**	**356.0**	**41.3**	**(44.4)**	**352.9**
Operating (expenses)/income							
Selling and distribution expenses	(94.4)	(66.2)	(128.9)	(289.5)	–	1.2	(288.3)
Administrative expenses	(54.2)	(39.7)	(52.4)	(146.3)	(30.2)	(7.3)	(183.8)
Other (expenses)/income	(60.4)	1.2	(6.2)	(65.4)	(35.5)	41.6	(59.3)
EBIT	**(104.4)**	**(16.5)**	**(24.3)**	**(145.2)**	**(24.4)**	**(8.9)**	**(178.5)**
Depreciation and Amortisation	16.7	11.7	14.0	42.4	6.2	8.9	57.5
EBITDA [3]	**(87.7)**	**(4.8)**	**(10.3)**	**(102.8)**	**(18.2)**	**-**	**(121.0)**
Recurring items (see below)							2.1
Non-recurring items (see below)							60.6
Adjusted EBITDA [4]	**(27.4)**	**(1.4)**	**(2.9)**	**(31.7)**	**(26.6)**	**-**	**(58.3)**
Reconciliation to loss before tax:							
Finance income							15.9
Finance costs							(21.7)
Share-based payment expense							(1.7)
Depreciation and amortisation							(57.5)
Gain on repurchase of Convertible bonds							18.3
Group recharges							(0.4)
Change in estimate of prior year tax provision							(1.0)
Impairment of goodwill and other assets							(54.7)
One off payroll and office closure costs							(4.9)
Loss before tax from continuing operations							**(166.0)**
Recurring items							
Share-based payment expense	(0.7)	1.3	0.5	1.1	0.6	–	1.7
Group recharges	2.8	2.5	5.2	10.5	(10.1)	–	0.4
Non-recurring items							
Change in estimate of prior year tax provision	3.5	(2.4)	0.1	1.2	(0.2)	–	1.0
One off payroll and office closure costs	2.0	–	1.6	3.6	1.3	–	4.9
Impairment of Goodwill and other assets	52.7	2.0		54.7			54.7

1 Results for LATAM exclude Argentina, which was categorised as a discontinued operation during the year.

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

3 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.

4 Adjusted EBITDA is EBITDA adjusted for share-based payment expenses, impairment of goodwill and other non-financial assets, Group recharges, changes to estimates for prior year tax, one off payroll and office closure costs.

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

In €m	LATAM [1]	SEA	ANZ	Total Fashion Business	Other	Reconci-liation [2]	Total
Revenues from external customers	316.4	278.1	474.7	1,069.2	–	–	1,069.2
Intersegment Revenue	–	1.5	–	1.5	42.6	(44.1)	–
Total Revenue	**316.4**	**279.6**	**474.7**	**1,070.7**	**42.6**	**(44.1)**	**1,069.2**
Cost of sales	(182.6)	(170.9)	(262.9)	(616.4)	(0.2)	0.1	(616.5)
Gross profit	**133.8**	**108.7**	**211.8**	**454.3**	**42.4**	**(44.0)**	**452.7**
Operating (expenses)/income							
Selling and distribution expenses	(116.1)	(81.0)	(157.6)	(354.7)	(0.1)	1.4	(353.4)
Administrative expenses	(56.1)	(40.3)	(56.2)	(152.6)	(36.2)	(10.2)	(199.0)
Other (expenses)/income	(47.4)	1.8	(4.8)	(50.4)	(35.3)	41.9	(43.8)
EBIT	**(85.8)**	**(10.8)**	**(6.8)**	**(103.4)**	**(29.2)**	**(10.9)**	**(143.5)**
Depreciation and Amortisation	16.9	10.5	11.5	38.9	3.4	10.9	53.2
EBITDA [3]	**(68.9)**	**(0.3)**	**4.7**	**(64.5)**	**(25.8)**	**-**	**(90.3)**
Recurring items (see below)							7.8
Non-Recurring items (see below)							40.2
Adjusted EBITDA [4]	**(21.7)**	**2.1**	**11.3**	**(8.3)**	**(34.0)**	**-**	**(42.3)**
Reconciliation to loss before tax:							
Finance income							8.4
Finance costs							(41.3)
Share-based payment expense							(7.7)
Depreciation and amortisation							(53.2)
Gain on repurchase of convertible bond							9.3
Group Recharges and associated taxes							(0.1)
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							**(167.1)**
Recurring items							
Share-based payment expense	2.1	1.9	1.5	5.5	2.2	–	7.7
Group recharges	2.9	2.2	5.1	10.2	(10.1)	–	0.1
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 Results for LATAM exclude Argentina, which was categorised as a discontinued operation in 2023

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

3 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.

4 Adjusted EBITDA is EBITDA adjusted for share-based payment expenses, impairment of goodwill and other non-financial assets, Group recharges, changes to estimates for prior year tax, one off payroll and office closure costs, and one off consulting income.

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 €182.5 million (2022: €230.8 million) in Brazil and €378.0 million (2022: €474.7 million) in Australia.

During 2023 and 2022 no revenues from external customers were generated in Luxembourg, the domicile of Global Fashion Group S.A.

Non-current assets include €61.0 million (2022: €66.9 million) in Brazil and €125.1 million (2022: €137.3 million) in Australia.

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	2023	2022
LATAM	65.5	129.0
ANZ	125.1	137.3
SEA	42.4	49.6
Other	11.4	13.6
Total	**244.4**	**329.5**

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 December 2023	31 December 2022
Bigfoot GmbH, Berlin, Germany	Investment Holding	Berlin	100%	100%
Juwel 198 VV UG (haftungsbeschränkt), Berlin, Germany	Trustee	berlin	0%	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 [2]	Finance Holding	Senningerberg	0%	100%
Dafiti Latam GmbH and Co. Beteiligungs KG, Berlin, Germany	Holding	Berlin	99.14%	99.14%
VRB GmbH and 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 and 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 and 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%
Blanko 20 KG. GmbH and Co. KG, Berlin, Germany [2]	Online retail	Berlin	0%	100%
Fashion Delivered LLC, Ukraine, Kiev [3]	Call centre	Kiev	0%	100%
Juwel 145 V V UG (haftungsbeschränkt), Berlin, Germany	Trustee	Berlin	100%	100%
Zalora Group GmbH, Berlin, Germany	Holding	Berlin	100%	100%
VRB GmbH and Co. B-136. KG, Berlin, Germany	Holding	Berlin	97.86%	97.86%

	Principal activity	Registered office	Ownership[1] 31 December 2023	31 December 2022
Brillant 1257 GmbH and Co. Verwaltungs KG, Berlin, Germany	Holding	Berlin	90.99%	90.99%
Brillant 1257. GmbH and 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	91.77%	91.77%
Brillant 1257. GmbH and 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 and Co. Vierte Verwaltungs KG, 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 and 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	92.92%	92.92%
Brillant 1257. GmbH and 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%
Zalora Hong Kong Ltd, Hong Kong, China	Online Retail	Hong Kong	100%	100%
ZSEA Technology Services Company Limited, Ho Chi Minh City, Vietnam	Consultancy Services	Ho Chi Minh City	94.77%	94.77%
VRB GmbH and Co. B-129. KG, Berlin, Germany	Holding	Berlin	93.70%	93.70%
Internet Services Australia 1 Pty Ltd, Sydney, Australia	Online Retail	Sydney	93.70%	93.70%
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, London, UK	Holding	London	100%	100%
Jade 1411. GmbH (Komplementär), Berlin, Germany	General Partner	Berlin	100%	100%
Tricae Comercio Varejista Ltda, Sao Paulo, Brazil	Online Retail	Sao Paulo	99.91%	99.91%
Jade 1159. GmbH, Berlin, Germany	Holding	Berlin	0%	100%
Jade 1410. GmbH (Komplementär), Berlin, Germany	General Partner	Berlin	100%	100%
Juwel 196. VV UG (haftungsbeschränkt), Berlin, Germany	Trustee	Berlin	100%	100%
Kanui Comercio Varejista Ltda, Sao Paulo, Brazil	Online Retail	Sao Paulo	99.91%	99.91%
Zalora eFulfillment Services Sdn Bhd Kuala Lumpur, Malaysia	Holding	Malaysia	64.95%	64.95%
E-Kilau Sdn Bhd Kuala Lumpur, Malaysia	Holding	Malaysia	1.84%	1.84%
GFG Denmark, filial af Global Fashion Group S.A., Luxembourg[5]	Branch	Denmark	100%	100%
Zalora Taiwan Co. Ltd, Taiwan	Online Retail	Taiwan	94.77%	–
GFG ME Management Services - FZCO, Dubai	Management Services	Dubai	100%	100%

1 Ownership percentage excluding shareholdings by Trustee companies.

2 Entity eliminated from Group as at 31 December 2023.

3 Entity was sold during the year ending 31 December 2023.

4 For the years ended 31 December 2023 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. Entity is under the control of the group by virtue of indirect control through a wholly owned trustee subsidiary for which the % ownership in this table does not take into account.

5 Entity is a branch not a legal subsidiary.

At 31 December 2022 and 2023 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.

8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

Kinnevik Group is a related party to the Group 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 2023 and 2022 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	2023	2022
Short-term employee benefits	2.0	2.0
Share-based payments charge	1.0	2.3
Total	**3.0**	**4.3**

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 and Young S.A. and its affiliated companies as follows:

	For the year ended 31 Dec	
In €m	2023	2022
Audit and audit-related services:		
Audit of the parent Company and consolidated financial statements	1.1	1.1
Audit of the Company's subsidiaries	1.3	1.1
Total fees	**2.4**	**2.2**

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 and diluted EPS calculations:

	For the year ended 31 Dec	
In €m	2023	2022
Loss attributable to ordinary equity holders of the parent for basic earnings:		
Continuing operations	(176.8)	(174.5)
Discontinued operations	(1.6)	(21.8)
Loss attributable to ordinary equity holders of the parent for basic earnings:	(178.4)	(196.3)
Weighted average number of ordinary shares for basic and diluted EPS (m)[1]	223.0	220.0
Basic and diluted EPS from continuing operations (€)	(0.8)	(0.8)
Basic and diluted EPS from discontinued operations (€)	0.0	(0.1)
Total Basic and diluted EPS (€)	**(0.8)**	**(0.9)**

1 The weighted average number of shares takes into account the weighted average effect of any changes in treasury shares during the year.

Please see note 18 for details on equity transactions.

For diluted loss per share, the weighted average number of common shares is equal to the 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.

The Group has up to 29,761,905 common shares under the authorised share capital reserved for the conditional issuance of shares under the convertible bond that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

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 2022	30.9	21.2	105.5	16.2	173.8
Additions	2.0	2.2	17.4	5.8	27.4
Disposals	(1.4)	(2.7)	(1.5)	(9.4)	(15.0)
Reclassifications	1.4	2.2	2.3	(5.9)	–
Disposal of business (note 29)	(3.4)	(18.7)	(54.6)	(7.8)	(84.5)
Currency translation differences	2.4	2.3	7.5	5.1	17.3
At 31 December 2022	31.9	6.5	76.6	4.0	119.0
Additions	0.9	1.8	1.1	0.2	4.0
Disposals	(1.4)	(1.0)	(0.3)	–	(2.7)
Reclassifications	0.3	(0.6)	2.2	(1.9)	–
Currency translation difference	(3.0)	(0.2)	2.3	(0.2)	(1.1)
At 31 December 2023	**28.7**	**6.5**	**81.9**	**2.1**	**119.2**
Depreciation and impairment					
At 1 January 2022	(20.9)	(8.4)	(44.3)	-	(73.6)
Depreciation charge for the year	(4.9)	(1.7)	(13.6)	–	(20.2)
Disposals	0.5	2.4	1.3	–	4.2
Reclassifications	0.3	(1.1)	0.8	–	–
Currency translation difference	(0.3)	(2.0)	(4.0)	–	(6.3)
Disposal of business (note 29)	–	13.0	29.0	–	42.0
At 31 December 2022	(25.3)	2.2	(30.8)	-	(53.9)
Depreciation charge for the year	(2.4)	(1.8)	(6.5)	–	(10.7)
Disposals	1.1	1.2	0.2	–	2.5
Currency translation differences	1.9	0.2	(0.8)	–	1.3
Impairment loss (note 13)	(0.1)	(0.2)	(0.7)	–	(1.0)
At 31 December 2023	**(24.8)**	**1.6**	**(38.6)**	**-**	**(61.8)**
Net book value					
At 31 December 2023	**3.9**	**8.1**	**43.3**	**2.1**	**57.4**
At 31 December 2022	6.6	8.7	45.8	4.0	65.1

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	For the year ended 31 Dec 2023	2022
Right-of-use assets		
Property	18.2	21.7
Warehouse	33.0	43.8
Office equipment and other	0.3	0.5
	51.5	**66.0**
Lease Liabilities		
Current	18.1	17.9
Non-current	43.6	56.1
	61.7	**74.0**

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

Additions to right-of-use assets during the year were €6.0 million (2022: €66.1 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 2023	2022
Depreciation charge of right of use assets		
Property	3.8	4.3
Warehouse	11.8	9.5
Office equipment and other	0.2	0.2
	15.8	**14.0**
Interest expense (included in finance costs)	5.0	5.3
	5.0	**5.3**

As a result of the impairment review performed during the year, an impairment charge was recognised on Right of Use Assets of €1.2 million (2022: nil) in the LATAM and SEA group of CGUs.

The total cash outflow for leases in 2023, including interest and payments, was €20.5 million (2022: €44.5 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 2023, there were no balances excluded from lease liabilities, which were not expected to be payable (2022: 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 2023, 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) (2022: nil).

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

As at 31 December 2023 and 2022, 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 2022	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	–	–	–	–
Disposals	–	(0.9)	–	–	–	–	(0.9)
Disposal of business	(407.1)	(25.8)	(16.8)	(201.3)	(88.0)	–	(331.9)
Currency translation differences	58.3	5.2	3.1	30.0	13.5	0.1	52.0
At 31 December 2022	353.5	78.6	35.9	199.3	67.8	1.0	382.6
Additions	–	21.2	4.7	0.4	–	–	26.3
Reclassifications	–	0.5	(0.3)	(0.2)	–	0.1	0.0
Impairment	0.1	(0.4)	–	–	–	–	(0.4)
Disposals	–	(1.7)	(2.9)	–	–	–	(4.6)
Currency translation differences	(3.6)	(1.8)	2.4	(0.5)	(1.2)	–	(1.0)
At 31 December 2023	**350.0**	**96.5**	**39.8**	**199.0**	**66.6**	**1.0**	**402.9**

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 2022	(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)	–	–	–	–	–	–
Reclassification	–	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)
Amortisation charge for the year	–	(16.6)	(5.8)	(6.3)	(2.6)	–	(31.3)
Impairment loss	(40.2)	(0.5)	(0.1)	(9.0)	(2.7)	–	(12.3)
Gain/Loss on disposal of intangible asset		–	1.9	–	–	–	1.9
Currency translation differences	4.1	0.8	(1.3)	0.2	1.2	–	0.9
At 31 December 2023	**(293.9)**	**(58.2)**	**(32.3)**	**(169.1)**	**(62.9)**	**(1.0)**	**(323.5)**
Net book amount							
At 31 December 2023	**56.1**	**38.3**	**7.5**	**29.9**	**3.7**	**-**	**79.4**
At 31 December 2022	95.7	36.7	8.9	45.3	9.0	0.0.	99.9

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

As of 31 December 2023 and 2022, there were no intangible assets in which title was restricted.

During the year ended 31 December 2023, an indicator of impairment of intangible assets was identified by management in respect of the consolidation of the websites, apps and marketing functions of acquired businesses Kanui and Tricae into the Dafiti platform that took place in August 2023. Prior to this date, business functions with the exception of the websites, apps and marketing were already centralised under Dafiti. With the merging of these functions, management cannot reliably measure the value of Brand and Customer Relationships that were acquired on purchase of Kanui and Tricae and the decision was taken to impair these assets to a carrying value of nil. The total amount of impairment in respect of Brand and Customer Relationships in Kanui and Tricae was €11.1 million. The impairment charge is presented as a separate line item in the Consolidated statement of profit or loss.

Impairment testing of groups of CGUs containing goodwill and other non-financial asets

The Group performed the impairment test for its group of CGUs as at 31 December 2023 and for the year ended 31 December 2022. For the year ended 31 December 2023, the group recorded impairment charges of €41.6 million (2022: €41.2 million) in respect of the Group's investments in LATAM and €2.0 million (2022: nil million) in respect of the Group's investments in SEA. For the purposes of impairment testing, goodwill was allocated to the Group's group of regional CGUs. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups.

The amount of goodwill allocated to each group of CGUs after the impairment testing was as follows:

In €m	31 Dec 2023	31 Dec 2022
LATAM	–	38.1
SEA	–	
ANZ	56.1	56.1
Total	**56.1**	**95.7**

Impairment approach for the year ended 31 December 2023
As part of the 2023 annual impairment assessment of Goodwill, management have assessed internal and external indicators of impairment, covering analyst commentary, internal budget comparisons, macroeconomic and industry analysis.

The recoverable amounts of each group of CGUs 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 two years using annual growth rates as determined by management. The terminal value of the group of CGUs is calculated using the terminal year cash flow which is capitalised into perpetuity using estimated growth, perpetuity growth and discount rates. These selected growth rates are consistent with industry and macro-economic forecasts in the regions where the group of CGUs operate. The present value of the expected cash flows of each group of CGU is determined by applying a discount rate that is commensurate with the risks and uncertainty inherent in the group of CGUs forecasts.

LATAM group of CGUs
The recoverable amount of the LATAM group of CGUs of €(1.5) million as at 31 December 2023 has been determined based on a value in use of each cash-generating unit calculated using the business plan and net cash position of the CGU. The projected cash flows reflect the impact of the macroeconomic and market challenges in the LATAM regions, including GDP, rising unemployment and household debt. As a result of this analysis, management has recognised an impairment charge of €41.6 million in the current year against goodwill and other assets as at 31 December 2023. The carrying value of the goodwill after the recognition of the impairment was €nil as at 31 December 2023. The allocation of impairment beyond goodwill to other assets was as follows: €0.2 million to other intangible assets, €0.8 million to Property, Plant and Equipment and €0.4 million to Right of Use Assets. The impairment charge is presented as a separate line item in the Consolidated statement of profit or loss. During the year ended 31 December 2022, management recognised an impairment charge in respect of the LATAM group of CGUs of €41.2 million, allocated against goodwill.

SEA group of CGUs
The recoverable amount of the SEA group of CGUs of €6.5 million as at 31 December 2023 has been determined based on a value in use of each cash-generating unit calculated using the business plan and net cash position of the CGU. The projected cash flows reflect the impact of the macroeconomic and market challenges in the SEA region, including escalated cost of living pressures and decreases in consumer expenditure as customers went back to shopping offline post COVID. As a result of this analysis, management has recognised an impairment charge of €2.0 million in the current year against goodwill and other assets as at 31 December 2023. The allocation of impairment beyond goodwill to other assets was as follows: €1.0 million to other intangible assets, €0.2 million to Property, Plant and Equipment and €0.8 million to Right of Use Asset s. The impairment charge is presented as a separate line item in the Consolidated statement of profit or loss. During the year ended 31 December 2022, management recognised an impairment charge in respect of the SEA group of CGUs of €nil.

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 2023 were as follows:

CGU	Discount Rate (%)	Perpetual Growth Rate(%)
LATAM (excluding Arg)	19.5%	3.7%
SEA	17.3%	4.0%
ANZ	17.6%	2.6%
GFG Group-level test	18.1%	3.0%

The discount rates and growth rates used in deriving the group of CGUs recoverable amounts for the year ended 31 December 2022 were as follows:

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

The key assumptions used in the estimation of the recoverable amounts of all three groups of 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 each CGU and its industry peers.

- Growth rates used to extrapolate cash flows beyond the forecast period – Rates are based on published industry research.
- EBITDA margin 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. A maintenance Capex assumption is applied for Capex outside of the unit's medium-term plan.

Sensitivity Analysis

Sensitivity analysis has been performed for the ANZ group of CGU. If the discount rates were 1% higher than management's estimates, significant headroom remains for ANZ and there would have been no requirement for the Group to recognise any impairment charge in 2023. Similarly, no impairment charge would be required if the estimated growth rates were 1% lower than management estimates or if the estimated cash flows were 5% lower than management's estimate in each year.

14. OTHER NON-FINANCIAL ASSETS

Other non-financial assets are as follows:

In €m	31 Dec 2023	31 Dec 2022
Current		
Prepayments	8.5	11.9
VAT and Tax refunds	5.2	5.7
Other non-financial assets	-	0.1
Right to recover returned goods	6.3	6.9
Other non-financial assets (current)	20.0	24.6

15. INVENTORIES

Inventories net of provision are as follows:

In €m	31 Dec 2023	31 Dec 2022
Raw materials and supplies	0.7	0.7
Finished goods and merchandise	122.3	185.4
Less: Provisions on finished goods and merchandise	(12.5)	(15.9)
Total inventories	**110.5**	**170.2**

During 2023 € 3.7 million (31 December 2022: €6.8 million) was recognised as an expense write-off for inventories carried at net realisable value. This is recognised in cost of sales.

16. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Trade receivables and other financial assets are as follows:

In €m	31 Dec 2023	31 Dec 2022
Non-current		
Receivables from deposits/restricted cash	39.8	36.2
Other financial assets (non-current)	39.8	36.2
Current		
Trade and other receivables	39.2	38.1
Less: loss allowance (note 32)	(0.6)	(1.0)
Trade and other receivables (current)	38.6	37.1
Other financial assets		
Investments in investment funds at fair value through profit or loss	161.1	226.5
Receivables from deposits/ restricted cash	10.3	13.0
Receivables from loans	0.3	0.4
Receivables from employees	0.2	0.1
Contract Assets	4.2	5.7
Other financial receivables	4.5	4.3
Less: loss allowance	(0.3)	(0.3)
Other financial assets (current)	**180.3**	**249.7**

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

During the year, the Group redeemed €75.0 million (2022: acquired €5.0 million) of investment in 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 and valuation techniques from the fund administrators level 1 and level 3 of the fair value measurement hierarchy as disclosed in note 3 (2022: classified as level 1 and level 3). These funds are mainly short term duration bonds with volatility and a high credit score and have been acquired to reduce the Group's exposure to interest rates and manage counterparty exposure. There was a fair value gain of €0.3 million, increasing the level 3 investment fund from €10.0 million at 31 December 2022 to €10.3 million at 31 December 2023. There were no acquisitions or redemptions of this fund during the year. Funds were held with Morgan Stanley, HSBC and Santander as at 31 December 2023 and 31 December 2022.

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 2023	As at 31 Dec 2022
Short term deposits	1.0	1.0
Cash at bank	224.9	322.5
Cash and cash equivalents	**225.9**	**323.5**

For short-term deposits and cash at bank the Group applies a general approach in calculating ECLs. However, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date as, given their maturity, the 12-month and lifetime ECLs are the same. No loss allowance was recognised as of 31 December 2023 (2022: nil).

18. EQUITY

Common share capital

As at 31 December 2023, the issued share capital was 223,792.912 common shares (2022: 220,292,912), 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 2022	217,292,912	0.01	2.1	303.6
Common Share Capital issued	3,000,000	0.01	0.1	–
Balance as at 31 December 2022	220,292,912	0.01	2.2	303.6
Common Share Capital issued	3,500,000	0.01	–	–
Balance as at 31 December 2023	**223,792,912**	**0.01**	**2.2**	**303.6**

During the year, 3,500,000 (2022: 3,000,000) common shares were used 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 2023 (2022: 278,773).

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

	2023			2022		
	No.	Par Value	€m	No.	Par Value	€m
Authorised						
Common shares	439,435,251	0.01	4.4	439,435,251	0.01	4.4
Issued						
Common shares	223,792,912	0.01	2.2	220,292,912	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 initial public offering (IPO).

Share-based payment reserves
Other reserves relate to IFRS 2 reserves and amounted to €157.9 million as at 31 December 2023 (2022: €155.1 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.

On 25 August 2023 the Group repurchased bonds that were due to be redeeed on 15 March 2028. The Group repurchased bonds representing €74.6 million in aggregate principal amounts (approximately 27% of the principal amount as at the end of December 2022). Following the repurchase the carrying amount of the equity component was €26.6 million (31 December 2022: €36.3 million) as €9.7 million was reclassified from convertible bond equitycomponent to Other reserves.

On 31 August 2023 the Group repurchased bonds that were due to be redeeed on 15 March 2028. The Group repurchased bonds representing €27.0 million in aggregate principal amounts (approximately 10% of the principal amount as at the end of December 2022). Following the repurchase the carrying amount of the equity component was €23.1 million (31 December 2022: €36.3 million) as €3.5 million was reclassified from convertible bond equity component to Other reserves.

Non-controlling interest
As of 31 December 2023 and 2022 non-controlling interests mainly consisted of management participations. No capital contributions from a third-party shareholder were received during 2023 (2022: nil).

19. SHARE-BASED PAYMENTS

As at 31 December 2023, 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 €1.7 million (2022: € 7.7 million) is comprised of share-based payments and social charges of:

- €2.2 million (2022: €7.8 million) relating to the long-term Incentive Plan;
- €(0.5) million (2022: €(0.1) million) relating to the 2018 employee share option plan;

The share-based payment expense reduced by €6.0 million since 31 December 2022 due to forfeited awards during the year.

(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 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.

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	Number of Shares
	2023	2022
Outstanding at the beginning of the year	9,257,520	5,931,316
Granted during the period	6,383,524	6,811,357
Forfeited during the period	(2,913,672)	(1,654,755)
Exercised during the period	(2,856,065)	(1,830,398)
Outstanding as at 31 December	9,871,307	9,257,520
Total Awards vested and therefore exercisable as at 31 December	**1,201,918**	**1,484,027**

Forfeited shares represent units that an employee is no longer entitled to when they leave employment, as the shares are unvested at the leaving date. All vested units were 'in-the-money' as at 31 December 2023.

The weighted average share price for units exercised in the year was €0.66 (2022: €1.80).

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 €0.79 (2022: €1.61). The number of awards due to vest in 2024 is 3,223,695.

As at 31 December 2023, liabilities arising from applicable employer social charges of €1.9 million (2022: €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 2023:

Share option awards	Weighted Average Exercise Price	Number of Options
	2023	2023
Outstanding at the beginning of the year	8.86	6,249,171
Exercised during the year	0.99	(12,567)
Expired during the year	10.43	(2,165,961)
Outstanding at 31 December	8.09	4,070,643
Total Awards vested as at 31 December	**8.09**	**4,070,643**
In-the-money awards vested as at 31 December	**0.18**	**170,132**

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 weighted average fair value of options granted during the year was € nil (2022: € nil).

The weighted average remaining contractual life for the share options oustanding as at 31 December 2023 was 2.54 years.

The liabilities in relation to the 2018 Employee share option plan is showns on the below table:

In €m	2023	2022
Expense arising from cash-settled share-based payment transactions	(0.1)	(0.1)
Liability arising from cash-settled portion of share-based payments	0.4	0.5
Liability arising from applicable employer social charges	0.4	0.9

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 table below summarises the borrowing facilities of the Group as at 31 December 2023:

Financing Counterpary	Renewal Date	Term	Total facility		Drawn as at 31 December 2023		Drawn as at 31 December 2022
			LCY	€	LCY	€	€
BPI	Jun-24	1 year	₱300 million	€4.9 million	₱300 million	€4.9 million	€5.1 million
HSBC	Jul-24	1 year	€10 million	€10 million	€6.3 million	€6.3 million	€7.1 million
HSBC	Mar-24	1 year	$7 million	€6.3 million	$0.7 million	€0.7 million	€2.8 million
Santander	Feb-23	1 year	$395 million	€0.4 million	-	-	€2.0 million
Total Borrowings (current)						**€11.9 million**	**€17.0 million**

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

In €m	1 January 2023	Repayments	FX movement	New borrowings	CIS Disposal	31 December 2023
Interest bearing bank borrowings (current)	17.0	(48.5)	(0.6)	44.0	-	11.9
	1 January 2022	**Repayments**	**FX movement**	**New borrowings**	**CIS Disposal**	**31 December 2022**
Interest bearing bank borrowings (current)	35.4	(52.6)	(5.3)	39.6	(0.1)	17.0

In addition, the Group had the following bi-lateral facilities in place for the issuance of bank guarantees:

- Trade guarantee facility with Citibank of $15 million, of which $5 million is subject to specific terms covering restricted cash held and pricing. Effective on 25 June 2023 the facility was renewed to expire in 12 months. Under the terms of this facility restricted cash held against the first $10 million of this facility represents 50% of the value of guarantees issued and against the remaining $5 million of this facility represents 100% of the value guarantees issued, and for both portions of this facility plus 10% FX cover for issuances in EUR/USD currency. This is included within Other Financial Assets (non-current). As at 31 December 2023, the Group had utilised $6.2 million (€5.6 million) of this facility (31 December 2022: €9.3 million).

- Trade guarantee facility with HSBC of €15 million (31 December 2022: €20 million). Effective on 17 July 2022, the Group renewed the guarantee facility for a further 12 months. As at 31 December 2023, the Group had utilised €9.6 million (31 December 2022: €19.4 million) of the guarantee facility.

21. PROVISIONS

Movements in provisions for liabilities and charges are as follows:

In €m	Tax risks	Litigation risks	Other	Total
Carrying Amount				
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 1 January 2023	19.8	1.0	2.1	22.9
Additions	–	–	1.6	1.6
Used	(3.0)	–	–	(3.0)
Currency translation differences	(0.4)	(0.1)	(0.3)	(0.8)
Carrying amount as at 31 December 2023	**16.4**	**0.9**	**3.4**	**20.7**

Provisions amounted to € 20.7 million as of 31 December 2023 (2022: € 22.9 million) where of € 4.1 million are classified as non-current (2022: €2.6 million) mostly relating to restoration obligations and provisions for gratuity and anniversary, and € 16.6 million as current (2022: € 20.3 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 Company 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 2023. The provision has been classified as current.

22. TRADE PAYABLES AND OTHER FINANCIAL LIABILITIES

In €m	31 Dec 2023	31 Dec 2022
Non-current		
Convertible bonds debt component	160.3	243.8
Trade and other financial liabilities (non-current)	**160.3**	**243.8**

In €m	31 Dec 2023	31 Dec 2022
Current		
Trade payables	169.5	181.9
Other financial liabilities	6.8	6.4
Other financial liabilities - Convertible bond debt component (current)	5.5	8.2
Refund liabilities	12.7	12.2
Trade and other financial liabilities (current)	**194.5**	**208.7**
Trade and other financial liabilities	**354.8**	**452.5**

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 other financial liabilities during the year:

In €m	1 Jan 2023	Net-Cash flows	Interest accrued	Gain on repurchase	31 Dec 2023
Convertible bond debt component (non-current)	243.8	(74.7)	9.5	(18.3)	160.3

In €m	1 Jan 2023	Net-Cash flows	Interest accrued	Gain on repurchase	31 Dec 2023
Other financial liabilities – Convertible bond (current)	8.2	(2.9)	0.2	-	5.5

The tables below summarise the changes in the Group's other financial liabilities during 2022:

In €m	1 Jan 2022	Cash flows	Interest accrued	Gain on repurchase	31 Dec 2022
Convertible bond debt component (non-current)	318.4	(74.3)	9.0	(9.3)	243.8

In €m	1 Jan 2022	Cash flows	Interest accrued	Gain on repurchase	31 Dec 2022
Other financial liabilities - Convertible bond (current)	10.2	(4.1)	2.1	-	8.2

As at 31 December 2023, current other financial liabilities included €5.5 million and non-current other financial liabilities included €160.3 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 consolidated statement or profit or loss of €9.3 million.

On 25 August 2023, the Group repurchased bonds which were due to be redeemed on 15 March 2028. The Group repurchased bonds representing €74.6 million in aggregate principal amounts (approximately 27% of the principal amount as at the end of December 2022).

On 31 August 2023, the Group repurchased bonds which were due to be redeemed on 15 March 2028. The Group repurchased bonds representing €27.0 million in aggregate principal amounts (approximately 10% of the principal amount as at the end of December 2022).

The purchase price per €100,000 nominal amount was €73,000, resulting in a cash outflow of €74.7 million. This resulted in a gain recognised in the consolidated statement of profit or loss for the period ended 31 December 2023 of €18.3 million.

The original terms of the bonds which remain unchanged for the remaining outstanding units, are 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 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 2023 was 74.63% (31 December 2022: 74.62%) of the nominal value, approximately €133.1 million (31 December 2022: €208.9 million). The fair value of Convertible bonds is classified as level 1 as the bonds are traded in Frankfurt Stock Exchange.

The equity component was €23.1 million (31 December 2022: €36.3 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. 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.

23. OTHER NON-FINANCIAL LIABILITIES

In €m	31 Dec 2023	31 Dec 2022
Non-Current		
Other non-financial liabilities	37.1	1.0
Other non-financial liabilities (non-current)	**37.1**	**1.0**
Current		
Liabilities from taxes	8.7	45.3
Accruals for personnel related expenses	14.9	18.4
Liabilities to employees	2.9	2.9
Liabilities from social security	1.7	1.9
Contract liabilities	26.5	35.6
Other non-financial liabilities	0.1	–
Withholding tax payable	0.1	0.3
Other non-financial liabilities (current)	**54.9**	**104.4**
Income tax liabilities	20.8	18.3
Total non-finanical liabilities	**112.8**	**123.7**

During the period, the liabilities from taxes consisting of VAT obligations amounting to €36.0 million were reclassified from current non-financial liabilities to non-current non-financial liabilities due to changes in the legislation in Brazil, the jurisdiction where these liabilities are due to be settled, which deferred the settlement date to a period exceeding 12 months from 31 December 2023.

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. The contract liability opening balance was recognized as revenue during the year.

24. REVENUE

Revenues for the year are as follows:

In €m	2023	2022
Sale of goods	708.5	935.0
Marketplace	92.9	91.1
Other	36.6	43.1
Total Revenue	**838.0**	**1,069.2**

Other revenues include platform services revenue generated from wholesale revenue and by providing ancillary advertising and supply chain services. 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	2023	2022
Wages and salaries [1]	160.5	193.0
Social security costs [2]	12.7	13.4
Share-based payment expense	1.7	7.7
Total	**174.9**	**214.1**

1 Wages and salaries included in Cost of sales amounts to €0.2m (2022: €0.8m) and amounts included within Selling and Distribution expenses €68.5m (2022: €92.3m) and Administrative expenses were €91.8m (2022: €99.9m).

2 Social security contributions included in Cost of sales amounts to €nil (2022: €0.1m) and amounts included within Selling and Distribution expenses €4.3m (2022: €5.4m) and Administrative expenses were €8.4m (2022: €7.8m).

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 2023 was:

2023	LATAM	SEA	ANZ	Other [1]	Total
Average number of employees	2,050	1,609	1,240	172	**5,071**

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

The average monthly number of employees in 2022 was:

2022	LATAM	SEA	ANZ	Other [1]	Total
Average number of employees	2,902	1,747	1,263	189	**6,101**

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

Total Selling and Distribution expenses for the year were €288.3 million (2022: €353.4 million). Total Administrative expenses for the year were €183.8 million (2022: €199.0 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	31 Dec 2023	31 Dec 2022
Included in selling and distribution expenses		
Depreciation of property, plant and equipment	8.2	7.7
Depreciation of right-of-use assets	12.4	10.1
Amortisation of intangible assets	0.6	0.8
Included in general and administrative expenses		
Depreciation of property, plant and equipment	2.3	2.6
Depreciation of right-of-use assets	3.4	3.9
Amortisation of intangible assets	30.6	28.1
Total	**57.5**	**53.2**

27. OTHER OPERATING INCOME AND EXPENSES

Other operating income for the year was €3.4 million (2022: €2.3 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	31 Dec 2023	31 Dec 2022
Other operating expenses		
Loss from disposal of intangible assets	2.1	-
Loss from disposal of PPE	-	0.8
Write-off of receivables	0.7	0.7
Other taxes	(1.1)	(1.0)
Other expenses	6.2	3.6
Total other operating expenses	**7.9**	**4.1**

28. FINANCIAL RESULT

The financial result for the year is as follows:

In €m	Note	31 Dec 2023	31 Dec 2022
Financial Result			
Interest income		6.3	1.0
Interest expenses		(7.0)	(12.3)
Interest expense on lease liabilities	12	(5.0)	(5.2)
Interest expense on convertible bond	22	(9.7)	(11.4)
Foreign exchange (losses)/gains		–	7.4
Fair value changes to investment funds		9.6	(12.4)
Total financial result		**(5.8)**	**(32.9)**

29. DISCONTINUED OPERATIONS

Argentina

On 6 September 2023 it was announced that Global Fashion Group would close operations in Argentina. Dafiti Argentina experienced worsening performance since 2020 due to multiple factors, including consistently high inflation, restrictive import controls and the exodus of international brands and vendors. As at 30 September 2023, Argentina ceased to be used as no further revenue was generated from sales of inventory. In accordance with IFR5, the entity was treated as a Discontinued Operation from this date. The results of Argentina for the period are presented below:

In €m	For the period ended 31 Dec 2023	For the period ended 31 Dec 2022
Revenue	10.7	32.9
Expenses	(16.2)	(37.4)
Operating profit (EBIT)	**(5.5)**	**(4.5)**
Finance income	2.7	5.4
Finance costs	(2.1)	(4.5)
Loss before tax from discontinued operations	**(4.9)**	**(3.6)**
Income taxes	–	–
Loss for the period from discontinued operations	**(4.9)**	**(3.6)**

The net cash flows of BFOOT S.R.L (Arg) are as follows:

In €m	For the twelve month period ended 2023	2022
Operating	(2.4)	(4.0)
Investing	(0.1)	(1.0)
Financing	3.2	3.1
Net cash inflow/(outflow)	**0.7**	**(1.9)**

CIS

On 12 December 2022 the Group completed its sale of the Lamoda business with operations in Russia, Kazakhstan and Belarus (CIS) for 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. As at 28 September 2022, the CIS segment was classified as a disposal group held for sale and as a discontinued operation.

2023 results for the CIS segment include net Ukraine related costs and one off consulting income.

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

In €m	For the period ended 31 Dec 2023	For the period ended 12 Dec 2022
Revenue	–	794.4
Operating Income/(Expenses)	3.0	(693.5)
Operating profit (EBIT)	**3.0**	**100.9**
Finance income	0.4	20.2
Finance costs	(0.1)	(9.7)
Income before tax from discontinued items	**3.3**	**111.4**
Income taxes	–	(17.1)
Income for the period from discontinued items from operating activities	**3.3**	**94.3**
Loss on disposal of Lamoda	–	(112.5)
Income for the period	**3.3**	**(18.2)**

The major classes of assets and liabilities of CIS classified as discontinued operations 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 and 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 gain recycled out of OCI	(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 year ended 12 December 2022
Operating	130.3
Investing	(25.1)
Financing	9.2
Net cash inflow/(outflow)	**114.4**

Earnings per share

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

30. INCOME TAXES

Income tax benefit/(expense) is as follows:

In €m	2023	2022
Current tax expense	(11.7)	(4.7)
Thereof prior period	*(1.1)*	*0.1*
Deferred tax	(2.2)	(3.0)
Income tax (expense)/benefit for the year	**(13.9)**	**(7.7)**

Income tax paid in 2023 amounts to €6.6 million (2022: € 15.2 million).

Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The tax on the Company'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	2023	2022
Profit/(loss) before tax	(168.7)	(170.7)
Weighted average applicable tax rate (in %)	20.01%	29.4%
Tax calculated at domestic tax rates applicable to profits in the respective countries	33.8	50.2
Tax effect of items which are not deductible or assessable for taxation purposes:		
Share-based payment expenses	0.1	-
Other permanent differences	63.1	(2.5)
Income which is exempt from taxation	103.3	3.3
Expenses not deductible for tax purposes	(87.1)	(31.1)
Utilisation of previous unrecognised tax losses	(0.3)	(1.6)
Unrecognised tax loss carry forwards for the year	(125.9)	(27.5)
Adjustments in respect of prior years	(3.3)	0.8
Other	2.6	0.7
Income tax (expense)/benefit for the year	**(13.9)**	**(7.7)**

Deferred tax effects relating to each component of other comprehensive income

In 2023 and 2022 the Group did not recognise any deferred tax (charge)/credit relating to components of other comprehensive income.

Tax loss carry forwards

The Company has unrecognised potential deferred tax assets in respect of unused tax loss carry forward of approx. €3,941.4 million (2022: 3,445.0 million). The tax loss carry forwards expire as follows:

In €m	2023	2022
Tax loss carry forward expiring by the end of:		
Within one year	14.6	9.9
After one year but not more than five years	12.6	42.3
More than five years	1,081.4	623.9
Indefinite	2,832.8	2,778.9
Total tax loss carry forwards	**3,941.4**	**3,445.0**

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 January 2023	Exchange differences	Transferred to Disposals	Charged / (credited) to profit or loss	31 December 2023
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards					
Difference between tax and accounting value of:					
Trade name	(13.8)	-	-	5.1	(8.7)
Customer relationship	(2.3)	-	-	1.4	(0.9)
Technology	(1.2)	-	-	(0.1)	(1.3)
Tax loss carryforwards	11.0	(0.1)	-	(8.7)	2.2
Other	4.1	0.1	-	0.1	4.3
Net deferred tax asset/(liability)	**(2.2)**	**-**	**-**	**(2.2)**	**(4.4)**
Recognised deferred tax asset	15.1	(0.1)	-	(8.5)	6.5
Recognised deferred tax liability	(17.3)	0.1	-	6.3	(10.9)

In €m	1 January 2022	Exchange differences	Transferred to Disposals	Charged / (credited) to profit or loss	**31 December 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 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 Company 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 Company had €41.7 million (2022: €44.2 million) of unremitted earnings of subsidiaries for which no deferred tax liabilities were recognized.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12:

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates, including Luxembourg, Germany, Denmark, the United Kingdom, Malaysia and Vietnam. The legislation will be effective for the Company's Financial Year beginning January 1, 2024. The rules will impose a minimum 15% effective tax rate, based on the OECD's Pillar Two Model Rules, applicable in each jurisdiction in which the Company operates. In May 2023, the IASB amended IAS 12 Income Taxes to include a mandatory temporary exception from recognizing deferred taxes relating to Pillar Two. The Company has applied this mandatory exception which did not have a material impact to the consolidated financial statements.

The assessment of the potential exposure to Pillar Two income taxes has been made based on the most recently available financial information. The Company expects that transitional safe harbour relief should apply in the majority of the subsidiary jurisdictions based on an analysis of 2023 results, while for other jurisdictions no top-up tax exposure has been identified as a result of a high-level assessment of the application of the Pillar Two rules. Such calculations must however be updated in 2024 to validate the application of the safe harbour rules for which a detailed analysis of the local legislation implementing Pillar Two rules will be performed.

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 €10 million (2022: €17.9 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 2023, potential tax risks, including the issues above, estimated by the Group amount to €94.1 million (2022: €95.0 million) including €40.5 million in relation to income tax and €53.6 million in relation to indirect tax (2022: €41.9 and €53.1 million), of which provisions of €32.9 million (2022: €37.2 million) including €16.5 million in relation to income tax and €16.4 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 2023, the Group had commitments of €10.1 million (2022: €2.9 million) primarily relating to the development of warehouse management systems for Australia and ongoing development of the warehouse in Brazil.

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 94% 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 2023, if the EUR had strengthened/weakened by +/- 10% against all other currencies with all other variables held constant, the hypothetical impact on profit for the year would have been €0.3 million (2022: €13.7 million) higher / lower, mainly as a result of foreign exchange gains/losses on translation of trade and other receivables, cash as well as trade and other payables and loan liabilities denominated in EUR.

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 2023, there were significant fluctuations in some of the Group's key reporting currencies, as follows:

Currency / €	Closing FX rate 31 Dec 2023	Closing FX rate 31 Dec 2022	% Variance
BRL	5.4	5.6	(4.9)%
AUD	1.6	1.6	2.6%

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 and cash and cash equivalents. 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 region 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 2023, 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	22.6	(0.1)
Logistics companies	2.2	–
Large corporate clients	12.2	(0.4)
Individual customers	1.8	(0.1)
Other	0.5	(0.1)
Total	**39.3**	**(0.7)**

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)**

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 2023:

In €m	Gross Carrying Amount	Loss allowance	Loss rate(%)
Current (not past due)	34.0	(0.1)	-0.3%
1 – 30 days past due	1.7	–	0.0%
31 – 60 days past due	2.2	(0.1)	-4.5%
61 – 90 days past due	0.7	(0.2)	0.0%
More than 90 days past due	0.8	(0.3)	-37.5%
Total	**39.3**	**(0.7)**	**-1.8%**

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	Movement in Loss Allowance
Balance as at 1 January 2023	(1.0)
Net remeasurement of loss allowance (as per income statement)	0.3
Balance as at 31 December 2023	**(0.7)**

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 2023 and 2022 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 2023 is as follows:

In €m	Demand and less than 1 year	1 to 5 years	Over 5 years	Total
Liabilities				
Undiscounted Borrowings	12.2	–	–	12.2
Trade payables and other financial liabilities	183.2	5.8	–	189.0
Other financial liabilities – convertible bond	2.2	182.8	–	185.0
Undiscounted Lease liabilities	17.0	38.9	8.2	64.1
Total future payments, including future principal and interest payments	**214.6**	**227.5**	**8.2**	**450.3**

As at 31 December 2023, the carrying value of borrowings, trade payables and other financial liabilities and lease liabilities, were €11.9 million, €354.7 million and €61.7 million respectively.

The convertible bond redemption value of €160.3 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 2022 was as follows:

In €m	Demand and less than 1 year	Final 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, €452.3 million and €74.0 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 2023	31 Dec 2022
Equity attributable to equity holders of the parent	295.4	475.5
Total Assets	862.0	1,173.9
Equity Ratio (%)	34.3%	40.5%

There were no changes made to the objectives, policies or processes during the period from incorporation up to 31 December 2023.

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 2023 was €5.5 million (2022: €5.5 million).

Price Index	2023	2022
As at 1 January	1,203.0	605.0
Movement in the period	2,330.2	529.6
As at 31 December	3,533.2	1,134.6

35. EVENTS AFTER THE REPORTING PERIOD

In January and February 2024, the Group redeemed €151.5 million of investments in investment funds accounted for as Financial assets at fair value through profit or loss. The cash proceeds were placed in short-term cash deposits and money market funds.

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

5. RESPONSIBILITY STATEMENTS

Consolidated Financial Statements

We, Christoph Barchewitz, Chief Executive Officer and Gunjan Soni, Chief Operating 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 2023, 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 and Gunjan Soni, Chief Operating 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 2023, 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.

5 March 2024

Christoph Barchewitz

Christoph Barchewitz, CEO

Gunjan Soni

Gunjan Soni, COO

6. INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Global Fashion Group S.A. ("the Company" or "GFG"), which comprise the balance sheet as at 31 December 2023, 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 2023, 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 Company of the Group, 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.

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 to section 2.5 and the corporate governance report 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").

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 14 June 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 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 2023 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 2023, identified as "GFG_ConsolFS_31.12.23.xhtml", 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 and Young
Société anonyme
Cabinet de révision agréé

Gaël Denis

Luxembourg, 5 March 2024

PARENT FINANCIAL STATEMENTS

CONTENTS
SECTION 7

BALANCE SHEET
as at 31 December 2023

ASSETS

In €		Note	31 Dec 2023	31 Dec 2022
B. Formation Expenses		3	1,302,687.86	3,938,521.54
C. Fixed Assets				
I.	Intangible assets			
2.	Concessions, patents, licences, trademarks and similar rights and assets, if they were		–	–
	a) acquired for valuable consideration and need not be shown under C.I.3		–	–
	b) created by the undertaking itself		–	–
III.	Financial assets	4	481,987,947.26	1,095,525,412.26
1.	Shares in affiliated undertakings		481,987,947.26	1,095,525,412.26
D. Current Assets			18,562,934.87	19,002,846.57
II.	Debtors	5	8,866,787.65	16,754,150.46
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		8,451,695.60	16,176,763.70
	a) becoming due and payable within one year		5,973,407.60	13,659,625.70
b) becoming due and payable after more than one year			2,478,288.00	2,517,138.00
4.	Other debtors		372,554.03	534,848.74
	a) becoming due and payable within one year		372,554.03	534,848.74
III.	Investment			
2.	Own shares	7	52,409.32	222,571.35
IV.	Cash at bank and in hand	6	9,643,737.90	2,026,124.76
E. Prepayments			82,243,16	0.00
Total Assets			**501,935,813.15**	**1.118.466.780,37**

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

BALANCE SHEET
as at 31 December 2023 (continued)

CAPITAL, RESERVES AND LIABILITIES

In €		Note	31 Dec 2023	31 Dec 2022
A. Capital and Reserves		7	**320,537,303.37**	**702,976,189.95**
I.	Subscribed capital		2,237,929.14	2,202,929.14
II.	Share premium account		3,568,654,053.56	3,568,689,053.56
IV.	Reserves		52,409.32	222,571.35
	2. Reserve for own shares		52,409.32	222,571.35
V.	Profit or loss brought forward		(2,867,968,202.08)	(2,380,337,033.36)
VI.	Profit or loss for the Financial Year		(382,438,886.57)	(487,801,330.74)
C. Creditors		8	**181,398,509.78**	**410,149,931.08**
1.	Debenture loan		178,300,000.00	279,900,763.25
	a) Convertible loans		178,300,000.00	279,900,763.25
	i) becoming due and payable within one year		-	-
	ii) becoming due and payable after more than one year		178,300,000.00	279,900,763.25
	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	8	1,862,182.78	1,870,329.46
	a) becoming due and payable within one year		1,862,182.78	1,870,329.46
6.	Amounts owed to affiliated undertakings	8	125,737.65	126,553,967.58
	a) becoming due and payable within one year		125,737.65	126,553,967.58
	b) becoming due and payable after more than one year		-	-
8.	Other creditors	8	1,110,589.35	1,824,870.79
	a) Tax authorities		73,942.88	23,762.26
	b) Social security authorities		150,340.58	160,903.67
	c) Other creditors		886,305.89	1,640,204.86
	i) becoming due and payable within one year		*886,305.89*	*1,640,204.86*
D. Deferred income		9	-	5,340,659.34
Total Capital, Reserves and Liabilities			**501,935,813.15**	**1,118,466,780.37**

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

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2023

In €	Note	31 Dec 2023	31 Dec 2022
4. Other operating income	10	9,468,498.41	4,078,128.54
5. Raw materials and consumables and other external expenses	11	(7,288,269.00)	(7,095,442.45)
a) Raw materials and consumables		(1,326.10)	(1,475.80)
b) Other external expenses		(7,286,942.89)	(7,093,966.65)
6. Staff costs	12	(917,676.59)	(1,685,175.30)
a) Wages and salaries		(907,674.95)	(1,670,898.74)
b) Social security costs		(10,001.64)	(14,276.56)
ii) other social security costs		(10,001.64)	(14,276.56)
7. Value adjustments		(2,635,833.69)	(2,813,432.19)
a) in respect of formation expenses and of tangible and intangible fixed assets	3	(2,635,833.69)	(2,868,871.82)
b) in respect of current assets		–	55,439.63
8. Other operating expenses	13	(531,731.54)	(351,420.15)
11. Other interest receivable and similar income	14	347,573,101.51	21,302,281.69
a) derived from affiliated undertakings		319,672,476.05	279,536.35
b) other interest and similar income		27,900,625.46	21,022,745.34
13. Value adjustments in respect of financial assets and of investments held as current asset	4,7	(722,707,627.03)	(460,343,792.11)
14. Interest payable and similar expenses	15	(5,386,843.14)	(40,858,189.72)
a) concerning affiliated undertakings		(803,271.94)	(36,966,862.12)
b) other interest and similar expenses		(4,583,571.20)	(3,891,327.60)
15. Tax on profit or loss		(7,050.00)	(15,349.05)
16. Profit or loss after taxation		(382,433,431.07)	(487,782,390.74)
17. Other taxes not shown under items 1. to 16.	16	(5,455.50)	(18,940.00)
18. Profit or loss for the Financial Year		**(382,438,886.57)**	**(487,801,330.74)**

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

On 6 September 2023 it was announced Global Fashion Group would close operations in Argentina. dafiti Argentna experienced worsening performance since 2020 due to multiplefactors, including consistently high inflation, restrictive import controls and the exodus of international brands and vendors.

The accounting year of the Company begins on January 1 and terminates on December 31 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 authorized for issue by the Supervisory Board on 5 March 2024. 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.

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

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

2.2 Significant Accounting Policies

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

Formation Expenses

Formation expenses, including costs relating to equity raising are written off on a straight-line basis over a period of 5 years. The formation expenses relating to issuance of convertible bonds are amortised during the period started with the issuance of convertible bonds and ending on the put option date (note 3).

Intangible Assets

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

The depreciation rates and methods applied are as follows:

Category	Depreciation rate	Depreciation method
Concessions, patents, licenses, trademarks and similar rights and assets	33.33%	linear
Software	20%	linear

Financial Assets

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

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

Own Shares

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

Debtors

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

Foreign Currency Translation

These financial statements are expressed in Euro (€).

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

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

- Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the period;
- Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealized exchange losses are recorded in the profit and loss account. Solely the exchange gains are recorded in the profit and loss account at the moment of their realization;
- Income and charges expressed in a currency other than € are translated into € at the exchange rate prevailing at the transaction date;
- Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealized losses are recorded in the profit and loss account and the net unrealized exchange gains are not recognized.

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

Prepayments

This asset item includes expenditures incurred during the Financial Year but relating to a subsequent Financial Year.

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 recognized as earned.

Convertible Bonds

Convertibles bonds are recorded at their nominal value and the relevant portion of issuance costs are recorded under formation expenses.

Comparative Figures

An amount owed by affiliated undertakings becoming due and payable within one year for the year ended 31 December 2022 has been reclassified to becoming due and payable after more than one year to ensure the comparability with the figures for the year ended 31 Dember 2023. 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 2023	Total as at 31 Dec 2022
Gross book value – opening balance	9,773,539.02	9,773,539.02
Additions for the year	-	-
Gross book value – closing balance	9,773,539.02	9,773,539.02
Accumulated value adjustment – opening balance	(5,835,017.48)	(2,981,847.86)
Allocations for the year	(1,512,785.10)	(1,759,311.96)
Reversal of unamortized costs related to partial bond repurchase	(1,123,048.58)	(1,093,857.66)
Accumulated value adjustment – closing balance	(8,470,851.16)	(5,835,017.48)
Net book value – closing balance	**1,302,687.86**	**3,938,521.54**

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 capitalized and amortized 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 €1,123,048.53, approximately 37%, following bond repurchases in August 2023.

4. SHARES IN AFFILIATED UNDERTAKINGS

The movements for the year are as follows:

In €	Total as at 31 Dec 2023	Total as at 31 Dec 2022
Gross book value – opening balance	2,891,704,740.85	2,948,694,743.90
Additions for the year	111,000,000.23	48,269,554.35
Disposals for the year	(2,000,000.00)	(105,259,557.40)
Gross book value – closing balance	3,000,704,741.08	2,891,704,740.85
Accumulated value adjustment – opening balance	(1,796,179,328.82)	(1,404,665,099.35)
Allocation for the year	(722,537,465.00)	(460,343,792.11)
Disposals for the year	-	68,829,562.64
Accumulated value adjustment – closing balance	(2,518,716,793.82)	(1,796,179,328.82)
Net book value – closing balance	**481,987,947.26**	**1,095,525,412.26**

The additions of the year relate to the investments in Bigfoot GmbH for a total amount of €83,000,000.00 and Global Fashion Group SGP Services Pte. Ltd for a total amount of €28,000,000.00.

As at 31 December 2023, the investment in Global Fashion Group SGP Services Pte. Ltd present an impairment of €28,000,000.00 the investment in Bigfoot GmbH present an impairment of €389,942,673.00 and the investment in Global Fashion Group UK Finance Limited presents an impairment of €304,594,792.00.

GFG Luxembourg One S.à r.l. was dissolved during the year and its assets and liabilities were transferred to GFG S.A. As at 31 December 2023, the investment in GFG Luxembourg One S.à r.l. was therefore written down to €nil (2022: €2,000,000.00).

Name	Country	Owner 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 2023 €	Carrying value as at 31 Dec 2022 €
Bigfoot GmbH	Germany	100	31.12.2023	(652,886,692,48)	(686,592,052.56)	86,823,829.91	393,766,502.91
GFG UK Finance Limited	United Kingdom	100	31.12.2023	499,979,143.08	(165,820,591.06)	393,220,172.69	697,814,964.69
GFG Luxembourg One S.A.r.l.	Luxem-bourg	0	31.12.2023	-	(2,423,618.85)	-	2,000,000.00
GFG eCommerce Technologies GmbH	Germany	100	31.12.2023	11,040,776.33	3,323,167.08	1,943,944.43	1,943,944.43

Name	Country	Ownership %	Gross book value 31 Dec 2023 €	Accumulated Value Adjustments 31 Dec 2023 €	Net book value 31 Dec 2023 €
Bigfoot GmbH	Germany	100	2,170,175,277.38	(2,083,351,447.47)	86,823,829.91
GFG UK Finance Limited	United Kingdom	100	697,814,964.69	(304,594,792.00)	393,220,172.69
GFG SGP Services Pte. Ltd	Singapore	100	130,770,554.35	(130,770,554.35)	-
GFG Luxembourg One S.A.r.l.	Luxembourg	0.0	2,000,000.00	(2,000,000.00)	-
GFG eCommerce Technologies GmbH	Germany	100	1,943,944.43	-	1,943,944.43
			3,000,704,741.08	**(2,518,716,793.82)**	**481,987,947.26**

In the opinion of the Supervisory Board, the investments in the above companies do not present further permanent impairment as of 31 December 2023.

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	2,087,175,277.38	(1,693,408,774.47)	393,766,502.91
GFG UK Finance Limited	United Kingdom	100	697,814,964.69	–	697,814,964.69
GFG SGP Services Pte. Ltd	Singapore	100	102,770,554.35	(102,770,554.35)	–
GFG Luxembourg One S.A.r.l.	Luxembourg	100	2,000,000.00	–	2,000,000.00
GFG eCommerce Technologies GmbH	Germany	100	1,943,944.43	–	1,943,944.43
			2,891,704,740.85	**(1,796,179,328.82)**	**1,095,525,412.26**

5. DEBTORS

As at 31 December 2023 and 2022, the debtors' balance were the following:

In €	Within one year	After more than one year	Total 31 Dec 2023
Trade debtors	42,538.02	-	42,538.02
Amounts owed by affiliated under-takings [1]	5,973,407.60	2,478,288.00	8,451,695.60
Other debtors [2]	372,554.03	–	372,554.03
Total debtors	**6,388,499.65**	**2,478,288.00**	**8,866,787.65**

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]	13,659,625.70	2,517,138.00	16,176,763.70
Other debtors [2]	534,848.74	–	534,848.74
Total debtors	**14,237,012.46**	**2,517,138.00**	**16,754,150.46**

1 As at 31 December 2023, amounts owed by affiliated undertakings are mainly composed of:

Intercompany loan due granted to Global Fashion Group TRM for €4,879,731.89 (2022: €nil), and Bigfoot GmbH for €2,478,288.00 (2022: €2,517,137.51) and of receivables from affiliated companies for a total amount of €1,066,423.45 (2022: €1,115,767.29). They are mainly composed of management recharges receivable from Dafiti Brazil for an amount of €717,215.74 (2022: €717,215.74), Jade eServices Singapore for an amount of €104,512.00 (2022: €nil), Internet Services Australia for an amount of €133,981.00 (2022: €191,716.00)

An intercompany loan granted to Global Fashion Group UK Finance Limited was fully repaid during the year 2023 (2022: €12,300,000.00).

2 As at 31 December 2023, other debtors are mainly composed of (i) VAT receivables for an amount of €1,649,357.20 (2022: €5,546,519.98), VAT prepayment for an amount of €4,644,437.50 offset with VAT payables of €4,758,330.38 (2022: €4,146,058.40), and VAT payables of prior years of €1,194,863.67 (2022: net receivable of €871,852.30) (ii) and the advance of the net worth tax 2021 paid for an amount of €31,266.10 (2022: €6,018.75).

6. CASH AT BANK AND IN HAND

As at 31 December 2023, cash at bank and in hand consists of current account balances amounting to €9,643,737.90 (2022: €2,026,124.76).

7. 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 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
Prior year result allocation	-	-	-	(487,801,330.74)	487,801,330.74	-
Capital increase	35,000.00	-	-	-	-	35,000.00
Proceeds from issued share capital	-	(35,000.00)	-	-	-	(35,000.00)
Own shares reclassification	-	-	(170,162.03)	170,162.03	-	-
Net profit/(loss) for the year	-	-	-	-	(382,438,886.57)	(382,438,886.57)
As at 31 Dec 2023	**2,237,929.14**	**3,568,654,053.56**	**52,409.32**	**(2,867,968,202.08)**	**(382,438,886.57)**	**320,537,303.37**

Subscribed Capital
As of 31 December 2022, the subscribed capital was composed of 220,292,914 common shares with a par value of €0.01 per share.

On 21 March 2023, 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 five thousand euro (€35,000.00) so as to raise it from its then current amount of two million two hundred two thousand nine hundred twenty-nine Euro and fourteen cents (€2,202,929.14) up to two million two hundred thirty seven thousand nine hundred twenty nine and fourteen cents (€2,237,929.14) through the issue of three million five hundred thousand (3,500,000) common shares in dematerialized form with a nominal value of one cent (€0.01) each.

As of 31 December 2023, the subscribed capital is composed of 223,792,914 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 2023	220,292,914	n/a	2,2	3,568
Additions of the year	3,500,000	0.01	-	-
Disposals for the year	-	-	-	-
Balance as at 31 December 2023	**223,792,914**	**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 2023, the share premium amounts to €3,568,654,053.56 (2022: €3,568,689,053.56).

Reserves for Own Shares
As at 31 December 2023, the Company holds 278,733 of its own shares (2022: 278,733) for a total amount of €52,409 (2022: €222,571) included in the assets shown in the balance sheet. During the year, the Company recorded a value adjustment on its own shares of €170,162 (2022: nil) to remeasure them at lower of cost or market value. The Company has adjusted its reserve for own shares with the movements of the year in the number and value of own shares in accordance with the Luxembourg law. The reserve was reclassified against the profit or loss brought forward.

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 2023, no allocation to legal reserve was made due to the negative financial result in the previous Financial Year.

8. CREDITORS

As at 31 December 2023 and 2022, 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 2023
Convertible bonds	–	178,300,000.00	–	178,300,000.00
Trade creditors	1,862,182.78	–	–	1,862,182.78
Amounts owed to affiliated undertakings	125,737.65	–	–	125,737.65
Tax and social security debts	224,283.46	–	–	224,283.46
Other creditors	886,305.89	–	–	886,305.89
Total creditors	**3,098,509.78**	**178,300,000.00**	**-**	**181,398,509.77**

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**

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.

On 25 August 2023, the group repurchased bonds which were due to be redeemed on 15 March 2028. The Group repurchased bonds representing €74.6 million in aggregate principal amounts (approximately 27% of the principal amount as at the end of December 2022).

On 31 August 2023, the group repurchased bonds which were due to be redeemed on 15 March 2028. The Group repurchased bonds representing €27 million in aggregate principal amounts (approximately 10% of the principal amount as at the end of December 2022).

As at 31 December 2023, trade creditors mainly included provisions for accounting and auditing costs for an amount of €904,786.39 (2022: €595,846.74).and other provisions for a total amount of €306,045.79 (2022: €696,859.02) mainly related to interest payable on convertible bonds.

As at 31 December 2023, amounts owed to affiliated undertakings included a total amount of €125,737.65 (2022: 126,553,967.58). During the year, intercompany loans granted by Global Fashion Group TRM Limited and Bigfoot were fully repaid for a total consideration amount of €123,412,980.18 and €2,000,000.00 respectively. The intercompany loans granted by Global Fashion Group TRM Limited bear various interest rates. The interest expense for the Financial Year 2023 was €1,021,201.24 (2022: €959,440.81). The intercompany loan granted by Bigfoot GmbH bears interest at 4.587%. The interest expense for the Financial Year 2023 was €59,529.17 (2022: €100,305.56).

9. 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 €nil (2022: €5,340,659.34).

10. OTHER OPERATING INCOME

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

11. RAW MATERIALS AND CONSUMABLES AND OTHER EXTERNAL EXPENSES

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

In €	Total 31 Dec 2023	Total 31 Dec 2022
Raw materials and consumables	**(1,326.10)**	**(1,475.80)**
Other external fees	(1,326.10)	(1,475.80)
Other external expenses	**(7,286,942.89)**	**(7,093,966.65)**
Legal fees	(934,063.32)	(1,848,980.85)
Accounting and audit fees	(1,095,198.43)	(1,133,018.92)
Other external fees	(807,716.66)	(741,490.28)
Other operational expenses	(4,449,964.49)	(3,370,476.60)
Raw materials and consumables and other external expenses	**(7,288,269.00)**	**(7,095,442.45)**

12. STAFF

The Company did employ one employee during the year (2022: three employees).

13. OTHER OPERATING EXPENSES

The other operating expenses were as follows:

In €	Total 31 Dec 2023	Total 31 Dec 2022
Director's fee	(330,000.12)	(326,875.10)
Software licenses	(201,731.42)	(24,545.05)
	(531,731.54)	**(351,420.15)**

14. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

In 2023, other interest and similar income mainly related to dividend income from Global Fashion Group UK Finance Limited for €225,239,174.01 in April 2023 and €91,679,737.29 in November 2023 (2022: €nil), gain on repurchase of convertible bonds of €27,432,000.00 (2022: €20,921,514.95), the gain resulting from the dissolution of GFG Luxembourg One SARL for €2,669,902.36 (2022: €nil) and other interest and similar revenues related to affiliated undertakings of €524,175.76 (2022: €265,644.64).

15. INTEREST PAYABLE AND SIMILAR EXPENSES

In 2023, other interest and similar expenses included interest on intercompany loans of €3,251,956.51 (2022: €1,782,844.90), interest on the convertible bonds of €2,938,281.35 (2022: €3,807,922.24) and the foreign exchange losses of €64,861.28 (2022: €70,427.82). In 2022, there was a loss resulting from the transfer of shares of Jade 1159 and Jade 1218 to Bigfoot for €35,196,994.76.

16. TAXATION

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

17. 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.

18. 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 5 and 8), intercompany recharges in connection with delivery / reception of services and other operations.

19. 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 2023:

Issuance Date	Beneficiary name	Amount (EUR)
16-06-20	Ralph Lauren	633,312
05-10-20	DK COMPANY Vejle	90,000
02-04-20	Tendam Retail, S.A (Springfield)	125,000
02-02-20	DKH Retail Limited (Superdry)	1,400,000
24-08-20	Accent Brands	772,845
08-09-22	PT. Bank HSBC Indonesia	6,333,122
15-02-23	BANCO SANTANDER (BRASIL) S/A	7,237,854

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 4,070,643 (2022: 6,249,171) shares at an average exercise price of EUR 8.09 (2022: EUR 8.86), of which 4,070,643 (2022: 6,249,171) 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 2023, 6,383,524 (2022: 6,811,357) share units were granted to participants of the 2019 Share plan. 2,913,672 (2022: 1,654,755) units were forfeited and 2,856,065 (2022: 1,830,398) 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 EUR 0.79 (2022: EUR 1.61). The number of awards due to vest in 2024 is 3,223,695.

c) Support Letters

The Company issued several letters of support to its subsidiaries.

20. ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE MANAGERIAAND 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.

21. SUBSEQUENT EVENTS

There are no subsequent events during the Financial Year.

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 Argentina (as a discontinued operation) for the current and comparative year. All non-financial KPIs are also presented excluding Argentina for the current and comparative year.

KPIs related to the Statement of Financial Position and to the Statement of Cash Flows include any Argentina balances and cash flows as at 31 December 2023. The comparative figures are not restated.

1. 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.

2. 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 and other non-financial assets, Group recharges, one off consulting income, changes to estimates for prior year tax, one off payroll and office closure costs.

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.

3. Average Order Value
Average Order Value is defined as the NMV (see below for definition) per order.

4. 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 and prior year figures below are presented excluding Argentina:

In €m	FY 2023	FY 2022
Additions		
Property, plant and equipment	4.3	11.4
Goodwill and other intangibles	24.2	31.1
Total Capex	**28.5**	**42.5**

5. 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.

6. 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 cannot be reconciled to the financial statements.

7. Net Working Capital
Net working capital is calculated as inventories plus current trade and other receivables less current trade payables and other financial liabilities excluding current liabilities from the convertible bond and share based payments.

In €m	FY 2023	FY 2022
Inventory	110.5	170.2
Trade and other receivables (current)	38.6	37.1
Trade payables and other financial liabilities	(195.5)	(208.7)
Convertible bond liability (note 22)	5.5	8.2
Liabilities related to SBP (note 23)	2.9	4.0
Net Working Capital	**(36.9)**	**10.8**

8. 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).

9. 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.

In €m	FY 2023	FY 2022
Cash and cash equivalents	225.9	323.5
Restricted cash and cash on deposit	9.5	11.4
Investment funds	161.1	226.5
Pro-forma Cash	**396.5**	**561.4**

8.2 INFORMATION RESOURCES

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

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