PROSPECTUS **NOT FOR GENERAL CIRCULATION IN THE UNITED STATES**

Global Fashion Group S.A.

Offering of up to 42,900,000 newly issued shares

This prospectus (the "**Prospectus**") relates to (i) the offering (the "**Offering**") of 42,900,000 newly issued common shares with a nominal value of €0.01 from a capital increase against contributions in cash to be resolved by the management board ("**Management Board**") of Global Fashion Group S.A., a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**", "**Global Fashion Group**", "**GFG**", "**we**", "**us**", "**our**" or "**ourselves**") on or about June 25, 2019 (the "**New Shares**") and (ii) the Company's application for the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) of (a) up to 42,900,000 newly issued common shares with a nominal value of €0.01 from the capital increase against contributions in cash to be resolved by the Management Board of the Company on or about June 25, 2019, (b) up to 20,267,821 newly issued common shares issued to existing shareholders (excluding pre-emption rights) against nil consideration from the capital increase to be resolved by the Management Board of the Company on or about June 25, 2019 as part of a share redistribution and (c) up to 152,689,989 existing common shares with a nominal value of €0.01 (the "**Admission of Trading**"). Investors may, in addition to the New Shares, be allocated up to 6,435,000 existing common shares with a nominal value of €0.01 from the holdings of Kinnevik Internet Lux S.à r.l. (the "**Lending Shareholder**") in connection with possible over-allotments (the "**Over-Allotment Shares**" and, together with the New Shares, the "**Offer Shares**"). Each Offer Share has full dividend rights from January 1, 2019.

As of the date of this Prospectus, the Company's share capital amounts to €1,526,899.89 consisting of 152,689,989 common shares (assuming conversion of all redeemable convertible preference shares into common shares at a 1:1 ratio immediately following pricing of the Offering) with a nominal value of €0.01, all of which are fully paid up.

The Offering consists of an offer to the public of the Offer Shares to retail investors and institutional investors in the Federal Republic of Germany ("**Germany**") and to institutional investors in certain jurisdictions outside Germany under an exemption from the requirement to prepare a prospectus.

Investing in shares of the Company involves certain risks. See "*1. Risk Factors*" beginning on page 1.

Price Range: €6.00 - €8.00

The Company has also granted Joh. Berenberg, Gossler & Co. KG (the "**Stabilization Manager**"), on behalf of the Joint Bookrunners (as defined herein) an option to purchase up to 6,435,000 newly issued common shares with a nominal value of €0.01 at the offer price (the "**Offer Price**") (less agreed commissions) (the "**Greenshoe Option**") (see "*3. The Offering—Stabilization Measures, Over-Allotments and Greenshoe Option*"). The Company will receive the net proceeds from the sale of the New Shares and the issuance of any shares under the Greenshoe Option.

Prior to the Offering, there has been no public market for the shares of the Company and all shares of the Company have been existing as registered shares. The Company is in the process of changing the form of its existing registered shares to shares in dematerialized form. The Company intends to apply for admission to trading of its entire share capital (to the extent existing in dematerialized form) on the regulated market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) as well as on the sub-segment thereof with additional post-admission obligations (Prime Standard) under the trading symbol GFG. The application will relate to all Offer Shares and any other shares of the Company in dematerialized form. We expect that trading in the shares of the Company (to the extent existing in dematerialized form) on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) will commence on or about June 27, 2019.

The Offer Shares have not been and will not be registered under the Securities Act and are being offered or sold in the United States of America (the "United States") only to, or for the account or benefit of, qualified institutional buyers ("QIBs"), as defined in, and in reliance on Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will only be offered and sold in offshore transactions in compliance with Regulation S ("Regulation S") under the Securities Act. Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

The Joint Bookrunners and their registered broker-dealer affiliates are severally offering the Company's shares, subject to receipt and acceptance by them of orders and subject to their right to reject any order in whole or in part. The Offer Shares will be in the form of common shares in dematerialized form and will be registered in a single securities issuance account with the single settlement organization LuxCSD S.A. ("**LuxCSD**"). Delivery of the Offer Shares is expected to take place on or about July 1, 2019 through the book-entry facilities of LuxCSD against payment for the Offer Shares in immediately available funds.

This Prospectus has been drafted in accordance with Part II of the Luxembourg law on prospectuses for securities of July 10, 2005, as amended (*Loi relative aux prospectus pour valeurs mobilières*) (the "**Luxembourg Prospectus Law**") and Article 5(3) of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), in its capacity as competent authority under the Luxembourg Prospectus Law and application has been made to notify the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht,* "**BaFin**") in accordance with the European passport mechanism set forth in the Prospectus Directive and will be published in electronic form on the website of the Luxembourg Stock Exchange (http://www.bourse.lu) and on the Company's website at www.global-fashion-group.com under the "Investor Relations" section. By approving this Prospectus, the CSSF gives no undertaking as to the economic or financial soundness of the transaction or the quality and solvency of the Issuer in line with the provisions of Article 7(7) of the Luxembourg Prospectus Law.

Joint Global Coordinators and Joint Bookrunners

Goldman Sachs International **Morgan Stanley** **Berenberg**

Joint Bookrunner

HSBC

June 17, 2019

IN CONNECTION WITH THE OFFERING, THE STABILIZATION MANAGER AND ITS AFFILIATES MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SHARES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. SHORT SALES INVOLVE THE SALE BY THE STABILIZATION MANAGER OF A GREATER NUMBER OF SHARES THAN THE UNDERWRITERS ARE REQUIRED TO PURCHASE IN THE OFFERING. STABILIZING TRANSACTIONS CONSIST OF BIDS OR PURCHASES MADE FOR THE PURPOSE OF PREVENTING OR RETARDING A DECLINE IN THE MARKET PRICE OF THE SHARES WHILE THE OFFERING IS IN PROGRESS. SUCH TRANSACTIONS SHALL BE CARRIED OUT IN ACCORDANCE WITH APPLICABLE RULES AND REGULATIONS. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED BY THE STABILIZATION MANAGER AT ANY TIME WITHOUT PRIOR NOTICE AND MUST IN ANY EVENT BE DISCONTINUED 30 CALENDAR DAYS AFTER THE FIRST DAY OF TRADING OF THE SHARES ON THE FRANKFURT STOCK EXCHANGE. THESE TRANSACTIONS MAY BE EFFECTED ON THE FRANKFURT STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE.

The distribution of this Prospectus as well as the offer and sale of the Offer Shares in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. Neither the Company nor any of the Underwriters (as defined herein) accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions.

No action has been or will be taken in any jurisdiction other than Germany that would permit an offer to the public of shares of the Company (the "**Shares**") or the possession, circulation or distribution of this Prospectus or any other material relating to us or the Shares in any jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that would result in compliance with any applicable rules and regulations of any such country or jurisdiction. Further information with regard to restrictions on offers and sales of the Offer Shares and the distribution of this Prospectus is set forth under "*18.5 Selling Restrictions*".

Responsibility Statement

Global Fashion Group S.A., with its registered office at 5, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg ("**Luxembourg**"), and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 190907, assumes responsibility for the content of this Prospectus pursuant to Article 9 of the Luxembourg Prospectus Law and declares that the information contained in this Prospectus is, to the best of its knowledge, correct and contains no material omissions, and that it has taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of its knowledge, correct and contains no material omission likely to affect its import.

Goldman Sachs International, London, United Kingdom, Morgan Stanley & Co. International plc, London, United Kingdom and Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany (together the "**Joint Global Coordinators**") as well as HSBC Trinkaus & Burkhardt AG, Dusseldorf, Germany (a "**Joint Bookrunner**" and, together with the Joint Global Coordinators, the "**Joint Bookrunners**" or the "**Underwriters**") make no representation or warranty as to the accuracy or completeness of the information contained in the Prospectus.

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I. SUMMARY OF THE PROSPECTUS

*Summaries are made up of disclosure requirements known as elements ("**Elements**"). These Elements are numbered in Sections A − E (A.1 − E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words "not applicable".*

A – Introduction and Warnings

A.1 Warnings.

This summary should be read as an introduction to this prospectus (the "**Prospectus**").

The investor should base any decision to invest in the subject securities on the review of this Prospectus as a whole.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area.

Civil liability attaches only to the person(s) who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

A.2 Information regarding the subsequent use of the prospectus.

Not applicable. There will be no subsequent resale or final placement by financial intermediaries that requires consent. Therefore, consent regarding the use of the Prospectus for a subsequent resale or placement of the securities has not been granted.

B – Issuer

B.1 Legal and commercial name of the issuer.

The Company's legal name is Global Fashion Group S.A. (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**", "**Global Fashion Group**", "**GFG**", "**we**", "**us**", "**our**" or "**ourselves**"). The Company is the parent company of the Group and primarily operates under the commercial name "Global Fashion Group" or "GFG".

B.2 Domicile, legal form and legislation under which the issuer operates and its country of incorporation.

The Company has its registered office at 5, Heienhaff L-1736 Senningerberg, Grand Duchy of Luxembourg ("**Luxembourg**"), and is registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 190907. The Company is a Luxembourg public limited liability company (*société anonyme*) incorporated in Luxembourg and is governed by and operates under Luxembourg law.

B.3 Operations and principal business activities of the issuer and principal markets in which the issuer competes.

We are the leading online fashion and lifestyle destination in terms of estimated online sales in 17 countries across Asia Pacific ("**APAC**"), Latin America ("**LATAM**") and the Commonwealth of Independent States ("**CIS**") (source: GFG calculations based on Euromonitor International Ltd. ("**Euromonitor**") Retailing 2019). We provide our customers with an inspiring and seamless shopping experience from discovery to delivery. In 2018, our mobile applications and websites attracted on average more than 150 million visits per month, and we served 11.2 million active customers. Our customers placed 28.2 million orders with a net merchandise value (i.e., 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**") of approximately €1.5 billion in 2018.

We operate in large, growing and underpenetrated markets. Approximately one billion people live in our markets. Based on data sourced from Euromonitor, spending on fashion and lifestyle products is forecast to increase in our markets at a compound annual growth rate ("**CAGR**") of 7% between 2018 and 2022, which is considerably higher than the 3%

CAGR forecast for each of the United States of America (the "**United States**") and Western Europe over this period (source: GFG calculations based on Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). In addition to benefiting from the expected growth of the overall fashion and lifestyle retail market, we believe the online fashion and lifestyle retail market has significant additional upside potential due to the relatively low levels of e-commerce penetration in our markets. In 2018, online sales accounted for only 6% of the total spending on fashion and lifestyle products in our markets, compared to 15% in Western Europe, 20% in the United States and 39% in China (source: GFG calculations based on Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). We believe we are well positioned to benefit from the expected growth and online shift of the fashion and lifestyle markets in our regions as we combine the scale of a global player for sourcing, fulfillment and technology with tailored solutions to address specific local needs and preferences including product assortment, language, payment currency, payment methods and delivery options.

We deliver a compelling value proposition to both our customers and brand partners. Operating under our brands *THE ICONIC* (in Australia and New Zealand), *ZALORA* (in Hong Kong, Indonesia, the Philippines, Malaysia, Singapore, Taiwan and Brunei), *dafiti* (in Brazil, Argentina, Chile and Colombia) and *lamoda* (in Russia, Belarus, Kazakhstan and Ukraine), we empower our customers to express themselves through fashion by connecting them with a diverse range of fashion and lifestyle brands. Through our apps and websites, customers can access a broad range of fashion products from a large number of global and local brands as well as over 40 of our own brands, which include products we co-develop with celebrities and local influencers. Our personalization technology creates tailored selections and recommendations to enable customers to discover the products most relevant for them. The product assortment we offer spans all key fashion and lifestyle categories such as apparel, footwear, accessories, kids and sportswear. Additionally, our locally relevant products are tailored to meet the cultural, sizing and price preferences of our diverse customers across our multiple markets. On our platforms, we utilize two business models: retail, where we own the inventory of products sold to our customers ("**Retail**"), and marketplace, where our brand partners hold the inventory and list products on our apps and websites ("**Marketplace**"). We offer more than 35 payment options across our markets to serve local customer preferences. Over 90% of all items sold over our apps and websites are stored in one of our ten strategically located fulfillment centers, from which they are delivered swiftly through an efficient mix, tailored to each of our markets, of third-party providers and our own delivery fleet. We offer 24/7 customer support in the majority of our markets and in eleven different languages as well as free return options, enhancing our conversion rates and contributing to an outstanding shopping experience in all of our markets.

We believe that many fashion and lifestyle brands have made us their e-commerce partner of choice in our markets because we offer them instant access to highly engaged audiences in large and growing fashion markets. We offer flexible and tailored support to fashion and lifestyle brands in selling their products to customers. We purchase products that we anticipate will enjoy strong demand across market segments from the relevant brands or manufacturers. We also give brands access to our Marketplace, where they act as third-party sellers via our apps and websites. We support brands, including when they sell through their own online channels, by offering them distinct fashion services, including fulfillment services (e.g., storage, picking and last-mile fulfillment), media solutions (e.g., advertising on our platforms, sponsoring of events to increase brand awareness) and data analytics.

We have a track record of strong growth and improving results. Our highly-engaged customer base increased from 8.9 million active customers as of December 31, 2016 to 11.2 million active customers as of December 31, 2018. NMV per active customer increased at an 8.2% CAGR on an organic basis between 2016 and 2018, driven largely by customers increasing their order frequency. Total NMV increased from €1,076.0 million in 2016 to €1,453.5 million in 2018, reflecting, on an organic basis, a CAGR of

21.5%. Our revenue increased from €886.9 million in 2016 to €1,155.9 million in 2018, reflecting, on an organic basis, a CAGR of 19.4%.

In 2018, we reached break-even on an Adjusted EBITDA basis (before IFRS 16) in our LATAM segment as well as in Australia, which is part of our APAC segment. Although we remain loss-making on a Group level, significant growth of the scale of our business as well as the increase of our cost efficiency have allowed us to continuously improve our Adjusted EBITDA (before IFRS 16) from a loss of €130.8 million in 2016 to a loss of €70.0 million in 2018. After the application of IFRS 16, our Adjusted EBITDA (post IFRS 16) loss would have been €49.8 million in 2018. Our goal in 2019 is to further progress towards break-even on a Group level.

Our Strengths

- We have a leadership position in large and high-growth fashion and lifestyle markets with considerable online penetration upside potential.
- We offer a strong customer value proposition through an inspirational discovery journey, our broad assortment offered at attractive prices and a seamless shopping experience.
- We are the strategic partner of choice for global and local brands and serve as their gateway to growth markets through our Retail and Marketplace models.
- We have a diverse and localized team as well as highly scalable operations tailored to fashion in growth markets.
- Our proprietary technology enables personalized and engaging customer front-ends, modular solutions for brands and efficient operations.
- We benefit from growth momentum, improving profitability and market tailwinds.

Our Strategy

- Benefit from high growth of the online fashion and lifestyle markets in our regions.
- Expand into adjacent product categories and segments.
- Enhance the shopping experience by leveraging technology and innovation.
- Grow our fashion services business.
- Expand and adapt our geographic footprint.
- Further enhance our financial profile.

B.4a Most significant recent trends affecting the issuer and the industries in which it operates.

Data from Euromonitor indicates that the global market for fashion and lifestyle (online and offline combined) is the second largest e-commerce consumer category globally (after food and drink) with a total market volume of approximately €2,550 billion in 2018. Of this amount, €320 billion (13%) was generated in our markets across APAC, LATAM and CIS in 2018. Based on data sourced from Euromonitor, our markets are expected to grow significantly faster than the global average for the fashion and lifestyle market: while growth for the period from 2018 to 2022 for the United States and Western Europe is expected at a CAGR of 3%, the market in our regions is expected to grow at a CAGR of 7% in the same period (source: GFG calculations based on Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019).

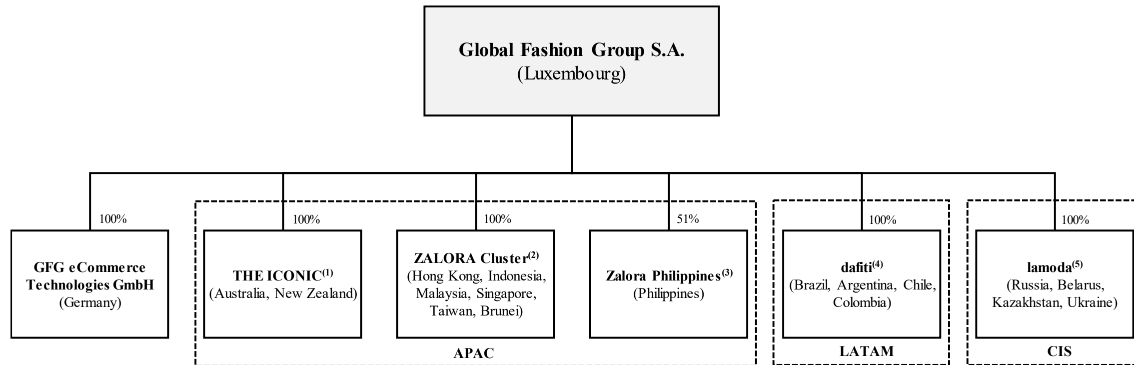
Online fashion and lifestyle penetration in our markets is just beginning to grow, with a share of only 6% of the total spending on fashion and lifestyle products in 2018. Online fashion and lifestyle penetration rates in our markets are roughly six to eleven years behind comparative rates in Western Europe (15%), the United States (20%) and China (39%) (source: GFG calculations based on Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019).

We believe structural tailwinds support fast expansion of online fashion and lifestyle in our regions. The population in our markets is on average younger and faster-growing than the population of Western Europe and the United States and has favorable smartphone and online shopping habits. Smartphone penetration in our markets (calculated by the number of smartphone devices divided by population) in 2018 was

already higher than in the United States (90% vs. 82%) and is expected to exceed the level in Western Europe in 2022 (116% vs. 107%) (source: GFG calculations based on data from WCIS).

B.5 The group and the issuer's position within the group.

The Company is the parent company of the Group. The Group's business is conducted by the Company and its various subsidiaries. The Group comprises all companies whose financial and business policy can be controlled by the Company, either directly or indirectly. The following diagram provides an overview (in simplified form) of the Group's structure as of the date of this Prospectus.



(1) *THE ICONIC* operations are conducted by Internet Services Australia 1 Pty Ltd. in Australia and New Zealand.
(2) *ZALORA* operations are conducted by Zalora (Hong Kong) Ltd. in Hong Kong, PT Fashion EServices Indonesia in Indonesia, Jade E-Services Malaysia SDN BHD in Malaysia and Brunei and Jade E-Services Singapore Pte. Ltd. in Singapore and Taiwan.
(3) Zalora Philippines operations are conducted by BF Jade E-Services Philippines Inc.
(4) *dafiti* operations are conducted by GFG Comercio Digital Ltda. in Brazil, BFOOT S.R.L. in Argentina, Bigfoot Chile SpA in Chile and Bigfoot Colombia SAS in Colombia.
(5) *lamoda* operations are conducted by Kupishoes LLC in Russia, Belarus and Kazakhstan and Fashion Delivered LLC in Ukraine.

B.6 Persons who, directly or indirectly, have a notifiable interest in the issuer's capital or voting rights.

The table below provides an overview of the shareholding structure and the participation of the shareholders in the share capital of the Company as of the date of this Prospectus to the extent the Company is informed about shareholdings above 5% of the total number of its shares.

In 2016 and 2017, the Company issued convertible preference shares to certain of its existing shareholders. According to their terms set forth in the articles of association of the Company (the "**Articles of Association**"), the convertible preference shares convert 1:1 into common shares at, *inter alia*, an initial public offering ("**IPO**") of the Company. The convertible preference shares (with the exception of certain anti-dilution convertible preference shares) grant a preferred and annually compounding return of 20% on their subscription price. Such return is not payable in cash. Pursuant to the original terms as set forth in a previous version of the articles of association of the Company, the return would be granted by issuing a certain number of additional new common shares to the (former) holders of convertible preference shares following the conversion. Ahead of this Offering (as defined below in C.1), the Company and the Company's shareholders agreed to amend the settlement mechanism under which the holders of the convertible preference shares shall receive their preferred rate of return. Convertible preference shares under the current Articles of Association still convert 1:1 into common shares immediately following pricing of the Offering. However, the additional return will now be emulated, in all material respects, through repurchases of existing common shares by the Company and the issuance of common shares (excluding pre-emption rights), in each case against nil consideration, from or to existing shareholders of the Company following pricing of this Offering (the "**Share Redistribution**"). The exact number of shares to be repurchased and issued against nil consideration depends on the price per share placed in the Offering (the "**Offer Price**"). Assuming an Offer Price equal to the low end of the Price Range, the Company would repurchase up to 19,965,713 common shares and issue up to 20,267,821 common shares in dematerialized form as part of the Share

Redistribution, in either case against nil consideration. The number of common shares issued may be higher than the number of common shares repurchased, which reflects the inclusion of certain instruments in the Share Redistribution that represent only future shareholdings, such as common shares to be issued upon the exercise of call options. The Company will hold the repurchased common shares as treasury shares solely for the purpose of their cancellation. We intend to obtain shareholder approval to affect the cancellation at our next shareholders' meeting.

The numbers shown in the columns below, "upon completion of the Offering", reflect the impact of the Share Redistribution based on an assumed Offer Price equal to the mid-point of the Price Range. At the low end, mid-point and high end of the Price Range, the Share Redistribution will lead to changes of up to 6.3, 4.4 and 3.0 percentage points on the level of individual shareholders. As a result of rounding, rounded figures may not in all cases add up. The presentation and the explanations in the footnotes assume the conversion of all redeemable convertible preference shares into common shares at a 1:1 ratio immediately following pricing of the Offering.

		Beneficial (Indirect) Ownership of the Company		
			upon completion of the Offering	
Ultimate Shareholder	**Direct Shareholder(s)**	**immediately prior to the Offering[(1)]**	**(no exercise of Greenshoe Option)[(2)]**	**(full exercise of Greenshoe Option)[(3)]**
			(in %)	
Kinnevik AB[(4)]	Kinnevik Internet Lux S.à r.l.	36.8	30.0	29.1
Rocket Internet SE[(5)]	Rocket Internet SE, Rocket Middle East GmbH, Bambino 53. V V GmbH, MKC Brillant Services GmbH	20.4	12.7	12.3
Tengelmann Verwaltungs- und Beteiligungs GmbH[(6)]	Tengelmann Ventures GmbH, TEV Global Invest II GmbH	6.5	4.9	4.7
Rocket Internet Capital Partners SCS	Rocket Internet Capital Partners SCS	5.3	5.4	5.2
Leonard Blavatnik[(7)]	AI European Holdings S.à r.l.	5.2	3.1	3.0
Treasury shares[(8)]		0.1	6.7	6.5
Other shareholders[(9)]		25.7	16.7	16.2
Public float		–	20.5[(10)]	22.8[(11)]
Total		**100.00**	**100.00**	**100.00**

(1) Based on the Company's entire share capital of 152,689,989 common shares immediately prior to the Offering and the implementation of the Share Redistribution.

(2) Based on a share capital of 209,652,098 common shares upon completion of the Offering, assuming the placement of all New Shares (i.e., 42,900,000 common shares), no exercise of the Greenshoe Option and implementation of the Share Redistribution (i.e., 13,851,524 treasury shares held for cancellation and 14,062,109 newly issued common shares).

(3) Based on a share capital of 216,087,098 common shares upon completion of the Offering, assuming the placement of all New Shares (i.e., 42,900,000 common shares), full exercise of the Greenshoe Option (i.e., 6,435,000 common shares) and implementation of the Share Redistribution (i.e., 13,851,524 treasury shares held for cancellation and 14,062,109 newly issued common shares).

(4) The voting rights held by Kinnevik Internet Lux S.à r.l. are attributed to Kinnevik AB.

(5) Rocket Internet SE holds 28,166,614 of the common shares in the Company directly and 44,187 common shares indirectly through Rocket Middle East GmbH and 2,623,669 common shares indirectly through MKC Brillant Services GmbH. In addition, Bambino 53. V V GmbH ("**Bambino**"), a wholly-owned subsidiary of Rocket Internet SE, holds 272,032 common shares in the Company, predominantly as trustee for the Company (9,855 common shares) and various persons. Due to Rocket Internet SE's ownership of all shares in Bambino, these common shares in the Company (except for the 9,855 common shares held in trust for the Company) are attributed to the holdings of Rocket Internet SE. However, the voting rights attached to the common shares in the Company held by Bambino as trustee are exercised at the direction of the relevant trustor and therefore are also attributable to such trustor.

(6) The voting rights held by Tengelmann Ventures GmbH and TEV Global Invest II GmbH are attributed to Tengelmann Verwaltungs- und Beteiligungs GmbH through Tengelmann Ventures Management GmbH and Tengelmann Warenhandelsgesellschaft KG.

(7) The voting rights held by AI European Holdings S.à r.l. are attributed to Leonard Blavatnik through AI European Holdings S.à r.l., AI European Holdings LP, AI European Holdings GP Limited, Access Industries Investment Holdings LLC, AI SMS LP, Access Industries Holdings LLC, Access Industries Holdings (BVI) LP, Access Industries, LLC and Grantor Trust dated May 21, 2003.

(8) As of the date of this Prospectus, the Company directly holds 182,378 treasury shares. In addition, 106,250 common shares in the Company are held in trust for the Company by several holding companies, including Bambino. Following the implementation of the Share Redistribution, the Company will hold 13,851,524 additional treasury shares exclusively for the purpose of their cancellation.
(9) Includes all shareholders with shareholdings of less than 5% in the Company's share capital immediately prior to the Offering (as defined in Element C.1), excluding treasury shares.
(10) Corresponding to a public float of 22.0% when adjusted to exclude treasury shares.
(11) Corresponding to a public float of 24.4% when adjusted to exclude treasury shares.

	Different voting rights of major shareholders of the issuer.	Not applicable. All of the Company's shares confer the same voting rights.
	Direct or indirect control.	As of the date of this Prospectus, Kinnevik AB, through Kinnevik Internet Lux S.à r.l., owns more than 33⅓% of the voting rights in the Company and is, therefore, considered to hold a controlling interest in the Company pursuant to the Luxembourg law of May 19, 2006 implementing Directive 2004/25/EC of the European Parliament and the Council of April 21, 2004 on takeover bids (*Offres Publiques d'Acquisition*). The voting rights of Kinnevik AB do not differ in any respect from the rights attached to any other shares, including the Offer Shares. The limits imposed under the Luxembourg Company Law on the ability of a controlling shareholder to unduly exercise any control have been observed by Kinnevik AB and the Company. There are no special provisions in the Articles of Association to ensure that such control is not abused. Assuming a placement of all Offer Shares, full exercise of the Greenshoe Option (as defined in C.1) and no purchase of Offer Shares by Kinnevik AB, Kinnevik AB will discontinue to directly and indirectly hold 33⅓% or more of the voting rights of the Company's issued shares and, accordingly, discontinue to be deemed to control the Company.
B.7	**Selected historical key financial information.**	The financial information contained in the following tables is taken or derived from the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016, the unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019 and the Company's internal reporting system. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019 have been prepared in accordance with IFRS for interim financial reporting (IAS 34). Ernst & Young, Société Anonyme, 35E, Avenue John F. Kennedy, L-1855 Luxembourg, has audited the aforementioned English-language consolidated financial statements of the Company in accordance with International Standards on Auditing as adopted for Luxembourg by the Luxembourg Financial Sector Supervisory Authority (*Commission de Surveillance du Secteur Financier*) and issued an independent auditor's report thereon. The aforementioned audited consolidated financial statements of the Company and the respective independent auditor's report thereon are included in this Prospectus. Where financial information in the following tables is labelled "audited", this means that it has been taken from the audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above, but was either taken or derived from the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019, the Company's internal reporting system or calculated based on figures from the aforementioned sources.

All of the financial information presented in the text and tables below is shown in millions of euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes as well as ratios and aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) presented in this Prospectus are calculated based on the unrounded figures and commercially rounded to one digit after the decimal point. As a result of rounding, rounded figures may not in all cases add up.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to or equals zero.

Selected Consolidated Financial Information of the Company

Consolidated Statement of Profit and Loss Data

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
		(audited) (in € million)		(unaudited) (in € million)	
Continuing operations					
Revenue	886.9	1,095.0	1,155.9	236.9	260.7
Cost of sales	(525.5)	(664.1)	(706.2)	(149.3)	(162.6)
Gross profit	**361.4**	**430.9**	**449.7**	**87.6**	**98.1**
Operating (expenses)/income					
Selling and distribution expenses	(328.5)	(373.2)	(378.6)	(85.3)	(95.0)
Administrative expenses	(203.9)	(184.4)	(214.3)	(44.7)	(52.2)
Other operating income	10.0	15.4	3.4	0.7	0.8
Other operating expenses	(25.4)	(19.2)	(17.1)	(2.7)	(3.1)
Impairment losses	(684.5)	–	–	–	–
Net impairment losses of financial assets	(2.9)	(2.2)	(0.8)	0.2	(0.1)
Loss before interest and tax (EBIT)[(1)]	**(873.8)**	**(132.7)**	**(157.7)**	**(44.2)**	**(51.5)**
Result from investment in associates	–	(3.8)	(9.1)	(1.7)	3.2
Result from deconsolidation of subsidiaries	–	1.7	–	–	–
Finance income	16.8	8.5	1.2	0.2	8.4
Finance costs	(19.3)	(20.1)	(32.3)	(11.2)	(3.7)
Result from indexation of IAS 29 Hyperinflation[(2)]	–	–	1.2	–	0.3
Loss before tax	**(876.3)**	**(146.4)**	**(196.7)**	**(56.9)**	**(43.3)**
Income taxes	79.1	2.5	(5.2)	(0.7)	(1.2)
Loss from continuing operations[(3)]	**(797.2)**	**(143.9)**	**(201.9)**	**(57.6)**	**(44.5)**
Discontinued operations					
Profit/(loss) from discontinued operations					
Middle East[(4)]	(2.1)	137.4	–	–	–
India[(5)]	(103.3)	–	–	–	–
Loss for the year/period	**(902.6)**	**(6.5)**	**(201.9)**	**(57.6)**	**(44.5)**
Loss for the year/period attributable to					
Equity holders of the parent	(872.4)	(1.6)	(196.0)	(54.4)	(42.3)
Non-controlling interests	(30.2)	(4.9)	(5.9)	(3.2)	(2.2)

(1) EBIT is defined as earnings before interest and taxes ("**EBIT**") and is calculated as loss from continuing operations/loss for the period before income taxes, finance income and expenses as well as before results from investments in associates, from deconsolidation of subsidiaries and from indexation of IAS 29 Hyperinflation, each from continuing operations.

(2) We adopted IAS 29 Financial Reporting in Hyperinflationary Economies 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 result from indexation of IAS 29 Hyperinflation in our consolidated statement of profit and loss was €0.3 million in the three months ended March 31, 2019 and €1.2 million in 2018. There has been no restatement of prior periods. Our consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 and our interim condensed consolidated financial statements as of and for the three months ended March 31, 2019 are based on

the historic cost approach. The price index for Argentina used at the reporting dates of December 31, 2018 and March 31, 2019 was sourced from the Instituto de Capacitación Profesional (ICP).

(3) Loss from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to loss for the period as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

(4) Referred to as Namshi in the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 and unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019. We divested 51% of our operations in the Middle East, i.e., Namshi General Trading LLC, Dubai ("**Namshi**"), on August 16, 2017. The amount presented corresponds to the gain from deconsolidation of Namshi of €139.0 million (gain of €147.1 million net of transaction costs of €8.1 million) in 2017 less loss from discontinued operations of €1.6 million.

(5) Referred to as Jabong in the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016.

Consolidated Statement of Cash Flows Data

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
		(audited) (in € million)		(unaudited) (in € million)	
Net cash (used in)/from operating activities from continuing operations[(1)]	(141.6)	(63.8)	(85.3)	(68.9)	(66.3)
Net cash (used in)/from investing activities from continuing operations[(2)]	(27.2)	(32.7)	(65.6)	(6.1)	68.8
Net cash (used in)/from financing activities from continuing operations[(3)]	310.0	11.6	5.2	4.5	(5.6)
Cash and cash equivalents at the end of the year/period	244.2	251.4	105.0	180.6	103.5

(1) Net cash (used in)/from operating activities from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to net cash (used in)/from operating activities as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

(2) Net cash (used in)/from investing activities from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to net cash (used in)/from investing activities as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

(3) Net cash (used in)/from financing activities from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to net cash (used in)/from financing activities as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

Consolidated Statement of Financial Position Data

	As of December 31,			As of March 31,
	2016	2017	2018	2019
		(audited) (in € million)		(unaudited) (in € million)
Assets				
Total non-current assets	**576.8**	**562.0**	**539.3**	**557.6**
thereof goodwill	*301.9*	*203.5*	*185.6*	*188.7*
thereof other intangible assets	*210.1*	*149.6*	*136.2*	*139.5*
Total current assets	**578.3**	**538.4**	**416.1**	**464.8**
thereof inventories	*180.2*	*172.0*	*186.1*	*244.9*
thereof cash and cash equivalents	*244.2*	*251.4*	*105.0*	*103.5*
Total assets	**1,155.1**	**1,100.4**	**955.4**	**1,022.4**
Total equity	**824.4**	**793.4**	**603.8**	**572.1**
Total non-current liabilities	**27.9**	**15.4**	**34.7**	**98.3**
Total current liabilities	**302.8**	**291.6**	**316.9**	**352.0**
thereof trade payables and other financial liabilities	*228.7*	*220.8*	*251.6*	*268.7*
Total liabilities	**330.7**	**307.0**	**351.6**	**450.3**
Total equity and liabilities	**1,155.1**	**1,100.4**	**955.4**	**1,022.4**

Segment Information

We operate our business based on three operating segments, which also comprise our reportable segments: APAC, LATAM and CIS. The following tables present revenue and gross profit for our segments (continuing operations) for the periods indicated. Gross profit is defined as revenue less cost of sales. The column "Other" includes headquarters and certain other business activities, such as sales to other retailers by our own brand "Lost Ink", which we decided to close in February 2019, and external IT services. The reconciliation column includes consolidation adjustments and the effects of purchase price allocation adjustments in connection with the formation of GFG.

	For the three months ended March 31, 2019						
	APAC	LATAM	CIS	Total fashion business	Other	Reconciliation	Total
				(unaudited) (in € million)			
Revenue	92.4	80.1	86.1	258.6	7.0	(4.9)	260.7
Gross profit	35.4	32.2	32.2	99.8	2.7	(4.4)	98.1

	For the three months ended March 31, 2018						
	APAC	LATAM	CIS	Total fashion business	Other	Reconciliation	Total
				(unaudited) (in € million)			
Revenue	76.7	75.2	81.3	233.2	13.4	(9.7)	236.9
Gross profit	28.5	30.7	27.7	86.8	7.1	(6.3)	87.6

	For the year ended December 31, 2018						
	APAC	LATAM	CIS	Total fashion business	Other	Reconciliation	Total
				(audited) (in € million)			
Revenue	409.0	359.0	376.4	1,144.4	66.3	(54.8)	1,155.9
Gross profit	152.1	149.0	145.8	446.9	51.9	(49.1)	449.7

	For the year ended December 31, 2017						
	APAC	LATAM	CIS	Total fashion business	Other	Reconciliation	Total
				(audited) (in € million)			
Revenue	323.5	365.2	395.1	1,083.8	44.9	(33.7)	1,095.0
Gross profit	125.2	155.4	147.8	428.4	28.0	(25.5)	430.9

	For the year ended December 31, 2016						
	APAC	LATAM	CIS	Total fashion business	Other	Reconciliation	Total
				(audited) (in € million)			
Revenue	261.2	315.5	302.7	879.4	24.8	(17.3)	886.9
Gross profit	103.2	136.8	119.9	359.9	13.8	(12.3)	361.4

Additional Key Performance Indicators

The following table provides an overview of certain financial and non-financial key performance indicators for the Group (continuing operations) as of the dates and for the periods presented:

	As of and for the year ended December 31,			As of and for the three months ended March 31,	
	2016	2017	2018	2018	2019
	(unaudited, unless otherwise specified)			(unaudited)	
Adjusted EBITDA (before IFRS 16) (in € million)[(1)(2)]	(130.8)	(90.9)	(70.0)	(32.2)	n/a
Adjusted EBITDA (post IFRS 16) (in € million)[(2)]	n/a	n/a	(49.8)	(27.8)	(25.5)
Active customers (in million)[(3)]	8.9	9.8	11.2	10.0	11.5
Nominal Change	*n/a*	*10.9%*	*13.6%*	*11.6%*	*14.5%*
NMV per active customer (in €)	121.4	136.7	130.2	135.2	130.6
Organic Change[(4)]	*n/a*	*8.6%*	*7.8%*	*8.3%*	*7.5%*
Average order frequency[(5)]	2.2	2.4	2.5	2.4	2.6
Nominal Change	*n/a*	*6.1%*	*7.0%*	*4.9%*	*8.3%*
Orders (in million)[(6)]	19.8	23.2	28.2	5.4	6.9
Nominal Change	*n/a*	*17.7%*	*21.5%*	*14.9%*	*26.8%*
Average order value (in €)[(7)]	54.2	58.0	51.6	54.4	49.7
Organic Change[(4)]	*n/a*	*2.4%*	*0.8%*	*4.6%*	*(3.8)%*
NMV (in € million)[(8)]	1,076.0	1,343.2	1,453.5	294.0	340.8
Organic Change[(4)]	*n/a*	*20.5%*	*22.5%*	*20.2%*	*22.0%*

(1) Audited for the three years ended December 31, 2016, 2017 and 2018.

(2) We define adjusted EBITDA ("**Adjusted EBITDA**") as loss before interest and tax (EBIT) adjusted for depreciation and amortization and impairment losses (EBITDA) and adjusted for share-based payment (income)/expenses as well as one-off fees related to the IPO and expenses related to the wind-down of Lost Ink Limited. Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of revenue. Furthermore, we distinguish between Adjusted EBITDA (before IFRS 16), which does not reflect the effects of applying IFRS 16, and Adjusted EBITDA (post IFRS 16), which reflects the effects of applying IFRS 16. The following table shows the calculation of our EBITDA, Adjusted EBITDA and Adjusted EBITDA margin for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(audited, unless otherwise specified)			(unaudited)	
	(in € million, unless otherwise specified)			(in € million, unless otherwise specified)	
Revenue	**886.9**	**1,095.0**	**1,155.9**	236.9	260.7
Loss before interest and tax (EBIT)	**(873.8)**	**(132.7)**	**(157.7)**	**(44.2)**	**(51.5)**
Depreciation and amortization	40.4	32.4	32.5	8.0	14.5
Impairment losses	684.5	–	–	–	–
EBITDA	**(148.9)**	**(100.3)**	**(125.2)**	**(36.2)**	**(37.0)**
Share-based payment (income)/expenses	18.1	9.4	55.2	4.0	7.7
One-off fees	–	–	–	–	0.9
Wind-down of Lost Ink Limited	–	–	–	–	2.9
Adjusted EBITDA (before IFRS 16)[(a)]	**(130.8)**	**(90.9)[(b)]**	**(70.0)**	**(32.2)**	**n/a**
Adjusted EBITDA (before IFRS 16) margin (unaudited)	*(14.7)%*	*(8.3)%*	*(6.1)%*	*(13.6)%*	*n/a*
IFRS 16 impact (unaudited)	n/a	n/a	20.2[(c)]	4.4	n/a
Adjusted EBITDA (post IFRS 16) (unaudited)	**n/a**	**n/a**	**(49.8)**	**(27.8)**	**(25.5)**
Adjusted EBITDA (post IFRS 16) margin (unaudited)	*n/a*	*n/a*	*(4.3)%*	*(11.7)%*	*(9.8)%*

(a) Adjusted EBITDA (before IFRS 16) numbers do not include the impact of IFRS 16, which is applicable from January 1, 2019. Had IFRS 16 already applied in 2018, our Adjusted EBITDA would have been €20.2 million higher in 2018 and €4.4 million higher in the three months ended March 31, 2018, i.e., Adjusted EBITDA (post IFRS 16) would have been negative €49.8 million in 2018 and negative €27.8 million in the three months ended March 31, 2018.

(b) Adjusted EBITDA (before IFRS 16) for 2017 includes a positive non-recurring effect from the reversal of provisions for tax risks of €7.1 million. Without this non-recurring effect, Adjusted EBITDA (before IFRS 16) would have been negative €98.0 million in 2017.
(c) Thereof €12.5 million related to selling and distribution expenses and €7.7 million related to administrative expenses.

(3) Number of customers who have purchased at least one item after cancellations, rejections and returns in the last twelve months.
(4) Organic change corresponds to nominal change adjusted first for portfolio effects, then for foreign currency translation effects (constant currency approach) and finally for indexation for IAS 29 Hyperinflation, if any. Foreign currency numbers are translated based on constant foreign exchange rates that correspond to the foreign exchange rates as reported on specific dates that are used for internal planning purposes. For 2018 vs. 2017 comparisons, we used foreign exchange rates from July 31, 2017. For 2017 vs. 2016 comparisons, we used foreign exchange rates from August 31, 2016. In all instances, we used exchange rates as reported by the European Central Bank where available and if not then rates available from OANDA Corporation (except for the Russian ruble ("**RUB**"), for which we used a per-euro exchange rate of RUB 70.00 in lieu of the rate of RUB 70.4643 from July 31, 2017 and the rate of RUB 72.6624 from August 31, 2016).
(5) Average number of orders per customer per year (calculated as last twelve months' orders divided by active customers)
(6) Number of orders placed by customers after cancellations, rejections and returns.
(7) NMV per order.
(8) NMV is defined as the value of goods sold including VAT/GST and delivery fees, after actual or provisioned rejections and returns.

Significant changes to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information.

The following significant changes in GFG's financial condition and operating results occurred in the three months ended March 31, 2019 and 2018 and in the years ended December 31, 2018, 2017 and 2016:

Three Months ended March 31, 2019 and March 31, 2018

NMV increased by 15.9% from €294.0 million in the three months ended March 31, 2018 to €340.8 million in the three months ended March 31, 2019, with an increasing contribution from Marketplace, which accounted for 19% of NMV in the three months ended March 31, 2019 compared to 13% in the three months ended March 31, 2018. Revenue increased by 10.0% from €236.9 million in the three months ended March 31, 2018 to €260.7 million in the three months ended March 31, 2019 as we continued to grow and scale our operations across all regions. The increase in revenue was driven by a strong increase in the number of orders and an increase in the order frequency. These increases were partially offset by a decrease in the average order value.

On an organic basis, revenue increased by 15.1% in the three months ended March 31, 2019 compared to the three months ended March 31, 2018. All three segments contributed to the increase in revenue, with particularly strong contributions coming from the APAC segment.

Loss before interest and tax (EBIT) increased by 16.5% from a loss of €44.2 million in the three months ended March 31, 2018 to a loss of €51.5 million in the three months ended March 31, 2019 as an increase in gross profit driven by higher NMV was more than offset by higher selling and distribution expenses and administrative expenses.

Adjusting EBIT for depreciation and amortization, share-based payment expenses, one-off fees related to the IPO and expenses related to the wind-down of Lost Ink Limited, Adjusted EBITDA improved from a loss of €32.2 million (before IFRS 16) in the three months ended March 31, 2018 to a loss of €25.5 million (post IFRS 16) in the three months ended March 31, 2019. As a percentage of revenue, Adjusted EBITDA improved from negative 13.6% (before IFRS 16) in the three months ended March 31, 2018 to negative 9.8% (post IFRS 16) in the three months ended March 31, 2019. The improvement was due to our operating performance and the first-time application of IFRS 16 in the three months ended March 31, 2019.

Years ended December 31, 2017 and December 31, 2018

NMV increased by 8.2% from €1,343.2 million in 2017 to €1,453.5 million in 2018. Revenue increased by 5.6% from €1,095.0 million in 2017 to €1,155.9 million in 2018. Revenue increased at a lesser rate than NMV as Marketplace NMV accounted for a higher percentage of total NMV in 2018 than in 2017.

On an organic basis, revenue increased by 18.7% from 2017 to 2018. This increase was primarily driven by an increase in the number of active customers from 9.8 million as of December 31, 2017 to 11.2 million as of December 31, 2018, which, together with a

slight increase in the average order frequency from 2.4 orders per active customer in 2017 to 2.5 orders per active customer in 2018, led to an increase in orders from 23.2 million in 2017 to 28.2 million in 2018. NMV per active customer increased on an organic basis by 7.8% from 2017 to 2018.

On a segment basis, the increase in revenue was driven by our APAC segment. Revenue in our other two segments decreased due to unfavorable exchange rate effects. On an organic basis, revenue increased in each of our segments.

Loss before interest and tax (EBIT) increased by 18.8% from €132.7 million in 2017 to €157.7 million in 2018. This increase was mainly due to an increase in administrative expenses, driven by a one-off increase in share-based payment expenses.

Adjusting EBIT for depreciation and amortization, impairment losses and for share-based payment expenses, Adjusted EBITDA (before IFRS 16) improved from a loss of €90.9 million in 2017 to a loss of €70.0 million in 2018, driven by higher gross profit.

Years ended December 31, 2016 and December 31, 2017

NMV increased by 24.8% from €1,076.0 million in 2016 to €1,343.2 million in 2017. Revenue increased by 23.5% from €886.9 million in 2016 to €1,095.0 million in 2017. Revenue increased at a lesser rate than NMV due to an increasing share of Marketplace sales as a percentage of total sales.

On an organic basis, revenue increased by 20.1% from 2016 to 2017. This increase was primarily driven by an increase in the number of active customers from 8.9 million as of December 31, 2016 to 9.8 million as of December 31, 2017, which, together with a slight increase in the average order frequency from 2.2 orders per active customer in 2016 to 2.4 orders per active customer in 2017, led to an increase in orders from 19.8 million in 2016 to 23.2 million in 2017. NMV per active customer increased on an organic basis by 8.6% from 2016 to 2017.

All three segments contributed to the increase in revenue, with particularly strong contributions from CIS and APAC, with the increase in contribution from CIS being primarily driven by favorable exchange rate developments.

Loss before interest and tax (EBIT) improved by 84.8% from a loss of €873.8 million in 2016 to a loss of €132.7 million in 2017. This improvement was primarily due to the non-recurrence of the impairment losses recorded in 2016, higher revenue and efficiency improvements leading to lower administrative expenses.

Adjusting EBIT for depreciation and amortization, impairment losses and for share-based payment expenses, Adjusted EBITDA (before IFRS 16) improved from a loss of €130.8 million in 2016 to a loss of €90.9 million in 2017, driven by higher revenue and the abovementioned efficiency improvements. All of our regions showed profitability improvements (measured as Adjusted EBITDA (before IFRS 16) as a percentage of revenue), with particularly strong improvements in LATAM.

Recent Developments

In April 2019, Matthew Price joined GFG as Chief Financial Officer. On May 31, 2019, the general shareholders' meeting of the Company resolved on the replacement of the then existing board of directors of the Company (the "**Board of Directors**") by a two-tier governance structure consisting of the Management Board and the Supervisory Board, subject to the condition precedent and effective from approval of this Prospectus by the CSSF (such approval, for the avoidance of doubt, relating solely to this Prospectus and not to the validity or legality of the two-tier governance structure or any element thereof). At the same time, Carol Shen and Laura Weil, who had not previously served on the Board of Directors of the Company, were appointed as members of the Supervisory Board. Matthew Price became a member of the Management Board.

Except as described above, between March 31, 2019 and the date of this Prospectus, there have been no significant changes to our financial or trading position.

B.8	**Selected key pro forma financial information.**	Not applicable. The Company has not prepared any pro forma financial information.
B.9	**Profit forecast or estimate.**	Not applicable. No profit forecast or estimate has been presented by the Company.
B.10	**Qualifications in the audit report on the historical financial information.**	Not applicable. The independent auditor's report on the consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 included in this Prospectus has been issued without qualification.
B.11	**Insufficiency of the issuer's working capital.**	Not applicable. The Company is of the opinion that the Group is in a position to meet at least those payment obligations that become due within the next twelve months following the approval of this Prospectus.

C – Securities

C.1 Type and class of the securities being offered and admitted to trading.

This IPO relates to the offering of up to 49,335,000 of the Company's common shares in dematerialized form, each such share representing a nominal value of €0.01 and with full dividend rights from January 1, 2019 (the "**Offering**"), consisting of:

- up to 42,900,000 newly issued common shares in dematerialized form from a capital increase against contributions in cash from the Company's authorized capital (the "**IPO Capital Increase**") expected to be resolved by the management board of the Company on or about June 25, 2019 (the "**New Shares**"); and
- up to 6,435,000 existing common shares in dematerialized form from the holdings of Kinnevik Internet Lux S.à r.l. (the "**Lending Shareholder**") in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the New Shares, the "**Offer Shares**").

For the purpose of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), this Prospectus relates to up to 42,900,000 New Shares, up to 20,267,821 common shares in dematerialized form to be issued in the Share Redistribution and up to 152,689,989 of the Company's existing common shares (assuming conversion of all redeemable convertible preference shares into common shares at a 1:1 ratio immediately following pricing of the Offering) with a nominal value of €0.01 and to the extent existing in dematerialized form on the date of the admission to trading.

The Company is in the process of changing the form of its existing registered shares to shares in dematerialized form. Only common shares existing in dematerialized form on the date of admission to trading, which includes all Offer Shares and all new common shares issued in the Share Redistribution, will be admitted to trading based on this Prospectus pursuant to Section 7 para. 1 sent. 2 alt. 2 of the German Stock Exchange Admission Ordinance (*Börsenzulassungsverordnung*). Existing registered shares, which will not have been converted into dematerialized form on the date of admission to trading, will be subject to a separate admission process, because they are held outside the clearing system. The fact that only common shares in dematerialized form will be admitted to trading is not expected to result in any disadvantages for investors purchasing common shares of the Company in this Offering.

	Security identification number.	International Securities Identification Number (ISIN):	LU2010095458
		Common Code:	201009545
		German Securities Code (*Wertpapierkennnummer* (*WKN*)):	A2PLUG
		Ticker Symbol:	GFG
C.2	**Currency of the securities issue.**	Euro.	
C.3	**Number of shares issued and fully paid and par value per share.**	As of the date of this Prospectus, the share capital of the Company amounts to €1,526,899.89 and is divided into 152,689,989 common shares (assuming conversion of all redeemable convertible preference shares into common shares at a 1:1 ratio immediately following pricing of the Offering), each such share representing a nominal value of €0.01. The share capital has been fully paid up. As of the date of this Prospectus, the Company holds 182,378 treasury shares. Following the implementation of the Share Redistribution, based on an assumed Offer Price equal to the low end of the Price Range, the Company will hold up to 19,965,713 additional treasury shares solely for the purpose of their cancellation (see Element B.6).	
C.4	**Rights attached to the securities.**	Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights. All of the Company's shares carry full dividend rights from January 1, 2019. In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.	
C.5	**Restrictions on the free transferability of the securities.**	Not applicable. The Company's shares are freely transferable in accordance with the legal requirements for common shares in registered or dematerialized form. Except for the restrictions set forth in E.5, there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.	
C.6	**Application for admission to trading on a regulated market and identity of all the regulated markets where the securities are to be traded.**	The Company expects to apply for the admission to trading of its shares (to the extent existing in dematerialized form) on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about June 18, 2019. The listing approval (admission decision) for the Company's shares (to the extent existing in dematerialized form) is expected to be granted by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on June 26, 2019. Trading in the Company's shares (to the extent existing in dematerialized form) on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on June 27, 2019. The Company is in the process of changing the form of its existing registered shares to shares in dematerialized form. Only common shares existing in dematerialized form on the date of admission to trading, which includes all Offer Shares and all new common shares issued in the Share Redistribution, will be admitted to trading based on this Prospectus pursuant to Section 7 para. 1 sent. 2 alt. 2 of the German Stock Exchange Admission Ordinance (*Börsenzulassungsverordnung*). Existing registered shares, which will not have been converted into dematerialized form on the date of admission to trading, will be subject to a separate admission process, because they are held outside the clearing system. The fact that only common shares in dematerialized form will be admitted to trading is not expected to result in any disadvantages for investors purchasing common shares of the Company in this Offering.	
C.7	**Dividend policy.**	The Company currently does not intend to pay cash dividends in the foreseeable future.	

D – Risks

D.1	**Key risks that are specific to the issuer or its industry.**	**Risks Related to Our Business** • We have incurred significant operating losses since our inception, and there is no guarantee that we will achieve or maintain profitability in the future. • We rely on external financing to support the continued growth of our business and may not be able to raise needed capital on economically acceptable terms, or at all.

- The markets in which we operate may not develop as we anticipate.
- Our markets pose unique challenges that may negatively affect our business.
- We may be unable to adapt our business to address local customer preferences and operational challenges.
- We may not be able to maintain or grow our revenue or our business.
- Any failure to effectively manage our growth could have a material adverse effect on our business, financial condition, results of operations and prospects.
- The online fashion industry in our markets is very competitive and our ability to compete depends on a large variety of factors both within and beyond our control.
- Our business depends on the strength of our regional brands and the loyalty of our customers, and efforts to maintain and enhance our brand awareness and build and retain a loyal customer base may not be effective.
- If our apps and websites do not achieve a high ranking in organic search results, this could reduce traffic to our apps and websites.
- User behavior on mobile devices is continuously evolving and failure to successfully adapt to changes in user behavior could have a material adverse effect on our business.
- We may be unable to effectively communicate with our customers through email, other messaging services or social media.
- We may be unable to maintain and expand relationships with fashion and lifestyle brands and our suppliers.
- Inadequate quality, availability or delivery of products sold by our brand partners on our Marketplace could harm our reputation.
- Any failure to anticipate and respond in a timely manner to fashion trends and customer preferences could harm our business, financial condition, results of operations and prospects.
- Any failure to efficiently operate and manage our fulfillment centers and to successfully expand our logistics capacity as our business grows could have a material adverse effect on our business, financial condition, results of operations and prospects.
- We largely depend on third-party logistics providers for the delivery of our products to end customers, which may result in lost or damaged goods, shipping delays or increased shipping costs that are beyond our control.
- The broad variety of local and international payment methods we accept exposes us to operational, regulatory and fraud risks.
- Our current credit card arrangements and fraud scoring and risk handling systems may not adequately protect us from credit card fraud or other fraudulent behavior.
- Our strategic investments may not be successful or may not yield the expected benefits.
- We might elect to pursue new business opportunities, develop new apps or websites, or offer new products, own fashion brands, sales formats or services, which could prove to be non-cost-effective or otherwise unsuccessful.
- We are currently involved in and may pursue additional strategic relationships. We may have limited control over such relationships, and these relationships may not provide the anticipated benefits.
- We depend on our management team and may be unable to attract, train, motivate and retain suitably qualified personnel, and maintain good relationships with our workforce.
- Any failure to operate, maintain, integrate or scale our network and mobile infrastructure and our other technology could have a material adverse effect on our business, financial condition, results of operations and prospects.

- We do not maintain a Group-wide disaster recovery plan or business continuity plan, which may negatively affect our technology operations or business operations in case of disruptions.
- We are exposed to the risk of security breaches and unauthorized use of one or more of our apps, websites, databases, online security systems or computerized logistics management systems.
- We may suffer harm from a loss of customer data.
- Our business is subject to local, seasonal revenue fluctuations which may make it difficult to predict our future performance.
- We conduct business and make investments into our operations in numerous countries with different currencies, and changes in foreign exchange rates could have a material adverse effect on our business, financial conditions, results of operations and prospects.

Regulatory, Legal and Tax Risks

- We are subject to a variety of evolving laws and regulations governing e-commerce and cannot guarantee that our practices have complied or will comply fully with all such laws and regulations.
- We are subject to data protection and privacy laws and regulations which have been continuously expanded in the recent past, are sanctioned with high fines and affect and may limit the way we operate our business.
- Our current operations in 17 countries require compliance with numerous, complex and sometimes conflicting legal and regulatory requirements, which makes compliance more costly and challenging.
- We are subject to customs and international trade laws that could require us to modify our current business practices and incur increased costs or could result in a delay in getting products through customs and port operations, which may limit our growth and cause us to suffer reputational damage.
- Legal, political and economic uncertainty surrounding the planned exit of the United Kingdom from the EU may cause instability in international markets, create substantial currency fluctuations, disrupt the global fashion supply chain and harm our business, financial condition, results of operations and prospects.
- Product recalls, product liability claims and breaches of corporate social responsibility and ethical sourcing standards could harm our reputation and business.
- The inability to acquire, use or maintain our local trademarks and domain names for our sites could substantially harm our business, financial condition, results of operations and prospects.
- We might be unable to adequately protect our intellectual property rights.
- Third parties might accuse us of infringing upon their intellectual property rights.
- The use of open source software could increase our risk that hackers could gain unauthorized access to our systems, and we could be subject to litigation if third parties challenge our rights to use such software on an exclusive basis.
- We may be subject to antitrust and similar investigations due to the strong market positions in some of our current markets and may be found in violation of applicable antitrust laws, in which case(s) we might be subject to fines and follow-on claims for damages in relation to alleged or actual anti-competitive behavior.
- Adverse judgments or settlements resulting from legal proceedings could expose us to monetary damages and limit our ability to operate our business.
- The control and prevention mechanisms of our compliance structure might not be sufficient to adequately protect us from all legal or financial risks.
- We do business in certain countries where corruption, extortion and money laundering are considered to be widespread, and we are exposed to the risk of violation of anti-corruption and anti-money laundering laws and regulations.

- Our business is subject to the general tax environments in the countries in which we currently operate, and any changes to these tax environments may increase our tax burden.
- We effect numerous transactions within our Group every day. We may be required to pay additional taxes if our intra-group transfer prices are found not to be at arm's length or are not covered by sufficient documentation.

D.3 Key risks specific to the securities.

Risks related to the Offer Shares and the Offering

- Following the successful completion of this Offering, the existing shareholders of the Company will retain a significant interest in the Company and the interests of the existing shareholders may conflict with those of the Company and its other shareholders.
- We do not expect to pay any dividends in the foreseeable future.
- The Company is a holding company with no direct cash generating operations and relies on operating subsidiaries and external funding to provide it with funds necessary to meet its financial obligations.
- Our shares have not previously been publicly traded, and there is no guarantee that an active and liquid market for our shares will develop.
- Our share price could fluctuate significantly, and investors could lose all or part of their investment.
- Future offerings of debt or equity securities by us could adversely affect the market price of our shares, and future capitalization measures could substantially dilute the interests of our existing shareholders.
- Future sales by our existing shareholders could depress the price of our shares.
- The Company may invest or spend the proceeds of this Offering in ways with which shareholders may not agree or in ways which may not yield a return on or enhance the price of the shares.
- An investment in the Company's shares by an investor whose principal currency is not the Euro may be affected by exchange rate fluctuations.
- Our historical earnings and other historical financial data are not necessarily predictive of our earnings or our other key financial figures going forward.
- As a result of the public offering, we will face additional administrative requirements, including the obligation to issue quarterly financial information as well as half-year financial statements and management reports for the first time.
- The rights of shareholders in a Luxembourg company may differ from the rights of shareholders in companies organized under the laws of other jurisdictions.
- After completion of this Offering, the Company intends to review converting into a European company (*Societas Europaea*) incorporated in an alternative jurisdiction, which could fail and could have adverse effects on shareholder rights.

E – Offer

E.1 Total net proceeds.

The Company will receive the net proceeds from the Offering resulting from the sale of the New Shares. In addition, the Company will receive the net proceeds from the exercise of the Greenshoe Option (as defined in E.3), if any.

Assuming a placement of all New Shares (i.e., 42,900,000 shares) and no exercise of the Greenshoe Option (as defined in E.3), the Company estimates that at the low end (€6.00 per Offer Share), mid-point (€7.00 per Offer Share) and high end (€8.00 per Offer Share) of the price range (the "**Price Range**") set for the Offering of the Offer Shares, gross proceeds to the Company would amount to approximately €257.4 million, €300.3 million and €343.2 million, respectively, and net proceeds to approximately €244.2 million, €285.8 million and €327.4 million, respectively.

Assuming a placement of all Offer Shares (i.e., 49,335,000 shares) and full exercise of the Greenshoe Option (as defined in E.3) (i.e., 6,435,000 shares), the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds to the Company would amount to approximately €296.0 million, €345.3 million and €394.7 million, respectively, and net proceeds to approximately €281.6 million, €329.5 million and €377.3 million, respectively.

	Estimate of the total expenses of the issue/offer.	The costs of the Company related to the Offering of the Offer Shares and listing of the Company's entire share capital (including the listing of shares issued under the Greenshoe Option (as defined in E.3), if any) are expected to total approximately €10.7 million at the mid-point of the Price Range assuming full exercise of the Greenshoe Option (as defined in E.3) and including underwriting and placement commissions payable to Goldman Sachs International, London, United Kingdom ("**Goldman Sachs**"), Morgan Stanley & Co. International plc, London, United Kingdom ("**Morgan Stanley**") and Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**" and, together with Goldman Sachs and Morgan Stanley, the "**Joint Global Coordinators**"), and HSBC Trinkaus & Burkhardt AG, Dusseldorf, Germany ("**HSBC**" and, together with the Joint Global Coordinators, the "**Joint Bookrunners**" or the "**Underwriters**") and borne by the Company. Assuming an Offer Price at the low end, mid-point and high end of the Price Range and that the maximum number of Offer Shares is placed and that the Greenshoe Option (as defined in E.3) is fully exercised, and assuming further payment in full of the discretionary fee of up to €4.4 million, €5.2 million and €5.9 million, at the low end, mid-point and high end of the Price Range, respectively, the commission payable to the Joint Bookrunners by the Company will amount to €8.9 million, €10.4 million and €11.8 million, respectively. Based on the assumptions described in the preceding paragraph, the total expenses of the Offering and listing to be borne by the Company are expected to amount to €14.4 million, €15.9 million and €17.3 million, respectively, resulting in net proceeds from the Offering of €281.6 million, €329.5 million and €377.3 million, respectively.
	Estimated expenses charged to the investor.	Not applicable. Investors will not be charged expenses by the Company, the Lending Shareholder or the Joint Bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.
E.2a	**Reasons for the offering.**	The Company intends to pursue the Offering and list its shares (to the extent existing in dematerialized form) on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to receive the net proceeds from the Offering and to gain access to the capital markets.
	Use of proceeds.	The Company currently intends to use the net proceeds from the Offering in the following priority: (i) investment in our technology platform and customer acquisition, (ii) investment in our fulfillment and delivery infrastructure including automation, and (iii) the remainder of the net proceeds from the Offering, if any, for general corporate purposes.
	Estimated net amount of the proceeds.	Assuming that the maximum number of Offer Shares (49,335,000 shares) is placed and assuming full exercise of the Greenshoe Option (as defined in E.3), the Company estimates that at the low end, mid-point and high end of the Price Range set for the Offering of the Offer Shares, gross proceeds to the Company would amount to approximately €296.0 million, €345.3 million and €394.7 million, respectively, and net proceeds to approximately €281.6 million, €329.5 million and €377.3 million, respectively.

E.3	**Terms and conditions of the offer.**	The Offering consists of an IPO in the Federal Republic of Germany ("**Germany**") and private placements in certain jurisdictions outside Germany. In the United States, the Offer Shares will only be offered and sold to qualified institutional buyers ("**QIBs**") as defined in, and in reliance on, Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will only be offered and sold in offshore transactions in compliance with Regulation S under the Securities Act.
	Price Range.	The Price Range for the Offering within which purchase orders may be placed is €6.00 to €8.00 per Offer Share.
	Offer Period.	The period during which investors may submit purchase orders for the Offer Shares is expected to commence on June 18, 2019, and to expire on June 25, 2019.
	Offer Price.	The Offer Price and the final number of Offer Shares placed in the Offering will be determined at the end of the bookbuilding process by the Company after consultation with the Joint Bookrunners and are expected to be published on or about June 25, 2019 through an announcement published in various media distributed across the entire EEA, on the Company's website (www.global-fashion-group.com), on the website of the Luxembourg Stock Exchange (www.bourse.lu) and filed with the Luxembourg Financial Sector Supervisory Authority (*Commission de Surveillance du Secteur Financier*), in accordance with Article 10 of the Luxembourg Prospectus Law. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Joint Bookrunners reserve the right to reject orders, or to only accept them in part.
	Delivery and Settlement.	Delivery of the Offer Shares against payment of the Offer Price is expected to take place on July 1, 2019. The Offer Shares will be made available to investors in book-entry form. At the investor's option, the Offer Shares purchased during the offering will be credited either to a securities account maintained with a participant in LuxCSD, a participant in Euroclear Bank S.A./N.V. (Brussels), a participant in Clearstream Banking S.A. (Luxembourg) or a participant in Clearstream Banking Aktiengesellschaft (Frankfurt am Main).
	Stabilization Measures, Over-Allotments and Greenshoe Option.	In connection with the placement of the Offer Shares, Berenberg, acting for the account of the Joint Bookrunners, will act as the stabilization manager (the **"Stabilization Manager"**) and may, as Stabilization Manager, make over-allotments and take stabilization measures in accordance with Article 5 paras. 4 and 5 Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended, in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016, to provide support for the market price of the Company's shares, thus alleviating selling pressure generated by short-term investors and maintaining an orderly market in the Company's shares. In connection with these stabilization measures, investors may, in addition to the New Shares, be allocated up to 6,435,000 Over-Allotment Shares as part of the allocation of the Offer Shares (the "**Over-Allotment**"). For the purpose of such potential Over-Allotments, the Stabilization Manager, acting for the account of the Joint Bookrunners, will be provided with up to 6,435,000 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the New Shares actually placed with investors. In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners an option to acquire up to 6,435,000 additional shares of the Company at the Offer Price, less the agreed commissions (the "**Greenshoe Option**") for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the stabilization period, i.e., the period which commences on the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and ends no later than 30 calendar days thereafter. The Stabilization Manager is entitled to exercise the Greenshoe Option to the extent Over-Allotment Shares were allocated to investors in the Offering. The number of Over-Allotment Shares acquired under the Greenshoe Option is to be reduced by any

shares of the Company held by the Stabilization Manager on the date when the Greenshoe Option is exercised, if such shares were acquired by the Stabilization Manager in the context of stabilization measures.

Indication of Interest.

Certain members of our supervisory board, namely Cynthia Gordon, Alexis Babeau, Victor Herrero and Laura Weil (each a "**Purchasing Board Member**" and, together, the "**Purchasing Board Members**"), have indicated an interest in purchasing an aggregate of up to €0.5 million in common shares in dematerialized form in this Offering at the Offer Price. All orders placed by the Purchasing Board Members will be completely filled.

E.4 Interests material to the issue/offer.

The Company will receive the net proceeds from the sale of the New Shares and, if and to the extent the Greenshoe Option is exercised, the net proceeds from the exercise of the Greenshoe Option and will gain access to the equity capital markets.

In connection with the Offering and the admission to trading of the Company's shares (to the extent existing in dematerialized form), the Joint Bookrunners have formed a contractual relationship with the Company and the Lending Shareholder.

The Joint Bookrunners are acting for the Company on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Offering on the best possible terms.

Furthermore, each Joint Bookrunner and any of their respective affiliates, acting as investors for their own accounts, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. In addition, each Joint Bookrunner or their respective affiliates may enter into financing arrangements, including swaps or contracts for differences, with investors in connection with which such Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

The Joint Bookrunners or their respective affiliates have, and may from time to time in the future continue to have, business relations with GFG and its shareholders, including lending activities, or may perform services for GFG or its shareholders in the ordinary course of business.

The Purchasing Board Members may have an interest in the Offering being completed and in an Offer Price that they consider adequate.

Conflicting interests.

Not applicable. There are no conflicting interests with respect to the Offering or the listing of the Company's shares.

E.5 Name of the person or entity offering to sell the security and lock-up agreements.

The Offer Shares are being offered for sale by the Joint Bookrunners.

In the underwriting agreement entered into between the Company, the Lending Shareholder and the Joint Bookrunners on June 17, 2019, the Company agreed with the Joint Bookrunners that, for a period of 12 months after the Company's Shares are first traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 27, 2019), without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed, the Company will not:

- announce or effect an increase of the share capital of the Company from authorized capital;
- propose to its shareholders' meeting an increase of the share capital; or
- announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company or economically similar transactions.

The Company may, however, (i) issue or sell any shares or other securities under management participation plans to current and former employees, supporters (e.g., persons who are or were acting for the Company or its affiliated companies or supporting the Company or its affiliated companies in any other way), current and former members

of executive bodies, service providers and business partners of the Company or its subsidiaries or their respective investment vehicles, (ii) issue new shares to existing shareholders for nil consideration in connection with the Share Redistribution, (iii) issue new shares to certain minority shareholders currently existing within subsidiaries of the Company and (iv) pursue any corporate actions undertaken by the Company for the purposes of entering into any agreement regarding or resolution upon, the entering into any joint venture or the acquisition of any companies, provided that in the case of (i) the relevant beneficiary or, in the case of (iii), the relevant minority shareholder(s) or, in the case of (iv), the parties to the joint venture or acquiring entity to which such shares will be issued agree(s) towards the Joint Global Coordinators to be bound by the same lock-up undertaking as the existing shareholders. The foregoing shall not apply to any capital increase in connection with the Offering.

In addition, the existing shareholders of the Company undertook in writing vis-à-vis the Joint Global Coordinators that they will not, either directly or indirectly, (i) offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of, directly or indirectly, any shares or other securities of the Company, (ii) cause or approve, directly or indirectly, the announcement, execution or implementation of any increase in the share capital of the Company or a direct or indirect placement of shares, (iii) propose, directly or indirectly, any increase in the share capital of the Company to any meeting of the shareholders for resolution, or vote in favor of such a proposed increase, (iv) cause or approve, directly or indirectly, the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into shares of the Company, or (v) enter into or perform any economically equivalent transaction. The foregoing shall not apply to (i) transfers of shares to affiliates of such shareholder and, for up to 10% of the shareholding immediately prior to the Offering, any other shareholders of the Company immediately prior to the Offering, (ii) transfers to the Company for nil consideration, (iii) future pledges granted to one or more of the Joint Bookrunners or their affiliates having been agreed by the Joint Bookrunners and (iv) any transfers of shares to one or more of the Joint Bookrunners or their affiliates pursuant to enforcement of any pledge entered into in accordance with (iii), provided in each case that such transferee(s) agree(s) towards the Joint Global Coordinators to be bound by the same lock-up undertaking. For a period of 180 days after the Company's Shares are first traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the lock-up restrictions described above apply with respect to all shares held by the Company's existing shareholders at the date of this Prospectus.

During a period starting on the 180th day following the first day of trading of the Company's Shares on the Frankfurt Stock Exchange and ending twelve months after the first day of trading of the Company's Shares on the Frankfurt Stock Exchange, the existing shareholders may sell in the aggregate up to 20% of their pre-IPO shareholding, as adjusted for the Share Redistribution. These sales restrictions are, with respect to the Company's major shareholders, i.e., Kinnevik Internet Lux S.à r.l., Rocket Internet SE, Rocket Middle East GmbH, MKC Brillant Services GmbH, Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, AI European Holdings S.à r.l., Tengelmann Ventures GmbH, TEV Global Invest II GmbH and Verlinvest S.A. (collectively, the "**Major Shareholders**"), contained in a coordination agreement entered into amongst the Major Shareholders and with respect to the other existing shareholders of the Company contained in the lock-up undertakings vis-à-vis the Joint Global Coordinators.

For purposes of coordinating any such permitted sales among the Company's Major Shareholders, the coordination agreement stipulates that the Major Shareholders have to inform each other about a contemplated sale and each such Major Shareholder may request to participate in such a sale. Following a sell down pursuant to the coordination agreement, there will be a 90-day period for all Major Shareholders during which no further sell-down may be effected. Neither the underwriters nor the other existing shareholders are bound by the coordination agreement.

After the end of a period of 12 months after the Company's Shares are first traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the existing shareholders of the Company are no longer subject to any lock-ups or coordination arrangements.

Certain shareholders of the Company who have signed the lock-up undertakings as trustees for beneficial owners of shares could, as of the date of this Prospectus, not yet sign for all of the shares held in trust by them. The aggregate number of such shares amounts to less than 0.5% of the existing shares in the Company.

Each member of the Management Board and each Purchasing Board Member has agreed to a 12-month lock-up provision with substantial similar terms to those outlined above, subject to certain exceptions.

The existing shareholders may purchase shares offered in the IPO and such shares may not be subject to any lock-up restriction.

E.6 Amount and percentage of immediate dilution resulting from the offer.

As of March 31, 2019, the net book value of the Company amounted to €557.7 million. The net book value as of March 31, 2019 corresponds to equity attributable to equity holders of the parent or total assets of €1,022.4 million less total non-current liabilities of €98.3 million and total current liabilities of €352.0 million less non-controlling interests of €14.4 million, each as shown in the unaudited interim condensed consolidated financial statements of the Company as of March 31, 2019.

The dilutive effect of the Offering is illustrated in the table below demonstrating the amount by which the Offer Price exceeds the net book value per share attributable to owners of the Company after completion of the Offering assuming the Offering had taken place on March 31, 2019. In this respect, the net book value attributable to owners of the Company as of March 31, 2019 is adjusted for the effects of the Offering, assuming (i) the execution of the IPO Capital Increase in the maximum number of offered New Shares and exercise of the Greenshoe Option in full and (ii) an increase in the net book value attributable to shareholders by €281.6 million, €329.5 million and €377.3 million at the low end, mid-point and high end of the Price Range. The assumed increase is based on the expected net proceeds not considering any tax effects. The Share Redistribution is not expected to have a material impact on the dilutive effect of this Offering. The adjusted net book value attributable to owners of the Company is referred to as the "**Post-IPO Equity**".

	As of March 31, 2019		
	Low end	**Mid-point**	**High end**
	(unaudited) (in €, unless otherwise specified)		
Net book value per share[(1)]	3.7	3.7	3.7
Gross proceeds from the Offering (in € million)	296.0	345.3	394.7
Estimated total costs of the Offering (in € million)[(2)]	14.4	15.9	17.3
Net proceeds from the Offering (in € million)	281.6	329.5	377.3
Post-IPO Equity (in € million)	839.3	887.2	935.0
Post-IPO Equity per share[(3)]	4.2	4.4	4.6
Amount by which the Offer Price exceeds the Post-IPO Equity per share (immediate dilution of new shareholders of the Company)	1.8	2.6	3.4
Percentage by which the Offer Price exceeds the Post-IPO Equity per share	*44.5%*	*59.4%*	*72.8%*
Amount by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company)	0.5	0.7	1.0
Percentage by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering	*13.5%*	*20.1%*	*26.6%*

(1) Based on the Company's outstanding share capital of 152,507,611 common shares (assuming conversion of all redeemable convertible preference shares into common shares at a 1:1 ratio immediately following pricing of the Offering) immediately prior to the Offering and the implementation of the Share Redistribution and a net book value of the Company in an amount of €557.7 million as of March 31, 2019.

(2) Including underwriting and placement commissions payable to the Joint Bookrunners and assuming payment of the discretionary fee in full.

(3) Assuming 202,144,719, 202,053,196 and 201,984,476 outstanding common shares of the Company upon completion of the Offering, which reflects the issuance of 20,267,821, 14,062,109 and 9,390,301 newly issued common shares to

existing shareholders net the repurchase of 19,965,713, 13,851,524 and 9,248,436 common shares from existing shareholders as part of the Share Redistribution, at the low end, mid-point and high end of the Price Range, respectively.

		Each of the New Shares and any shares issued under the Greenshoe Option will have the same voting rights as the Company's existing shares. Upon completion of the Offering (assuming placement of all Offer Shares and exercise of the Greenshoe Option in full), the aggregate shares held by the Company's existing shareholders (including the Lending Shareholder) would amount to 70.7% of the Company's total shares.
E.7	**Estimated expenses charged to the investor by the issuer or offeror.**	Not applicable. Investors will not be charged expenses by the Company, the Lending Shareholder or the Joint Bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

II. ZUSAMMENFASSUNG DES PROSPEKTS

*Zusammenfassungen bestehen aus geforderten Angaben, die als Punkte („**Punkte**") bezeichnet werden. Diese Punkte sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art von Wertpapier und Emittentin in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art des Wertpapiers und der Emittentin in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In solchen Fällen enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis „Entfällt".*

A – Einleitung und Warnhinweise

A.1	**Warnhinweise.**	Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt („**Prospekt**") verstanden werden. Bei jeder Anlageentscheidung sollte sich der Anleger auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Mitgliedstaaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Nur diejenige(n) Person(en), die die Zusammenfassung, einschließlich ihrer Übersetzung, vorgelegt haben, haften zivilrechtlich und dies auch nur für den Fall, dass die Zusammenfassung, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, irreführend, unrichtig oder inkohärent ist oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, wesentliche Angaben, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen, vermissen lässt.
A.2	**Angaben über eine spätere Verwendung des Prospekts.**	Entfällt. Es wird keine spätere Weiterveräußerung oder Platzierung der Aktien durch Finanzintermediäre geben, für die eine Zustimmung erforderlich wäre. Daher ist keine Zustimmung für eine Verwendung des Prospekts für eine spätere Weiterveräußerung oder Platzierung der Aktien erteilt worden.

B – Emittent

B.1	**Gesetzliche und kommerzielle Bezeichnung des Emittenten.**	Die juristische Bezeichnung der Gesellschaft ist Global Fashion Group S.A. (die "**Gesellschaft**" und gemeinsam mit ihren konsolidierten Tochtergesellschaften, der "**Konzern**", "**Global Fashion Group**", "**GFG**", "**wir**", "**uns**", "**unsere**" oder "**uns selbst**"). Die Gesellschaft ist die Muttergesellschaft des Konzerns und agiert im Wesentlichen unter dem Handelsnamen "Global Fashion Group" oder "GFG".
B.2	**Sitz und Rechtsform des Emittenten, das für den Emittenten geltende Recht und Land der Gründung der Gesellschaft.**	Die Gesellschaft hat ihren Sitz in 5, Heienhaff L-1736 Senningerberg, Großherzogtum Luxemburg („**Luxemburg**") und ist im luxemburgischen Register für Handel und Gesellschaften (*Registre de Commerce et des Sociétés, Luxemburg*) unter der Nummer B 190907 registriert. Die Gesellschaft ist eine Luxemburger Aktiengesellschaft (*société anonyme*), die in Luxemburg gegründet wurde, und sie unterliegt und führt ihre Geschäfte nach luxemburgischem Recht.

B.3 Geschäftstätigkeit und Haupttätigkeiten des Emittenten samt der hierfür wesentlichen Faktoren.

Wir sind der führende Online-Mode- und Lifestyle-Händler in 17 Ländern in Asien-Pazifik („**APAC**"), Lateinamerika („**LATAM**") und der Gemeinschaft Unabhängiger Staaten („**GUS**"), in Bezug auf geschätzten Online-Verkäufen (Quelle: GFG Berechnungen basierend auf Euromonitor International Ltd. („**Euromonitor**") Retailing 2019). Wir bieten unseren Kunden ein inspirierendes und makelloses Einkaufserlebnis, von der Entdeckung bis zur Lieferung. Im Jahr 2018 zogen unsere mobilen Anwendungen und Websites im Durchschnitt mehr als 150 Millionen Besuche pro Monat an und wir bedienten mehr als 11,2 Millionen aktive Kunden. Unsere Kunden gaben in 2018 28,2 Millionen Bestellungen mit einem Nettowarenwert (d.h. der Warenwert verkaufter Artikel inklusive Mehrwertsteuer („**MwSt.**")/Steuer auf Waren und Dienstleistungen und Liefergebühren, nach tatsächlichen oder möglichen Ablehnungen und Rücksendungen, „**NWW**") von etwa € 1,5 Milliarden auf.

Wir sind in großen, wachsenden und unterversorgten Märkten tätig. In unseren Märkten leben rund eine Milliarde Menschen. Auf der Grundlage von Euromonitor-Daten wird prognostiziert, dass die Ausgaben für Mode- und Lifestyleprodukte zwischen 2018 und 2022 in unseren Märkten mit einer durchschnittlichen jährlichen Wachstumsrate (*Compound Annual Growth Rate*, „**CAGR**") von 7 % ansteigen werden, was deutlich über der CAGR-Prognose von 3 % für jeweils die Vereinigten Staaten von Amerika (die „**Vereinigten Staaten**") und Westeuropa für diesen Zeitraum liegt (Quelle: GFG-Berechnungen auf der Grundlage von Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). Neben dem erwarteten Wachstum des gesamten Online-Mode- und Lifestyle-Marktes glauben wir, dass der Online-Mode- und Lifestyle-Markt aufgrund der relativ geringen Durchdringung des elektronischen Handels in unseren Märkten ein erhebliches zusätzliches Aufwärtspotenzial besitzt. In 2018 machten Online-Umsätze in unseren Märkten nur 6 % der Gesamtausgaben für Mode- und Lifestyle-Produkte aus. In Westeuropa waren es 15 %, in den USA 20 % und in China 39 % (Quelle: GFG-Berechnungen basierend auf Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). Wir sind überzeugt, dass wir gut positioniert sind, um vom erwarteten Wachstum und der Online-Verschiebung der Mode- und Lifestyle-Märkte in unseren Regionen zu profitieren, da wir die Größenordnung eines Global Players für Beschaffung, Fulfillment und Technologie mit maßgeschneiderten Lösungen kombinieren, die auf lokale Bedürfnisse und Präferenzen wie Produktsortiment, Sprache, Zahlungswährung, Zahlungsarten und Lieferoptionen eingehen.

Wir bieten unseren Kunden und Markenpartnern einen überzeugenden Mehrwert. Mit unseren Marken *THE ICONIC* (in Australien und Neuseeland), *ZALORA* (in Hong Kong, Indonesien, den Philippinen, Malaysia, Singapur, Taiwan und Brunei), *dafiti* (in Brasilien, Argentinien, Chile und Kolumbien) und *lamoda* (in Russland, Weißrussland, Kasachstan und Ukraine) geben wir unseren Kunden die Möglichkeit sich durch Mode auszudrücken, indem wir sie mit einem breitgefächerten Spektrum von Mode- und Lifestyle-Marken in Verbindung bringen. Über unsere Apps und Websites haben Kunden Zugang zu einer breite Palette von Modeprodukten mit einer großen Anzahl an globalen und lokalen Marken sowie zu unseren über 40 eigenen Marken, welche Produkte umfassen, die wir zusammen mit Berühmtheiten und lokalen Influencern entwickeln. Unsere Technologie für die personalisierte Ansprache kreiert individuelle Auswahlmöglichkeiten und Vorschläge, damit Kunden die für sie relevantesten Produkte entdecken können. Das von uns angebotene Produktsortiment umfasst alle wichtigen Mode- und Lifestyle-Kategorien wie Bekleidung, Schuhe, Accessoires, Kinder- und Sportbekleidung. Darüber hinaus sind unsere lokal relevanten Produkte maßgeschneidert, um Kultur-, Größen- und Preisvorlieben unserer unterschiedlichen Kunden in unseren verschiedenen Märkten zu erfüllen. Auf unserer Plattform nutzen wir zwei Geschäftsmodelle: Einzelhandel, bei dem uns das Inventar der Produkte, die wir an unsere Kunden verkaufen, gehört („**Einzelhandel**"), und Marktplatz, bei dem unsere Markenpartner über unsere Apps und Webseiten von ihnen gehaltenes Inventar anbieten („**Marktplatz**"). Wir bieten mehr als 35 Zahlungsoptionen innerhalb unserer Märkte an um lokalen Kundenpräferenzen entgegenzukommen. Über 90 % aller Artikel, die über unsere Apps und Websites verkauft werden, werden in einem unserer zehn strategisch gelegenen Fulfillment-Center gelagert, von wo aus sie schnell durch einen effizienten,

für jeden unserer Märkte angepassten Mix aus Drittanbietern und unserer eigenen Lieferflotte zugestellt werden. Wir bieten einen rund um die Uhr verfügbaren Kundendienst in der Mehrzahl unserer Märkte und in elf verschiedenen Sprachen sowie kostenlose Rücksendeoptionen, was unsere Kundengewinnungsraten verbessert und zu einem hervorragenden Einkaufserlebnis in allen unseren Märkten beiträgt.

Wir glauben, dass viele Mode- und Lifestyle-Marken in unseren Märkten uns zu ihrem E-Commerce-Partner ihrer Wahl gemacht haben, weil wir ihnen sofortigen Zugang zu einem äußerst engagierten Publikum in großen und wachsenden Modemärkten bieten. Wir bieten Mode- und Lifestyle-Marken flexible und maßgeschneiderte Unterstützung beim Verkauf ihrer Produkte an Kunden. Wir kaufen Ware, von der wir in allen Marktsegmenten eine starke Nachfrage von den relevanten Marken oder Herstellern erwarten. Zudem geben wir Marken Zugang zu unserem Marktplatz, wo sie über unsere Apps und Webseiten als Drittanbieter auftreten. Wir unterstützen auch Marken, die über ihre eigenen Online-Kanäle verkaufen, indem wir ihnen unterschiedliche Mode-Dienstleistungen anbieten, einschließlich Auftragsabwicklungs-Services (z.B. Lagerung, Versandvorbereitung und Lieferung an den Kunden), Medienlösungen (z.B. Werbung über unsere Plattformen, Sponsoring von Events zur Steigerung der Markenbekanntheit) und Datenanalysen.

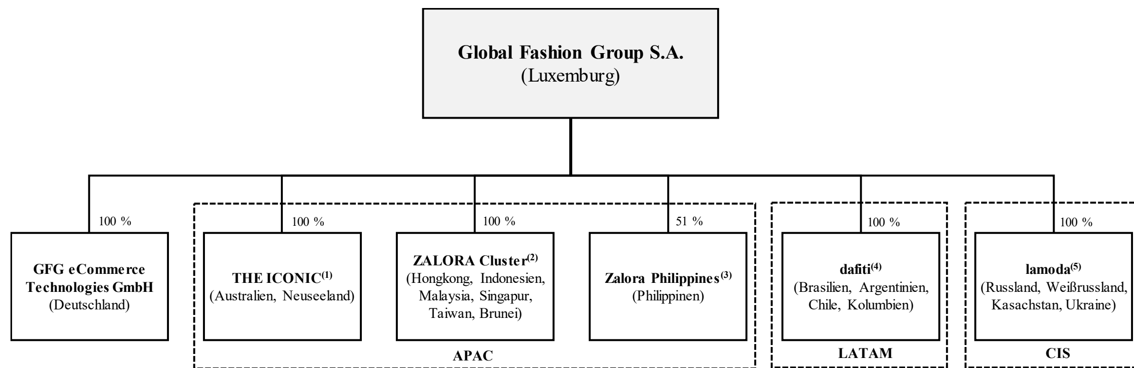
Wir blicken zurück auf ein starkes Wachstum und stetig verbesserte Ergebnisse. Unser ausgesprochen engagierter Kundenstamm erhöhte sich von 8,9 Millionen aktiven Kunden zum 31. Dezember 2016 auf 11,2 Millionen aktive Kunden zum 31. Dezember 2018. Der NWW pro aktivem Kunden stieg zwischen 2016 und 2018 organisch um 8,2 % CAGR, vor allem getrieben von Kunden, die ihre Bestellfrequenz erhöhen. Insgesamt stieg der NWW von € 1.076,0 Mio. im Jahr 2016 auf € 1.453,5 Mio. im Jahr 2018, was auf organischer Basis einer CAGR von 21,5 % entspricht. Unsere Umsatzerlöse stiegen von € 886,9 Mio. im Jahr 2016 auf € 1.155,9 Mio. im Jahr 2018, was auf organischer Basis einer CAGR von 19,4 % entspricht.

Im Jahr 2018 erreichten wir in unserem LATAM-Segment sowie in Australien, das zu unserem APAC-Segment gehört, ein ausgeglichenes Bereinigtes EBITDA (vor IFRS 16). Obwohl wir auf Konzernebene weiterhin Verluste erzielen, hat es uns das erhebliche Wachstum unseres Geschäfts sowie die Steigerung unserer Kosteneffizienz ermöglicht, unser Bereinigtes EBITDA (vor IFRS 16) von einem Verlust von € 130,8 Mio. in 2016 bis zu einem Verlust von € 70,0 Mio. in 2018 kontinuierlich zu verbessern. Nach der Anwendung von IFRS 16 hätte unser Bereinigtes EBITDA (nach IFRS 16) in 2018 einen Verlust von € 49,8 Mio. aufgewiesen. Unser Ziel für 2019 ist es, weitere Schritte in Richtung Break-Even zu machen.

Unsere Stärken

- Wir haben eine Führungsposition in großen und schnell wachsenden Mode- und Lifestyle-Märkten mit erheblichem Online-Erschließungspotenzial.
- Wir bieten unseren Kunden ein überlegenes Leistungsversprechen durch eine inspirierende Entdeckungsreise, unser breites Sortiment zu attraktiven Preisen und ein makelloses Einkaufserlebnis.
- Wir sind der strategische Partner der Wahl für globale und lokale Marken und dienen mit unseren Einzelhandel- und Marktplatzmodellen als Zugang zu Wachstumsmärkten.
- Wir verfügen über ein vielfältiges und lokalisiertes Team sowie äußerst skalierbare, an das Modegeschäft in Wachstumsmärkten angepasste Betriebsabläufe.
- Unsere proprietäre Technologie ermöglicht personalisierte und ansprechende Benutzeroberflächen für Kunden, voll integrierte modulare Lösungen für Marken und effiziente Abläufe.
- Wir profitieren von unserer Wachstumsdynamik, der Verbesserung der Rentabilität und günstigen Marktbedingungen.

		Unsere Strategie • Vom hohen Wachstum der Online-Mode- und Lifestylemärkte in unseren Regionen profitieren. • In benachbarte Produktkategorien und Segmente expandieren. • Das Einkaufserlebnis verbessern durch Technologie und Innovation. • Ausweitung des Bereichs Mode-Dienstleistungen. • Unsere geografische Aufstellung ausbauen und anpassen. • Unser finanzielles Profil weiter verbessern.
B.4a	**Wichtigste jüngste Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken.**	Daten von Euromonitor zeigen, dass der globale Markt für Mode und Lifestyle (online und offline kombiniert) die zweitgrößte E-Commerce-Verbraucherkategorie weltweit ist (nach Nahrungsmitteln und Getränken), mit einem Gesamtmarktvolumen von rund € 2,550 Mrd. im Jahr 2018. Davon wurden in unseren Märkten in APAC, LATAM und GUS im Jahr 2018 € 320 Mrd. (13 %) erwirtschaftet. Basierend auf von Euromonitor stammenden Daten wird erwartet, dass unsere Märkte deutlich schneller wachsen werden als der weltweite Durchschnitt des Mode- und Lifestyle-Marktes: für den Zeitraum von 2018 bis 2022 wird für die Vereinigten Staaten und Westeuropa ein Wachstum mit einem CAGR von 3 % erwartet, für den Markt in unseren Regionen ein Wachstum mit einem CAGR von voraussichtlich 7 % im selben Zeitraum (Quelle: GFG-Berechnungen basierend auf Euromonitor Apparel and Footwear 2019, Euromonitor Beauty & Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). Die Durchdringung von Online-Mode und Lifestyle in unseren Märkten beginnt gerade erst zu wachsen, mit einem Anteil von nur 6 % an den Gesamtausgaben für Mode und Lifestyle-Produkte im Jahr 2018. Die Online-Mode und Lifestyle-Durchdringungsraten in unseren Märkten liegen etwas sechs bis elf Jahre hinter den Vergleichsraten in Westeuropa (15 %), den USA (20 %) und China (39 %) zurück. (Quelle: GFG-Berechnungen basierend auf Euromonitor Apparel and Footwear 2019, Euromonitor Beauty & Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). Wir glauben, dass struktureller Rückenwind eine schnelle Expansion von Online-Mode und Lifestyle in unseren Regionen fördert. Die Bevölkerung in unseren Märkten ist im Durchschnitt jünger und wächst schneller als die Bevölkerung in Westeuropa und den Vereinigten Staaten und hat vorteilhafte Smartphone- und Online-Einkaufsgewohnheiten. Die Durchdringung von Smartphones in unseren Märkten (berechnet aus der Anzahl der Smartphone-Geräte nach Bevölkerungszahl) war im Jahr 2018 bereits höher als in den USA (90 % gegenüber 82 %) und wird in 2022 voraussichtlich den Wert in Westeuropa übersteigen (116 % gegenüber 107 %) (Quelle: GFG-Berechnungen basierend auf Daten von WCIS).
B.5	**Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe.**	Die Gesellschaft ist die Muttergesellschaft des Konzerns. Das Geschäft des Konzerns wird durch die Gesellschaft sowie deren diverse Tochtergesellschaften betrieben. Der Konzern umfasst alle Gesellschaften, deren Finanz- und Geschäftspolitik die Gesellschaft direkt oder indirekt kontrollieren kann. Das folgende Diagramm stellt einen Überblick (in vereinfachter Form) über die Konzernstruktur zum Datum dieses Prospekts dar.



(1) Das Geschäft von *THE ICONIC* wird von Internet Services Australia 1 Pty Ltd. in Australien und Neuseeland betrieben.
(2) Das Geschäft von *ZALORA* wird von Zalora (Hong Kong) Ltd. in Hongkong, PT Fashion EServices Indonesia in Indonesien, Jade E-Services Malaysia SDN BHD in Malaysia und Brunei und Jade E-Services Singapore Pte. Ltd. in Singapur und Taiwan betrieben.
(3) Das Geschäft von Zalora Philippines wird von BF Jade E-Services Philippines Inc. betrieben.
(4) Das Geschäft von *dafiti* wird von GFG Comercio Digital Ltda. in Brasilien, BFOOT S.R.L. in Argentinien, Bigfoot Chile SpA in Chile und Bigfoot Colombia SAS in Kolumbien betrieben.
(5) Das Geschäft von *lamoda* wird von Kupishoes LLC in Russland, Weißrussland und Kasachstan und Fashion Delivered LLC in der Ukraine betrieben.

B.6 Name jeder Person, die eine meldepflichtige direkte oder indirekte Beteiligung am Eigenkapital des Emittenten oder einen Teil der Stimmrechte hält.

Die untenstehende Tabelle zeigt die Beteiligungen der Hauptaktionäre sowie die Beteiligung der Aktionäre am Grundkapital der Gesellschaft zum Datum des Prospekts, insoweit die Gesellschaft über Beteiligungen über 5 % der Gesamtzahl der Aktien informiert ist.

In den Jahren 2016 und 2017 hat die Gesellschaft wandelbare Vorzugsaktien an einige ihrer bestehenden Aktionäre ausgegeben. Nach Maßgabe der Satzung der Gesellschaft (die „**Satzung**") werden, unter anderem, bei einem Börsengang der Gesellschaft („**IPO**") die wandelbaren Vorzugsaktien 1:1 in Stammaktien umgewandelt. Die wandelbaren Vorzugsaktien (mit Ausnahme von bestimmten wandelbaren Vorzugsaktien zum Verwässerungsschutz) gewähren einen bevorzugten und jährlich anwachsenden Ertrag von 20 % auf ihren Bezugspreis. Dieser anwachsende Ertrag ist nicht in bar zahlbar. Nach den ursprünglichen Bedingungen gemäß einer früheren Fassung der Satzung der Gesellschaft sollte der Ertrag in Form von Ausgabe einer bestimmten Anzahl von zusätzlichen neuen Stammaktien an die (ehemaligen) Inhaber von wandelbaren Vorzugsaktien im Nachgang zur Wandlung gewährt werden. Im Vorfeld dieses Angebots (wie in C.1 definiert) haben die Gesellschaft und die Aktionäre der Gesellschaft vereinbart, den Mechanismus zu ändern, mit dem die Inhaber der wandelbaren Vorzugsaktien ihren bevorzugten Ertrag erhalten. Wandelbare Vorzugsaktien werden nach der aktuellen Fassung der Satzung weiterhin unmittelbar nach der Preisfestsetzung des Angebots 1:1 in Stammaktien gewandelt. Allerdings wird der zusätzliche anwachsende Ertrag nun durch den Rückkauf bestehender Stammaktien durch die Gesellschaft und die Ausgabe von Stammaktien (unter Bezugsrechtsausschluss), jeweils ohne Gegenleistung, von oder an bestehende Aktionäre der Gesellschaft nach der Preisfestsetzung des Angebots in allen wesentlichen Aspekten nachgebildet (die „**Aktienumverteilung**"). Die genaue Anzahl der Aktien, die ohne Gegenleistung zurückgekauft und ausgegeben werden, hängt von dem Preis pro im Angebot platzierter Aktie (der „**Angebotspreis**") ab. Unter der Annahme eines Angebotspreises, der dem unteren Ende der Preisspanne entspricht, würde die Gesellschaft bis zu 19.965.713 Stammaktien zurückkaufen und im Rahmen der Aktienumverteilung bis zu 20.267.821 Stammaktien in dematerialisierter Form ausgeben, in beiden Fällen jeweils ohne Gegenleistung. Die Anzahl der ausgegebenen Stammaktien kann höher sein als die Anzahl der zurückgekauften Stammaktien, was die Einbeziehung bestimmter Instrumente in die Aktienumverteilung widerspiegelt, die nur zukünftige Beteiligungen darstellen, z.B. Stammaktien, die bei Ausübung von Kaufoptionen ausgegeben werden. Die Gesellschaft wird die zurückgekauften Stammaktien als eigene Aktien ausschließlich

zum Zweck der Einziehung halten. Wir beabsichtigen, die Zustimmung der Aktionäre zur Durchführung der Einziehung bei der nächsten Hauptversammlung einzuholen.

Die Zahlen in den nachstehenden Spalten „nach Vollzug des Angebots" spiegeln die Auswirkungen der Aktienumverteilung nach Abschluss des Angebots auf Grundlage eines angenommenen Angebotspreises wider, der dem Mittelwert der Preisspanne entspricht. Am unteren, mittleren und oberen Ende der Preisspanne wird die Umverteilung der Anteile zu Änderungen von bis zu 6,3, 4,4 und 3,0 Prozentpunkten auf der Ebene der einzelnen Aktionäre führen. Durch Rundung addieren sich gerundete Zahlen möglicherweise nicht genau auf. Bei der Darstellung und den Erläuterungen in den Fußnoten wird davon ausgegangen, dass alle rückzahlbare wandelbare Vorzugsaktien unmittelbar nach Preisfestsetzung für das Angebot im Verhältnis 1:1 in Stammaktien umgewandelt werden.

		Wirtschaftliche (indirekte) Beteiligung an der Gesellschaft		
			nach Vollzug des Angebots	
Ultimativer Aktionär	**Direkter Aktionär**	**unmittelbar vor dem Angebot[(1)]**	**(keine Ausübung der Greenshoe-Option)[(2)]**	**(vollständige Ausübung der Greenshoe-Option)[(3)]**
			(in %)	
Kinnevik AB[(4)]	Kinnevik Internet Lux S.à r.l.	36,8	30,0	29,1
Rocket Internet SE[(5)]	Rocket Internet SE, Rocket Middle East GmbH, Bambino 53. V V GmbH, MKC Brillant Services GmbH	20,4	12,7	12,3
Tengelmann Verwaltungs- und Beteiligungs GmbH[(6)]	Tengelmann Ventures GmbH, TEV Global Invest II GmbH	6,5	4,9	4,7
Rocket Internet Capital Partners SCS	Rocket Internet Capital Partners SCS	5,3	5,4	5,2
Leonard Blavatnik[(7)]	AI European Holdings S.à r.l.	5,2	3,1	3,0
Eigene Aktien[(8)]		0,1	6,7	6,5
Andere Aktionäre[(9)]		25,7	16,7	16,2
Streubesitz		–	20,5[(10)]	22,8[(11)]
Total		**100,00**	**100,00**	**100,00**

(1) Basierend auf dem gesamten Aktienkapital der Gesellschaft von 152.689.989 Stammaktien unmittelbar vor dem Angebot und der Durchführung der Aktienumverteilung.

(2) Basierend auf 209.652.098 Stammaktien nach Vollzug des Angebots, unter der Annahme der Platzierung aller Neuen Aktien (d. h. 42.900.000 Stammaktien), keiner Ausübung der Greenshoe Option und Implementierung der Aktienumverteilung (d. h. 13.851.524 zur Einziehung gehaltene eigene Aktien und 14.062.109 neu ausgegebene Stammaktien).

(3) Basierend auf 216.087.098 Stammaktien nach Vollzug der Platzierung aller Neuen Aktien, unter der Annahme der Platzierung aller Neuen Aktien (d. h. 42.900.000 Stammaktien), voller Ausübung der Greenshoe Option (d. h. 6.435.000 Aktien) und Implementierung der Aktienumverteilung (d. h. 13.851.524 zur Einziehung gehaltene eigene Aktien und 14.062.109 neu ausgegebene Stammaktien).

(4) Die von Kinnevik Internet Lux S.à r.l. gehaltenen Stimmrechte sind Kinnevik AB zuzurechnen.

(5) Rocket Internet SE hält direkt 28.166.614 der Stammaktien der Gesellschaft sowie indirekt 44.187 Stammaktien durch die Rocket Middle East GmbH und 2.623.669 Stammaktien indirekt über die MKC Brillant Services GmbH. Zudem hält die Bambino 53. V V GmbH („**Bambino**"), eine hundertprozentige Tochtergesellschaft der Rocket Internet SE, 272.023 Stammaktien der Gesellschaft, überwiegend als Treuhänderin für die Gesellschaft (9.855 Stammaktien) und verschiedene Personen. Aufgrund ihrer Inhaberschaft von sämtlichen Anteilen an der Bambino sind diese Stammaktien der Gesellschaft (mit Ausnahme der 9.855 Stammaktien, die treuhänderisch für die Gesellschaft gehalten werden) der Beteiligung der Rocket Internet SE zuzurechnen. Die Stimmrechte aus den von Bambino als Treuhänder gehaltenen Stammaktien der Gesellschaft werden jedoch auf Anweisung des jeweiligen Treuhänders ausgeübt und sind daher auch diesem zuzurechnen.

(6) Die von Tengelmann Ventures GmbH und TEV Global Invest II GmbH gehaltenen Stimmrechte sind der Tengelmann Verwaltungs- und Beteiligungs GmbH durch die Tengelmann Ventures Management GmbH und die Tengelmann Warenhandelsgesellschaft KG zuzurechnen.

(7) Die von AI European Holdings S.à r.l. gehaltenen Stimmrechte sind Leonard Blavatnik durch die AI European Holdings S.à r.l., AI European Holdings LP, AI European Holdings GP Limited, Access Industries Investment Holdings LLC, AI SMS LP, Access Industries Holdings LLC, Access Industries Holdings (BVI) LP, Access Industries, LLC und Grantor Trust vom 21. Mai 2003 zuzurechnen.

(8) Zum Datum dieses Prospekts hält die Gesellschaft direkt 182.378 eigene Stammaktien. Zusätzlich werden 106,250 Aktien der Gesellschaft von mehreren Holdinggesellschaften, darunter Bambino, für die Gesellschaft treuhänderisch verwaltet. Nach der Durchführung der Aktienumverteilung wird die Gesellschaft 13.851.524 zusätzliche eigene Aktien ausschließlich zum Zweck der Einziehung halten.
(9) Bezieht sich auf alle Aktionäre mit einem Anteil von weniger als 5 % am Grundkapital der Gesellschaft unmittelbar vor dem Angebot (wie in Element C.1 definiert) ohne Berücksichtigung von eigenen Aktien.
(10) Entspricht einem Streubesitz von 22,0 % nach Anpassung durch Nichtberücksichtigung von eigenen Aktien.
(11) Entspricht einem Streubesitz von 24,4 % nach Anpassung durch Nichtberücksichtigung von eigenen Aktien.

	Unterschiedliche Stimmrechte der Hauptanteilseigner.	Entfällt. Alle Aktien der Gesellschaft gewähren die gleichen Stimmrechte.
	Unmittelbare oder mittelbare Beteiligungen oder Beherrschungsverhältnisse.	Zum Datum dieses Prospekts kontrolliert Kinnevik AB durch die Kinnevik Internet Lux S.à r.l. mehr als $33^{1}/_{3}$ % der Stimmrechte an der Gesellschaft und gilt daher als Inhaberin einer Kontrollbeteiligung im Sinne des Luxemburger Gesetz vom 19. Mai 2006 zur Umsetzung der Richtlinie 2004/25/EG des Europäischen Parlaments und des Rates vom 21. April 2004 über Übernahmeangebote (*Offres Publiques d'Acquisition*). Die Stimmrechte von Kinnevik AB unterscheiden sich in keiner Weise von den mit anderen Aktien verbundenen Rechten, inklusive der Angebotsaktien. Die durch Luxemburger Gesellschaftsrecht vorgesehenen Beschränkungen hinsichtlich der Möglichkeit eines beherrschenden Aktionärs, ungebührend beherrschenden Einfluss auszuüben, sind von Kinnevik AB und der Gesellschaft eingehalten worden. Die Satzung der Emittentin enthält keine speziellen Vorschriften, die sicherstellen, dass solch ein Einfluss nicht missbraucht wird. Unter der Annahme der Platzierung aller Angebotsaktien, der vollständigen Ausübung der Greenshoe Option (wie in C.1 definiert) und keines Erwerbs von Angebotsaktien durch Kinnevik AB, wird Kinnevik AB nicht länger direkt oder indirekt $33^{1}/_{3}$ % oder mehr der Stimmrechte an den ausgegebenen Aktien der Gesellschaft halten und daher nicht länger als die Gesellschaft kontrollierend angesehen werden.
B.7	**Ausgewählte wesentliche historische Finanzinformationen.**	Die in den nachfolgenden Tabellen enthaltenen Finanzinformationen wurden dem geprüften Konzernabschluss der Gesellschaft für die zum 31. Dezember 2018, 2017 und 2016 endenden Geschäftsjahre, dem ungeprüften verkürzten Konzernzwischenabschluss für den zum 31. März 2019 endenden Dreimonatszeitraum sowie dem internen Berichtswesen der Gesellschaft entnommen oder aus diesen abgeleitet. Der geprüfte Konzernabschluss wurde in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind („**IFRS**"), erstellt. Der ungeprüfte verkürzte Konzernzwischenabschluss für den zum 31. März 2019 endenden Dreimonatszeitraum wurde in Übereinstimmung mit IFRS für Zwischenberichterstattung (IAS 34) erstellt. Ernst & Young, Société Anonyme, 35E, Avenue John F. Kennedy, L-1855 Luxemburg, hat den vorgenannten englischsprachigen Konzernabschluss der Gesellschaft gemäß den International Standards on Auditing, wie sie von der Luxemburger Finanzaufsichtsbehörde (*Commission de Surveillance du Secteur Financier*) für Luxemburg erlassen wurden, geprüft und darauf einen Bestätigungsvermerk des unabhängigen Abschlussprüfers erteilt. Der vorgenannte geprüfte Konzernabschluss der Gesellschaft und der darauf erteilte Bestätigungsvermerk des unabhängigen Abschlussprüfers sind in diesem Prospekt enthalten. Soweit Finanzinformationen in den folgenden Tabellen als „geprüft" gekennzeichnet sind, bedeutet dies, dass sie dem oben erwähnten geprüften Konzernabschluss entnommen wurden. Mit der Kennzeichnung „ungeprüft" werden in den folgenden Tabellen Finanzinformationen gekennzeichnet, die nicht dem oben erwähnten geprüften Konzernabschluss entnommen wurden, sondern entweder dem oben erwähnten ungeprüften verkürzten Konzernzwischenabschluss für den zum 31. März 2019 endenden Dreimonatszeitraum oder dem internen Berichtswesen der Gesellschaft entnommen oder daraus abgeleitet wurden oder auf Grundlage von Zahlen aus den zuvor genannten Quellen berechnet wurden.

Die in den untenstehenden Tabellen sowie in der nachfolgenden Diskussion dargestellten Finanzinformationen werden in Millionen Euro (€ Mio.) gezeigt, soweit nicht anders angegeben. Bestimmte Finanzinformationen, einschließlich Prozentsätze, wurden nach gängigen handelsüblichen Standards gerundet. Veränderungen und prozentuale Veränderungen sowie Kennziffern und Gesamtwerte (Summen oder Zwischensummen oder Differenzen oder Zahlen, die in Bezug zueinander stehen) werden in diesem Prospekt auf der Grundlage von ungerundeten Zahlen berechnet und kaufmännisch auf eine Nachkommastelle gerundet. Aufgrund von Rundungen lassen sich die gerundeten Zahlen möglicherweise nicht in allen Fällen aufaddieren.

Bei in Klammern angegebenen Finanzinformationen handelt es sich um den negativen Wert der gezeigten Zahl. In Bezug auf den Ausweis von Finanzinformationen in diesem Prospekt bedeutet ein Strich („–"), dass die jeweilige Zahl nicht verfügbar ist, während eine Null („0,0") bedeutet, dass die jeweilige Zahl verfügbar ist, aber auf Null gerundet wurde oder gleich Null ist.

Ausgewählte Konzern-Finanzinformationen der Gesellschaft

Daten aus der Konzern-Gewinn- und Verlustrechnung

	Für das zum 31. Dezember endende Geschäftsjahr			**Für den zum 31. März endenden Dreimonatszeitraum**	
	2016	**2017**	**2018**	**2018**	**2019**
		(geprüft) (in € Mio.)		**(ungeprüft) (in € Mio.)**	
Fortzuführende Geschäftsbereiche					
Umsatzerlöse	886,9	1.095,0	1.155,9	236,9	260,7
Umsatzkosten	(525,5)	(664,1)	(706,2)	(149,3)	(162,6)
Bruttogewinn	**361,4**	**430,9**	**449,7**	**87,6**	**98,1**
Betriebliche (Aufwendungen)/Erträge					
Vertriebsaufwendungen	(328,5)	(373,2)	(378,6)	(85,3)	(95,0)
Verwaltungsaufwendungen	(203,9)	(184,4)	(214,3)	(44,7)	(52,2)
Sonstige betriebliche Erträge	10,0	15,4	3,4	0,7	0,8
Sonstige betriebliche Aufwendungen	(25,4)	(19,2)	(17,1)	(2,7)	(3,1)
Wertminderungsaufwand	(684,5)	–	–	–	–
Netto-Aufwand aus Wertminderungen von finanziellen Vermögenswerten	(2,9)	(2,2)	(0,8)	0,2	(0,1)
Verlust vor Zinsen und Steuern (EBIT)[1]	**(873,8)**	**(132,7)**	**(157,7)**	**(44,2)**	**(51,5)**
Anteil am Ergebnis von assoziierten Unternehmen	–	(3,8)	(9,1)	(1,7)	3,2
Ergebnis aus der Entkonsolidierung von Tochterunternehmen	–	1,7	–	–	–
Finanzerträge	16,8	8,5	1,2	0,2	8,4
Finanzaufwendungen	(19,3)	(20,1)	(32,3)	(11,2)	(3,7)
Ergebnis aus der Indexierung nach IAS 29 Hochinflation[2]	–	–	1,2	–	0,3
Verlust vor Steuern	**(876,3)**	**(146,4)**	**(196,7)**	**(56,9)**	**(43,3)**
Ertragssteuern	79,1	2,5	(5,2)	(0,7)	(1,2)
Verlust aus fortzuführenden Geschäftsbereichen[3]	**(797,2)**	**(143,9)**	**(201,9)**	**(57,6)**	**(44,5)**
Aufgegebene Geschäftsbereiche					
Gewinn/(Verlust) aus aufgegebenen Geschäftsbereichen					
Mittlerer Osten[4]	(2,1)	137,4	–	–	–
Indien[5]	(103,3)	–	–	–	–
Jahresfehlbetrag/Periodenverlust	**(902,6)**	**(6,5)**	**(201,9)**	**(57,6)**	**(44,5)**
Jahresfehlbetrag/Periodenverlust zurechenbar auf					
Anteilseigner des Mutterunternehmens	(872,4)	(1,6)	(196,0)	(54,4)	(42,3)
Nicht-beherrschende Anteile	(30,2)	(4,9)	(5,9)	(3,2)	(2,2)

(1) Das EBIT wird als Ergebnis vor Zinsen und Steuern („**EBIT**") definiert und berechnet als Verlust aus fortzuführenden Geschäftsbereichen/Periodenverlust vor Ertragssteuern, Finanzerträge und -aufwendungen sowie vor Anteil am Ergebnis assoziierten Unternehmen, Ergebnis aus der Entkonsolidierung von Tochterunternehmen und Ergebnis aus der Indexierung von IAS 29 Hochinflation, jeweils aus fortzuführenden Geschäftsbereichen.

(2) In der zweiten Hälfte des Jahres 2018 haben wir IAS 29 Rechnungslegung in Hochinflationsländern in Argentinien angewendet, wo die kumulierte dreijährige Inflationsrate für Verbraucherpreise und Großhandelspreise 123 % bzw. 119 % erreichte. Das Ergebnis aus der Indexierung nach IAS 29 Hochinflation in unserer Konzern-Gewinn- und Verlustrechnung belief sich in dem zum 31. März 2019 endenden Dreimonatszeitraum auf € 0,3 Mio. und im Jahr 2018 auf € 1,2 Mio. In früheren Perioden wurden keine Anpassungen vorgenommen. Unser Konzernabschluss für die zum 31. Dezember 2018, 2017 und 2016 endenden Geschäftsjahre und unser verkürzter Konzernzwischenabschluss für den zum 31. März 2019 endenden Dreimonatszeitraum basieren auf dem historischen Kostenansatz. Der zu den Stichtagen 31. Dezember 2018 und 31. März 2019 verwendete Preisindex für Argentinien stammte vom Instituto de Capacitación Profesional (ICP).

(3) Der Verlust aus fortzuführenden Geschäftsbereichen für die Dreimonatszeiträume endend zum 31. März 2018 und 2019 entspricht dem Periodenverlust, wie er in dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den Dreimonatszeitraum endend zum 31. März 2019 gezeigt wird.

(4) Wird im geprüften Konzernabschluss der Gesellschaft für die zum 31. Dezember 2018, 2017 und 2016 endenden Geschäftsjahre und im ungeprüften verkürzten Konzernzwischenabschluss für den zum 31. März 2019 endenden Dreimonatszeitraum als Namshi bezeichnet. Am 16. August 2017 haben wir 51 % unserer Aktivitäten im Mittleren Osten, d. h., von Namshi General Trading LLC, Dubai („**Namshi**"), verkauft. Der ausgewiesene Betrag entspricht dem Gewinn aus der Entkonsolidierung von Namshi in Höhe von € 139,0 Mio. (Gewinn in Höhe von € 147,1 Mio. nach Transaktionskosten von € 8,1 Mio.) in 2017 abzüglich des Verlusts aus aufgegebenen Geschäftsbereichen in Höhe von € 1,6 Mio.

(5) Wird im geprüften Konzernabschluss der Gesellschaft für die zum 31. Dezember 2018, 2017 und 2016 endenden Geschäftsjahre als Jabong bezeichnet.

Daten aus der Konzern-Kapitalflussrechnung

	Für das zum 31. Dezember endende Geschäftsjahr			Für den zum 31. März endenden Dreimonatszeitraum	
	2016	**2017**	**2018**	**2018**	**2019**
	(geprüft) (in € Mio.)			(ungeprüft) (in € Mio.)	
Netto-Mittelzufluss/(Mittelabfluss) aus der betrieblichen Tätigkeit aus fortzuführenden Geschäftsbereichen[(1)]	(141,6)	(63,8)	(85,3)	(68,9)	(66,3)
Netto-Mittelzufluss/(Mittelabfluss)aus der Investitionstätigkeit aus fortzuführenden Geschäftsbereichen[(2)]	(27,2)	(32,7)	(65,6)	(6,1)	68,8
Netto-Mittelzufluss/(Mittelabfluss)aus der Finanzierungstätigkeit aus fortzuführenden Geschäftsbereichen[(3)]	310,0	11,6	5,2	4,5	(5,6)
Zahlungsmittel und Zahlungsmitteläquivalente zum Ende des Jahres/der Periode	244,2	251,4	105,0	180,6	103,5

(1) Netto-Mittelzufluss/(Mittelabfluss) aus der betrieblichen Tätigkeit aus fortzuführenden Geschäftsbereichen für die zum 31. März 2018 und 31. März 2019 endenden Dreimonatszeiträume entspricht dem Netto-Mittelzufluss/(Mittelabfluss) aus der betrieblichen Tätigkeit wie er in dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den Dreimonatszeitraum endend zum 31. März 2019 dargestellt wird.

(2) Netto-Mittelzufluss/(Mittelabfluss) aus der Investitionstätigkeit aus fortzuführenden Geschäftsbereichen für die zum 31. März 2018 und 31. März 2019 endenden Dreimonatszeiträume entspricht dem Netto-Mittelzufluss/(Mittelabfluss) aus der Investitionstätigkeit wie er in dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den Dreimonatszeitraum endend zum 31. März 2019 dargestellt wird.

(3) Netto-Mittelzufluss/(Mittelabfluss) aus der Finanzierungstätigkeit aus fortzuführenden Geschäftsbereichen für die zum 31. März 2018 und 31. März 2019 endenden Dreimonatszeiträume entspricht dem Netto-Mittelzufluss/(Mittelabfluss)aus der Finanzierungstätigkeit wie er in dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft für den Dreimonatszeitraum endend zum 31. März 2019 dargestellt wird.

Daten aus der Konzernbilanz

	Zum 31. Dezember			Zum 31. März
	2016	2017	2018	2019
		(geprüft) (in € Mio.)		(ungeprüft) (in € Mio.)
Vermögenswerte				
Summe langfristige Vermögenswerte	**576,8**	**562,0**	**539,3**	**557,6**
davon Geschäfts- oder Firmenwert	*301,9*	*203,5*	*185,6*	*188,7*
davon sonstige immaterielle Vermögenswerte	*210,1*	*149,6*	*136,2*	*139,5*
Summe kurzfristige Vermögenswerte	**578,3**	**538,4**	**416,1**	**464,8**
davon Vorräte	*180,2*	*172,0*	*186,1*	*244,9*
davon Zahlungsmittel und Zahlungsmitteläquivalente	*244,2*	*251,4*	*105,0*	*103,5*
Summe Vermögenswerte	**1.155,1**	**1.100,4**	**955,4**	**1.022,4**
Summe Eigenkapital	**824,4**	**793,4**	**603,8**	**572,1**
Summe langfristige Schulden	**27,9**	**15,4**	**34,7**	**98,3**
Summe kurzfristige Schulden	**302,8**	**291,6**	**316,9**	**352,0**
davon Verbindlichkeiten aus Lieferungen und Leistungen und sonstige finanzielle Verbindlichkeiten	*228,7*	*220,8*	*251,6*	*268,7*
Summe Schulden	**330,7**	**307,0**	**351,6**	**450,3**
Summe Eigenkapital und Schulden	**1.155,1**	**1.100,4**	**955,4**	**1.022,4**

Segmentinformationen

Wir führen unser Geschäft basierend auf drei operativen Segmenten, die zugleich unsere berichtspflichtigen Segmente ausmachen: APAC, LATAM und GUS. Die nachfolgenden Tabellen zeigen die Umsatzerlöse und den Bruttogewinn unserer Segmente (aus fortzuführenden Geschäftsbereichen) für die angegebenen Zeiträume. Der Bruttogewinn ist definiert als Umsatzerlöse abzüglich Umsatzkosten. Die Spalte „Sonstige" beinhaltet die Hauptsitze und bestimmte andere Geschäftsaktivitäten, wie den Verkauf an andere Einzelhändler über unsere Eigenmarke „Lost Ink", deren Beendigung wir im Februar 2019 beschlossen haben, sowie externe IT-Dienstleistungen. Die Überleitungsspalte enthält Konsolidierungsanpassungen und die Auswirkungen von Anpassungen der Kaufpreisallokation im Zusammenhang mit der Gründung von GFG.

	Für den Dreimonatszeitraum zum 31. März 2019						
	APAC	LATAM	GUS	Summe Fashion Business	Sonstige	Überleitung	Konzern
				(ungeprüft) (in € Mio.)			
Umsatzerlöse	92,4	80,1	86,1	258,6	7,0	(4,9)	260,7
Bruttogewinn	35,4	32,2	32,2	99,8	2,7	(4,4)	98,1

	Für den Dreimonatszeitraum zum 31. März 2018						
	APAC	LATAM	GUS	Summe Fashion Business	Sonstige	Überleitung	Konzern
				(ungeprüft) (in € Mio.)			
Umsatzerlöse	76,7	75,2	81,3	233,2	13,4	(9,7)	236,9
Bruttogewinn	28,5	30,7	27,7	86,8	7,1	(6,3)	87,6

	Für das zum 31. Dezember 2018 endende Geschäftsjahr						
	APAC	LATAM	GUS	Summe Fashion Business	Sonstige	Überleitung	Konzern
				(geprüft) (in € Mio.)			
Umsatzerlöse	409,0	359,0	376,4	1.144,4	66,3	(54,8)	1.155,9
Bruttogewinn	152,1	149,0	145,8	446,9	51,9	(49,1)	449,7

	Für das zum 31. Dezember 2017 endende Geschäftsjahr						
	APAC	LATAM	GUS	Summe Fashion Business	Sonstige	Überleitung	Konzern
				(geprüft) (in € Mio.)			
Umsatzerlöse	323,5	365,2	395,1	1.083,8	44,9	(33,7)	1.095,0
Bruttogewinn	125,2	155,4	147,8	428,4	28,0	(25,5)	430,9

	Für das zum 31. Dezember 2016 endende Geschäftsjahr						
	APAC	LATAM	GUS	Summe Fashion Business	Sonstige	Überleitung	Konzern
				(geprüft) (in € Mio.)			
Umsatzerlöse	261,2	315,5	302,7	879,4	24,8	(17,3)	886,9
Bruttogewinn	103,2	136,8	119,9	359,9	13,8	(12,3)	361,4

Zusätzliche relevante Leistungsindikatoren

Die folgende Tabelle gibt einen Überblick über bestimmte finanzielle und nicht finanzielle Leistungsindikatoren für den Konzern (fortzuführende Geschäftsbereiche) zu den angegebenen Stichtagen beziehungsweise für die dargestellten Zeiträume:

	Zum und für das zum 31. Dezember endende Geschäftsjahr			Zum und für den zum 31. März endenden Dreimonatszeitraum	
	2016	2017	2018	2018	2019
	(ungeprüft, soweit nicht anders angegeben)			(ungeprüft)	
Bereinigtes EBITDA (vor IFRS 16) (in € Mio.)[(1)(2)]	(130,8)	(90,9)	(70,0)	(32,2)	n/a
Bereinigtes EBITDA (nach IFRS 16) (in € Mio.)[(2)]	n/a	n/a	(49,8)	(27,8)	(25,5)
Aktive Kunden (in Mio.)[(3)]	8,9	9,8	11,2	10,0	11,5
Nominaler Zuwachs	*n/a*	*10,9 %*	*13,6 %*	*11,6 %*	*14,5 %*
NWW pro aktiver Kunde (in €)	121,4	136,7	130,2	135,2	130,6
Organischer Zuwachs[(4)]	*n/a*	*8,6 %*	*7,8 %*	*8,3 %*	*7,5 %*
Durchschnittliche Bestellhäufigkeit[(5)]	2,2	2,4	2,5	2,4	2,6
Nominaler Zuwachs	*n/a*	*6,1 %*	*7,0 %*	*4,9 %*	*8,3 %*
Bestellungen (in Mio.)[(6)]	19,8	23,2	28,2	5,4	6,9
Nominaler Zuwachs	*n/a*	*17,7 %*	*21,5 %*	*14,9 %*	*26,8 %*
Durchschnittlicher Bestellwert (in €)[(7)]	54,2	58,0	51,6	54,4	49,7
Organischer Zuwachs[(4)]	*n/a*	*2,4 %*	*0,8 %*	*4,6 %*	*(3,8) %*
NWW (in € Mio.)[(8)]	1.076,0	1.343,2	1.453,5	294,0	340,8
Organischer Zuwachs[(4)]	*n/a*	*20,5 %*	*22,5 %*	*20,2 %*	*22,0 %*

(1) Geprüft für die drei Jahre endend zum 31. Dezember 2016, 2017 und 2018.

(2) Wir definieren das Bereinigte EBITDA („**Bereinigtes EBITDA**") als Verlust vor Zinsen und Steuern (EBIT), bereinigt um Abschreibungen und Wertminderungsaufwand (EBITDA) und bereinigt um (Erträge)/Aufwendungen aus anteilsbasierter Vergütung sowie Einmalvergütungen in Zusammenhang mit dem IPO und Aufwendungen in Zusammenhang mit der Abwicklung von Lost Ink Limited. Die Bereinigte EBITDA-Marge ist definiert als Bereinigtes EBITDA in Prozent der Umsatzerlöse. Darüber hinaus unterscheiden wir zwischen dem Bereinigten EBITDA (vor IFRS 16), das nicht die Auswirkungen der Anwendung von IFRS 16 reflektiert, und dem Bereinigtem EBITDA (nach IFRS

16), das die Auswirkungen der Anwendung von IFRS 16 reflektiert. Die folgende Tabelle zeigt die Berechnung von EBITDA, Bereinigtem EBITDA und Bereinigter EBITDA-Marge für die angegebenen Zeiträume:

	Für das zum 31. Dezember endende Geschäftsjahr			**Für den zum 31. März endenden Dreimonatszeitraum**	
	2016	**2017**	**2018**	**2018**	**2019**
	(geprüft, soweit nicht anders angegeben)			**(ungeprüft)**	
	(in € Mio., soweit nicht anders angegeben)			**(in € Mio., soweit nicht anders angegeben)**	
Umsatzerlöse	**886,9**	**1.095,0**	**1.155,9**	**236,9**	**260,7**
Verlust vor Zinsen und Steuern (EBIT)	**(873,8)**	**(132,7)**	**(157,7)**	**(44,2)**	**(51,5)**
Abschreibungen	40,4	32,4	32,5	8,0	14,5
Wertminderungsaufwand	684,5	–	–	–	–
EBITDA	**(148,9)**	**(100,3)**	**(125,2)**	**(36,2)**	**(37,0)**
(Erträge)/Aufwendungen aus anteilsbasierter Vergütung	18,1	9,4	55,2	4,0	7,7
Einmalkosten	–	–	–	–	0,9
Abwicklung von Lost Ink Limited	–	–	–	–	2,9
Bereinigtes EBITDA (vor IFRS 16)[(a)]	**(130,8)**	**(90,9)[(b)]**	**(70,0)**	**(32,2)**	**n/a**
Bereinigte EBITDA-Marge (vor IFRS 16) (ungeprüft)	*(14,7) %*	*(8,3) %*	*(6,1) %*	*(13,6) %*	*n/a*
IFRS 16 Auswirkung (ungeprüft)	n/a	n/a	20,2[(c)]	4,4	n/a
Bereinigtes EBITDA (nach IFRS 16) (ungeprüft)	**n/a**	**n/a**	**(49,8)**	**(27,8)**	**(25,5)**
Bereinigte EBITDA-Marge (nach IFRS 16) (ungeprüft)	*n/a*	*n/a*	*(4,3) %*	*(11,7) %*	*(9,8) %*

(a) Die Bereinigten EBITDA-Zahlen (vor IFRS 16) berücksichtigen nicht die Auswirkungen von IFRS 16, der ab dem 1. Januar 2019 zur Anwendung kommt. Wäre IFRS 16 bereits in 2018 angewendet worden, wäre unser Bereinigtes EBITDA in 2018 um € 20,2 Mio. und in dem zum 31. März 2019 endenden Dreimonatszeitraum um € 4,4 Mio. höher gewesen, d. h. das Bereinigte EBITDA (nach IFRS 16) hätte in 2018 minus € 49,8 Mio. betragen und in dem zum 31. März 2018 endenden Dreimonatszeitraum minus € 27,8 Mio.

(b) Das Bereinigte EBITDA (vor IFRS 16) für 2017 beinhaltet einen positiven Einmaleffekt aus der Auflösung von Rückstellungen für Steuerrisiken in Höhe von € 7,1 Mio. Ohne diesen Einmaleffekt hätte das Bereinigte EBITDA (vor IFRS 16) im Jahr 2017 minus € 98,0 Mio. betragen.

(c) Davon entfallen € 12,5 Mio. auf Vertriebsaufwendungen und € 7,7 Mio. auf Verwaltungsaufwendungen.

(3) Anzahl der Kunden, die in den letzten zwölf Monaten nach Berücksichtigung von Stornierungen, Reklamationen und Retouren mindestens eine Ware gekauft haben.

(4) Organischer Zuwachs entspricht dem nominalen Zuwachs, erst bereinigt um Portfolioeffekte, dann Wechselkurseffekte (konstanter Währungsansatz) und schließlich der Indexierung nach IAS 29 Hochinflation, falls vorhanden. Fremdwährungsbeträge werden zu konstanten Wechselkursen umgerechnet, die den Wechselkursen zu einem bestimmten Datum entsprechen und für interne Planungszwecke verwendet werden. Für die Vergleiche 2018 und 2017 haben wir die Wechselkurse vom 31. Juli 2017 verwendet. Für die Vergleiche 2017 und 2016 haben wir die Wechselkurse vom 31. August 2016 verwendet. In allen Fällen haben wir, sofern verfügbar, die von der Europäischen Zentralbank gemeldeten Wechselkurse verwendet, und falls nicht, Wechselkurse der OANDA Corporation (mit Ausnahme des russischen Rubels („**RUB**"), für den wir anstelle des Kurses von 70,4643 RUB vom 31. Juli 2017 einen Euro-Wechselkurs von 70,00 RUB und vom 31. August 2016 RUB 72.6624 verwendet haben).

(5) Durchschnittliche Anzahl der Kundenbestellungen pro Jahr (berechnet aus Anzahl der Bestellungen in den letzten zwölf Monate geteilt durch aktive Kunden.

(6) Anzahl der von Kunden aufgegebenen Bestellungen nach Berücksichtigung von Stornierungen, Reklamationen und Retouren.

(7) NWW je Bestellung.

(8) NWW wird definiert als der Warenwert verkaufter Artikel inklusive Mehrwertsteuer/Steuer auf Waren und Dienstleistungen und Liefergebühren, nach tatsächlichen oder möglichen Ablehnungen und Rücksendungen.

Wesentliche Änderungen der Finanzlage und des Betriebs-ergebnisses des Emittenten in	Die folgenden wesentlichen Änderungen in der Finanzlage und dem Betriebsergebnis von GFG traten in den zum 31. März 2019 und 31. März 2018 endenden Dreimonatszeiträumen sowie in den zum 31. Dezember 2018, 2017 und 2016 endenden Geschäftsjahren auf: **Zum 31. März 2019 und 31. März 2018 endende Dreimonatszeiträume**

oder nach dem von den historischen Finanz-informationen abgedeckten Zeitraum.	Der NWW stieg um 15,9 % von € 294,0 Mio. in dem zum 31. März 2018 endenden Dreimonatszeitraum auf € 340,8 Mio. in dem zum 31. März 2019 endenden Dreimonatszeitraum, mit einem steigenden Beitrag von Marktplatz, welcher sich auf 19 % in dem zum 31. März 2019 endenden Dreimonatszeitraum belief verglichen mit 13 % des NWW in dem zum 31. März 2018 endenden Dreimonatszeitraum. Die Umsatzerlöse stiegen um 10,0 % von € 236,9 Mio. in dem zum 31. März 2018 endenden Dreimonatszeitraum auf € 260,7 Mio. in dem zum 31. März 2019 endenden Dreimonatszeitraum, aufgrund unseres weiteren Wachstums und der weiteren Ausweitung unserer Aktivitäten in allen Regionen. Die Steigerung der Umsatzerlöse wurde durch einen starken Anstieg der Bestellungen und einen Anstieg der Bestellhäufigkeit getragen. Diese Steigerungen wurden teilweise durch einen Rückgang des durchschnittlichen Bestellwerts ausgeglichen. Auf organischer Basis stiegen die Umsatzerlöse in dem zum 31. März 2019 endenden Dreimonatszeitraum um 15,1 % im Vergleich zu dem zum 31. März 2018 endenden Dreimonatszeitraum. Alle drei Segmente trugen zur Steigerung der Umsatzerlöse bei, wobei insbesondere das Segment APAC einen starken Beitrag leistete. Der Verlust vor Zinsen und Steuern (EBIT) stieg um 16,5 % von einem Verlust von € 44,2 Mio. in dem zum 31. März 2018 endenden Dreimonatszeitraum auf einen Verlust von € 51,5 Mio. in dem zum 31. März 2019 endenden Dreimonatszeitraum, da ein Anstieg des Bruttogewinns aufgrund des höheren NWW durch höhere Vertriebs- und Verwaltungsaufwendungen mehr als ausgeglichen wurde. Wird das EBIT um Abschreibungen, aktienbasierte Vergütungsaufwendungen, Einmalvergütungen im Zusammenhang mit dem IPO und Aufwendungen im Zusammenhang mit der Abwicklung von Lost Ink Limited bereinigt, verbessert sich das Bereinigte EBITDA von einem Verlust von € 32,2 Mio. (vor IFRS 16) in dem zum 31. März 2018 endenden Dreimonatszeitraum auf einen Verlust von € 25,5 Mio. (nach IFRS 16) in dem zum 31. März 2019 endenden Dreimonatszeitraum. Bezogen auf die Umsatzerlöse verbesserte sich das Bereinigte EBITDA von minus 13,6 % (vor IFRS 16) in dem zum 31. März 2018 endenden Dreimonatszeitraum auf minus 9,8 % (nach IFRS 16) in dem zum 31. März 2019 endenden Dreimonatszeitraum. Die Verbesserung ist auf unsere Betriebsleistung und die erstmalige Anwendung von IFRS 16 in dem zum 31. März 2019 endenden Dreimonatszeitraum zurückzuführen. **Zum 31. Dezember 2017 und 31. Dezember 2018 endende Geschäftsjahre** Der NWW erhöhte sich um 8,2 % von € 1.343,2 Mio. im Jahr 2017 auf € 1.453,5 Mio. im Jahr 2018. Die Umsatzerlöse stiegen um 5,6 % von € 1.095,0 Mio. im Jahr 2017 auf € 1.155,9 Mio. im Jahr 2018. Die Umsatzerlöse stiegen geringer als der NWW, da der Marktplatz NWW in 2018 einen höheren Anteil am gesamten NWW ausmachte als im Jahr 2017. Auf organischer Basis stiegen die Umsatzerlöse zwischen 2017 und 2018 um 18,7 %. Dieser Anstieg ist vor allem auf einen Anstieg der Anzahl aktiver Kunden von 9,8 Mio. zum 31. Dezember 2017 auf 11,2 Mio. zum 31. Dezember 2018 zurückzuführen. Gemeinsam mit einem leichten Anstieg der durchschnittlichen Bestellhäufigkeit von 2,4 Bestellungen pro aktivem Kunden im Jahr 2017 auf 2,5 Bestellungen pro aktivem Kunden im Jahr 2018, führte dies zu einem Anstieg der Bestellungen von 23,2 Mio. im Jahr 2017 auf 28,2 Mio. im Jahr 2018. Auf organischer Basis stieg der NWW pro aktivem Kunden um 7,8 % von 2017 bis 2018. Auf Segmentebene wurde der Anstieg der Umsatzerlöse von unserem APAC-Segment getragen. In den beiden anderen Segmenten gingen die Umsatzerlöse aufgrund ungünstiger Wechselkurseffekte zurück. Auf organischer Basis stiegen die Umsatzerlöse in jedem unserer Segmente an. Der Verlust vor Zinsen und Steuern (EBIT) stieg von € 132,7 Mio. im Jahr 2017 um 18,8 % auf € 157,7 Mio. im Jahr 2018. Dieser Anstieg ist im Wesentlichen auf erhöhte Verwaltungsaufwendungen, getrieben von einem einmaligen Anstieg von Aufwendungen aus anteilsbasierter Vergütung, zurückzuführen.

Wird das EBIT um Abschreibungen, Wertminderungen und aktienbasierte Vergütungsaufwendungen bereinigt, verbessert sich das Bereinigte EBITDA (vor IFRS 16) von einem Verlust von € 90,9 Mio. in 2017 auf einen Verlust von € 70,0 Mio. in 2018, getrieben von einem höheren Bruttogewinn.

Zum 31. Dezember 2016 und 31. Dezember 2017 endende Geschäftsjahre

Der NWW erhöhte sich um 24,8 % von € 1.076,0 Mio. im Jahr 2016 auf € 1.343,2 Mio. im Jahr 2017. Die Umsatzerlöse stiegen um 23,5 % von € 886,9 Mio. im Jahr 2016 auf € 1.095,0 Mio. im Jahr 2017. Die Umsatzerlöse stiegen aufgrund eines steigenden Anteils der Marktplatzverkäufe als Prozentsatz der Gesamtverkäufe unterproportional zum NWW.

Auf organischer Basis stiegen die Umsatzerlöse zwischen 2016 und 2017 um 20,1 %. Dieser Anstieg war vor allem auf einen Anstieg der Anzahl aktiver Kunden von 8,9 Mio. zum 31. Dezember 2016 auf 9,8 Mio. zum 31. Dezember 2017 zurückzuführen. Zusammen mit einem leichten Anstieg der durchschnittlichen Bestellhäufigkeit von 2,2 Bestellungen pro aktivem Kunden im Jahr 2016 auf 2,4 Bestellungen pro aktivem Kunden im Jahr 2017 führte dies zu einem Anstieg der Bestellungen von 19,8 Mio. im Jahr 2016 auf 23,2 Mio. im Jahr 2017. Der NWW pro aktivem Kunden stieg von 2016 auf 2017 organisch um 8,6 %.

Alle drei Segmente trugen zur Steigerung der Umsatzerlöse bei, mit besonders starken Beiträgen von GUS und APAC. Der Beitrag zur Umsatzsteigerung aus GUS war vor allem auf die günstige Wechselkursentwicklung zurückzuführen.

Das Ergebnis vor Zinsen und Steuern (EBIT) verbesserte sich um 84,8 % von einem Verlust von € 873,8 Mio. im Jahr 2016 auf € 132,7 Mio. im Jahr 2017. Diese Verbesserung ist in erster Linie auf den Wegfall der im Jahr 2016 erfassten Wertminderungen, höhere Umsatzerlöse und Effizienzsteigerungen zurückzuführen, was geringere Verwaltungsaufwendungen zur Folge hatte.

Wird das EBIT um Abschreibungen, Wertminderungen und aktienbasierte Vergütungsaufwendungen bereinigt, verbessert sich das Bereinigte EBITDA (vor IFRS 16) von einem Verlust von € 130,8 Mio. im Jahr 2016 auf einen Verlust von € 90,9 Mio. im Jahr 2017, was auf höhere Umsatzerlöse und die oben genannten Effizienzsteigerungen zurückzuführen ist. Alle unsere Regionen zeigten Rentabilitätsverbesserungen (gemessen als Bereinigtes EBITDA (vor IFRS 16) als Prozentsatz der Umsatzerlöse), mit besonders starken Verbesserungen in LATAM.

Jüngste Entwicklungen

Im April 2019 wechselte Matthew Price als Chief Financial Officer zu GFG. In der Hauptversammlung der Gesellschaft am 31. Mai 2019 wurde die Auswechslung des seinerzeit bestehenden Verwaltungsrats (der „**Verwaltungsrat**") durch eine zweiteilige Verwaltungsstruktur, die aus dem Vorstand und dem Aufsichtsrat besteht, vorbehaltlich der aufschiebenden Bedingung und wirksam ab Billigung dieses Prospekts durch die CSSF (diese Billigung sich ausschließlich auf diesen Prospekt beziehend und nicht auf die Wirksamkeit oder Rechtmäßigkeit der zweiteiligen Verwaltungsstruktur oder eines Elements davon) beschlossen. Zur gleichen Zeit wurden Carol Shen und Laura Weil, die zuvor nicht im Vorstand der Gesellschaft tätig waren, zu Mitgliedern des Aufsichtsrats bestellt. Matthew Price wurde ein Mitglied der Geschäftsführung.

Abgesehen von den obigen Ausführungen gab es zwischen dem 31. März 2019 und dem Datum dieses Prospekts keine wesentlichen Änderungen unserer Finanzlage oder unseres Betriebsergebnisses bzw. unserer Handelsposition.

B.8	**Ausgewählte wesentliche Pro-forma-Finanz-informationen.**	Entfällt. Die Gesellschaft hat keine Pro-forma-Finanzinformationen erstellt.

B.9 Gewinn-prognose oder -schätzung.

Entfällt. Die Gesellschaft hat keine Gewinnprognose oder -schätzung vorgelegt.

B.10 Beschränkungen im Bestätigungs-vermerk zu den historischen Finanz-informationen.

Entfällt. Der Bestätigungsvermerk des unabhängigen Abschlussprüfers zum Konzernabschluss für die zum 31. Dezember 2018, 2017 und 2016 endenden Geschäftsjahre, der in diesem Prospekt enthalten ist, wurde uneingeschränkt erteilt.

B.11 Nicht ausreichendes Geschäfts-kapitals des Emittenten.

Entfällt. Die Gesellschaft ist der Ansicht, dass der Konzern in der Lage ist, zumindest diejenigen Zahlungsverpflichtungen zu erfüllen, die in den nächsten zwölf Monaten nach der Billigung dieses Prospekts fällig werden.

C – Wertpapiere

C.1 Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere.

Dieses erstmalige öffentliche Angebot bezieht sich auf das Angebot von bis zu 49.335.00 Stammaktien der Gesellschaft in dematerialisierter Form, jeweils mit einem rechnerischen Anteil am Grundkapital von € 0,01 und mit voller Gewinnanteilberechtigung ab dem 1. Januar 2019 (das „**Angebot**“), bestehend aus:

- bis zu 42.900.000 neu ausgegebenen Stammaktien in dematerialisierter Form aus einer Kapitalerhöhung gegen Bareinlagen aus dem genehmigten Kapital der Gesellschaft (die „**IPO Kapitalerhöhung**”), die vom Vorstand der Gesellschaft am oder um den 25. Juni 2019 beschlossen werden soll (die „**Neuen Aktien**”); und
- bis zu 6.435.000 bestehende Stammaktien in dematerialisierter Form aus dem Bestand von Kinnevik Internet Lux S.à r.l. (der „**Verleihende Aktionär**“) in Verbindung mit einer möglichen Mehrzuteilung (die „**Mehrzuteilungsaktien**” und zusammen mit den Neuen Aktien die „**Angebotsaktien**”).

Für Zwecke der Zulassung zum Handel am regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse bezieht sich dieser Prospekt auf bis zu 42.900.000 Neue Aktien, bis zu 20.267.821 Aktien die in der Aktienumverteilung ausgegeben werden sollen sowie bis zu 152.689.989 bestehende Stammaktien der Gesellschaft (unter der Annahme der Umwandlung aller rückzahlbaren wandelbaren Vorzugsaktien in Stammaktien im Verhältnis 1:1 unmittelbar nach der Preisfestsetzung für das Angebot) mit einem rechnerischen Anteil am Grundkapital von € 0,01 und soweit zum Datum der Zulassung zum Handel in dematerialisierter Form bestehend.

Die Gesellschaft befindet sich in dem Prozess, die Form ihrer bestehenden Namensaktien in Aktien in dematerialisierter Form zu ändern. Nur Stammaktien, die zum Datum der Zulassung zum Handel in dematerialisierter Form existieren, was sämtliche Angebotsaktien und alle neuen in der Aktienumverteilung ausgegebenen Stammaktien umfasst, werden auf Basis dieses Prospekts gemäß § 7 Abs. 1 S. 2 Alt. 2 der deutschen Börsenzulassungsverordnung zum Handel zugelassen. Bestehende Namensaktien, die zum Datum der Zulassung zum Handel noch nicht in die dematerialisierte Form umgewandelt worden sind, werden Gegenstand eines separaten Zulassungsprozesses sein, da sie außerhalb des Clearing-Systems gehalten werden. Es ist nicht zu erwarten, dass der Umstand, dass nur Stammaktien in dematerialisierter Form zum Handel zugelassen werden, zu irgendwelchen Nachteilen für die Investoren führt, die in diesem Angebot Stammaktien der Gesellschaft erwerben.

Wertpapier-kennung.

International Securities Identification Number (ISIN):	LU2010095458
Common Code:	201009545
Wertpapierkennnummer (WKN):	A2PLUG
Ticker Symbol:	GFG

C.2	**Währung der Wertpapier-emission.**	Euro.
C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien sowie Nennwert pro Aktie.**	Zum Datum dieses Prospekts beträgt das Grundkapital der Gesellschaft € 1.526.899,89 und ist eingeteilt in 152.689.989 Stammaktien (unter der Annahme der Umwandlung aller rückzahlbaren wandelbaren Vorzugsaktien in Stammaktien im Verhältnis 1:1 unmittelbar nach der Preisfestsetzung für das Angebot) in dematerialisierter Form, jeweils mit einem rechnerischen Anteil am Grundkapital von € 0,01. Das Grundkapital ist vollständig eingezahlt. Zum Datum dieses Prospekts hält die Gesellschaft 182.378 eigene Aktien. Nach Durchführung der Aktienumverteilung auf der Grundlage eines angenommenen Angebotspreises, der dem unteren Ende der Preisspanne entspricht, wird die Gesellschaft bis zu 19.965.713 zusätzliche eigene Aktien ausschließlich zum Zweck ihrer Einziehung halten (siehe Element B.6).
C.4	**Mit den Wertpapieren verbundene Rechte.**	Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Alle Aktien der Gesellschaft verleihen die gleichen Stimmrechte. Es bestehen keine Stimmrechtsbeschränkungen. Alle Aktien der Gesellschaft sind ab dem 1. Januar 2019 voll dividendenberechtigt. Im Fall der Liquidation der Gesellschaft werden alle Erlöse zwischen den Aktionären der Gesellschaft anteilig im Verhältnis zu ihrer jeweiligen Beteiligung am Grundkapital der Gesellschaft verteilt.
C.5	**Beschränkungen für die freie Übertragbarkeit der Wertpapiere.**	Entfällt. Die Aktien der Gesellschaft sind in Übereinstimmung mit den gesetzlichen Anforderungen für Stammaktien in dematerialisierter Form frei übertragbar. Außer den in E.5 angeführten Beschränkungen bestehen keine Verbote oder Beschränkungen hinsichtlich der Übertragbarkeit der Aktien der Gesellschaft.
C.6	**Antrag für die Zulassung zum Handel an einem geregelten Markt und Nennung aller regulierten Märkte, in denen die Wertpapiere gehandelt werden sollen.**	Die Gesellschaft erwartet, dass sie die Zulassung ihrer Aktien zum Handel (soweit in dematerialisierter Form bestehend) am regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse am oder um den 18. Juni 2019 beantragen wird. Der Zulassungsbeschluss für die Aktien der Gesellschaft (soweit in dematerialisierter Form bestehend) wird voraussichtlich am 26. Juni 2019 von der Frankfurter Wertpapierbörse erteilt werden. Der Handel mit den Aktien der Gesellschaft an der Frankfurter Wertpapierbörse (soweit in dematerialisierter Form bestehend) wird voraussichtlich am 27. Juni 2019 beginnen. Die Gesellschaft befindet sich in dem Prozess, die Form ihrer bestehenden Namensaktien in Aktien in dematerialisierter Form zu ändern. Nur Stammaktien, die zum Datum der Zulassung zum Handel in dematerialisierter Form existieren, was sämtliche Angebotsaktien und alle neuen in der Aktienumverteilung ausgegebenen Stammaktien umfasst, werden auf Basis dieses Prospekts gemäß § 7 Abs. 1 S. 2 Alt. 2 der deutschen Börsenzulassungsverordnung zum Handel zugelassen. Bestehende Namensaktien, die zum Datum der Zulassung zum Handel noch nicht in die dematerialisierte Form umgewandelt worden sind, werden Gegenstand eines separaten Zulassungsprozesses sein, da sie außerhalb des Clearing-Systems gehalten werden. Es ist nicht zu erwarten, dass der Umstand, dass nur Stammaktien in dematerialisierter Form zum Handel zugelassen werden, zu irgendwelchen Nachteilen für die Investoren führt, die in diesem Angebot Stammaktien der Gesellschaft erwerben.
C.7	**Dividenden-politik.**	Die Gesellschaft beabsichtigt derzeit nicht, in absehbarer Zukunft Bardividenden auszuschütten.

D – Risiken

D.1 Zentrale Risiken, die dem Emittenten oder seiner Branche eigen sind.

Risiken im Zusammenhang mit unserem Geschäft

- Wir haben seit unserer Gründung erhebliche operative Verluste erlitten, und es gibt keine Garantie dafür, dass wir in Zukunft profitabel werden oder bleiben.
- Wir sind auf externe Finanzierungen angewiesen, um das weitere Wachstum unseres Geschäfts zu unterstützen, und sind möglicherweise nicht in der Lage, das benötigte Kapital zu wirtschaftlich akzeptablen Bedingungen, oder überhaupt, aufzubringen.
- Die Märkte, in denen wir tätig sind, entwickeln sich möglicherweise nicht unseren Erwartungen entsprechend.
- Unsere Märkte halten einzigartige Herausforderungen bereit, die sich negativ auf unser Geschäft auswirken können.
- Wir sind möglicherweise nicht in der Lage, unser Geschäft an die Ansprüche lokaler Kunden und regionale betriebliche Herausforderungen anzupassen.
- Möglicherweise können wir unsere Umsatzerlöse oder unser Geschäft nicht aufrechterhalten oder erweitern.
- Ineffizientes Management unseres Wachstums könnte sich nachteilig auf unser Geschäft, die Finanz- und Ertragslage und unsere Perspektiven auswirken.
- Die online Modebranche in unseren Märkten ist stark umkämpft und unsere Fähigkeit, mit unseren Wettbewerbern zu konkurrieren, hängt von einer Vielzahl von Faktoren ab, die sowohl innerhalb als auch außerhalb unserer Kontrolle liegen.
- Unser Geschäft hängt von der Stärke unsere regionalen Marken und der Loyalität unsere Kunden ab und Bemühungen, unsere Markenbekanntheit aufrechtzuerhalten und zu verbessern und einen treuen Kundenstamm aufzubauen und zu halten, sind möglicherweise nicht effektiv.
- Wenn unsere Apps und Websites bei organischen Suchen (organic searches) keine hohe Positionierung erreichen, kann dies die Nutzung unserer Apps und Websites reduzieren.
- Das Nutzerverhalten auf mobilen Geräten entwickelt sich stetig weiter und es könnte erhebliche nachteilige Auswirkungen auf unser Geschäft haben, wenn wir uns nicht erfolgreich an Veränderungen im Nutzerverhalten anpassen.
- Wir sind möglicherweise nicht in der Lage, mittels E-Mail, anderer Nachrichtendienste und sozialen Medien effizient mit unseren Kunden zu kommunizieren.
- Möglicherweise sind wir nicht in der Lage, Beziehungen zu Mode- und Lifestyle-Marken oder unseren Lieferanten aufrechtzuerhalten oder auszubauen.
- Unzureichende Qualität, Verfügbarkeit und Lieferung von Produkten, die von unseren Markenpartnern auf unserem Marktplatz verkauft werden, können unserem Ruf schaden.
- Wenn wir nicht in der Lage sind, Modetrends und Kundenwünsche vorherzusehen oder zeitnah darauf zu reagieren, könnte sich dies negativ auf unser Geschäft, die Finanz- und Ertragslage sowie unsere Perspektiven auswirken.
- Sollten wir unsere Versandzentren nicht effizient betreiben oder verwalten und unsere Logistikkapazitäten bei wachsendem Geschäft nicht erfolgreich ausbauen, könnte sich dies erheblich auf unser Geschäft, unsere Finanz- und Ertragslage sowie unsere Perspektiven auswirken.
- Für die Lieferung unserer Produkte an Endverbraucher sind wir größtenteils auf externe Logistikdienstleister angewiesen, was zu Verlust oder Beschädigung von Waren, Lieferverzögerungen oder erhöhte Versandkosten führen könnte, die außerhalb unserer Kontrolle liegen.
- Wir akzeptieren eine Vielzahl lokaler und internationaler Zahlungsmethoden, was uns operativen, regulatorischen und Betrugsrisiken aussetzt.

- Unsere derzeitigen Kreditkartenvereinbarungen und Systeme zur Betrugsbewertung und Risikobehandlung könnten uns möglicherweise nicht ausreichend vor Kreditkartenbetrug oder anderem betrügerischen Verhalten schützen.
- Unsere strategischen Investitionen sind möglicherweise nicht erfolgreich oder bringen nicht den erwarteten Nutzen.
- Wir könnten neue Geschäftsmöglichkeiten verfolgen, neue Apps oder Websites entwickeln oder neue Produkte, eigene Modemarken, Verkaufsformate oder Dienstleistungen anbieten, die sich als nicht kosteneffizient oder anderweitig erfolglos erweisen.
- Derzeit pflegen wir strategische Beziehungen und können weitere eingehen. Wir haben möglicherweise nur eine begrenzte Kontrolle über solche Beziehungen, und diese Beziehungen bieten möglicherweise nicht den erwarteten Nutzen.
- Wir sind auf unser Managementteam angewiesen und sind möglicherweise nicht in der Lage, angemessen qualifiziertes Personal zu gewinnen, zu schulen, zu motivieren und zu halten sowie gute Beziehungen zu unseren Mitarbeitern zu pflegen.
- Sollte unser Netzwerk, unsere mobile Infrastruktur und unsere anderen Technologien nicht störungsfrei betrieben, gewartet, integriert oder skaliert werden, kann dies erhebliche Auswirkungen auf unser Geschäft, die Finanzlage, die Betriebsergebnisse und Perspektiven haben.
- Wir unterhalten keinen konzernweiten Notfallwiederherstellungsplan oder Plan zur Betriebsaufrechterhaltung, was unsere Technologie- oder Geschäftsabläufe bei Störungen negativ beeinträchtigen kann.
- Wir sind dem Risiko von Sicherheitsverletzungen und der unberechtigten Verwendung einer oder mehrerer unserer Apps, Websites, Datenbanken, Online-Sicherheitssysteme oder computergestützten Logistikverwaltungssysteme ausgesetzt.
- Der Verlust von Kundendaten könnte uns schaden.
- Unser Geschäft unterliegt regionalen saisonabhängigen Schwankungen, was die Prognose unseres zukünftigen Ergebnisses erschweren kann.
- Wir betreiben Geschäfte und investieren in unsere Geschäfte in zahlreichen Ländern mit unterschiedlichen Währungen. Änderungen der Wechselkurse können unser Geschäft, unsere Finanzlage, Ertragslage und Perspektiven erheblich beeinträchtigen.

Regulatorische, rechtliche und steuerliche Risiken

- Wir unterliegen einer Vielzahl von sich entwickelnden Gesetzen und Bestimmungen für den elektronischen Handel (E-Commerce) und können nicht garantieren, dass unsere Praktiken alle diese Gesetzte und Vorschriften eingehalten haben oder vollständig erfüllen werden.
- Wir unterliegen den in der letzten Zeit kontinuierlich erweiterten Gesetzen zum Datenschutz und zum Schutz der Persönlichkeitsrechte, welche mit hohen Geldstrafen belegt sind und die Art und Weise einschränken können, wie wir unser Geschäft betreiben.
- Unsere derzeitigen Aktivitäten in 17 Ländern erfordern die Einhaltung zahlreicher, komplexer und manchmal widersprüchlicher gesetzlicher und behördlicher Auflagen, wodurch die Einhaltung der Bestimmungen teurer und schwieriger ist.
- Wir unterliegen Zoll- und internationalen Handelsgesetzen, die möglicherweise eine Änderung unserer derzeitigen Geschäftspraktiken erforderlich machen und höhere Kosten verursachen oder zu Verzögerungen bei der Zoll- und Hafenabfertigung von Produkten führen können, was unser Wachstum einschränken und zur Schädigung unseres Rufs führen kann.
- Rechtliche, politische und wirtschaftliche Unsicherheiten im Zusammenhang mit dem geplanten Austritt des Vereinigten Königreichs aus der EU könnten zu Instabilität auf den internationalen Märkten führen, erhebliche

Währungsschwankungen verursachen, die globale Lieferkette für Modeartikel stören und unsere Geschäftstätigkeit, unsere Finanz- und Ertragslage und unsere Perspektiven beeinträchtigen.

- Produktrückrufe, Produkthaftungsansprüche und Verstöße gegen die soziale Verantwortung von Unternehmen sowie ethische Standards zur Beschaffung können unserem Ruf und unserem Geschäft schaden.
- Wir könnten möglicherweise nicht in der Lage sein, unsere lokalen Markenzeichen und Domainnamen für unsere Websites zu erwerben, zu verwenden oder zu pflegen, was unser Geschäft, die Finanz- und Ertragslage und unsere Perspektiven erheblich beeinträchtigen könnte.
- Wir könnten möglicherweise nicht in der Lage sein, unser geistiges Eigentum adäquat zu schützen.
- Dritte könnten uns vorwerfen, ihre geistigen Eigentumsrechte zu verletzen.
- Die Verwendung von Open-Source-Software könnte das Risiko erhöhen, dass Hacker unberechtigten Zugriff auf unsere Systeme erlangen. Zudem könnten wir einem Rechtsstreit unterliegen, wenn Dritte unser Alleinnutzungsrecht dieser Software in Frage stellen.
- Aufgrund der starken Marktposition in einigen unserer derzeitigen Märkte könnten Kartell- und ähnliche Untersuchungen gegen uns eingeleitet werden, die möglicherweise zu dem Schluss gelangen, dass wir gegen geltendes Kartellrecht verstoßen. In diesem Fall könnten wir Geldbußen und Folgeansprüchen für Schäden im Zusammenhang mit mutmaßlichem oder tatsächlichem wettbewerbswidrigen Verhalten unterliegen.
- Ungünstige Gerichtsurteile oder Vergleiche infolge von Rechtsstreitigkeiten könnten zu finanziellen Verlusten führen und unsere Fähigkeit einschränken, unser Geschäft zu betreiben.
- Die Kontroll- und Präventionsmechanismen unserer Compliance-Struktur reichen möglicherweise nicht aus, um uns angemessen vor allen rechtlichen oder finanziellen Risiken zu schützen.
- Wir sind in bestimmten Ländern tätig, in denen Korruption, Erpressung und Geldwäsche als weit verbreitet gelten, und wir sind dem Risiko von Verstößen gegen Gesetze und Vorschriften zur Korruptionsbekämpfung und zur Bekämpfung der Geldwäsche ausgesetzt.
- Unser Geschäft unterliegt dem allgemeinen Steuerumfeld der Länder, in denen wir derzeit tätig sind. Änderungen in diesen Steuerumfeldern können unsere Steuerlast erhöhen.
- Wir führen täglich zahlreiche Transaktionen innerhalb unseres Konzerns durch. Sollte festgestellt werden, dass die konzerninternen Verrechnungspreise nicht den marktüblichen Konditionen entsprechend oder nicht ausreichend dokumentiert sind, könnten wir möglicherweise zusätzliche Steuern zahlen.

D.3 Zentrale Risiken, die den Wertpapieren eigen sind.

Risiken im Zusammenhang mit den Angebotsaktien und dem Angebot

- Nach dem erfolgreichen Abschluss dieses Angebots halten die bestehenden Aktionäre der Gesellschaft weiterhin eine erhebliche Beteiligung an der Gesellschaft, und die Interessen der bestehenden Aktionäre könnten denen der Gesellschaft und der anderen Aktionäre widersprechen.
- Wir erwarten nicht, dass wir in naher Zukunft Dividenden zahlen werden.
- Die Gesellschaft ist eine Holdinggesellschaft, die keine direkten Zahlungsmittel generierenden Geschäfte tätigt, und ist auf operative Tochtergesellschaften und externe Finanzierungen zur Erfüllung ihrer finanziellen Verpflichtungen angewiesen.
- Unsere Aktien wurden bisher nicht öffentlich gehandelt und es gibt keine Garantie dafür, dass sich ein aktiver und liquider Markt für unsere Aktien entwickeln wird.
- Unser Aktienkurs könnte erheblich schwanken und Anleger könnten ihre Investition ganz oder teilweise verlieren.

- Zukünftige Angebote von Fremd- oder Eigenkapitalinstrumenten durch die Gesellschaft könnten den Aktienkurs der Gesellschaft beeinträchtigen und zukünftige Ausgaben von Aktien könnten zu einer erheblichen Verwässerung der Aktionäre der Gesellschaft führen.
- Zukünftige Verkäufe unserer bestehenden Aktionäre könnten den Preis unserer Aktien beeinträchtigen.
- Die Gesellschaft kann den Erlös dieses Angebots auf eine Weise anlegen oder verwenden, mit der die Aktionäre nicht einverstanden sind, oder auf eine Weise, die möglicherweise keine Rendite abwirft oder den Aktienpreis nicht erhöht.
- Eine Anlage in Aktien der Gesellschaft durch einen Anleger, dessen Hauptwährung nicht Euro ist, kann Wechselkursschwankungen unterliegen.
- Unsere historischen Gewinne und weitere historische Finanzzahlen sind nicht notwendigerweise ein Indikator für unsere zukünftigen Gewinne oder unsere anderen Finanzkennzahlen.
- Als Folge des öffentlichen Angebots werden wir zusätzlichen administrativen Anforderungen unterliegen, einschließlich der Verpflichtung, erstmalig vierteljährliche Finanzinformationen sowie Halbjahresabschlüsse und Managementberichte zu veröffentlichen.
- Die Rechte von Aktionären einer Luxemburger Gesellschaft können von den Rechten der Aktionäre an Gesellschaften, die nach den Gesetzen anderer Staaten organisiert sind, abweichen.
- Nach Abschluss dieses Angebots beabsichtigt die Gesellschaft die Umwandlung in eine Europäische Gesellschaft (*Societas Europaea*) mit Sitz in einer alternativen Rechtsordnung zu prüfen, was scheitern und negative Auswirkungen auf die Rechte der Aktionäre haben könnte.

E – Angebot

E.1	**Gesamtnetto-erlöse.**	Die Gesellschaft wird die Erlöse, die aus der Veräußerung der Neuen Aktien im Rahmen des Angebots erzielt werden, erhalten. Zudem wird die Gesellschaft etwaige Erlöse aus der Ausübung der Greenshoe Option (wie in E.3 definiert) erhalten. Unter der Annahme, dass sämtliche Neuen Aktien (d.h. 42.900.000 Aktien) platziert werden und die Greenshoe Option (wie in E.3 definiert) nicht ausgeübt wird, rechnet die Gesellschaft zum Mindest- (€ 6,00 je Angebotsaktie), Mittel- (€ 7,00 je Angebotsaktie) und Höchstwert (€ 8,00 je Angebotsaktie) der für das Angebot der Angebotsaktien festgelegten Preisspanne (die „**Preisspanne**“) mit Bruttoerlösen für die Gesellschaft in Höhe von jeweils ungefähr € 257,4 Mio., € 300,3 Mio. und € 343,2 Mio. und Nettoerlösen von jeweils ungefähr € 244,2 Mio., € 285,8 Mio. und € 327,4 Mio. Unter der Annahme, dass sämtliche Angebotsaktien (d.h. 49.335.000 Aktien) platziert werden und die Greenshoe Option (wie unten in E.3 definiert) vollumfänglich ausgeübt wird (d.h. 6.435.000 Aktien), rechnet die Gesellschaft damit, dass zum Mindest-, Mittel- und Höchstwert der Preisspanne die Bruttoerlöse für die Gesellschaft jeweils ungefähr € 296,0 Mio., € 345,3 Mio. und € 394,7 Mio. und die Nettoerlöse jeweils ungefähr € 281,6 Mio., € 329,5 Mio. und € 377,3 Mio. betragen werden.
	Geschätzte Gesamtkosten der Emission/ des Angebots.	Die der Gesellschaft durch das Angebot der Angebotsaktien und der Börsennotierung sämtlicher Aktien der Gesellschaft (einschließlich der Börsennotierung von allenfalls unter der Greenshoe Option (wie in E.3 definiert) ausgegebenen Aktien) entstehenden Kosten werden sich voraussichtlich auf insgesamt € 10,7 Mio. zum Mittelwert der Preisspanne unter der Annahme einer vollständigen Ausübung der Greenshoe Option (wie in E.3 definiert) und inklusive Konsortial- und Platzierungsprovisionen, die an Goldman Sachs International, London, Vereinigtes Königreich („**Goldman Sachs**”), Morgan Stanley & Co. International plc, London, Vereinigtes Königreich („**Morgan Stanley**”) und Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany („**Berenberg**”, und, zusammen mit Goldman Sachs und Morgan Stanley, die „**Joint Global Coordinators**”), und HSBC Trinkaus & Burkhardt AG, Düsseldorf, Germany („**HSBC**”, und zusammen mit den Joint Global Coordinators, den „**Joint Bookrunners**” oder den „**Underwriters**”) gezahlt werden, belaufen und von der Gesellschaft getragen werden.

		Unter der Annahme eines Angebotspreises zum Mindest-, Mittel-, und Höchstwert der Preisspanne, der Platzierung der maximalen Anzahl der Angebotsaktien und samt der vollständigen Ausübung der Greenshoe Option (wie in E.3 definiert) sowie unter der Annahme der vollständigen Zahlung der Ermessensgebühr von jeweils bis zu € 4,4 Mio., € 5,4 Mio. und € 5,9 Mio. zum Mindest-, Mittel- und Höchstwert der Preisspanne wird sich die von der Gesellschaft an die Joint Bookrunner zu zahlende Provision auf jeweils € 8,9 Mio., € 10,4 Mio. und € 11,8 Mio. belaufen. Basierend auf den Annahmen in dem vorhergehenden Absatz belaufen sich die Gesamtkosten für das Angebot und die Börsennotierung, die von der Gesellschaft getragen werden, auf € 14,4 Mio., € 15,9 Mio. und € 17,3 Mio., woraus sich Nettoemissionserlöse von € 281,6 Mio., € 329,5 Mio. und € 377,3 Mio. ergeben.
	Geschätzte Kosten, die dem Anleger in Rechnung gestellt werden.	Entfällt. Anlegern werden von der Gesellschaft, dem Verleihenden Aktionär oder den Joint Bookrunnern keine Kosten in Rechnung gestellt. Anleger müssen für die üblichen Transaktions- und Bearbeitungsgebühren aufkommen, die von ihren Brokern oder anderen Finanzinstituten, durch die sie ihre Aktien halten, erhoben werden.
E.2a	**Gründe für das Angebot.**	Die Gesellschaft beabsichtigt, das Angebot durchzuführen und ihre Aktien (soweit in dematerialisierter Form bestehend) am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) der Frankfurter Wertpapierbörse zuzulassen, um die Nettoerlöse aus dem Angebot zu erhalten und Zugang zum Kapitalmarkt zu erlangen.
	Zweck-bestimmung der Erlöse.	Die Gesellschaft beabsichtigt derzeit, die Nettoerlöse aus dem Angebot in der folgenden Priorität zu verwenden: (i) Investition in unsere Technologie Plattform und Kundenakquise, (ii) Investition in unsere Auftragsabwicklungs- und Liefer-Infrastruktur inklusive Automatisierung und (iii) etwaige sonstige Nettoerlöse aus dem Angebot für allgemeine Gesellschaftszwecke.
	Geschätzte Nettoerlöse.	Unter der Annahme, dass die maximale Anzahl an Angebotsaktien (49.335.000 Aktien) platziert und unter der Annahme, dass die Greenshoe Option (wie in E.3 definiert) vollumfänglich ausgeübt wird, rechnet die Gesellschaft damit, dass zum Mindest-, Mittel- und Höchstwert der für das Angebot bestimmten Preisspanne der Angebotsaktien, die Bruttoerlöse der Gesellschaft jeweils ungefähr € 296,0 Mio., € 345,3 Mio. und € 394,7 Mio. und die Nettoerlöse jeweils ungefähr € 281,6 Mio., € 329,5 Mio. und € 377,3 Mio. betragen werden.
E.3	**Angebots-konditionen.**	Das Angebot besteht aus einem IPO in Deutschland sowie Privatplatzierungen in bestimmten Rechtsordnungen außerhalb Deutschlands. In den Vereinigten Staaten werden die Angebotsaktien nur qualifizierten institutionellen Anlegern (QIBs) entsprechend und in Übereinstimmung mit sowie unter Berufung auf Rule 144A nach dem U.S. Securities Act von 1933 in der jeweils gültigen Fassung (der „**Securities Act**") oder gemäß einer anderen anwendbaren Ausnahme von den Registrierungsanforderungen des Securities Act bzw. in Transaktionen, die diesen Registrierungsanforderungen nicht unterfallen, angeboten und verkauft. Außerhalb der Vereinigten Staaten werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen in Übereinstimmung mit Regulation S des Securities Act angeboten und verkauft.
	Preisspanne.	Die Preisspanne für das Angebot, innerhalb derer Kaufangebote platziert werden können, beträgt € 6,00 bis € 8,00 je Angebotsaktie.
	Angebotsfrist.	Der Zeitraum, in dem Anleger Kaufangebote für die Angebotsaktien abgeben können, beginnt voraussichtlich am 18. Juni 2019 und endet voraussichtlich am 25. Juni 2019 (der „**Angebotszeitraum**").

Angebotspreis. Der Angebotspreis und die endgültige Anzahl an Angebotsaktien, die im Rahmen des Angebots platziert werden, werden am Ende des Bookbuilding-Verfahrens nach Beratung mit den Joint Bookrunnern von der Gesellschaft festgesetzt und es wird erwartet, dass sie am oder um den 25. Juni 2019 mittels einer Ankündigung in verschiedenen Medien, die über den gesamten EWR verteilt sind, auf der Website des Unternehmens (www.global-fashion-group.com), auf der Website der Luxemburger Börse (www.bourse.lu) und bei der Aufsichtsbehörde für den Finanzsektor in Luxemburg (*Commission de Surveillance du Secteur Financier*) gemäß Artikel 10 des Luxemburger Prospektgesetzes, veröffentlicht werden. Sollte sich herausstellen, dass das Platzierungsvolumen nicht ausreicht, um alle Aufträge, die zum Angebotspreis platziert wurden, zu befriedigen, behalten sich die Joint Bookrunner das Recht vor, Aufträge abzulehnen oder nur teilweise anzunehmen.

Lieferung und Abwicklung. Die Lieferung der Angebotsaktien gegen Zahlung des Angebotspreises wird voraussichtlich am 1. Juli 2019 erfolgen. Die Angebotsaktien werden Anlegern als Buchform zur Verfügung gestellt. Nach Ermessen des Anlegers werden die im Rahmen des Angebots erworbenen Angebotsaktien für Rechnung des betreffenden Anlegers entweder einem Depot eines Teilnehmers der LuxCSD, eines Teilnehmers der Euroclear Bank S.A./N.V. (Brüssel), eines Teilnehmers Clearstream Banking S.A. (Luxemburg) oder eines Teilnehmers der Clearstream Banking Aktiengesellschaft (Frankfurt am Main) gutgeschrieben.

Stabilisierungsmaßnahmen, Mehrzuteilung und Greenshoe Option. Im Zusammenhang mit der Platzierung der Angebotsaktien wird Berenberg, für Rechnung der Joint Bookrunner, als Stabilisierungsmanager (der „**Stabilisierungsmanager**“) agieren und kann als solcher und in Übereinstimmung mit Artikel 5 Absatz 4 und 5 der Verordnung (EU) Nr. 596/2014 des Europäischen Parlaments und des Rates vom 16. April 2014 über Marktmissbrauch, in der jeweils gültigen Fassung, in Verbindung mit Artikel 5 bis 8 der Delegierten Verordnung (EU) 2016/1052 der Kommission vom 8. März 2016, Mehrzuteilungen vornehmen und Stabilisierungsmaßnahmen ergreifen, um den Marktpreis der Aktien der Gesellschaft zu stützen und so den durch kurzfristig orientierte Anleger erzeugten Verkaufsdruck zu verringern und einen ordentlichen Markt für die Aktien der Gesellschaft zu erhalten.

Im Zusammenhang mit solchen Stabilisierungsmaßnahmen werden Anlegern zusätzlich zu den Neuen Aktien möglicherweise bis zu 6.435.000 Mehrzuteilungsaktien als Teil der Zuteilung der Angebotsaktien zugeteilt (die „**Mehrzuteilung**“). Zu diesem Zweck wird dem Stabilisierungsmanager, für Rechnung der Joint Bookrunner, bis zu 6.435.000 Mehrzuteilungsaktien aus dem Bestand der Verleihenden Aktionärin in Form eines Wertpapierdarlehens zur Verfügung gestellt. Die Gesamtzahl der Mehrzuteilungsaktien wird 15 % der tatsächlich bei Anlegern platzierten Neuen Aktien nicht überschreiten. Im Zusammenhang mit potentiellen Mehrzuteilungen hat die Gesellschaft den Joint Bookrunnern eine Option zum Erwerb von bis zu 6.435.000 zusätzlichen Aktien der Gesellschaft zum Angebotspreis abzüglich der vereinbarten Provisionen eingeräumt (die „**Greenshoe Option**“). Diese hat den ausschließlichen Zweck, dem Stabilisierungsmanager die Erfüllung seiner Rückgabeverpflichtung aus dem Wertpapierdarlehen der Verleihenden Aktionärin zu ermöglichen. Die Greenshoe Option darf nur während des Stabilisierungszeitraums, d.h. der Zeitraum, der mit der Aufnahme des Handels der Aktien der Gesellschaft im regulierten Markt der Frankfurter Wertpapierbörse beginnt und spätestens 30 Kalendertage nach der Beendigung des Angebots endet, ausgeübt werden.

Der Stabilisierungsmanager ist berechtigt, die Greenshoe Option in dem Umfang auszuüben, in dem Anlegern Mehrzuteilungsaktien im Rahmen des Angebots zugeteilt wurden. Die Anzahl der Mehrzuteilungsaktien, die im Rahmen der Greenshoe Option erworben werden, wird um die Anzahl der Aktien der Gesellschaft reduziert, die am Tag der Ausübung der Greenshoe Option vom Stabilisierungsmanager gehalten werden, sofern diese Aktien vom Stabilisierungsmanager im Rahmen von Stabilisierungsmaßnahmen erworben wurden.

Indikation von Interesse. Bestimmte Mitglieder unseres Aufsichtsrats, namentlich Cynthia Gordon, Alexis Babeau, Victor Herrero und Laura Weil (jeder ein „**Erwerbendes Organmitglied**” und, zusammen, die „**Erwerbenden Organmitglieder**”) haben ein Interesse an dem Erwerb von Stammaktien in dematerialisierter Form in diesem Angebot zu dem Angebotspreis

		für bis zu € 0,5 Millionen indiziert. Sämtliche von den Erwerbenden Organmitgliedern platzierte Kaufangebote werden vollständig bedient.
E.4	**Für die Emission/das Angebot wesentliche Interessen.**	Die Gesellschaft wird die Nettoerlöse aus dem Verkauf der Neuen Aktien und, falls und soweit die Greenshoe Option ausgeübt wird, die Nettoerlöse aus der Ausübung der Greenshoe Option sowie Zugang zu den Aktienmärkten erhalten. Im Zusammenhang mit dem Angebot und der Börsennotierung der Aktien der Gesellschaft (soweit in dematerialisierter Form bestehend) sind die Joint Bookrunner eine vertragliche Beziehung mit der Gesellschaft und der Verleihenden Aktionärin eingegangen. Die Joint Bookrunner handeln bei dem Angebot für die Gesellschaft und koordinieren die Strukturierung und Durchführung des Angebots. Nach erfolgreicher Durchführung des Angebots werden die Joint Bookrunner eine Provision erhalten. Dementsprechend haben die Joint Bookrunner ein finanzielles Interesse am Erfolg des Angebots zu den bestmöglichen Bedingungen. Zudem sind die Joint Bookrunner und die mit ihnen verbundenen Unternehmen berechtigt, als Anleger für eigene Rechnung handelnd Aktien im Rahmen des Angebots zu erwerben und in dieser Position auf eigene Rechnung solche Aktien oder verwandte Investitionen zu halten, erwerben oder veräußern und solche Aktien oder verwandten Investitionen außerhalb des Angebots anzubieten oder zu veräußern. Darüber hinaus können die Joint Bookrunner sowie die mit ihnen verbundenen Unternehmen mit Anlegern Finanzierungsvereinbarungen, einschließlich von Swap und Differenzkontrakten abschließen und in diesem Zusammenhang können der jeweilige Joint Bookrunner oder dessen jeweilige verbundene Unternehmen von Zeit zu Zeit, Aktien der Gesellschaft erwerben, halten oder veräußern. Die Joint Bookrunner oder ihre jeweiligen verbundenen Unternehmen unterhalten Geschäftsbeziehungen zu GFG und deren Aktionären und dies von Zeit zu Zeit in Zukunft erneut tun, einschließlich von Finanzierungstätigkeiten, oder sie könnten Dienstleistungen für GFG oder deren Aktionäre im Rahmen des gewöhnlichen Geschäftsbetriebs zu erbringen. Die Erwerbenden Organmitglieder könnten ein Interesse an der Durchführung des Angebots und an einem aus ihrer Sicht angemessenen Angebotspreis haben.
	Interessen-konflikte.	Entfällt. Es bestehen keine Interessenkonflikte im Hinblick auf das Angebot oder die Börsennotierung der Aktien der Gesellschaft.
E.5	**Name der Person/des Unternehmens, die/ das das Wertpapier zum Verkauf anbietet sowie Lock-up-Vereinbarungen.**	Die Angebotsaktien werden von den Joint Bookrunnern zum Verkauf angeboten. In dem Konsortialvertrag, den die Gesellschaft, der Verleihende Aktionär und die Joint Bookrunner am 17. Juni 2019 abgeschlossen haben, hat die Gesellschaft mit den Joint Bookrunnern vereinbart, dass sie ohne die vorherige schriftliche Zustimmung der Joint Global Coordinators, die nicht unbillig verweigert oder verzögert werden darf, innerhalb eines Zeitraums von 12 Monaten nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse (derzeit für den 27. Juni 2019 erwartet), Folgendes unterlassen wird: • eine Erhöhung des Grundkapitals der Gesellschaft aus genehmigtem Kapital anzukündigen oder zu bewirken; • ihrer Hauptversammlung eine Erhöhung des Grundkapitals vorzuschlagen; oder • eine Ausgabe von Wertpapieren mit Wandel- oder Optionsrechten auf Aktien der Gesellschaft oder Transaktionen mit einem vergleichbaren wirtschaftlichen Effekt anzukündigen, zu bewirken oder vorzuschlagen. Allerdings kann die Gesellschaft (i) im Rahmen von Managementbeteiligungsplänen Aktien oder andere Wertpapiere an bestehende oder ehemalige Angestellte, Unterstützer (z.B. Personen, die für die Gesellschaft oder mit ihr verbundene Unternehmen tätig sind oder waren oder die die Gesellschaft oder mit ihr verbundene Unternehmen auf andere Weise unterstützen oder unterstützten), bestehende oder ehemalige Mitglieder von Leitungsorganen, Dienstleister und Geschäftspartner der Gesellschaft oder ihrer

Tochtergesellschaften oder deren jeweilige Investitionsvehikel ausgeben oder verkaufen, (ii) neue Aktien an bestehende Aktionäre ohne Gegenleistung im Zusammenhang mit der Aktienumverteilung, (iii) neue Aktien an bestimmte Gesellschafter, die derzeit Minderheitsanteile an Tochtergesellschaften der Gesellschaft halten, ausgeben und (iv) unternehmerische Maßnahmen verfolgen, welche die Gesellschaft zum Zwecke des Abschlusses eines Vertrags oder der Fassung eines Beschlusses im Hinblick auf das Eingehen eines Joint Ventures oder den Erwerb von Gesellschaften vornimmt, sofern im Falle von (i), der jeweilige Begünstigte oder im Falle von (iii), der relevante Minderheitsaktionär oder, im Fall von (iv), die Parteien des Joint Ventures oder der erworbenen Gesellschaft, an die solche Aktien ausgegeben werden, sich gegenüber den Joint Global Koordinators verpflichten, an die gleiche Lock-Up Vereinbarung wie die bestehenden Aktionäre gebunden zu sein. Die vorstehenden Limitierungen finden keine Anwendung auf Kapitalerhöhungen im Zusammenhang mit dem Angebot.

Darüber hinaus haben sich die bestehenden Aktionäre der Gesellschaft gegenüber den Joint Global Coordinators schriftlich dazu verpflichtet, weder direkt noch indirekt, (i) Aktien oder andere Wertpapiere der Gesellschaft zum Kauf anzubieten, verpfänden, zuteilen, vertreiben, verkaufen, sich zum Verkauf von Aktien oder anderen Wertpapieren der Gesellschaft verpflichten bzw. eine Option verkaufen, Aktien oder andere Wertpapiere der Gesellschaft kaufen oder eine Option zum Verkauf erwerben, eine Option, ein Recht oder eine Garantie zum Kauf, zur Übertragung oder anderweitigen, direkten oder indirekten, Verfügung über Aktien oder andere Wertpapiere der Gesellschaft gewähren, (ii) die Ankündigung, Umsetzung oder Durchführung einer Erhöhung des Grundkapitals der Gesellschaft oder eine direkte oder indirekte Platzierung von Aktien veranlassen oder genehmigen, (iii) der Hauptversammlung, direkt oder indirekt, eine Beschlussfassung über eine Erhöhung des Grundkapital der Gesellschaft vorschlagen bzw. für eine solche Erhöhung der Grundkapitals stimmen, (iv) direkt oder indirekt die Ankündigung, Umsetzung oder den Vorschlag einer Ausgabe von Finanzinstrumenten, die in Aktien der Gesellschaft wandelbare Optionen oder Optionsscheine darstellen, veranlassen oder genehmigen, noch (v) eine wirtschaftlich gleichwertige Transaktion einzugehen oder durchzuführen. Die vorstehenden Bestimmungen finden keine Anwendung auf (i) Übertragungen von Aktien eines Aktionärs der Gesellschaft auf ein mit ihm verbundenes Unternehmen und, für bis zu 10 % der Beteiligung unmittelbar vor dem Angebot, andere Aktionäre der Gesellschaft unmittelbar vor dem Angebot, (ii) Übertragungen an die Gesellschaft ohne Gegenleistung, (iii) zukünftige Verpfändungen zugunsten eines oder mehrerer Joint Bookrunner oder zugunsten eines mit diesen verbundenen Unternehmen mit Zustimmung der anderen Joint Bookrunner, und (iv) jegliche Übertragungen von Aktien auf einen oder mehrere Joint Bookrunner oder eines mit diesen verbundenen Unternehmen aufgrund der Vollstreckung eines in Übereinstimmung mit (iii) bestellten Pfandrecht, vorausgesetzt, dass der/die Begünstigte(n) sich gegenüber den Joint Global Coordinators verpflichtet(n), an die gleiche Lock-Up Verpflichtung gebunden zu sein. Für einen Zeitraum von 180 Tagen nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse gelten die vorstehend beschriebenen Lock-Up Vereinbarungen für alle von den bestehenden Aktionäre gehaltenen Aktien der Gesellschaft zum Datum des Prospekts.

Während des Zeitraum, der am 180. Tag nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse beginnt, und zwölf Monate nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse endet, können die bestehenden Aktionären insgesamt bis zu 20 % ihres Anteilsbesitzes vor dem Börsengang, angepasst um die Umverteilung der Anteile, verkaufen.

Diese Verkaufsbeschränkungen sind, in Bezug auf die Großaktionäre der Gesellschaft, das heißt Kinnevik Internet Lux S.à r.l., Rocket Internet SE, Rocket Middle East GmbH, MKC Brillant Services GmbH, Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, AI European Holdings S.à r.l., Tengelmann Ventures GmbH, TEV Global Invest II GmbH und Verlinvest S.A. (zusammen, die „**Großaktionäre**“), in einem Koordinationsvertrag, und in Bezug auf die anderen bestehenden Aktionäre in den Lock-Up Verpflichtungen gegenüber den Joint Global Coordinators enthalten.

Um derartige gestattete Verkäufe zwischen den Großaktionären zu koordinieren, sieht der Koordinierungsvertrags vor, dass sich die Großaktionäre gegenseitig über einen geplanten Verkauf informieren müssen und jeder Großaktionär die Teilnahme an einem solchen Verkauf verlangen kann. Nach einem Verkauf im Rahmen des Koordinierungsvertrags wird es für alle Großaktionäre eine 90-Tage Periode geben, nach dem kein weiterer Verkauf mehr durchgeführt werden darf. Weder die Konsortialbanken noch die übrigen Aktionäre sind an den Koordinationsvertrag gebunden.

Nach Ablauf eines Zeitraums von zwölf Monaten nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse unterliegen die bestehenden Aktionäre der Gesellschaft keinen Lock-Ups oder Koordinierungsvereinbarungen mehr.

Bestimmte Aktionäre der Gesellschaft, welche die Lock-Up-Verpflichtungen als Treuhänder für wirtschaftlich Berechtigte unterzeichnet haben, konnten zum Datum dieses Prospekts noch nicht für sämtliche von ihnen treuhänderisch gehaltenen Aktien unterzeichnen. Die Gesamtzahl dieser Aktien beträgt weniger als 0,5 % der derzeitigen Aktien der Gesellschaft.

Jedes Mitglied des Vorstands und jedes Erwerbende Organmitglied hat einer zwölfmonatigen Lock-Up-Regelung zugestimmt, die zu den oben beschriebenen im Wesentlichen, mit bestimmten Ausnahmen, vergleichbare Bedingungen enthält.

Bestehende Aktionäre können Aktien, die im Rahmen des IPO angeboten werden, erwerben und sind diesbezüglich möglicherweise nicht an Lock-Up Vereinbarungen gebunden.

E.6 Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung.

Zum 31. März 2019 betrug der Nettobuchwert der Gesellschaft € 557,7 Mio. Der Nettobuchwert zum 31. März 2019 entspricht dem das den Anteilseignern des Mutterunternehmens zurechenbare Eigenkapital oder der Summe der Vermögenswerte von € 1.022,4 Mio. abzüglich der Summe langfristiger Schulden von € 98,3 Mio. und der Summe kurzfristiger Schulden von € 352,0 Mio. abzüglich nicht beherrschender Anteile von € 14,4 Mio., jeweils wie im ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft zum 31. März 2019 ausgewiesen.

Die verwässernde Wirkung des Angebots ist in der untenstehenden Tabelle dargestellt, die den Betrag veranschaulicht, um den der Angebotspreis den auf die Anteilseigner der Gesellschaft entfallenden Nettobuchwert je Aktie nach Abschluss des Angebots übersteigt, angenommen die unten beschriebenen Schritte des Angebots wären am 31. März 2019 vorgenommen worden. In dieser Hinsicht wurde der auf die Anteilseigner der Gesellschaft am 31. März 2019 entfallende Nettobuchwert um die Auswirkungen aus dem Angebot unter der Annahme angepasst, dass (i) die IPO Kapitalerhöhung zur Höchstzahl der angebotenen Neuen Aktien durchgeführt und die Greenshoe Option vollumfänglich ausgeübt wird und (ii) sich der auf die Anteilseigner des Gesellschaft entfallende Nettobuchwert zum Mindest-, Mittel- und Höchstwert der Preisspanne um € 281,6 Mio., € 329,5 Mio. und € 377,3 Mio. erhöht. Die angenommene Erhöhung beruht auf dem erwarteten Nettoerlös ohne Berücksichtigung von Steuereffekten. Es ist nicht zu erwarten, dass die Aktienumverteilung einen wesentlichen Einfluss auf den Verwässerungseffekt dieses Angebots hat. Der bereinigte, auf die Anteilseigner der Gesellschaft entfallende Nettobuchwert wird als „**Eigenkapital nach dem IPO**“ bezeichnet.

	Zum 31. März 2019		
	Mindestwert	Mittelwert	Höchstwert
		(ungeprüft)	
	(in €, soweit nicht anders angegeben)		
Nettobuchwert pro Aktie[(1)]	3,7	3,7	3,7
Bruttoerlös aus dem Angebot (in € Mio.)	296,0	345,3	394,7
Geschätzte Gesamtkosten des Angebots (in € Mio.)[(2)]	14,4	15,9	17,3
Nettoerlöse aus dem Angebot (in € Mio.)	281,6	329,5	377,3
Eigenkapital nach dem IPO (in € Mio.)	839,3	887,2	935,0
Eigenkapital nach dem IPO je Aktie[(3)]	4,2	4,4	4,6
Betrag, um den der Angebotspreis das Eigenkapital nach dem IPO je Aktie übersteigt (unmittelbare Verwässerung der neuen Aktionäre der Gesellschaft)	1,8	2,6	3,4
Prozentsatz, um den der Angebotspreis das Eigenkapital nach dem IPO je Aktie übersteigt	*44,5 %*	*59,4 %*	*72,8 %*
Betrag, um den das Eigenkapital nach dem IPO je Aktie den Nettobuchwert je Aktie unmittelbar vor dem Angebot übersteigt (unmittelbarer Wertzuwachs der bestehenden Aktionäre der Gesellschaft)	0,5	0,7	1,0
Prozentsatz, um den das Eigenkapital nach dem IPO je Aktie den Nettobuchwert je Aktie unmittelbar vor dem Angebot übersteigt	*13,5 %*	*20,1 %*	*26,6 %*

(1) Basierend auf dem ausstehenden Aktienkapital der Gesellschaft von 152.507.611 Stammaktien (unter der Annahme der Umwandlung aller rückzahlbaren wandelbaren Vorzugsaktien in Stammaktien im Verhältnis 1:1 unmittelbar nach der Preisfestsetzung für das Angebot) unmittelbar vor dem Angebot und der Durchführung der Aktienumverteilung und einem Nettobuchwert der Gesellschaft in Höhe von € 557,7 Mio. zum 31. März 2019.

(2) Inklusive Banken- und Platzierungsprovisionen, die an die Joint Bookrunner zu zahlen sind sowie vollständiger Zahlung der Ermessensgebühr.

(3) Unter der Annahme von 202.144.719, 202.053.196 bzw. 201.984.476 ausstehenden Stammaktien der Gesellschaft nach Durchführung des Angebots, was die Ausgabe von 20.267.821, 14.062.109 bzw. 9.390.301 neu ausgegebenen Stammaktien an bestehende Aktionäre abzüglich des Rückerwerbs von 19.965.713, 13.851.524 bzw. 9.248.436 Stammaktien von bestehenden Aktionären am unteren, mittleren bzw. oberen Ende der Preisspanne als Teil der Aktienumverteilung reflektiert.

		Jede der Neuen Aktien und alle im Rahmen der Greenshoe Option ausgegebenen Aktien haben die gleichen Stimmrechte wie die bestehenden Aktien der Gesellschaft. Nach Abschluss des Angebots (unter der Annahme der vollständigen Ausübung der Greenshoe Option) würde sich die Gesamtzahl der von den bestehenden Aktionären der Gesellschaft (einschließlich der Verleihenden Aktionärin) gehaltenen Aktien auf 70,7 % der Gesamtzahl der Aktien der Gesellschaft belaufen.
E.7	**Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.**	Entfällt. Anlegern werden von der Gesellschaft oder den Joint Bookrunnern keine Kosten in Rechnung gestellt. Anleger müssen für die üblichen Transaktions- und Bearbeitungsgebühren aufkommen, die von ihren Brokern oder anderen Finanzinstituten, durch die sie ihre Aktien halten, erhoben werden.

1. RISK FACTORS

*An investment in the shares of Global Fashion Group S.A., Senningerberg, Grand Duchy of Luxembourg (“**Luxembourg**”) (the “**Company**” and, together with its consolidated subsidiaries, the “**Group**”, “**Global Fashion Group**”, “**GFG**”, “**we**”, “**us**”, “**our**” or “**ourselves**”) is subject to risks. In addition to the other information contained in this prospectus (the “**Prospectus**”), investors should carefully consider the following risks when deciding whether to invest in the Company’s shares. The market price of the Company’s shares could decline if any of these risks were to materialize, in which case investors could lose some or all of their investment.*

The following risks, alone or together with additional risks and uncertainties not currently known to the Company, or that the Company might currently deem immaterial, could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects. The order in which the risks are presented is not an indication of the likelihood of the risks actually materializing, or the significance or degree of the risks or the scope of any potential harm to our business, financial condition, cash flows, results of operations and prospects. The risks mentioned herein may materialize individually or cumulatively.

1.1 Risks Related to Our Business

1.1.1 We have incurred significant operating losses since our inception, and there is no guarantee that we will achieve or maintain profitability in the future.

We are an international online fashion and lifestyle destination operating in 17 countries across Asia Pacific (“**APAC**”) – in which we operate under the brands *THE ICONIC* in Australia and New Zealand and *ZALORA* in Hong Kong, Indonesia, the Philippines, Malaysia, Singapore, Taiwan and Brunei – Latin America (“**LATAM**”) – in which we operate under the brand *dafiti* in Brazil, Argentina, Chile and Colombia – and the Commonwealth of Independent States (“**CIS**”) – in which we operate under the brand *lamoda* in Russia, Belarus, Kazakhstan and Ukraine. We have not yet generated any consolidated net profit. Our loss from continuing operations was €797.2 million in 2016, €143.9 million in 2017 and €201.9 million in 2018. In the three months ended March 31, 2019, our loss for the period was €44.5 million. As of March 31, 2019, we had an accumulated deficit of €1,622.7 million. Our losses are primarily attributable to the costs associated with building our business such as marketing expenses. Our business plan is premised on our ability to benefit from the expected growth of, and increasing e-commerce penetration in, our regional markets. If our markets experience disruptive political or economic events or otherwise fail to grow, or if local governments restrain us from continuing to do business as we have in the past or at all, our growth prospects may not materialize, which may negatively affect our profitability or may even force us to cease operating in certain regions. Even in a stable political and economic environment, we must invest significant resources into building relationships with fashion and lifestyle brands, enhancing the customer experience, improving and expanding our technology and fulfillment infrastructure and other areas in order to capitalize on any potential growth opportunities. These investments may prove more expensive than anticipated and may not yield the desired results. There can be no assurance that we will be able to achieve or maintain profitability in the future. Continued losses would have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.2 We rely on external financing to support the continued growth of our business and may not be able to raise needed capital on economically acceptable terms, or at all.

Since our inception, we have had negative operating cash flows and relied on external financing. The uncertain and volatile political and economic environment across our key regions, combined with significant funding needs and a loss-making business, reduces our options for raising additional capital, be it in the form of equity or debt financing. This uncertain and volatile environment may also negatively impact the accuracy of our budgeting and financial forecasting. As a consequence, we may not be able to correctly anticipate our capital requirements. If we are not able to raise the required capital on economically acceptable terms, or at all, or fail to accurately project and anticipate our capital needs, we might have insufficient funds to meet our obligations and/or may be forced to limit or even scale back our operations, which may adversely affect our growth, business and market share and could ultimately lead to insolvency.

We intend to raise significant capital in the offering. However, we may require additional capital to finance our operations or future growth of our business. If we choose to raise additional capital by issuing new shares, our ability to place such shares at attractive prices, or at all, depends on the condition of equity capital markets in general and the price of our shares in particular, and such share price may be subject to considerable fluctuation.

In terms of debt financing, we currently have in place one €70 million revolving credit facility – entered into on March 26, 2018 with Deutsche Bank AG Filiale Luxembourg, HSBC Bank plc and Barclays Bank PLC as lenders (the "**Existing RCF**") – that contains certain covenants including a change of control covenant. The facility is separated into a €50 million revolving cash facility ("**Facility A**") and €20 million guarantee and letter of credit facility ("**Facility B**"). As of the date of this Prospectus, Facility A remains undrawn, and guarantee letters and other letters of credit in a total amount of €17.8 million have been issued under Facility B.

We are currently in the process of completing an amendment to the Existing RCF which, when executed, will replace the Existing RCF upon completion of this offering (the "**IPO RCF**"). We agreed upon an indicative term sheet with Deutsche Bank AG Filiale Deutschlandgeschäft and HSBC UK Bank Plc on April 10, 2019 to guide negotiations and drafting of the IPO RCF. Under the term sheet, significant changes from the Existing RCF to the IPO RCF include the removal of Barclays Bank PLC as a lender, the exclusion of any requirement for cash collateral, the release of security over our intellectual property, the inclusion of an accordion option with the ability to increase the value of the IPO RCF by €30 million under certain conditions, the decrease in the interest rate for Facility A to 2.25% and extension of the maturity date from October 2020 until two years after the completion of this offering (but not later than September 30, 2021). It is possible that we will be unable to fully execute the IPO RCF prior to the completion of this offering, in which case we would need to move forward under the terms of the agreed-upon term sheet or fall back on the terms of the Existing RCF.

A breach of covenants or other contractual obligations contained in external financing agreements, including any arrangements we enter into in the future, could trigger an event of default that may trigger immediate repayment obligations or may lead to the seizure of collateral posted by us, all of which may adversely affect our business. Additional debt financing from independent third parties may not be easily available to us. Even if additional debt financing were available, such financing may require us to grant security in favor of the relevant lenders or impose other restrictions on our business and financial position. Moreover, if we raise additional capital through debt financing on unfavorable terms, this could adversely affect our operational flexibility and profitability. Such restrictions may adversely affect our operations and limit our ability to grow our business as intended.

An inability to obtain capital on economically acceptable terms, or at all, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.3 The markets in which we operate may not develop as we anticipate.

Based on data sourced from Euromonitor, spending on fashion and lifestyle products is forecast to increase in our markets at a compound annual growth rate ("**CAGR**") of 7% between 2018 and 2022 (source: GFG calculations based on Euromonitor International Ltd. data: Apparel and Footwear 2019, Beauty and Personal Care 2018, Personal Accessories and Eyewear 2019). Demand for fashion and lifestyle products may, however, not grow as quickly as currently anticipated or may not grow at all. For example, an economic downturn in one of our markets may materially negatively affect consumer confidence and discretionary consumer spending, including on purchases of fashion and lifestyle products.

While we believe the online fashion market will grow more quickly than the fashion market as a whole in our countries of operation, there can be no assurance that online penetration rates will increase from their current low level. For example, the underlying technological infrastructure in these regions may fail to develop in a way that provides fast and stable internet access to a larger percentage of the population. A slowing or stagnating offline to online shift for fashion and lifestyle products could significantly adversely affect our revenue and prospects and could have a material adverse effect on our business, financial condition, results of operations and prospects.

If our markets do not develop as anticipated, demand for our products may not increase as currently anticipated. Consequently, we may not be able to recoup the investments made in these markets and may be forced to close, or decide to divest, our operations in selected markets.

1.1.4 Our markets pose unique challenges that may negatively affect our business.

We conduct most of our business in developing markets, exposing us to risks that are significantly more pronounced than in the United States or Western Europe. Political, social and macroeconomic instability and civil unrest may negatively affect consumer confidence and may disrupt our operations. Governments or regulatory authorities may treat us unfairly or differently than other predominantly local businesses. We may be subject to arbitrary or harmful enforcement actions, such as delays in granting of, and higher costs of obtaining, licenses, with little or no means of recourse. High levels of credit risk, fraud and lack of secure payment methods may

result in higher than expected write-offs. Increasing taxes, including for the purpose of addressing high public debt levels, may make our product offerings more expensive, which could negatively affect demand. Limited access to financing for consumers may negatively affect demand for fashion and lifestyle products. Exchange and capital controls may negatively affect cross-border trade and cash and capital flows within our Group.

The governments in certain of our countries of operations have been, or may become, subject to deteriorating internal relations or new or escalating tensions as well as negative public opinion resulting from perceived human rights violations or prejudicial treatment of minority groups. Additionally, certain of our countries of operation are, or may become, the subject of sanctions. Any such negative conditions or sanctions may make our operations more difficult or costly, could lead to reputational damage, may cause us to revise our business plan or may lead us to scale back or even discontinue our operations in one or more countries.

Geopolitical tensions, which have led to the imposition of sanctions on Russia – one of our key markets – are a particularly notable source of uncertainty at the present time. These sanctions are under continuous review and may be expanded or modified at any time with little or no prior notice. The uncertainty surrounding these sanctions may result in a general lack of confidence among international investors regarding the region's economic and political stability. This, in turn, may lead to reduced liquidity, trading volatility and significant declines in the price of listed securities of companies such as ours with operations in the region. It may also limit our ability to raise debt or equity capital in the international capital markets.

We also face risks associated with high currency volatility in certain of our markets (for example, Brazil) due to, among other things, selective tariff barriers, political uncertainty, fluctuations in commodity prices or inflation. High currency volatility negatively affects our business as we source some of the products we sell, and incur some of our expenses, in currencies that are different from the currencies in which we generate the related revenue and may not be able to pass along price increases to customers. High inflation increases the cost of goods for us and for fashion and lifestyle brands, including our brand partners which hold their own inventory and list products on our apps and websites as part of our marketplace model ("**Marketplace**"). At the same time, high inflation decreases the purchasing power of our customers. Thus a weakening of the local currencies and/or an increase in inflation tend to negatively impact our operations.

The materialization of any of these risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.5 Our international operations require us to comply with anti-terrorism laws and regulations, sanctions and applicable trade embargoes and export controls. A change in this legal framework could limit the countries from which we can source our products or increase the cost of obtaining products from foreign countries and thus have a negative impact on our business, financial condition, results of operations and prospects.

We operate in a number of jurisdictions and are subject to anti-terrorism laws as well as trade and economic sanctions laws and other restrictions on exports and international trade. Different governments and their agencies impose sanctions and embargoes on certain countries, their governments and designated parties. For example, the European Union ("**EU**"), the United States and a number of other countries have implemented a number of sanctions against Russia. If we fail to comply with these laws or sanctions, we could be subject to civil or criminal penalties, other remedial measures and legal expenses which could adversely affect our business, results of operations, financial condition and cash flows. Moreover, certain of our financing agreements also require that we comply with certain sanctions laws. Failure to abide by such laws may constitute a breach of contract and could result in the foreclosure of the relevant credit facility. We maintain policies and procedures relating to trade with potentially sensitive countries and regions, including Crimea, and compliance with sanctions laws. However, we cannot ensure that such policies will effectively prevent violations, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations.

We cannot predict the nature, scope or effect of future regulatory requirements to which our international sales and manufacturing operations might be subject or the manner in which existing laws might be administered or interpreted. Future regulations could limit the countries in which some of our products may be manufactured or sold, or could restrict our access to, or increase the cost of obtaining, products from foreign sources. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.6 We operate in a large number of developing markets, which exposes us to a variety of legal risks.

The legal systems in many of our countries of operation are less developed than in the United States and Western Europe. The scope of laws and legal requirements may be unclear or enforcement may be non-transparent, and we may lack adequate remedies or access to due process. We also face specific risks as a foreign-owned company doing business in our markets, which often enact and enforce regulations designed to restrict or limit the ability of foreign companies to conduct business. Moreover, we may be subject to limitations on the repatriation of funds due to foreign exchange controls in certain of our markets.

Our presence in multiple countries may also subject us to conflicting regulatory requirements. If regulatory requirements in two or more countries conflict with each other, we may be unable to avoid violating laws and regulations in one or several jurisdictions. Although we strive to implement and improve regulatory compliance procedures throughout our Group, ensuring compliance may be more difficult than anticipated, and we may not be in full compliance with all applicable laws and regulations at all times.

Our multinational Group structure, which makes tax assessments within our Group generally more complex and time-consuming, may cause taxation-related issues. For example, there may be limitations on the remittance of dividends and other cross-border payments or on the recovery of amounts withheld due to withholding taxes.

The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.7 We may be unable to adapt our business to address local customer preferences and operational challenges.

As a result of our operations in many diverse markets, we are exposed to the challenges of doing business across markets with different languages, currencies and regulatory regimes. We may need to adapt our product offering as well as our logistics, payment, fulfillment and customer service to local preferences and practices, including the offering of country specific apps and websites in local languages. Our sourcing strategy must also be tailored to local preferences. We are exposed to various manufacturing standards and practices and differences in the way manufacturers and other suppliers store, ship and handle quality control with respect to their products. We encounter differences in the way customers purchase, pay for and return products and provide us with feedback. If we are unable to adapt our business to address local customer preferences and operational challenges, our growth in these markets may be adversely affected.

Many of our markets pose significant operational challenges, such as fragmented and largely underdeveloped technology, infrastructure, logistics and delivery landscapes. An underdeveloped technological environment, characterized by slow and unstable internet access, limited supply of hardware and low-performing mobile networks, limits fashion and lifestyle customers' ability to access our apps and websites. Underdeveloped infrastructure restricts the movement of people and goods, which may make our delivery service too expensive or our delivery times too long to effectively compete with traditional brick-and-mortar stores outside the main urban centers. In certain sparsely populated areas, for example across the Indonesian islands, customary delivery options are not available. Lack of an established secure and convenient cashless payment system also poses significant challenges and prompted us to offer cash-on-delivery payment in some markets.

We have invested in technology to respond to these operational challenges. We have developed a significant logistics, delivery and payment infrastructure, which includes the operation of fulfillment centers, integration of third-party logistics providers, establishment of our own delivery and last-mile delivery fleet in densely populated areas and the establishment of multiple payment options. However, these measures make our operations more complex than those of similar businesses in more developed markets and expose us to increased risk, for example, with respect to operational or compliance failures. The costs we incur to meet these challenges have, and may continue to, put a strain on our financial resources and may make it challenging for us to reach profitability.

Any materialization of these risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.8 We may not be able to maintain or grow our revenue or our business.

We have experienced significant growth in the past, with revenue increasing from €886.9 million in 2016 to €1,155.9 million in 2018, corresponding to a nominal CAGR of 14.2% and an organic CAGR of 19.4%. Organic change corresponds to nominal change adjusted first for portfolio effects, then for foreign currency translation effects (constant currency approach) and finally for indexation for IAS 29 Hyperinflation, if any. Orders (i.e., the

number of orders placed by customers after cancellations, rejections and returns) increased from 19.8 million in 2016 to 28.2 million in 2018, corresponding to a CAGR of 19.6%. However, there can be no assurance that we will be able to sustain these historic growth levels, or that we will continue to experience significant above-market growth or any growth at all. In addition, we anticipate that our growth rate will decline over time as we achieve higher market penetration rates in all markets in which we operate. To the extent our growth rate slows, our business performance will become increasingly dependent on our ability to achieve economies of scale by, among other things, using our operating leverage, increasing our fulfillment efficiencies and reducing marketing costs in relation to our revenue. We have made and are continuing to make investments in optimizing and localizing our customer experience, our fulfillment and technology infrastructure and the development of mobile applications. However, there is no assurance that these efforts will be sufficient to grow our revenue or business in total or in relation to the costs we incur. If our revenue growth slows or if our revenue declines, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.9 Any failure to effectively manage our growth could have a material adverse effect on our business, financial condition, results of operations and prospects.

The rapid growth of our business has placed, and any future growth is expected to continue to place, significant demands on our management and our operational and financial infrastructure. Currently, the key systems we use to enable core functions such as marketing, financing, purchasing and human resources are segregated and geographically dispersed, impractical for scale and difficult to effectively centralize, and often only allow for limited automation and embedding of internal controls. As our operations grow further, we will need to continue to improve and upgrade our systems and infrastructure to deal with the greater scale and complexity of operations, in particular our technology systems and our fulfillment infrastructure. For example, our Group entities are on different accounting systems, some of which require manual reconciliation processes as opposed to automated, software-based accounting systems. During the first quarter of 2019, we began migrating the majority of our European entities to a uniform, SAP-based system. However, this SAP-based system will not be rolled out to our regional entities until a later date and we cannot rule out that the roll-out will take longer than anticipated. While we expect to incur minimal costs associated with the implementation of the roll-out, any failure to complete the roll-out as planned, or any issues encountered during the roll-out, could negatively affect our business. Similarly, our information technology and security platforms were predominantly regionally based in the past. Although we have implemented a Group-wide information technology and security initiative, some of our regional brands may prefer to continue with their legacy systems as they are more closely tailored to regional operations. In addition, our geographically dispersed operations, rapid growth and historically segregated systems increase the risk that our internal controls may not be effective in preventing discrepancies arising between our regional operations, which could reduce the quality of the data available to management and adversely impact our business.

Improvements to or upgrades of our systems will require us to commit substantial management, operational and other resources in advance of any increase in the size of the business, with no assurance that our revenue and profit will increase accordingly. Additionally, we continue to have only limited funds available to invest in systems and processes. Hence, there is a risk that continued underinvestment in systems may impact our ability to further scale and/or profitably scale our business. In some instances, the cost to increase scale may make growth in some areas unfeasible or undesirable. Moreover, as we continue to implement Group-wide policies and practices, any predisposition of our regional brands to rely on well-established regional practices may lead to a focus on regional strategies at the expense of Group strategies. Any such resistance from our regional brands may make it more difficult to implement Group-wide initiatives and consolidate our operations.

Continued growth may also strain our ability to maintain reliable service levels for our customers, may impede our efforts to attract, train, motivate and retain employees, or complicate our plans to develop and improve our operational, financial and management controls. In addition, in certain regions, continued growth could result in our business being unable to accommodate the number of customers or orders, in particular if and when our fulfillment centers begin to operate at or near capacity, as is currently the case in Australia.

Any failure to effectively manage the increasing size and complexity of our business resulting from future growth could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.10 The online fashion industry in our markets is very competitive and our ability to compete depends on a large variety of factors both within and beyond our control.

The online fashion industry is fragmented and characterized by intense competition. Each of our regional brands faces increasing competitive pressure both online and offline and from local and international players, impacting their ability to grow, sustain profitability and retain market share. The diverse group of retailers with which we compete includes, but is not limited to:

- pure-play online fashion retailers with business models similar to ours;
- general e-commerce retailers and marketplaces attempting to increase their presence across a range of product categories including fashion and lifestyle;
- offline-focused, vertically-integrated local retailers and brands, as well as international companies seeking to enter our geographic markets, who are expanding their own online shelf space using their own websites and apps; and
- offline stores and mail order retailers focused on or including fashion and lifestyle products that use their brand, customer reach and fulfillment infrastructure to expand into online fashion sales.

Some of our current and potential future competitors have longer operating histories, greater financial resources, a larger customer base and wider reach or better economies of scale than we do. New market entrants may appear and some of our current smaller competitors may be acquired by, receive investment from or enter into strategic relationships with well-established and well-financed companies or investors who would enhance their competitive positions, potentially leading to reduced sales, lower profitability, and loss of market share for our Group. Moreover, as has happened in several of our regions in the past, competitors may significantly discount their prices on merchandise also offered by us. Such intensive price competition could negatively affect our profitability.

In addition, most of our brand partners and suppliers are producers or distributors of fashion products that sell their products directly to end-customers independent of any partnership with us. We could experience additional competitive pressure if such suppliers initiate or successfully expand their own online retail operations, as they have access to their merchandise at lower costs and could therefore sell such merchandise at lower prices while maintaining higher margins on their revenue than we can. Additionally, we face competition from the grey market, i.e., fashion product imports that have not been authorized by the brand owner.

We believe these factors make our industry especially competitive, with the potential for increased competition in the future. As a result, we believe that our ability to compete will depend on factors both within and beyond our control, including, but not limited to:

- our ability to offer a convenient, efficient and reliable shopping experience for our customers in our regions and to adapt to evolving or local consumer preferences;
- the development of our reputation and brands, relative to those of our competitors;
- the size and composition of our customer base and our ability to increase the number of repeat purchases from active customers;
- the composition of our supplier base, and its subsequent impact on the selection and price of products we feature on our sites;
- the perception of our platform as an attractive distribution channel for our brand partners and suppliers;
- our ability to create and expand proprietary brands that are recognized for high quality and generate attractive margins for us;
- our ability to expand our product offering into new product categories;
- our ability to create efficient and cost-effective advertising and marketing efforts to acquire new customers;
- our ability to develop and manage new and existing technologies and sales channels in a timely manner;
- the efficiency, reliability and service quality of our fulfillment operations, including fulfillment center activities, distribution, payment and customer service; and
- our ability to offer convenient payment methods for every customer.

Any failure to properly address these factors and to successfully compete against current or future competitors could negatively affect our ability to attract and retain customers and to achieve sustainable profitability, which could, in turn, have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.11 Our business depends on the strength of our regional brands and the loyalty of our customers, and efforts to maintain and enhance our brand awareness and build and retain a loyal customer base may not be effective.

Our business depends on the strength of our regional brands – *THE ICONIC*, *ZALORA*, *dafiti* and *lamoda* – and the loyalty of our customers. The strong regional awareness of our brands contributes to higher organic traffic on our apps and websites and lower marketing costs, as a high percentage of our website traffic is generated by direct visits or related to customer relationship management, social media or search engine optimization channels. Our brands may be adversely affected if our public image or reputation is tarnished by negative publicity. Customer complaints or negative publicity about our apps and websites, products, delivery times, return processes, customer support or other products and services could have a significant negative impact on our reputation and on the popularity of our apps and websites.

We have made significant investments related to brand awareness, customer acquisition and customer loyalty, and we expect to continue to spend significant amounts to attract new and retain existing customers. Our decisions regarding investments in customer acquisition substantially depend upon our analysis of the profit contribution (revenue less attributed variable product and fulfillment costs) generated from customers we acquired in earlier periods. There can be no assurance that our assumptions regarding required customer acquisition investment and resulting net revenue from such customers will prove to be correct or that our marketing efforts and other promotional activities will achieve what we consider to be an optimal mix of advertising and marketing at a cost we consider to be economically viable.

Furthermore, we cannot guarantee that certain methods of advertising that we currently utilize will not become less effective. Our online partners might be unable to deliver the anticipated number of customer visits or impressions, or visitors that are attracted to our apps and websites by such campaigns might not make purchases as anticipated by us. Moreover, changes to search engines' algorithms or terms of services could exclude our websites from, or rank them lower in, search results.

Any failure to maintain or enhance our brand image, or to build and retain a loyal customer base, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.12 Failure to provide our customers with an inspiring online fashion experience could limit our growth and prevent us from achieving or maintaining profitability.

We believe that the foundation of our business is to provide our customers with an inspiring and engaging online fashion experience from a wide selection of brands. If we fail to offer the fashion and lifestyle products and brands our customers demand, if we are unable to present such products on our apps and websites in an inspiring and attractive way and at competitive prices or if customers regard our fulfillment capabilities – in particular delivery, returns and payment, as not entirely convenient – we may be unable to attract new customers, may lose existing customers or may be faced with reduced volumes of purchases on our apps and websites, any of which would have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.13 If our apps and websites do not achieve a high ranking in organic search results, this could reduce traffic to our apps and websites.

A material number of our customers access our apps and websites by clicking on a link contained in organic search results generated by search engines such as Google. We endeavor to increase such relevant traffic by increasing the ranking of our apps and websites in organic searches, a process known as search engine optimization. However, the algorithms and ranking criteria of such search engines are confidential. Consequently, we do not have complete information on such algorithms and ranking criteria, making our efforts at search engine optimization considerably more difficult. Furthermore, search engines frequently modify their algorithms and ranking criteria to prevent their organic search results from being manipulated, which could impair our search engine optimization efforts. If we are unable to quickly recognize and adapt our techniques to such modifications in search engine algorithms or if our search engine optimization efforts prove otherwise ineffective, we may need

to increase our spending on other forms of marketing or may potentially suffer a significant decrease in traffic to our apps and websites.

In addition, search engines may consider our search engine optimization efforts manipulative or deceptive and therefore see them as a violation of their terms of services. This may result in our apps and websites being excluded from organic search results. The same may occur if search engines modify their terms of service to prohibit our search engine optimization efforts. Any exclusion of our apps and websites from organic search results could significantly reduce our ability to attract relevant traffic to our apps and websites and materially adversely affect our business, financial condition, results of operations and prospects.

1.1.14 User behavior on mobile devices is continuously evolving and failure to successfully adapt to changes could have a material adverse effect on our business.

Purchases by customers using mobile devices constitute a large share of our revenue. In 2018, approximately 73% of our 1.9 billion visits were on our mobile-native front-end. Our business therefore depends on our ability to provide an attractive experience for our mobile customers. As new mobile devices and platforms are released, it is difficult to predict the problems we could encounter in developing apps and websites that operate on such devices and platforms. We might need to devote significant resources and investments to the innovation, creation, support and maintenance of new apps and websites. In addition, we could experience difficulties in integrating apps into mobile devices or problems with providers of mobile operating systems or download stores, such as Apple Inc. or Google Inc., if our apps receive unfavorable treatment compared to competing applications. We also depend on the interoperability of our websites with popular mobile operating systems that we do not control, such as iOS and Android. Moreover, third-party services and products are constantly evolving, and we may not be able to modify our platform to assure its compatibility with third-party platforms following developmental changes. Changes in such systems that degrade the functionality of our apps and websites or give preferential treatment to competing apps and websites could adversely affect our mobile offering. If our customers have difficulty accessing and using our websites on their mobile devices, or if our customers choose not to use our mobile offerings to the extent we anticipate or prefer other mobile solutions not supported by us, our customer and revenue growth, if any, could be limited, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.15 We may be unable to effectively communicate with our customers through email, app push notifications other messaging services or social media.

We partially rely on newsletters in the form of emails, app push notifications and other messaging services in order to promote our brands, inform customers of our product offering and/or the status of their transactions. Changes in how webmail services organize and prioritize emails could reduce the number of customers opening our emails. For example, Google's Gmail service provides a feature that organizes incoming emails into categories. Such tools and features could result in our emails and other messages being shown as "spam" or as lower-priority messages to our customers, which could reduce the likelihood of customers opening or responding positively to them. Actions by third parties to block, impose restrictions on, or charge for the delivery of, emails, app push notifications and other messages, as well as legal or regulatory changes limiting our right to send such messages or imposing additional requirements on our ability to conduct email marketing or send other messages, could impair our ability to communicate with our customers. If we are unable to send emails, app push notifications or other messages to our customers, if such messages are delayed, or if customers do not receive or decline to open them, we will no longer be able to use this free marketing channel. This could impair our marketing efforts, or make them more expensive if we feel the need to increase spending on paid marketing channels to compensate for the loss of free marketing, and, as a result, our business could be adversely affected.

Malfunctions of our email, app push and messaging services could result in erroneous messages being sent and customers no longer wanting to receive any messages from us. Furthermore, our process to obtain consent from users of our apps and visitors to our websites to receive newsletters, app push notifications and other messages from us and to allow us to use their data may be insufficient or invalid. As a result, such individuals or third parties may accuse us of sending unsolicited advertisements and other messages. In addition, our use of email, app push notifications and other messaging services could result in claims against us.

Since we also heavily rely on social media and to a lesser extent on influencers to communicate with our customers, changes to the terms and conditions of the relevant providers could limit our ability to communicate through social media. These services may change their algorithms or interfaces without notifying us, which may reduce our visibility. In addition, there could be a decline in the use of such social media by our customers, in which case we may be required to find other, potentially more expensive communication channels.

An inability to communicate through emails, other messaging services or social media could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.16 We may be unable to maintain and expand relationships with fashion and lifestyle brands and our suppliers.

We source fashion and lifestyle products from third-party manufacturers, fashion and lifestyle brands and distributors. In addition, fashion and lifestyle brands also sell their products directly through our Marketplace. Our global supplier and partner network consists of a large number of fashion and lifestyle brands and suppliers. Maintaining strong relationships with brand partners and suppliers is important to the growth of our business, but cannot be guaranteed. If we fail to maintain and expand our existing relationships or establish new relationships with additional brands and suppliers on acceptable commercial terms, we will not be able to maintain and expand our broad product offering, which could adversely affect our business.

Our efforts to maintain strong relationships with existing fashion and lifestyle brands and establish relationships with new brands are important to our ability to offer a convenient shopping experience to our customers and grow our business. We do not have material long-term or exclusive contracts with most of our brand partners. Substantially all of our brand partners sell their products to us on open-account purchase terms, meaning they are free to cease providing us with their products at any time and as they see fit. If important fashion or lifestyle brands cease doing business with us, stop offering popular items to us or through our Marketplace model, or significantly change to our disadvantage the terms on which they sell their products, our popularity and, as a result, our revenue, including commissions earned in our Marketplace model, and results of operations could be negatively affected. A loss of one or more popular brands from among the items we offer on our apps and websites could result in the loss of existing or potential customers and significant revenue.

In order to maintain and expand our relationships with our current brand partners and suppliers and to attract additional quality brands and suppliers, we will, among other things, need to:

- demonstrate our ability to help our brand partners and suppliers sell significant volumes of their products at attractive prices;
- attractively present our products, in particular branded products, to ensure that such presentation meets the relevant standards of a particular brand partner or supplier;
- offer brands and suppliers a high-quality, cost-effective fulfillment process;
- continue to provide brand partners and suppliers with a dynamic and real-time view of our demand and inventory via data and analytics capabilities; and
- hire and retain necessary talent to maintain relationships with existing brand partners and suppliers and source additional brands and suppliers.

If we fail to find and select quality brands and suppliers of attractive products, if such brands or suppliers refuse to work with us, if we are unable to negotiate advantageous terms with them or if we do not manage these relationships efficiently, we may not be able to grow as anticipated or future growth may lead to supply shortages, which could adversely affect our business. Our competitors may seek to enter into exclusivity agreements with our brand partners or suppliers and thereby prevent us from sourcing products from the respective suppliers. Suppliers may cease their operations or face financial distress or other business disruptions. As a result, we may not be able to source all of our products in a timely manner or at acceptable prices. Consequently, we may lose customers to competitors with a broader product offering and our remaining suppliers may prefer to sell their products through other fashion retailers with a larger customer base.

An inability to find and engage the right suppliers for our products could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.17 Fashion and lifestyle brand partners and other suppliers may fail to offer high-quality and compliant merchandise, or fail to comply with applicable laws or regulations.

We source our proprietary brand products from numerous domestic and international manufacturers, distributors and resellers. These suppliers are subject to various risks, such as changes in raw material costs, labor disputes, boycotts, natural disasters, trade restrictions or disruptions, currency fluctuations and adverse changes in general economic and political conditions, that could limit their ability to provide us with high-quality and compliant merchandise on a timely basis and in accordance with agreed-upon terms.

We could also become subject to adverse legal or regulatory actions if our suppliers provide us with or offer via our Marketplace products that do not comply with applicable laws or regulations, including laws and regulations relating to product safety, embargoes, environmental protection, and standards relating to employment and factory conditions. While we have taken steps to prevent non-compliance of our suppliers with applicable laws and regulations, there can be no assurance that these steps effectively prevent non-compliance in all circumstances. If fashion and lifestyle brand partners or suppliers do not observe these regulations, we may be unable to sell or otherwise handle the relevant products. If we fail to detect any deficiencies in the products sold or handled by us before such products are shipped to customers, we may have to recall such products. In the event of any failure by fashion and lifestyle brand partners or suppliers to meet our quality standards or the quality standards of our customers, we could incur additional costs, our brand and reputation may be damaged by negative publicity due to such deficiencies, we or our management may face administrative fines or criminal charges and we may lose current or potential customers.

The materialization of any of such risks, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.18 Inadequate quality, availability or delivery of products sold by our brand partners on our Marketplace could harm our reputation.

To complement our proprietary product offering, we operate our Marketplace model whereby selected brand partners are permitted to sell products through our apps and websites on a commission basis. In this small but rapidly growing part of our business, we have limited control over the assortment, presentation and quality of products offered by our brand partners and the efficiency of third-party logistics providers. Although our apps and websites remain our sole customer interface, customer orders are often fulfilled directly by the relevant brand partner. Our brand partners are subject to various risks, such as changes in raw material costs, labor disputes, boycotts, natural disasters, trade restrictions or disruptions, currency fluctuations and adverse changes in general economic and political conditions, that could negatively affect their ability to provide a desirable assortment of high-quality and compliant products to our customers. Additionally, brand partners might intentionally or unintentionally offer counterfeit or “knock-off” products on our Marketplace.

We have established certain quality standards for our brand partners and implemented processes to monitor their compliance with these standards. Nevertheless, we cannot guarantee that our brand partners will comply with these agreed-upon standards. Consequently, we face the risk that the quality, availability or delivery of the products sold by our brand partners may not comply with the standards expected by our customers. In such cases, we may incur additional costs, fail to retain the relevant customers or suffer damage to our reputation. Customers may also try to assert consumer protection or product liability claims against us. Moreover, any decreasing engagement by our brand partners could ultimately result in lower commission fees for the Group. The materialization of any of these risks, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.19 Sourcing our own brand products from third-party manufacturers exposes us to reputational and financial risks.

We source our own brand products from a large number of different manufacturers, including manufacturers in countries such as China, Bangladesh and Cambodia, where there is a risk that internally accepted standards concerning working conditions are not necessarily respected at all times. In addition, manufacturers may use materials that are not suitable for the relevant products and could potentially even harm consumers of our own brand products. While we regularly check the working conditions in these factories and the quality of our own brand products, there can be no guarantee that our checks effectively uncover all deficiencies. Any deficiencies may result in negative publicity and may materially harm our reputation and business. In addition, some of our manufacturers require that we prepay orders for merchandise, which exposes us to the risk of fraud. Further, we may lose these prepayments if the relevant manufacturer enters bankruptcy proceedings.

The materialization of any such risks, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.20 Many of our suppliers rely on credit insurance to protect their receivables, and any changes to such credit insurance might lead suppliers to seek to reduce their credit exposure to us.

We believe that many of our third-party suppliers have traditionally obtained credit insurance to protect their receivables against the risk of bad debt, insolvency or protracted default of their buyers, including us. Credit levels

available to us from our suppliers remain dependent on the general economic environment and our financial position. If there is a significant decrease in the availability of credit insurance to our suppliers, or if requests concerning an increase in credit levels are not met in a timely manner, and if such suppliers are unwilling or unable to take credit risk themselves or find alternative credit sources, they might choose to reduce their credit exposure to us, which efforts might include attempts to change their credit terms or refusing to contract with us. Any such actions could have a material adverse effect on our cash position, lead to an increase in our indebtedness or have a negative impact on our product offering and, thus, on revenue, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.21 Any failure to anticipate and respond in a timely manner to fashion trends and customer preferences could harm our business, financial condition, results of operations and prospects.

Our ability to sell a sufficient number of products at satisfactory price levels depends in particular on our ability to predict and respond to fashion trends and changing customer preferences in a timely manner. We operate in the fashion retail industry, which is highly sensitive to changes in customer preference, fluctuations in fashion trends and seasonal weather patterns. Customer preferences regarding fashion design, quality and price tend to change rapidly. Thus, accurately forecasting the selection and required quantities of such products is difficult. We endeavor to accurately predict these trends and avoid overstocking or understocking products. However, the demand for products can change significantly between the time products are ordered and the date of sale. In addition, the lead times we must incur in taking delivery of merchandise from many of our suppliers pose challenges as these lead times increase, in some cases significantly, the time it takes us to respond to changes in product trends and market prices. Moreover, we have limited control over the pricing of products offered by our brand partners on our Marketplace. As a result of these challenges, we face the risk of not having the appropriate selection or the required quantities of products in order to satisfy customer demand. We also face the risk of carrying excess inventory which we might be unable to sell during the relevant selling seasons, or may succeed in selling only by offering significant discounts. In addition, significant discounting may damage our relationship with suppliers whose products we sell at discounts. Any failure to anticipate and respond in a timely manner to fashion trends and customer preferences and adjust our purchases and inventory accordingly may result in lost sales, sales at lower than anticipated margins and/or write-offs on inventories, any of which would have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.22 Any increase in cancellation or return rates could increase our costs and harm our business.

We have established return policies specific to our various local markets that permit our customers to return products within designated timeframes following delivery. Granting return rights is an important element for converting app and website visitors into customers, providing our customers with the certainty that they will only be required to pay for those products that they want to keep. In certain regions, such as Russia where a high percentage of customers pays in cash or by card on delivery, we face particularly high rejection rates.

If we experience a significant increase in returns – for example, due to customer dissatisfaction with our products or customer service, changes in customer behavior or the abuse of our liberal return policy by persons not actually willing to purchase our products – there is no guarantee that we will be able to utilize returned goods in a cost-efficient manner – for example, by reselling them on our apps and websites, selling them at third-party outlets or returning them to our suppliers. We incur costs associated with returned goods – for example, costs associated with processing and delivery – but may not receive revenue from returns or proceeds from sales of returned goods may not cover all costs incurred. Thus, any increase in returns would increase our costs with no corresponding increase in revenue. Continued growth is likely to increase the absolute number of returns, which may force us to allocate additional resources to the handling of such returns and may further complicate our operations. Even products that have not passed through our fulfillment centers, but are delivered via drop-shipping, are initially returned to us, which may require us to store such products for a considerable time. Furthermore, any modification of our return policies may result in customer dissatisfaction or an increase in the number of returns, which could adversely affect our business.

Significant returns could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.23 Any failure to efficiently operate and manage our fulfillment centers and to successfully expand our logistics capacity as our business grows could have a material adverse effect on our business, financial condition, results of operations and prospects.

The operation, management and expansion of our fulfillment centers is key to our business and growth. If we do not operate and optimize our fulfillment centers successfully and efficiently, it could result in excess or insufficient logistical capacity, increase costs or harm our business in other ways.

We have designed and built our own multi-national logistics infrastructure, including inbound receipt of items for sale, storage systems, packaging, outbound freight, and the receipt, screening and handling of returns. These processes are complex and depend on sophisticated know-how and computerized systems which we have tailored to meet the specific needs of our business. Any failure or interruption, partial or complete, of these systems – for example, as a result of natural disasters, acts of terrorism, vandalism, sabotage or software malfunctions – could disrupt our operations, impair our ability to timely deliver our products or harm our reputation. For example, our LATAM operations were disrupted in 2014, when software malfunctions at *dafiti* led to a significant number of lost deliveries (for further information on the scale and context of the incident at *dafiti* in this Prospectus, see *"1.1.38 Risk Factors"*).

We depend on a single fulfillment center in certain major markets (for example in Russia, Brazil and Australia). A major disruption to one of these singular regional fulfillment centers could significantly impede our ability to operate the corresponding regional business. In the case of such a disruption, any inability by the relevant regional business to timely find and secure an alternative warehouse from which to continue its operations could result in a prolonged absence from the market and negatively affect the relevant region's ability to maintain customer loyalty and remain competitive in the relevant market. Additionally, although our fulfillment centers are insured against damage and property loss – such as damage caused by natural disasters, fire or vandalism – an insurer may deny coverage for a specific loss or occurrence or we may lose the benefit of insurance if we fail to comply with certain covenants of the relevant insurance policy.

If we continue to add fulfillment capabilities, add new businesses or categories with different logistical requirements, or change the mix in products that we sell, our logistics infrastructure will become increasingly complex and operating it will become even more challenging. We might encounter operational difficulties which could result in shipping delays and customer dissatisfaction or cause our logistics costs to become high and uncompetitive. Any failure to successfully address such challenges in a cost-effective and timely manner could severely disrupt our business and harm our reputation.

Product delivery times can vary due to a variety of factors, such as the product ordered, the location of the fulfillment center from which the product is shipped, the number of items in a customer's shopping basket, the country in which the customer orders the product and the performance of the third-party shipping company carrying out the distribution. There can be no assurance that customers will not expect or demand faster delivery times than we can provide in the future. If we are unable to meet customer expectations or demands with respect to delivery times or convenience, or if our competitors are able to deliver the same or equivalent products faster or more conveniently, we could lose current or potential customers, our brand and reputation could suffer, or we could experience shortfalls in revenue.

In addition, while we constantly track fulfillment capacity against our business plan and have designed our fulfillment centers to allow for expansion, we face the risk that the current capacity of our fulfillment centers will prove insufficient to facilitate our continued growth. For example, we have recently decided to expand our fulfillment centers in Australia, the Philippines, Indonesia, Brazil and Russia, where we have been operating near our capacity limit. It is not certain that we will be able to locate suitable facilities on commercially acceptable terms in accordance with any future expansion plans, nor can we be certain that we will be able to recruit qualified managerial and operational personnel to support such expansion plans. In such cases, we could experience problems fulfilling orders in a timely manner or our customers could experience delays in receiving their purchases, which could harm our reputation and our relationship with our customers. We might also need to increase our capital expenditures more than anticipated in order to increase the capacity of our fulfillment centers. At the same time, in other regions we may be forced to deal with excess capacities. The materialization of any of these risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.24 Our sourcing and logistics costs are subject to fluctuations in the prices for raw materials and fuel as well as other factors beyond our control, and we may not be able to pass on price increases to our customers.

Our sourcing and logistics costs depend on the development of prices for certain raw materials, in particular cotton and other textile raw materials, as well as fuel. In addition, our sourcing costs are also influenced by the capacity utilization rates at our suppliers, quantities demanded from our suppliers, and product specification. As a result, our costs of materials can vary materially in the short-term and, in cases of supply shortages, can increase significantly. We are typically impacted by increases in the prices of raw materials and fuel price as well as carrier-charge increases, as our suppliers and third-party service providers attempt to pass along these increases to us. Although we may attempt to pass on cost increases to our customers by increasing selling prices via regular price reviews, we may not always be able to do so. Moreover, any price increases could adversely affect our sales or reduce our profitability. During periods of declining input or fuel prices, customer demand may also require that we sell our products at lower prices or may restrict our ability to increase prices, in spite of the fact that we may use goods that were purchased at higher prices or that we are forced to incur higher shipping costs, thereby negatively impacting our margins. The volatility in our sourcing and logistics costs and our limited ability to pass them on to customers may adversely affect our business, financial condition, results of operations and prospects.

1.1.25 We largely depend on third-party logistics providers for the delivery of our products to end customers, which may result in lost or damaged goods, shipping delays or increased shipping costs that are beyond our control.

We use a mixture of own services and third-party logistics providers to deliver the products that our customers order online. To a large extent, we depend on the services of third-party logistics providers for the delivery of our products to our fulfillment centers (i.e., inbound logistics) and subsequently to the distribution centers of third-party carriers, and from there to our customers (i.e., outbound logistics). Even where products do not enter our fulfillment centers, these products are handled by third-party carriers who directly receive them from the relevant suppliers (drop-shipping). Last-mile deliveries are either handled by third-party carriers or our own last-mile delivery fleet, which consists of more than 700 vehicles.

In certain regions, for example Brazil, we have delivery services contracts with more than 30 third-party logistics providers. To the extent we rely on third-party services, we have only limited control over the timing of deliveries and the security of our products while they are being transported. We may experience shipping delays due to, among other things, inclement weather, natural disasters, strikes or terrorism. For example, truck drivers across Brazil went on strike in May 2018. The strike lasted for over a week and substantially interfered with delivery infrastructure throughout Brazil resulting in delays and additional order cancellations. We also face the risk that our products may be damaged or lost in transit – for example, in the course of shipping from overseas. If the products we sell are not delivered in a timely manner or are damaged or lost in transit, or if we are not able to provide adequate customer support, our customers could become dissatisfied and cease buying on our apps and websites.

In some of our markets, it may be difficult to replace the logistics providers with whom we cooperate due to a lack of alternative offerings at comparable price and/or service quality. Changes in shipping terms and costs, for example due to higher fuel costs, or the inability or refusal of third-party logistics providers to deliver our products in a safe and timely manner could harm our reputation and have an adverse effect on our business. Additionally, any deterioration in the financial condition of any third-party service provider could have an adverse impact on the quality of our logistics processes and distribution costs. Additionally, if third-party logistics providers were to increase their shipping costs and we continue to offer free delivery and returns, the increased shipping costs could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.26 The broad variety of local and international payment methods we accept exposes us to operational, regulatory and fraud risks.

We currently accept more than 35 different payment methods tailored to meet our local customers' payment preferences. These payment methods include, among others, installment payments, credit and debit cards, PayPal, direct deposit, online bank transfer, direct debit, checks, gift cards and cash on delivery. Due to the complexity and number of payment methods we accept, we face the risk of operational failures in our checkout process, which could adversely affect our conversion rate (i.e., the percentage of people visiting our websites that actually place an order) and customer satisfaction. There is also the risk that, in connection with the methods of payment we offer, we may become subject to additional regulations, compliance requirements, and various types of fraud or cyber-attacks. For example, our installment services, such as afterpay, carry increased risk of fraud as well as the risk of increased regulation in the event that such payments are classified as penal interest rates.

For certain payment methods, including credit and debit cards, we pay bank interchange and other fees. These fees may increase over time, increasing our operating costs and decreasing our profitability. We are also subject to operating rules and certification requirements of payment scheme associations, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers. Amendments to these rules or the introduction of new laws or requirements regarding any payment method we accept could result in increasing compliance costs, higher transaction fees, and the possible loss of or restrictions to our ability to accept credit or debit cards or other types of payment.

We generally rely on third parties to provide payment processing services. We also rely on third-party payment processors, and encryption and authentication technology licensed from third parties, to securely transmit customers' personal information. If these companies become unwilling or unable to provide these services, or increase their fees, such as bank and intermediary fees for credit card payments, our operations may be disrupted and our operating costs could increase. In addition, we may be unable to provide automated online payment processes in all of our markets due to a lack of sophisticated local payment systems. Moreover, our acceptance of numerous local, less-developed payment methods, such as cash on delivery, exposes us to heightened risks of payment defaults or fraud.

Furthermore, we face risks relating to customer claims that purchases or payments were not properly authorized or were transmitted in error, as well as risks that customers have insufficient funds and the risk of fraud. For example, in the past, a lack of robust payment controls led to the processing of erroneous and unapproved refund requests by *THE ICONIC*. While we have implemented a Group-wide fraud detection system based on machine learning tools, any failure to avoid or limit losses from fraudulent transactions could damage our reputation and result in increased legal expenses and fees. In countries where deliveries do not have to be paid for when the goods are received, there is a risk of customers not meeting their payment obligations and of the Group suffering defaults as a result. For example, in the case of installment payment, we carry the risk in certain regions of non-payment of installments.

Our invoice and billing technology systems may malfunction due to new product implementations, data errors, faulty changes in the invoicing code or other technology configuration issues, which may also impair our ability to create correct invoices, avoid the recording of duplicate invoices or payments and collect payments in time or at all. In some countries, such as Brazil and Argentina, we pass collections and the risk of non-payment on to third-party providers in return for a fee, but there can be no assurance that these third-party providers will continue to provide these services at acceptable costs or at all. In addition to the direct costs of losses from fraud, if such costs are related to credit card transactions and become excessive, they could result in our losing our authorization to accept credit cards for payment.

The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.27 Our current credit card arrangements and fraud scoring and risk handling systems may not adequately protect us from credit card fraud or other fraudulent behavior.

Under current credit card arrangements, we may be liable for fraudulent credit card transactions. While we contract with third-party fraud screening and credit verification vendors in each of our regions, we do not currently carry insurance against the risk of fraudulent credit card transactions such as in a recent incident discovered in April 2019 at *THE ICONIC*, in which customer data was presumably acquired by third parties via the dark web and used to place fraudulent orders with *THE ICONIC*. The risk of significant losses associated with credit card fraud increases as our net sales increase and as we continue to grow. Furthermore, there is no guarantee that our fraud scoring and risk handling systems will function properly at all times or that there are no gaps or errors in our algorithms that may result in unauthorized purchases. In addition, increasingly strict legislation on data protection may limit our ability to obtain the data required for our algorithms to function properly. Consequently, we may fail to identify fraudulent transactions before they occur, prevent fraudulent transactions from occurring, or correctly assess the creditworthiness of our customers who may have been victims of fraud.

If purchases or payments are not properly authorized or payment confirmations are transmitted in error, the relevant customer may have insufficient funds or be able to defraud us, which could adversely affect our operations and result in increased legal expenses and fees. Customers who are victims of fraudulent transactions where outside individuals use valid customer account data to purchase goods have the right to require that we return those funds. Additionally customers may be granted chargeback funds from sellers who later became insolvent. In such instances of fraud and seller insolvency, we may not be able to recover these chargebacks from sellers.

Because our payment service is highly automated and allows for instant payment, we experience heightened susceptibility to fraud. We cannot completely guard against internal or external intruders into our data platform who may seek to use or manipulate our systems to create, transfer, or otherwise misappropriate funds belonging to legitimate customers or to create new accounts or modify or delete existing accounts. We aim to balance convenience and security for sellers and customers, and we cannot guarantee that we will be completely successful in preventing fraud. Furthermore, permitting new and innovative online payment options may increase the risk of fraud. High levels of fraud could result in an obligation to comply with additional requirements, pay higher payment processing fees or fines, or prevent us from retaining our customers.

Fraudulent behavior could subject us to liability, damage our reputation and brand and could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.28 Dissatisfaction with our customer service could negatively affect our customer retention efforts.

A satisfied and loyal customer base is crucial to our continued growth. Strong customer service is required to ensure that customer complaints are dealt with in a timely manner and to the customer's satisfaction. Because we usually do not have direct face-to-face contact with customers as in traditional retail settings, our interactions with customers through our customer service team are crucial to maintaining positive and ongoing customer relationships. We respond to customer requests and inquiries through e-mail, live chat and our toll-free hotline. Any actual or perceived failure or unsatisfactory response by our customer service could negatively affect customer satisfaction and loyalty. Our inability to retain customers due to a lack of satisfactory customer service could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.29 Our strategic investments may not be successful or may not yield the expected benefits.

We regularly engage in strategic investments. For example, we are currently planning to invest in new fulfillment centers or in the expansion or partial automation of our fulfillment centers in Australia, the Philippines, Indonesia, Russia and Brazil. In Brazil, we have signed a ten-year built-to-suit agreement for the construction of our new warehouse at an estimated total cost of up to €50 million. There can be no assurance that our strategic investments projects will be completed successfully, within the planned budget or in a timely manner. Moreover, these projects may not yield the intended benefits. Given that we have only limited available funds, we need to prioritize projects. Any failure to prioritize the right projects may negatively affect our business, financial condition, results of operations and prospects.

1.1.30 We might elect to pursue new business opportunities, develop new apps or websites, or offer new products, own fashion brands, sales formats or services, which could prove to be non-cost-effective or otherwise unsuccessful.

If we choose to enter into new markets, expand our offering to include other types of products, or develop any new businesses, own fashion brands, apps, websites, promotions, sales formats or services we believe would be compatible with, adjacent to, or complementary to our existing business, there can be no guarantee that any such endeavor will succeed. As a result, we may need to terminate, cancel, close, sell or wind up parts of our business. For example, in February 2019 we decided to close our own brand "Lost Ink", which was founded in 2014. Any such initiative that is not favorably received by consumers or suppliers, in particular in the case of a termination, could damage our reputation and brand, and any expansion or alteration of our operations could require significant additional expenses and divert management and other resources, which could in turn negatively affect our results of operations. In addition, if we were to expand into new geographic markets and needed to develop a new brand for this purpose, or if we were to try to reposition our brand in existing geographic markets, consumers might not accept our revised brand image. If we launch but fail to generate satisfactory returns from any such initiative, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.31 We are currently involved in and may pursue additional strategic relationships. We may have limited control over such relationships, and these relationships may not provide the anticipated benefits.

We have partnered with numerous third parties, including with Ayala Corporation, Philippines with respect to BF Jade E-Services Philippines, Inc., Philippines. A large number of logistics providers are integrated into our logistics service and help us and our sellers deliver goods to customers. We have also partnered with banks and other payment providers in connection with our payment service. We may pursue and enter into additional strategic relationships in the future. Current and future strategic relationships involve risks, including but not limited to maintaining good working relationships with the other party, inconsistency of economic or business

interests, the other party's failure to fund its share of capital for operations or to fulfill its other commitments – including providing accurate and timely accounting and financial information to us – loss of key personnel, actions taken by our strategic partners that may not be compliant with applicable rules, regulations and laws, reputational concerns regarding our partners or our leadership that may be imputed to us, bankruptcy and related bankruptcy proceedings requiring us to assume all risks and capital requirements related to the relationship. Further, these relationships may not deliver the benefits that were originally anticipated.

Any of these factors may have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.32 We depend on our management team and may be unable to attract, train, motivate and retain suitably qualified personnel, and maintain good relationships with our workforce.

We depend upon the continued services and performance of our management team, in particular the members of our management board and the managing directors of our local operating entities. The unexpected departure or loss of one of our Group's directors or management team members could have a material adverse effect on the Group's business and financial performance, and there can be no assurance that the Group will be able to attract or retain suitable replacements for such directors and/or management members in a timely manner, or at all. We may also incur significant additional costs when recruiting and retaining suitable replacements for departing members of our management team as we may face the need to offer increasingly competitive compensation structures and long-term incentive plans. Moreover, a meaningful portion of our employees have a short employment history with us. For example, our regional CEO positions for *ZALORA* and *THE ICONIC* have only recently been filled. In addition, the majority of top senior roles across both Group and regional levels are held by expatriates, potentially increasing sensitivities to political landscape fluctuations and visa requirements. If we continue to experience significant employee fluctuation, it may challenge our ability to effectively integrate and align our workforce with our strategic goals.

The competence and commitment of our employees are important factors for our successful development as well as our management of opportunities and risks. We depend on our ability to expand our organization by attracting, training, motivating and retaining high-quality employees while building our corporate culture. A lack of qualified and motivated personnel could impair our development and growth, increase our costs and harm our reputation. In certain of our markets, competition for highly-skilled workers is especially intense. For example, an inadequate supply of skilled information technology workers in Singapore and Russia has made it difficult to successfully recruit and retain competent employees. In other markets, we face a shortage of manual workers. For example, complex employment laws, well-established labor unions and frequent work stoppages make it difficult to find reliable manual workers in Brazil. Any loss of qualified personnel or high employee turnover could lead to considerable expertise, intellectual property and process knowledge being lost by us or access thereto being gained by our competitors. Persistent difficulties in filling job vacancies with suitable applicants could have a material adverse effect on our ability to compete effectively in our business. We might have to modify our compensation and benefits packages in order to respond to increased competition for qualified personnel in our regions and our industry. Any increase in competition for qualified personnel could lead to higher personnel expenses, which already represent a significant cost factor for our business.

Further, there can be no assurance that labor disputes, work stoppages, strikes or similar actions will not occur in the future, any of which might urge us to adopt or negotiate additional collective bargaining agreements. Any material disagreements between the Group and its employees could disrupt our operations, lead to a loss in revenue and customers and increase our operating costs. In addition, there is no guarantee that collective bargaining would be possible on terms that are satisfactory to us. Any increase in the degree of unionization of our employees may limit our flexibility and may increase the risk of labor disputes, work stoppages, strikes or similar actions. If our fulfillment operations are affected over a longer period of time by labor disputes, or if we were forced to enter into a collective bargaining agreement at unfavorable terms, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

Any failure to attract, train, motivate or retain skilled personnel at reasonable costs could result in a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.33 Our business is subject to workplace health, safety and accident risks as well as other operational risks which may not be fully covered by our insurance.

We are exposed to risks related to the health and safety of our employees and contractors as well as other workplace safety risks. Our Group's uniform health and safety standards are issued to every region, and each

region is expected to follow these as a minimum standard. However, each region is working under different standards and are at varying stages of maturity, and there exists only limited Group-level control in this space. Additionally, documentation and record keeping of safety records is highly manual, and may prove insufficient to substantiate to regulators that our health and safety systems are operating effectively. If staff and contractors get injured during the course of their duties we may, among other things, face fines and penalties from regulators as well as damage to our reputation.

We are also exposed to risks due to external factors beyond our control, including, but not limited to, accidents, vandalism, natural hazards, acts of terrorism, damage and loss caused by fire, power failures or other events, that could potentially lead to personal injuries, damage to third-party property or the environment or the interruption of our business operations. For example, our fulfillment center activities involve specific risks such as fire, falls from height, objects falling from storage shelving and during movement, or traffic movements which could result in damage to equipment, damage to the property of third parties and personal injury or death.

Accidents or other incidents that occur at our offices, workshops, fulfillment centers and return centers or involve our personnel or operations could result in claims for damages against us and could damage our reputation. Although we maintain insurance against such losses to a level and at a cost we deem appropriate, our insurance policies are subject to exclusions and limitations, and we cannot guarantee that all material events of damage or loss will be fully or adequately covered by an applicable insurance policy. As a result, the amount of any costs, including fines or damages that we might incur in such circumstances, could substantially exceed any insurance we have to cover such losses. In addition, our insurance providers could become insolvent. The occurrence of any of these events, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.34 Any failure to operate, maintain, integrate or scale our network and mobile infrastructure and our other technology could have a material adverse effect on our business, financial condition, results of operations and prospects.

As an online retailer, we are dependent on the smooth functioning of our information technology systems, in particular our internet and mobile infrastructure, which are critical to our business and inherently subject to various operating risks. A key element of our strategy is to generate a high volume of traffic on, and use of, our apps and websites. Our reputation and ability to acquire, retain and serve our customers are dependent upon the reliable performance of our apps and websites and their underlying network infrastructure. As our customer base and the amount of information shared on our apps and websites continue to grow, we will require additional network capacity and computing power. In addition, we need to maintain reliable internet and mobile networks with the necessary speed, data capacity and security, as well as ensuring timely development of complementary products.

The operation of our technology systems is expensive and complex and could result in operational failures. For example, we could suffer from minor software-related bugs that cause temporary, non-material issues on our platforms. In addition, we are exposed to the risk of our technology systems being undersized and functionally maladjusted. In the event that our customer base or the amount of traffic on our websites grows more quickly than anticipated, we may be required to incur significant additional costs to enhance the underlying network infrastructure. Inadequate performance of our technology systems, whether due to system failures, power outages, lack of firewall protection, denial-of-service attacks (attempts of which we experience regularly), computer viruses, physical or electronic break-ins, undetected errors, design faults or other unexpected events or causes, could affect the security or availability of our apps and websites, prevent customers from accessing our apps and websites and result in limited capacity, reduced demand, processing delays and loss of customers. Past internal audits have revealed significant deficiencies in the technology systems of certain of our regions. While we believe that we have rectified these issues, there can be no assurance that our remediation measures are effective. Moreover, future audits could reveal similar or other deficiencies in our technology systems. Any actual or perceived failure to maintain the performance, reliability, security and availability of our products and technology systems to the satisfaction of our customers and certain regulators could harm our reputation, disrupt our business or decrease our ability to attract and retain customers.

Although we use cloud services in a number of our regions, we also continue to rely on data centers for storing and maintaining customer data. An interruption or breakdown of our technology systems due to power outages, fire, natural disasters, acts of terrorism, vandalism or sabotage, actions of third-party providers or any other unanticipated reason cannot be ruled out completely. While some of our regions have disaster recovery arrangements in place, they have not been tested during actual disasters or similar events and may not effectively permit us to continue to run our business in the event of any problems with respect to the data that we use. To date, we have not experienced these types of events, but we cannot provide any assurances that they will not occur

in the future. If our data centers fail, we may experience downtime on our apps and websites which could reduce the attractiveness of our apps and websites to customers. Failure in our technology systems could also result in unfavorable media coverage, damage our reputation, and/or result in regulatory inquiries or other proceedings.

Any breach of our servers or loss of customer data could likewise harm our business. For example, we recently discovered that customer data at *THE ICONIC* was presumably acquired by third-parties via the dark web in April 2019. Certain of our customers used duplicate credentials on various websites, including for their accounts with *THE ICONIC*, and these credentials were compromised on other websites and then used to access the accounts of our affected customers. Although this data was not acquired due to any breach of our systems, such credential stuffing incidents may still expose us to unfavorable media coverage, damage or reputation, and/or result in regulatory inquiries or other proceedings.

The materialization of any of these risks, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.35 We do not maintain a Group-wide disaster recovery plan or business continuity plan, which may negatively affect our technology operations or business operations in case of disruptions.

Our apps, websites and systems are vulnerable to computer viruses, break-ins, phishing attacks, attempts of server overloading with "distributed-denial-of-service" attacks, misappropriation of data through website scraping or other attacks or similar disruptions due to unauthorized use of our computer systems. We do not currently maintain a Group-wide disaster recovery plan with respect to our technology operations. The occurrence of any of these risks could lead to interruptions, delays or website shutdowns, potentially causing lost business, the temporary inaccessibility of critical data, or the theft or release of account details, including personal data.

In addition, the impact of general threats and risks to our business, such as epidemics, natural disasters, war or terrorism, may significantly disrupt our business. We do not currently maintain a business continuity plan to address such disruptions. Moreover, we may not be able to adequately continue our business or resume operations within a reasonable period of time in the case of such an occurrence. Recovery of our technology systems may be additionally hampered where we have outsourced the operation of technology and data storage to third parties.

The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.36 A failure to adopt and apply technological advances in a timely manner could limit our growth and prevent us from reaching or maintaining profitability.

The internet and e-commerce are characterized by rapid technological development. New advances in technology can increase competitive pressure. Our success depends on our ability to improve our current technological platform and to develop new online apps for a variety of platforms in a timely manner in order to remain competitive. Any failure to adopt and apply new technological advances in a timely manner could decrease the attractiveness of our apps and websites to customers and thus limit our growth or even lead to declining revenue. Any such failure could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.37 We are exposed to the risk of security breaches and unauthorized use of one or more of our apps, websites, databases, online security systems or computerized logistics management systems.

We operate apps, websites, networks and other data systems through which we collect, maintain, transmit and store information about our customers, suppliers and others, including credit card information and personal information, as well as other confidential and proprietary information, including information related to intellectual property. We also employ third-party service providers that store, process and transmit proprietary, personal and confidential information on our behalf. Furthermore, we rely on encryption and authentication technology licensed from third parties in an effort to securely transmit confidential and sensitive information, including credit card details. Although we take steps to protect the security, integrity and confidentiality of the information we collect, store or transmit, we regularly record attempts to break into our systems and we and our service providers might not have the resources or technical sophistication to anticipate or continue to prevent all types of attacks and techniques used to obtain unauthorized access to our systems. For example, we do not currently utilize two-factor authentication for our apps and websites. Similarly, we currently lack a Group-wide information security governance structure needed to better manage data asset inventory and conduct regular information technology risk assessments. Additionally, our hardware encryption and user access management systems need updating.

Therefore, we cannot guarantee that inadvertent or unauthorized use or disclosure of personal data will not occur, or that third parties will not gain unauthorized access to this information despite our efforts to prevent such access.

Advances in computer capabilities, new technological discoveries or other developments could increase the frequency or likelihood of security breaches. In addition, security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or by persons with whom we have commercial relationships. Any compromise or breach of our security measures, or those of our third-party service providers, could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, adverse publicity or a loss of confidence in our security measures. We have not taken out cyber-security insurance and cannot be certain that our insurance coverage concerning other risks will be adequate for liabilities that we might actually incur or that such insurance will continue to be available to us on economically reasonable terms, or at all. Additionally, we may need to devote significant resources to protect against security breaches or to address problems caused by breaches, which may require us to divert resources from the growth and expansion of our business. The materialization of any of the foregoing risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.38 We may suffer harm from a loss of customer data.

Throughout our operations, we collect data relating to our customers. Any loss of customer data, for example due to data breaches or as a result of technological failure, may result in reputational damage, legal proceedings or regulatory fines and may have a negative impact on our operations. For example, in 2014 *dafiti* was in the process of migrating information to a new data management system when a malfunction caused the loss of a substantial amount of data with respect to paid and fulfilled orders as well as delivery information. As a result of this malfunction, many of our customers did not receive their products or experienced significant delays. The Public Ministry in Rio de Janeiro filed a lawsuit against *dafiti*, and *dafiti* was required to compensate customers who suffered losses a combined total of approximately six million Brazilian reals (corresponding to approximately €1.4 million as of December 2018). All lawsuits relating to this malfunction have been settled.

1.1.39 Our business is subject to local, seasonal revenue fluctuations which may make it difficult to predict our future performance.

Our business has historically been, and will in all likelihood continue to be, seasonal. For example, we consider the second quarter and the fourth quarter as especially important for generating revenue, and revenue tends to fall off towards the end of each of these quarters. In addition, our sales volumes are normally higher in the second half of the year as compared to the first half of the year. As a result of this seasonality, any factor that negatively affects our business during these high periods in any given year, such as unfavorable weather conditions, can have a disproportionately adverse effect on our revenue for such year. These factors include unfavorable economic conditions in the markets in which we operate at the relevant time and adverse weather conditions such as unusually warm winters or late summers.

In addition, any negative effects of weak seasons or weak sales of seasonal merchandise are likely to be exacerbated by industry-wide price reductions designed to clear out excess merchandise before or at the end of the relevant season. We might be unable to forecast accurately or synchronize our procurement cycles to coincide properly with seasonal variations in sales volumes. If our business growth slows or ceases, these seasonal fluctuations could become more important to our results of operations. Seasonal variations could also cause our inventories, working capital requirements and cash flows to fluctuate from quarter to quarter. The materialization of any of these factors may have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.40 Any inability to accurately forecast our business could prevent us from properly planning expenses.

We base our current and future expense levels on our forecasts of our business and estimates of future revenue. Given our lack of sophisticated budgeting systems, which to a large extent are based only on Excel calculations, and the width of our assortment as well as the geographic span of our business, we may have incomplete or inconsistent data for many of our regions and may be unable to accurately forecast our business. If we fail to accurately forecast our business, we may face higher funding needs and lower equity value creation than originally anticipated or planned.

Furthermore, our future revenue and results of operations are difficult to forecast because they generally depend on the volume, timing and type of orders we receive, all of which are uncertain. Seasonal variations in our inventories, working capital requirements and cash flows, among other things, also increase the difficulty of our

financial forecasting and could adversely affect our ability to accurately predict financial results. For any given season, a substantial portion of our expenses is incurred in advance, and therefore fixed, due to the seasonality of demand for our products and the necessity of purchasing merchandise with significant lead times. As a result, we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in revenue. The materialization of any of these risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.41 The assumptions made in preparing our trend information included in this Prospectus may prove incorrect, incomplete or inaccurate.

Our trend information included in this Prospectus, which presents financial expectations with respect to NMV, reported revenue, Adjusted EBITDA (post IFRS 16) and capital expenditure reflect numerous assumptions made by our management. These assumptions relate to commercial expectations and other external factors, including political, legal, fiscal, market and economic conditions and applicable legislation, regulations and rules (including, but not limited to, accounting policies, accounting treatments, the interpretation of tax law and guidance by relevant authorities and the ability of the company to recover tax provisions) in our key geographic markets, the development of return rates, the ability of the Company to manage its capital expenditure requirements in line with historical performance and movements in foreign exchange rates, all of which are difficult to predict and many of which are beyond our control. As several expectations, including the expectations relating to NMV and revenue growth rates, are prepared on a constant currency basis using the foreign exchange rates published by the European Central Bank and OANDA Corporation on December 31, 2018, adverse exchange rate developments can have material impact on the ability of the Company to achieve its expectations. Accordingly, there is a risk that the assumptions made in preparing the financial targets could prove incorrect, incomplete or inaccurate and there may be differences between our actual and projected results, which could be material in nature and impact our share price. The inclusion of the financial expectations and strategic targets in this Prospectus should not be regarded as an indication that we or our management considered or consider such financial targets and outlook to be guaranteed reliable predictions of future events. Accordingly, investors are strongly urged not to place undue reliance on any of the statements set forth under "*24. Recent Developments and Trend Information*".

1.1.42 Our management team has limited experience managing a public company, and publicly-traded-company reporting and compliance requirements and the transition to the newly established two-tier governance structure could divert resources from the day-to-day management of our business.

Our management team has limited experience managing a publicly-traded company and complying with the increasingly complex laws pertaining to public companies. Our management team might not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under applicable laws and regulations. These new obligations will require substantial attention from our management team and could divert their attention away from the day-to-day management of our business.

As a public company, we will be subject to additional reporting and disclosure requirements. Compliance with these rules and regulations will increase our legal and financial compliance costs and may make some activities more difficult and time-consuming than they were previously. As a result, management's attention may be diverted from other business concerns and we may be required to hire additional employees or engage outside consultants to comply with these requirements, which would increase our costs and expenses.

In addition, the two-tier governance structure of the Company, consisting of a management board and a supervisory board, has been newly established with effect of the approval of this Prospectus. Previously, the Company has always been managed in a one-tier governance structure consisting only of one board of directors. The transition to the new governance structure may additionally divert attention of our management team away from the day-to-day management of our business and increase our costs and expenses.

Any of these developments, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.1.43 We conduct business and make investments into our operations in numerous countries with different currencies, and changes in foreign exchange rates could have a material adverse effect on our business, financial conditions, results of operations and prospects.

We operate on a global scale and our operations are carried out in numerous foreign currencies – including, among others, the Russian Ruble, the Brazilian Real, the Argentine Peso, the Indonesian Rupiah and the Australian Dollar – which exposes us to significant foreign currency exchange risks. Such risks stem from our geographic footprint and our investing activities outside the Eurozone and arise due to fluctuations or devaluations of currencies, inflation – including hyperinflation such as in Argentina – and foreign exchange controls or governmental measures that impact our ability to convert currencies and repatriate any dividends we might issue. Currency exchange risks and movements in foreign exchange rates between the euro and other currencies of our respective local markets may materially impact our results of operations due to translation effects. Adverse translation effects are caused by the translation of the financial results of our consolidated subsidiaries (which results are prepared in the respective local currencies) into euros (our reporting currency) in the course of preparing the Group's consolidated financial statements. Translation effects imply the risk that, although the operations of a subsidiary may develop favorably, the contribution of the relevant subsidiary to the Group's financial position may decrease due to a decrease in the value of the local currency compared to the euro.

Furthermore, currency fluctuations can also have a significant impact on our balance sheet and cash flow. For example, cash balances held by us are translated using the exchange rate as of the relevant balance sheet date and, accordingly, will be impacted by exchange rate fluctuations. Also, the value of future dividends, if any, that companies in our Group might upstream to the Company would be dependent on foreign exchange rates, if the dividend-paying company were to pay its dividend in a currency other than the euro.

We make significant investments outside the European Monetary Union (i.e., in countries that use a currency other than the euro). Many of the assets, liabilities, sales, expenses and earnings of these companies are not denominated in euros. Any investments we make in currencies other than the euro would be subject to exchange rate fluctuations. A decrease of the euro's value vis-à-vis the relevant currency of the intended investment would make the investment more expensive. In addition, since several of the companies in our Group have negative operating cash flows, in the event that any of them would need cash injections in a currency other than the euro, the amount needed for such a cash injection may increase if the value of the euro were to depreciate.

The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2 Regulatory, Legal and Tax Risks

1.2.1 We are subject to a variety of evolving laws and regulations governing e-commerce and cannot guarantee that our practices have complied or will comply fully with all such laws and regulations.

We are subject to a number of laws and regulations applicable to e-commerce or fashion, as well as laws and regulations of broader application that apply to our business and to public companies generally. These laws and regulations cover, among other things, taxation, tariffs, privacy and data protection, data security, anti-bribery, antitrust, pricing, content, copyrights, trademarks, distribution, mobile and other communications, advertising practices, electronic contracts, sales procedures, automatic subscription renewals, credit card processing procedures, consumer protections, the provision of online payment services, unencumbered internet access to our services, the design and operation of websites, and the characteristics and quality of goods and services that are offered online. Furthermore, as the internet continues to revolutionize commercial relationships on a global scale, and as the use of the internet and mobile devices in everyday life becomes more prevalent, these laws and regulations continue to evolve at a rapid pace and can differ, or be subject to differing interpretations, from jurisdiction to jurisdiction. Existing and future regulations and laws relating to the internet may impede the growth and availability of the internet and online services, inhibit our ability to grow our business, or adversely affect our business by increasing costs and administrative burdens.

We cannot guarantee that our practices have complied or will comply fully with all applicable laws and regulations. Any failure, actual or perceived, by us to comply with any of these laws or regulations could result in damage to our reputation and a loss of revenue, and any legal or enforcement action brought against us as a result of actual or alleged non-compliance could further damage our reputation and result in substantially increased legal expenses. In addition, various legislative and regulatory bodies, or self-regulatory organizations in the jurisdictions in which we operate, may extend the scope of current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection and consumer protection. Adverse

changes in laws or regulations applicable to us could cause us to incur substantial costs or require us to change our business practices, and could compromise our ability to pursue our growth strategy effectively. Any compliance failure may also give rise to civil liability, administrative orders (including injunctive relief), fines or even criminal charges.

The materialization of any of these risks, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.2 We are subject to data protection and privacy laws and regulations which have been continuously expanded in the recent past, are sanctioned with high fines and affect and may limit the way we operate our business.

A variety of local and international laws and regulations govern the collection, use, retention, sharing and security of consumer data, and these laws and regulations are rapidly changing. For example, Brazil has passed a new data protection law that becomes effective in February 2020. Similarly, Australia's government has committed to implementing new consumer data rights in early 2020. Data protection is a particularly sensitive and politically charged issue in these countries as well as in Europe and any actual or alleged failure by us to comply with applicable laws or regulations could have a significant adverse effect on our reputation and popularity with existing and potential customers.

Local and international governmental authorities continue to evaluate the privacy implications inherent in the use of cookies and other methods of online tracking for behavioral advertising and other purposes. Certain governments have enacted or are considering measures that could significantly restrict the ability of companies to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools. Additionally, some providers of consumer devices and web browsers have implemented, or have announced plans to implement, means to make it easier for internet users to prevent the placement of cookies or to block other tracking technologies, which, if widely adopted, could result in a significant reduction in the effectiveness of the use of cookies and other methods of online tracking. New laws, regulations, or developments in industry practice or consumer behavior might result in the loss of or substantial reduction in our ability to use such practices to effectively market our merchandise, or might adversely affect our ability to acquire new customers on cost-effective terms.

The materialization of any of such risks, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.3 Our current operations in 17 countries require compliance with numerous, complex and sometimes conflicting legal and regulatory requirements, which makes compliance more costly and challenging.

We currently operate in 17 countries in APAC, LATAM, and CIS. We are subject to various laws and regulations of these countries. Many of these laws and regulations are complex and difficult to interpret. Moreover, as we expand our international operations to target customers in additional countries, we will become subject to additional laws and regulatory regimes. The legal and regulatory frameworks governing our business and operations may become increasingly uncertain due to quickly changing laws, contradictory interpretation of laws and regulations, administrative bypassing of legal frameworks or a lack of market precedents upon which we can rely.

Our international business is subject to laws and regulations in many areas, including those governing product safety, local employment, privacy, data security, telecommunications, online content, intellectual property protection, corporate governance, foreign ownership and foreign investment, tax, finance, money laundering, online payment, anti-corruption and antitrust. These various laws and regulations often evolve and sometimes conflict with each other. Furthermore, operating in foreign jurisdictions entails an inherent risk of misinterpreting and wrongly implementing foreign laws and regulations. While we are not aware of any material breach by us of any applicable laws and regulations, we cannot rule out that we have not been in full compliance with these laws and regulations in the past.

International sanctions may negatively affect our operations. For example, there are rules restricting the supply of products into certain jurisdictions in Russia. Additionally, some of the tax systems in our countries of operations are very complex and there is no guarantee that the relevant tax authorities agree with the positions we have taken or the tax optimization structures and measures we have used to minimize legal risks, administrative burdens and tax rates. The application of foreign direct investment laws and regulations, license rules and similar rules and regulations is also often unclear. These laws and regulations are subject to multiple interpretations,

particularly by different courts, regulators and other players in the legal community, which may differ from the interpretations to which we have adhered. In other countries, changes in the political or legal climate may impact our use of local currency and local banking. Similarly, we are bound by extended waiting periods and complex and costly administrative approval processes and registration. We may also be faced with stamp tax obligations, limitations on the repatriation of dividends, if any, and other cross-border payments from our subsidiary loans or on the recovery of amounts withheld due to withholding taxes.

Furthermore, our local operations typically require governmental licenses and approvals, such as registration certificates for entities, tax identification numbers and the like at various degrees of complexity and costs and the authorities in our countries of operations may require us to obtain new and additional licenses, permits and approvals. There is no assurance that we will be able to obtain any required licenses, permits and approvals in a timely or cost-effective manner, or at all. In addition, authorities may revoke existing licenses, and we may not be made aware of or be able to appeal any such revocations in a timely manner, if at all.

As these laws continue to evolve and as we expand into new jurisdictions, our compliance efforts will become more complex and expensive and the risk of non-compliance will increase. Violations of applicable laws and regulations may harm our reputation and result in legal action, criminal and civil sanctions, or administrative fines and penalties against us or members of our governing bodies and our employees. Such violations may also result in damage claims by third parties or other adverse legal consequences, including class action lawsuits and enforcement actions by national and international regulators resulting in the limitation or prohibition of business operations. There is no guarantee that we can successfully manage or avoid any of the legal risks to which we are exposed, and non-compliance with the legal and regulatory frameworks that govern our operations, whether intentional or not, may have substantial consequences for our businesses, including causing us to cease our operations entirely.

The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.4 We are subject to customs and international trade laws that could require us to modify our current business practices and incur increased costs or could result in a delay in getting products through customs and port operations, which may limit our growth and cause us to suffer reputational damage.

Our business is conducted worldwide, with goods imported from and exported to a substantial number of countries. The vast majority of products sold through our apps and websites are sourced internationally. We are subject to numerous regulations, including customs and international trade laws, that govern the importation and sale of fashion and lifestyle products. Our customers in certain countries, such as Russia, are also subject to limitations and regulations governing the importation of goods. In addition, we face risks associated with trade protection laws, policies and measures and other regulatory requirements affecting trade and investment, including loss or modification of exemptions from taxes and tariffs, imposition of new tariffs and duties and import and export licensing requirements in the countries in which we operate. Our failure to comply with import or export rules and restrictions or to properly classify items under tariff regulations and pay the appropriate duties could expose us to fines and penalties. If these laws or regulations were to change, or if our management, employees, retailers or brand partners were to violate any of these laws, we could experience delays in shipments of our goods, be subject to fines or penalties, or suffer reputational harm, any of which could reduce demand for our services and negatively impact our results of operations.

Legal requirements are frequently changing and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effects on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

Our business depends on our ability to source and distribute products in a timely manner. As a result, we rely on the free flow of goods through open and operational ports worldwide. Labor disputes or other disruptions at ports create significant risks for our business, particularly if work slowdowns, lockouts, strikes or other disruptions occur. Any of these factors could result in reduced sales or canceled orders, which may limit our growth and damage our reputation and may have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.5 Legal, political and economic uncertainty surrounding the planned exit of the United Kingdom from the EU may cause instability in international markets, create substantial currency fluctuations, disrupt the global fashion supply chain and harm our business, financial condition, results of operations and prospects.

On June 23, 2016, the United Kingdom ("**UK**") held a referendum to determine whether it should leave the EU. The outcome of this referendum was that the UK would withdraw from the EU ("**Brexit**"). The UK formally notified the European Council of its intention to leave the EU on March 29, 2017 (the "**Notification Date**"). Under Article 50 of the 2009 Lisbon Treaty, the UK will cease to be an EU Member State if it successfully enters into a withdrawal agreement with the EU ("**Soft Brexit**"). A withdrawal agreement would govern the transitional period in which the UK exits the EU and provide the terms of the ongoing relationship between the parties. Article 50 also stipulates that, in the event the UK fails to enter into a withdrawal agreement before the second anniversary of the Notification Date, it would be required to leave the EU without a withdrawal agreement in place ("**Hard Brexit**") unless the European Council (together with the UK) unanimously determines to extend this deadline ("**Article 50 Date**").

In March 2018, the UK and the EU established a provisional withdrawal agreement. However, as of the date of this Prospectus, the UK House of Commons ("**House of Commons**") has failed to approve this agreement. The Article 50 Date was initially set for March 29, 2019. In the absence of a formal withdrawal agreement, the UK and the EU have agreed several times to extend the Article 50 Date. The most recent extension, granted by the European Council on April 11, 2019, allows for the House of Commons to ratify the withdrawal agreement by October 31, 2019. Any ratification of the withdrawal agreement by the House of Commons prior to October 31, 2019 will result in a Soft Brexit.

A substantial amount of legal, political and economic uncertainty surrounds the nature of the UK's continuing relationship with the EU, as well as application of EU laws and regulations in the UK, following an eventual Brexit. This uncertainty extends to, among other things, financial laws and regulations, data protection laws, trade agreements, tax laws and regulations and employment laws. This uncertainty could depress economic activity, increase costs and restrict access to capital in the UK. Additionally, given the size of the UK's economy and the importance of its economic relationship with the EU, the uncertainty surrounding the terms of an eventual Brexit may cause instability in international markets and create substantial currency fluctuations. All of our markets are outside of the UK and EU, however, as a significant portion of the global fashion trade runs through the UK, the uncertainty surrounding Brexit could disrupt our supply chain and harm our business, financial condition, results of operations and prospects.

The long-term effects of an eventual Brexit are unknown. They will largely depend on whether the UK and the EU are able to successfully ratify a withdrawal agreement and the transitional terms of such an agreement. As a withdrawal from the EU is unprecedented, it is unclear how an eventual Brexit will impact our operations. It is possible that the above risks would increase in the event of a Hard Brexit. It is also possible that we will continue to be exposed to such risks even after an eventual Brexit.

1.2.6 Product recalls, product liability claims and breaches of corporate social responsibility and ethical sourcing standards could harm our reputation and business.

There is a risk that the goods we sell may cause property damage or injury to our customers. While we believe that our operations comply in all material respects with all applicable product safety and consumer protection laws and regulations, the sale of defective products might result in product recalls, product liability claims and/or administrative fines or criminal charges against us or our management. Even if an event causing a product recall proves to be unfounded or if a product liability claim against us is unsuccessful, the negative publicity surrounding any assertion that products sold by us caused injury or damage, or any allegation that the goods sold by us were defective, could adversely affect our reputation with both existing and potential customers as well as our corporate and brand image. We also face risks associated with environmental, animal-rights and sustainability concerns. For example, any negative publicity campaigns concerning low-priced, short-lived fashion items may negatively affect our reputation or our sales. Similarly, negative publicity associated with the sale of fashion items manufactured using fur or other animal-sourced products may negatively affect our reputation or our sales.

We are further exposed to risks in relation to possible breaches of corporate social responsibility, including ethical sourcing, working conditions, child labor and responsible recruitment, which may harm our reputation and prospects. Particularly in connection with our private brands, if improper working conditions are found or alleged to exist at one or more of the factories in which the fashion and lifestyle products we sell are manufactured, or if there is a major injury or loss-of-life incident in such factories, we could face negative publicity that could damage our reputation and the perception of our regional brands, and we may be required to pay fines, face enhanced

scrutiny by regulators or be subjected to other adverse legal consequences. For example, companies in Southeast Asia have recently been dealing with increasing scrutiny regarding the employment of migrant workers. We also work with employment agencies that provide us with workers to fill open positions. We face the risk that these agencies may provide workers who do not have the necessary legal documentation. It is also possible that these agencies or other service providers may use illicit means to obtain such documentation. Further, while we conduct regular visits to factories, we cannot rule out that some of our partners violate labor laws. In cases where we become aware of material violations, we ask our partners to remedy the situation. If they fail to do so, we terminate our cooperation with the relevant partner. Any such termination may affect our operations and reputation. Deficiencies in the area of corporate social responsibility may also negatively affect our recruiting efforts or disrupt our business if a large number of workers were disqualified from employment for the lack of proper legal documentation.

The materialization of any of the foregoing risks, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.7 We use standardized sales, purchase and supply agreements as well as standardized terms and conditions, which increase the potential that all contract terms used therein may be invalid or unenforceable if any clause is held to be void.

We maintain legal relationships with a large number of sellers, brand partners and customers. In this context, we also use standardized documents, contracts and terms and conditions. If such documents, contracts or terms and conditions are found to contain provisions that are interpreted in a manner disadvantageous to us, or if any clauses are held to be void and thereby replaced by statutory provisions that are disadvantageous to us, a large number of our contractual relationships could be affected.

In addition, standardized terms and conditions must comply with the statutory laws on general terms and conditions in the various countries in which we currently operate, which means that in many countries such standardized terms and conditions are subject to intense scrutiny by the courts. We cannot guarantee that all standardized terms and conditions we use currently comply and will continue to comply with the relevant requirements. Even if terms and conditions are prepared with legal advice, it is impossible for us to guarantee that they are valid, given that changes may continue to occur in the laws applicable to such terms and conditions and/or their interpretation by the courts.

If clauses in our standardized documents, contracts or terms and conditions are found to be void, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.8 The inability to acquire, use or maintain our local trademarks and domain names for our sites could substantially harm our business, financial condition, results of operations and prospects.

We are the registrant of the Global Fashion Group trademark as well as the trademarks of our apps and websites (*THE ICONIC*, *ZALORA*, *dafiti* and *lamoda*) in numerous jurisdictions and have also registered internet domain names containing these brand names for our websites in those jurisdictions in which we are active. Additionally, we have registered many trademarks of our private labels in numerous jurisdictions. For several of these trademarks, we are party to special coexistence agreements for specific countries or situations. As we seek to register our trademarks in new jurisdictions, we may encounter opposition which may hinder our ability to continue to register our trademarks as desired. For example, we filed various applications to register our *ZALORA* trademarks in Malaysia in 2012 and 2014. In response to third-party trademark oppositions filed by the parent company of Zara Espana, S.A., we recently filed new trademark applications in Malaysia. Although we believe that we will succeed in registering our *ZALORA* trademarks in Malaysia, we are still awaiting approval of these applications by the Malaysian authorities.

We have also registered selected internet domain names for some of our proprietary brands and private labels. Domain names are generally regulated by internet regulatory bodies and are also subject to the trademark laws and other related laws of each country in which we operate. For any particular country, if we do not have, or cannot obtain or maintain on reasonable terms, the ability to use our trademarks or a major proprietary brand, or to use or register our domain name, we could be forced either to incur significant additional expenses to market our products within that country – including the development of a new brand and the creation of new promotional materials and packaging – or elect not to sell products in that country.

Furthermore, the regulations governing domain names and laws protecting marks and similar proprietary rights could change in ways that block or interfere with our ability to use relevant domains or our current brands.

In addition, we might not be able to prevent third parties from registering, using or retaining domain names that interfere with our consumer communications or infringe or otherwise decrease the value of our marks, domain names and other proprietary rights. Regulatory bodies may establish additional generic or country-code top-level domains or may allow modifications of the requirements for registering, holding or using domain names. As a result, we might not be able to register, use or maintain the domain names that utilize our brand names in all of the countries in which we currently conduct business or intend to conduct business in the future.

The materialization of any of such risks, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.9 We might be unable to adequately protect our intellectual property rights.

We believe our customer data, copyrights, trade secrets, proprietary technology and similar intellectual property are critical to our success, and we rely on trademark, copyright and trade secret protection, agreements and other methods with our employees and others to protect our proprietary rights. In addition, we have developed, and we anticipate that we will continue to develop, a substantial number of programs, processes and other know-how on a proprietary basis (but partly based on open source codes) that are of key importance to the successful functioning of our business. We might not be able to obtain effective intellectual property protection in every country in which we are active or in which such protection is relevant, and our efforts to protect our intellectual property could require the expenditure of significant financial, managerial and operational resources. Any of our intellectual property rights could be challenged or invalidated through administrative processes or litigation, and we cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or intellectual property rights.

We might be required to spend significant resources to monitor and protect our intellectual property rights. We may not be able to discover or determine the extent of any infringement, misappropriation or other violation of our intellectual property rights and other proprietary rights. We may initiate claims or litigation against others for infringement, misappropriation or violation of our intellectual property rights or proprietary rights or to establish the validity of such rights. Despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights and other proprietary rights. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel.

The materialization of any of such risks, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.10 Third parties might accuse us of infringing upon their intellectual property rights.

The e-commerce industry, as well as the fashion industry in general, is characterized by vigorous protection for and pursuit of intellectual property rights. We might be subject to litigation and disputes related to our intellectual property rights and technology in the future, as well as disputes related to intellectual property and product offerings of third-party suppliers featured by us. The costs of defending against such actions can be high, and there is no guarantee that such defenses will be successful. In addition, as our business expands and the number of competitors in our market increases, infringement claims against us could increase in number and significance.

Legal claims regarding intellectual property rights are subject to inherent uncertainties due to the complex issues involved, and we cannot be certain that we will be successful in defending ourselves against such claims. Many potential litigants have the ability to dedicate substantially greater resources than we do to the enforcement of intellectual property rights and defense of claims that may be brought against them. If successful, a claimant could secure a judgment against us for substantial damages or prevent us from conducting our business as we have historically done so or may desire to do so in the future. We could also be required to seek additional licenses or pay royalties for the use of the intellectual property we need to conduct our business, which might not be available on commercially acceptable terms or at all. Alternatively, we may be forced to develop non-infringing technology or intellectual property on a proprietary basis, which could be expensive and/or unsuccessful.

We have received in the past, and we anticipate receiving in the future, communications alleging that certain items posted on, or sold through, our sites violate third-party copyrights, marks and trade names or other intellectual property rights or other proprietary rights. Brand and content owners and other proprietary rights owners have actively asserted their purported rights against online companies, including Global Fashion Group. In addition to litigation from rights owners, we may be subject to regulatory, civil or criminal proceedings and

penalties if governmental authorities believe we have aided and abetted in the sale of counterfeit or other unlawful products. Such claims, whether or not meritorious, could result in significant additional expenses and redirect management attention.

The materialization of any of the above risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.11 The use of open source software could increase our risk that hackers could gain unauthorized access to our systems, and we could be subject to litigation if third parties challenge our rights to use such software on an exclusive basis.

Some of our software and systems contain open source software, which may pose certain risks. The licenses applicable to open source software typically require that the source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. Although we do not intend to use or modify open source software without holding the necessary licenses, we could, however, face claims from third parties alleging the infringement of their intellectual property rights, or demanding the release or license of the open source software or derivative works developed by us using such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation, require us to purchase a license, publicly release the affected portions of our source code, limit the licensing of our technologies or cease offering the implicated solutions.

In addition, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide contractual protections with respect to the software. Also, the licensors are not obliged to maintain their software or provide any support. There is a certain risk that the authors of the open source software cease updating and attending to the software. Engineering the software updates by ourselves could be expensive and time-consuming. The use of open source software can also present additional security risks because the source code for open source software is publicly available, which could make it easier for hackers and other third parties to determine how to breach our sites and systems that rely on open source software.

The materialization of any of such risks, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.12 We may be subject to antitrust and similar investigations due to the strong market positions in some of our current markets and may be found in violation of applicable antitrust laws, in which case(s) we might be subject to fines and follow-on claims for damages in relation to alleged or actual anti-competitive behavior.

We have strong positions in all of our markets. Accordingly, there is a heightened risk that actions we take may be scrutinized under antitrust law. We might become the subject of investigations by competition authorities and might be exposed to fines imposed by such authorities and follow-on claims for damages raised against us by third parties. The amount of any such fines and follow-on claims for damages could be substantial. We train our employees and monitor our compliance with competition laws on a regular basis. However, future investigations could reveal actual or potential non-compliance with competition laws. In addition, alleged or actual anti-competitive behavior might seriously disrupt business relationships with business partners. The materialization of any of these risks relating to our alleged or actual anti-competitive behavior, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.13 Adverse judgments or settlements resulting from legal proceedings could expose us to monetary damages and limit our ability to operate our business.

We may become involved from time to time in private actions, investigations and various other legal proceedings by employees, suppliers, competitors, government agencies, shareholders or others. For example, we may face allegations by shareholders, current or former employees or supporters that they were promised shares or options in the Company or its affiliates or that they did not receive an appropriate amount of real or virtual stock options or shares in the course of our reorganization measures, divestment of various subsidiaries or other corporate measures, such as the measures taken concerning our convertible preference shares. Such measures may be challenged by the respective claimants. Similarly, we may be faced with claims by employees who hold awards under past long-term incentive plans as the value of such awards, which was based on the performance of the relevant local entity in the past, will now be determined by the performance of the Group following the roll-up.

Additionally, we may be faced with claims arising from representations and warranties made in connection with past and future M&A transactions.

The results of any such litigation, investigations and other legal proceedings are inherently unpredictable. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, cause negative publicity, damage our reputation, require significant amounts of management time and divert significant resources. If any of these legal proceedings were to be determined adversely to us, or if we were to enter into a settlement arrangement, we could be exposed to monetary damages or limits on our ability to operate our business, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.14 The control and prevention mechanisms of our compliance structure might not be sufficient to adequately protect us from all legal or financial risks.

To protect our Group against legal risks and other potential harm, we established several Group-wide compliance programs including a code of business conduct and ethics, an anti-corruption and anti-bribery program, global health and safety guidelines, a policy on responsible recruitment and employment of migrant workers and a code of conduct for business partners. These codes, guidelines and policies and the oversight of our internal compliance and legal departments might not be sufficient to prevent all unauthorized practices, legal infringements, corruption and fraud – in particular in purchasing practices – or other adverse consequences of non-compliance within our organization or by or on behalf of our employees. Any compliance failure could harm our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.15 We do business in certain countries where corruption, extortion and money laundering are considered to be common, and we are exposed to the risk of violation of anti-corruption and anti-money laundering laws and regulations.

Anti-corruption laws and regulations in force in many countries generally prohibit companies from making direct or indirect payments to civil servants, public officials or members of governments for the purpose of entering into or maintaining business relationships. We conduct business in, and may expand our business to, certain countries where corruption and extortion are considered to be widespread, and we may be required to obtain approvals from or to comply with certain formalities or other obligations of public officials. As a result, we are exposed to the risk that our employees, agents or other authorized persons could make payments or grant hidden benefits in violation of anti-corruption laws and regulations, especially in response to demands or attempts at extortion. In addition, our current internal controls, prevention (such as our Group-wide anti-corruption and anti-bribery related policies) and training programs may prove to be insufficient. Our employees, agents or authorized persons may have been or could be engaged in activities for which we could be held liable.

Money laundering is the process of concealing illicit gains that were generated from criminal activity or from other non-official sources, such as tax evasion. We cannot rule out that some of the counterparties in our network are engaged in money laundering activities and that we may be held liable for aiding and abetting their illegal activities.

Some laws and regulations promulgated against corruption and money laundering may require us to implement certain controls, procedures and internal regulations in order to ensure that the operations of a given entity do not involve corruption, illegal payments, extortion or money-laundering. Although we engage in know-your-customer activities, the great diversity and complexity of these local laws and regulations and the expansive nature of the business conducted by us in various countries and markets create a risk that we may be deemed liable for violations of local laws and regulations. Any violation or breach of these laws and regulations could affect our overall reputation and, depending on the case, expose us to administrative or judicial proceedings, which could result in criminal and civil judgments, including a possible prohibition on maintaining business relationships with suppliers, fashion or lifestyle brands or customers in certain countries.

The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.16 Our business is subject to the general tax environments in the countries in which we currently operate, and any changes to these tax environments may increase our tax burden.

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. For example, Malaysia's Goods and Services Tax was repealed and replaced with a new Sales and Services Tax in 2018. We expect this change will increase our tax burden in Malaysia and make compliance more complex.

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. For example, in a number of countries, tax authorities seek to characterize income from the provision of services as royalties under their domestic legislation and/or tax treaties, which would lead to the imposition of withholding tax and may significantly increase our tax burden. Our ability to use tax loss carryforwards and other favorable tax provisions depends on national tax laws and their interpretation in these countries. In some of the countries in which we currently operate, tax authorities may also use the tax system to advance their agenda and may exercise their discretion in ways that may be perceived as selective or arbitrary, or in a manner that could be seen as being influenced by political or commercial considerations. Accordingly, we may face unfounded tax claims in such countries. For example, we were recently improperly assessed local taxes (PIS/COFINS) payable on *dafiti*'s gross revenue in Brazil. We successfully appealed for the refund of these taxes, and repayment is expected to take place over the next twelve months.

Moreover, legislators and tax authorities may change territoriality rules or their interpretation for the application of value-added tax ("**VAT**") on cross-border services, 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. Therefore, it cannot be ruled out that certain of our companies may not fully comply, or, as the case may be, may have not fully complied with applicable VAT regulations throughout all phases of their development.

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. However, if the relevant authorities were to prevail in their views regarding the various portions of tax law in dispute, we may be subject to a combined tax of up to €17.8 million. For example, in Russia our balance sheet reflects a VAT receivable arising from input tax incurred on goods acquired for exporting, acquisition of tangible and intangible assets, leasing, services (e.g. marketing) and customs duties payments. Although we intend to submit a one-off reclaim of input tax with the Russian tax authorities later in 2019, they may partially or fully reject our claim. Any partial or full rejection of the claim by the Russian tax authorities would result in a write-off of the corresponding VAT receivable.

In Germany, German authorities challenged the status of some of the Group's German partnerships as entrepreneurs. A loss of such entrepreneur status would have resulted in substantial additional VAT assessments. We reached an understanding with the German tax authorities according to which the German partnerships in question are regarded as entrepreneurs provided certain conditions are met. We are, however, in ongoing discussions with the German authorities regarding corporate income tax treatment of services rendered by these partnerships. While we believe the position of the German tax authorities is without merit, should the German authorities prevail, we may be required to pay additional corporate income taxes in a single- to very low double-digit euro million amount. The German tax authorities have also questioned the tax status of the Trustees (see *"16.5.1 GFG Trust Arrangements"*). While we believe we have strong grounds to defend this claim, should the German authorities prevail, additional tax leakage could arise if the Group decides to simplify the Group structure and eliminate the Trustee arrangements.

Taxes actually assessed in future tax audits for periods not yet covered by this last tax audit may exceed the taxes already paid by us. As a result, we may be required to make significant additional tax payments with respect to previous periods. Furthermore, the competent tax authorities could revise their original tax assessments (for example, with respect to the recognition of invoiced value added taxes). Any tax assessments that deviate from our expectations could lead to an increase in our tax burden. In addition, we may be required to pay interest on these additional taxes as well as late filing penalties. Changes in tax treatment of companies engaged in e-commerce in the jurisdictions in which we operate could adversely affect the commercial use of our sites and our financial results.

Due to the global nature of the internet, it is possible that countries might attempt to impose additional or new regulation on our business or levy additional or new sales, income or other taxes relating to our activities. Tax authorities worldwide are currently reviewing the appropriate treatment of companies engaged in e-commerce. New or revised tax regulations may subject us or our customers to additional sales, income and other taxes. For example, the government of the United Kingdom has announced the introduction of a new "Digital Services Tax" in April 2020.

We cannot predict the effect of current attempts to impose sales, income or other taxes on e-commerce. New or revised taxes – in particular, sales taxes, VAT and similar taxes – would likely increase the cost of doing business online and decrease the attractiveness of advertising and selling products over the internet. New taxes could also lead to significant increases in internal costs necessary to capture data and collect and remit taxes. Additionally, we may determine to simplify the Group structure in the future, and there is a risk that any such restructuring could attract additional tax scrutiny or result in unexpected or expected tax leakage despite our best efforts to avoid such negative tax consequences.

Any of these events occurring could, alone or in combination, have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.17 We effect numerous transactions within our Group every day. We may be required to pay additional taxes if our intra-group transfer prices are found not to be at arm's length or are not covered by sufficient documentation.

Numerous transactions take place every day within our companies. These relate to the transfer of services, shares, intellectual property, products and other goods from and between the entities in our Group, our affiliates and other entities, in which the Company holds a stake (hereinafter referred to as an "**Intra-Group Transfer**"). Past and current Intra-Group Transfer prices could be deemed not to be at arm's length. For example, any intra-group reorganization to simplify the group structure, including any arrangements relating to the Roll-Up, could be challenged from a transfer pricing and capital gains tax perspective.

A large number of these intra-group services are typically not offered to third parties, and some of them, such as transfers of internet domains, intellectual property, customer data and operating businesses, are subject to significant uncertainties surrounding valuation. Accordingly, it may become difficult for the Company to mitigate Intra-Group Transfer price risks by documenting the prices, particularly paid in comparable transactions by or with independent third-parties. Moreover, the preparation of customary transfer-price documentation may be delayed due to the need to hire an external tax advisory team with sufficient resources to prepare such transfer price documentation for the Company. Further, given the fast-paced nature of our operations, many of our agreements with respect to Intra-Group Transfers were drafted in a general, sometimes imprecise manner and may therefore be deemed not to cover the services actually rendered. If tax authorities find charges not to be at arm's length, or if no sufficient documentation for the provision of intra-group services can be established, the amount of tax losses recognized and/or the amount of VAT deducted by Group companies may potentially have to be adjusted and penalties as well as a reduction of current tax losses or tax loss carryforwards could result and increase our tax burden. In addition, the transfer-pricing documentation required by the local tax authorities could be deemed as insufficient. Also, certain of our Group companies may not have levied withholding taxes on certain of the intra-group services or intra-group payments, including cross-border royalty payments. In such a case, we may face withholding tax surcharges or penalties. The constant restructuring efforts in our Group may result in further fines or penalties.

The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.18 We may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences for U.S. holders of Offer Shares.

The Company will be classified as a passive foreign investment company (a "**PFIC**") for any taxable year if either: (a) at least 75% of its gross income is "passive income" for purposes of the PFIC rules or (b) at least 50% of the value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. Based on the current operating structure of the Group, the anticipated market price of our shares and the current and anticipated composition of the income, assets and operations of the Group, we do not expect the Company to be treated as a PFIC for the current taxable year or in the foreseeable future. However, this conclusion is dependent on the application of complex U.S. federal income tax rules that are subject to differing interpretations. In addition, this is a factual determination that depends on,

among other things, the operating structure of the Company, the composition of the income and assets, and the market value of the shares and assets, of the Company and its subsidiaries from time to time, and the determination can only be made annually after the close of each taxable year. There can therefore be no assurance that the Company will not be classified as a PFIC for the current taxable year or for any future taxable year, and there is a risk that the Company could, in fact, be classified as a PFIC at any time in the future. If the Company is considered a PFIC at any time that a U.S. holder holds shares, certain adverse U.S. federal income tax consequences could apply to such U.S. holder.

1.3 Risks Related to Our Shares and the Offering

1.3.1 Following the successful completion of this offering, the existing shareholders of the Company will retain a significant interest in the Company and the interests of the existing shareholders may conflict with those of the Company and its other shareholders.

Following the successful completion of this offering, the Company's existing direct or indirect shareholders, including Kinnevik AB and Rocket Internet SE, will continue to own approximately 75.6% of the outstanding share capital of the Company (excluding treasury shares and assuming full exercise of the greenshoe option granted in the course of this initial public offering). The interests of the Company's existing shareholders may be different from the Company's interests or those of other shareholders. The remaining stake of the Company's existing shareholders may have the effect of making certain transactions more difficult or impossible without the support of the Company's existing shareholders, and may have the effect of delaying, postponing or preventing certain major corporate actions, including a change of control in the Company, and could thus prevent mergers, consolidations, acquisitions or other forms of combination that might be advantageous for investors.

The materialization of any of the Company's existing shareholders' interests that are in conflict with those of the other shareholders may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

1.3.2 We do not expect to pay any dividends in the foreseeable future.

We have not paid any dividends to our shareholders so far and currently do not expect to be in a position to, nor do we intend to, pay dividends in the foreseeable future. Our ability to pay dividends depends upon, among other things, our results of operations, financing and investment requirements, as well as the availability of distributable profit. Certain reserves must be established by law and have to be deducted when calculating the distributable profit. In addition, debt financing arrangements, which may be entered into in the future may contain covenants that impose restrictions on our business and on our ability to pay dividends under certain circumstances. Also, we had a negative cash flow from operating activities and there can be no assurance that we will be in a position to generate cash inflows from our future operations. Any of these factors, individually or in combination, could restrict our ability to pay dividends.

1.3.3 The Company is a holding company with no direct cash generating operations and relies on operating subsidiaries and external funding to provide it with funds necessary to meet its financial obligations.

The Company is a holding company with no material, direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Company is dependent on loans, dividends and other payments from these subsidiaries as well as external funding to generate the funds necessary to meet its financial obligations, including the payment of dividends. The ability of the Company's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to contractual or statutory limitations or the legal requirement of having distributable profit or distributable reserves. As an equity investor in its subsidiaries, the Company's right to receive assets upon their liquidation or reorganization will be effectively subordinated to the claims of their creditors. To the extent that the Company is recognized as a creditor of subsidiaries, the Company's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other (lease) obligations that are senior to the Company's claims.

1.3.4 Our shares have not previously been publicly traded, and there is no guarantee that an active and liquid market for our shares will develop.

Prior to this offering, there has been no public trading market for our shares. The price per share placed in this offering (the **"Offer Price"**) is being determined by way of a bookbuilding process. There is no guarantee that this Offer Price will correspond to the price at which the Company's shares will be traded on the stock

exchange after this offering or that, following the listing, an active trading in our shares will develop or be maintained. The failure to develop or maintain an active trading may affect the liquidity of our shares and we cannot ensure that the market price of our shares will not decline below the Offer Price. Consequently, investors may not be in a position to sell their shares in the Company quickly or at or above the Offer Price.

1.3.5 Our share price could fluctuate significantly, and investors could lose all or part of their investment.

Following this offering, our share price will be affected primarily by the supply and demand for our shares and could fluctuate significantly in response to numerous factors, many of which are beyond our control, including, but not limited to, fluctuations in actual or projected results of operations, changes in projected earnings or failure to meet securities analysts' earnings expectations, the absence of analyst coverage on our company, changes in trading volumes in our shares, changes in macroeconomic conditions, the activities of competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception in our Company or our industry, changes in the statutory framework in which we operate and other factors, and can therefore be subject to substantial fluctuations. In addition, general market conditions and fluctuations of share prices and trading volumes generally could lead to pricing pressures on our shares, even though there may not be a reason for this based on our business performance or earnings outlook. In particular, public perception of the Company as an internet, e-commerce or technology company could result in our share price moving in line with the prices of other shares in companies of this nature, which have traditionally tended to be more volatile than the share prices of companies operating in other industries.

If our share price or the trading volume in our shares decline as a result of the materialization of any or all of these events, investors could lose part or all of their investment in our shares.

1.3.6 Future offerings of debt or equity securities by us could adversely affect the market price of our shares, and future capitalization measures could substantially dilute the interests of our existing shareholders.

We may require additional capital in the future to finance our business operations and growth. We may seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities. An issuance of additional equity securities or securities containing a right to convert into equity, such as convertible debentures and option debentures, could potentially reduce the market price of our shares and would dilute the economic and voting rights of our existing shareholders if made without granting subscription rights to our existing shareholders. As the timing and nature of any future offering would depend on market conditions at the time of such an offering, we cannot predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued shares of the Company, as well as the exercise of stock options by our employees in the context of the existing and possible future stock option programs or the issuance of the Company's shares to employees in the context of possible future employee stock participation programs, could lead to a dilution of the economic and voting rights of our existing shareholders.

Our shareholders thus bear the risk that such future offerings could reduce the market price of our shares and/or dilute their shareholdings.

1.3.7 Future sales by our existing shareholders could depress the price of our shares.

Sales of a substantial number of our shares in the public market following the successful completion of this offering, or the perception that such sales might occur, could depress the market price of our shares and could impair our ability to raise capital through the sale of additional equity securities. If, for example, our existing shareholders or one or more other shareholders of the Company effect a sale or sales of a substantial number of our shares in the stock market, or if the market believes that such sales might take place, the market price of our shares could decline. Our existing shareholders have agreed not to sell any shares during the first 180 days following the initial public offering ("**IPO**") and to sell no more than 20% of their aggregate pre-IPO shareholdings until the end of twelve months following this offering. Once the lock-up ends, the likelihood that existing shareholders may sell their shares will increase. Additionally, speculation around such sales could negatively affect the stock price of our shares around the lock-up end date.

1.3.8 The Company may invest or spend the proceeds of this offering in ways with which shareholders may not agree or in ways which may not yield a return on or enhance the price of the shares.

The Company may decide to use the net proceeds the Company receives from the offering differently from its intention as of the date of this Prospectus. The Company's management will have considerable discretion in

the application of the net proceeds, and shareholders will not have the opportunity, as part of their investment decision, to assess whether the proceeds are being used appropriately. At the low end, mid-point and high end of the price range of €6.00 to €8.00 and assuming that the maximum number of new shares of the Company (42,900,000 shares) is placed and assuming further that the greenshoe option granted in the course of this offering is not exercised, the Company will, at the low end, mid-point and high end of the price range, receive net proceeds of approximately €244.2 million, €285.8 million and €327.4 million, respectively. Any failure to use the net proceeds from this offering effectively could have a material adverse effect on the Company's or its affiliated companies' business, financial condition, results of operations and prospects.

1.3.9 An investment in the Company's shares by an investor whose principal currency is not the Euro may be affected by exchange rate fluctuations.

The Company's shares are, and any dividends to be paid in respect of them will be, denominated in Euro. An investment in the Company's shares by an investor whose principal currency is not the Euro exposes the investor to foreign currency exchange rate risk. Any depreciation of the Euro in relation to an investor's principal currency will reduce the value of the investment in the Company's shares or any dividends in relation to such currency.

1.3.10 Our historical earnings and other historical financial data are not necessarily predictive of our earnings or our other key financial figures going forward.

The financial information discussed in this Prospectus and the financial statements of the Company printed in the financial section of this Prospectus relate to our past performance. Our future development could deviate significantly from past results due to a large number of internal and external factors including, without limitation, our recent refinancing. Our historical earnings and other historical financial data are, therefore, not necessarily predictive of our earnings or other key financial figures going forward. There can be no assurance that a liquid trading market for the shares will develop after this offering, or that a liquid trading market can be maintained. The present price of our shares may not be indicative of the price prevailing after completion of this offering. After completion of this offering, the majority of the shares will still be held by the existing shareholders and only a minor portion will be traded on the stock exchanges. Even though the Company intends to also apply for admission of the shares to the regulated markets of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), there can be no guarantee that, after completion of this offering and following the listing on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), a liquid trading in our shares will develop and become established, or the existing market will not become less liquid. Investors might be unable to sell their shares quickly or at the market price if there is no active trading in our shares.

1.3.11 As a result of the public offering, we will face additional administrative requirements, including the obligation to issue quarterly financial information as well as half-year financial statements and management reports for the first time.

Following this offering, we will for the first time be subject to the legal requirements for a Luxembourg stock corporation listed on the Prime Standard sub-segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Being a foreign company listed on a German stock exchange may cause additional administrative requirements compared to a domestic stock corporation, if the Luxembourg and German laws establish such requirements based on different links to the Company (place of incorporation and/or listing place). However, such requirements include, among others, quarterly financial reporting and other public disclosures of information (including those required by the stock exchange listing authorities for companies listed in the Prime Standard sub-segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)), regular calls with securities and industry analysts and other required disclosures. The Group's accounting, controlling, legal or other corporate administrative functions may not be capable of responding to these additional requirements without difficulties and inefficiencies that may cause the Group to incur significant additional expenditures and/or expose it to legal, regulatory or civil costs or penalties. Furthermore, the preparation, convening and conduct of general shareholders' meetings and the Company's regular communications with shareholders and potential investors will require significant expenditures. Our management will need to devote time to these additional requirements that it could otherwise devote to other aspects of managing the operations of the Group, and these additional requirements could also substantially increase time commitments and costs for the accounting, controlling and legal departments and other Group administrative functions.

Any inability to manage the additional demands placed on us in the process of becoming a Luxembourg company with shares listed in the Prime Standard sub-segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), as well as any costs resulting therefrom, may have a material adverse effect on our business, financial condition, results of operations and prospects.

1.3.12 The rights of shareholders in a Luxembourg company may differ from the rights of shareholders in companies organized under the laws of other jurisdictions.

The Company is organized under the laws of Luxembourg. The rights of shareholders in a Luxembourg company are based on its articles of association and applicable laws and regulations and may differ from the rights of shareholders of companies organized under the laws of other jurisdictions. As such, it may be difficult or impossible to enforce rights against the Company that may be common in other jurisdictions.

1.3.13 After completion of this offering, the Company intends to review converting into a European company (Societas Europaea) incorporated in an alternative jurisdiction, which could fail and could have adverse effects on shareholder rights.

The Company intends to review converting into a European company (*Societas Europaea*) incorporated in an alternative jurisdiction (subject to accounting, legal and tax implications), following the IPO. If this conversion is successfully implemented, the shareholders of the Company will become shareholders of a European company (*Societas Europaea*) whose rights may differ in some respects from the rights of shareholders of stock corporations organized in Luxembourg and other jurisdictions. There is also a risk that such cross-border conversion, for which no explicit rules exist under applicable law, may be subject to challenge.

2. GENERAL INFORMATION

2.1 Responsibility Statement

Global Fashion Group S.A., a public limited liability company (*société anonyme*) incorporated and existing under the laws of Luxembourg, with its registered office at 5, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg ("**Luxembourg**"), and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 190907 (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**", "**Global Fashion Group**", "**GFG**", "**we**", "**us**", "**our**" or "**ourselves")**, assumes responsibility for the content of this prospectus (the "**Prospectus**") pursuant to Article 9 of the Luxembourg Prospectus Law and declares that the information contained in this Prospectus is, to the best of its knowledge, correct and contains no material omissions, and that it has taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of its knowledge, correct and contains no material omission likely to affect its import.

Goldman Sachs International, London, United Kingdom, Morgan Stanley & Co. International plc, London, United Kingdom and Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany (together the "**Joint Global Coordinators**") as well as HSBC Trinkaus & Burkhardt AG, Dusseldorf, Germany (a "**Joint Bookrunner**" and, together with the Joint Global Coordinators, the "**Joint Bookrunners**" or the "**Underwriters**") make no representation or warranty as to the accuracy or completeness of the information contained in the Prospectus.

2.2 Purpose of this Prospectus

This Prospectus relates to the offering of up to 49,335,000 of the Company's common shares in dematerialized form, each such share representing a nominal value of €0.01 and with full dividend rights from January 1, 2019 (the "**Offering**"), consisting of:

- up to 42,900,000 newly issued common shares in dematerialized form from a capital increase against contributions in cash from the Company's authorized capital (the "**IPO Capital Increase**") expected to be resolved by the management board of the Company (the "**Management Board**") on or about June 25, 2019 (the "**New Shares**"); and
- up to 6,435,000 existing common shares in dematerialized form from the holdings of Kinnevik Internet Lux S.à r.l. (the "**Lending Shareholder**") in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the New Shares, the "**Offer Shares**").

For the purpose of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), this Prospectus relates to up to 42,900,000 New Shares, up to 20,267,821 common shares to be issued in the Share Redistribution (as defined under "*3.4.1 Share Capital of the Company*") and up to 152,689,989 of the Company's existing common shares (assuming conversion of all redeemable convertible preference shares into common shares at a 1:1 ratio immediately following pricing of the Offering) with a nominal value of €0.01 and to the extent existing in dematerialized form on the date of the admission to trading.

The Company is in the process of changing the form of its existing registered shares to shares in dematerialized form (see "*3.4.4 Form, Certification of the Shares and Currency of the Securities Issue*"). Only common shares existing in dematerialized form on the date of admission to trading, which includes all Offer Shares and all new common shares issued in the Share Redistribution, will be admitted to trading based on this Prospectus pursuant to Section 7 para. 1 sent. 2 alt. 2 of the German Stock Exchange Admission Ordinance (*Börsenzulassungsverordnung*). Existing registered shares, which will not have been converted into dematerialized form on the date of admission to trading, will be subject to a separate admission process, because they are held outside the clearing system. The fact that only common shares in dematerialized form will be admitted to trading is not expected to result in any disadvantages for investors purchasing common shares of the Company in this Offering. All Offer Shares placed with investors in the Offering will be in dematerialized form.

2.3 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on our future earnings capacity, plans and expectations regarding our business growth and profitability, and the general economic conditions to which we

are exposed. Statements made using words such as “predicts”, “forecasts”, “projects”, “plans”, “intends”, “endeavors”, “expects” or “targets” indicate forward-looking statements.

The forward-looking statements contained in this Prospectus are subject to opportunities, risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company’s present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause our actual results, including our financial condition and profitability, to differ materially from those expressed or implied in the forward-looking statements. These expressions can be found in various sections of this Prospectus, including wherever information is contained in this Prospectus regarding our plans, intentions, beliefs, or current expectations relating to our future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, investments and capital expenditure requirements, future growth in demand for our products as well as the economic and regulatory environment to which we are subject.

Future events mentioned in this Prospectus may not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party sources could prove to be inaccurate (for further information on the third-party sources used in this Prospectus, see “*2.14 Sources of Market Data*”). Actual results, performance or events may turn out to be better or worse compared to the results, performance and events described in the forward-looking statements, in particular due to:

- changes in general economic conditions in the markets in which we operate, including political changes, changes in the unemployment rate, the level of consumer prices and wage levels;
- user behavior on mobile devices and our ability to attract mobile internet traffic and convert such traffic into orders for our products;
- changes in user tastes and/or preferences with respect to online fashion offerings;
- our ability to offer our customers an inspirational and attractive online experience;
- the stability of our global supplier base and our ability to manage the timely and efficient delivery of our products;
- changes in prices when sourcing our products and the resulting increase or decrease of our gross profit margin;
- our ability to manage our continued growth and to expand our capabilities to meet the growing demands and challenges associated therewith;
- our ability to realize economies of scale and increase our profitability by expanding our market position;
- demographic changes in our countries of operations, in particular the aging of millennials (i.e., people born after the early 1980s);
- fluctuations in interest and currency exchange rates for currencies in which we source and/or sell our products;
- inflation, which causes real growth rates to deviate from nominal growth rates shown in this Prospectus;
- changes in the competitive environment and in the level of competition;
- our ability to comply with applicable laws and regulations, in particular if such laws and regulations change, are abolished and/or new laws and regulations are introduced;
- our ability to maintain and enhance our reputation and brands;
- our ability to operate our IT systems free from interruptions;
- the occurrence of accidents, natural disasters, fires, environmental damages or systemic delivery failures; and
- our ability to attract and retain qualified personnel.

Moreover, it should be noted that all forward-looking statements only speak as of the date of this Prospectus and that neither the Company nor any of the Underwriters assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

The section "*1. Risk Factors*" contains a detailed description of various risks applicable to our business, operations and financial position, our regulatory, legal and tax environment, the Company's shareholder structure, its shares and the Offering and the factors that could adversely affect the actual outcome of the matters described in the Company's forward-looking statements.

2.4 Sources of Market Data

Unless otherwise specified, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which we operate are based on the Company's assessments. These assessments, in turn, are based in part on internal observations of the markets and on various market studies.

The following sources were used in the preparation of this Prospectus:

- Euromonitor International Ltd. ("**Euromonitor**"), Apparel and Footwear 2019 edition, retail value based on retail sales price including sales tax, based on current prices and fixed 2017 exchange rates, accessed in April 2019 ("**Euromonitor Apparel and Footwear 2019**");
- Euromonitor, Beauty and Personal Care 2018 edition, retail value based on retail sales price including sales tax, based on current prices and fixed 2017 exchange rates, accessed in April 2019 ("**Euromonitor Beauty and Personal Care 2018**");
- Euromonitor, Consumer Appliances 2019 edition, accessed in April 2019 ("**Euromonitor Consumer Appliances 2019**");
- Euromonitor, Consumer Electronics 2019 edition, accessed in April 2019 ("**Euromonitor Consumer Electronics 2019**").
- Euromonitor, Economies and Consumers, accessed in April 2019 ("**Euromonitor Economies and Consumers**");
- Euromonitor, Retailing 2019 edition, retail value based on retail sales price including sales tax, based on current prices and fixed 2018 exchange rates, accessed in April 2019 ("**Euromonitor Retailing 2019**").
- Euromonitor, Personal Accessories and Eyewear 2019 edition, retail value based on retail sales price including sales tax, based on current prices and fixed 2017 exchange rates, accessed in April 2019 ("**Euromonitor Personal Accessories and Eyewear 2019**");
- NPSBenchmarks.com, net promoter score, accessed in April 2019 ("**NPSBenchmarks.com**");
- PlanetRetail RNG, Edge by Ascential, www.planetretail.net, accessed in April 2019 ("**PlanetRetail**"); and
- Informa PLC Limited, world cellular information service, www.ovum.informa.com, accessed in April 2019 ("**WCIS**").

Any websites referred to in this Prospectus are for information purposes only and do not form part of the Prospectus.

Our leading market positions are based on GFG calculations from Euromonitor Retailing 2019 data. Ranking positions are based on Euromonitor estimates of online sales of apparel and footwear products in researched GFG countries in 2018. These ranking calculations only include specialist fashion and lifestyle apparel and footwear online retailers. General merchandisers and specialist sportswear online retailers are excluded.

- Our ranking for APAC is based on the following countries: Australia, New Zealand, Hong Kong, Indonesia, the Philippines, Malaysia, Singapore, Taiwan and Brunei.
- Our ranking for LATAM is based on the following countries: Brazil, Argentina, Chile and Colombia.
- Our ranking for CIS is based on the following countries: Russia, Belarus, Kazakhstan and Ukraine. Ranking calculations only include specialist fashion and lifestyle apparel and footwear online retailers.

References to Western Europe in this Prospectus refer to the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

It should be noted, in particular, that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the aforementioned sources. The Company has accurately reproduced such information and, to the extent it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party studies has been included in this Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action whatsoever with respect to shares in the Company. Research from Euromonitor should not be relied upon in making, or refraining from making, any investment decision.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Joint Bookrunners (see "*2.1 Responsibility Statement*"), neither the Company nor the Joint Bookrunners have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and the Joint Bookrunners make no representation or warranty as to the accuracy of any such information from third-party studies included in this Prospectus. In addition, prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

2.5 Documents Available for Inspection

For the period during which this Prospectus remains valid, the following documents will be available for inspection during regular business hours at the Company's offices at Global Fashion Group S.A., 5, Heienhaff, L-1736 Senningerberg, Luxembourg (telephone: +352 26340059):

- the Company's articles of association (the "**Articles of Association**");
- the unaudited interim condensed consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), on interim financial reporting (IAS 34) as of and for the three months ended March 31, 2019; and
- the audited consolidated financial statements of the Company prepared in accordance with IFRS as of and for the years ended December 31, 2018, 2017 and 2016.

The Company's future consolidated annual and interim financial statements will be available on the Company's website www.global-fashion-group.com and at the Company's offices at 5, Heienhaff, L-1736 Senningerberg, Luxembourg. In accordance with the Luxembourg law of August 10, 1915 concerning commercial companies, as amended (the "**Luxembourg Company Law**"), the annual financial reports are also filed with the Luxembourg Trade and Companies Register and an extract is published in the Luxembourg Official Gazette (*Mémorial C, Recueil des Sociétés et Associations or on the Recueil Électronique des Sociétés et Associations, RESA*, as applicable).

Information on, or accessible through, the Company's website www.global-fashion-group.com is neither part of, nor incorporated by reference into, this Prospectus.

2.6 Currency Presentation

In this Prospectus, "**euro**" and "**€**" refer to the single European currency adopted by certain participating member states of the European Union.

Our principal functional currency is the euro and we prepare our financial statements in euro.

2.7 Presentation of Financial Information

Where financial information in the tables included in this Prospectus is labelled "audited", this means that it has been taken from the audited consolidated financial statements mentioned in section "*2.5 Documents Available for Inspection*". The label "unaudited" is used in the tables included in this Prospectus to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above but was either taken or derived from the Company's unaudited interim condensed consolidated financial statements prepared in accordance with IFRS for interim financial reporting (IAS 34) as of and for the three months ended

March 31, 2019, the Company's internal reporting system or has been calculated based on figures from the aforementioned sources.

All of the financial information presented in the text and tables in this Prospectus is shown in millions of euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes as well as ratios and aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) presented in this Prospectus are calculated based on the unrounded figures and commercially rounded to one digit after the decimal point. As a result of rounding, rounded figures may not in all cases add up.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to or equals zero.

2.7.1 Segment Information

We steer our business based on three operating segments, which also form our reportable segments; Asia Pacific ("**APAC**"), in which we operate under the brands *THE ICONIC* in Australia and New Zealand and *ZALORA* in Hong Kong, Indonesia, the Philippines, Malaysia, Singapore, Taiwan and Brunei, Latin America ("**LATAM**"), in which we operate under the brand *dafiti* in Brazil, Argentina, Chile and Colombia and the Commonwealth of Independent States ("**CIS**"), in which we operate under the brand *lamoda* in Russia, Belarus, Kazakhstan and Ukraine.

Following the 51% divestment of our operations in the Middle East, i.e., Namshi General Trading LLC ("**Namshi**"), on August 16, 2017, Namshi is no longer a reportable segment. This led to the retrospective exclusion of Namshi to provide comparability of the segment information. The segment information in this Prospectus is presented based on our continuing operations.

2.8 Non-IFRS Financial Information

This Prospectus contains non-IFRS financial information, such as Adjusted EBITDA, Adjusted EBITDA margin, net working capital and capital expenditure, that is not required by, or prepared in accordance with, IFRS. These measures are alternative performance measures as defined in the guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 (the "**ESMA Guidelines**").

Our EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, net working capital and capital expenditure are relevant for the assessment of the performance of our business as:

- EBITDA and Adjusted EBITDA show our earnings (loss) before interest and tax (EBIT) as adjusted for depreciation and amortization and impairment losses (EBITDA) and for share-based payment (income)/expenses as well as one-off fees related to the IPO and expenses related to the wind-down of Lost Ink Limited (Adjusted EBITDA) and are the measures we use to assess the operating performance of our business. Furthermore, we distinguish between Adjusted EBITDA (before IFRS 16), which does not reflect the effects of applying IFRS 16, and Adjusted EBITDA (post IFRS 16), which reflects the effects of applying IFRS 16.
- Adjusted EBITDA margin corresponds to Adjusted EBITDA as a percentage of revenue. We use our Adjusted EBITDA margin to assess the margin development of our business.
- Net working capital is a measure of liquidity available to our business. We calculate net working capital as inventories plus current trade and other receivables less current trade payables and other financial liabilities at the respective balance sheet date. The changes in net working capital based on the respective statement of financial position items differ from the changes in working capital that can be derived from the statement of cash flow due to mapping changes relating to repayments, assets held-for-sale and other assets or liabilities and other factors, such as changes in the foreign exchange rates used.
- Capital expenditure shows the additions to property, plant and equipment, including those due from business combinations, and additions to intangible assets.

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin help investors monitor whether we are able to improve the performance of our underlying operations. Net working capital helps investors monitor sources and

use of short-term liquidity. Capital expenditure helps investors monitor the development of new investments into property, plant and equipment and intangible assets.

We present non-IFRS financial information because we use such information in monitoring our business and because we believe that it is frequently used by analysts, investors and other interested parties in evaluating companies in our industry and it may contribute to a more comprehensive understanding of our business. However, such non-IFRS financial information may not be comparable to similarly titled information published by other companies, may not be suitable for an analysis of our business and operations, and should not be considered as a substitute for an analysis of our operating results prepared in accordance with IFRS. We believe that the presentation of non-IFRS financial information included in this Prospectus complies with the ESMA Guidelines.

In addition to the financial information prepared in accordance with IFRS and the non-IFRS financial information contained in this Prospectus, we also present certain unaudited operating and non-financial information, for example:

- active customers, defined as the number of customers who have purchased at least one item after cancellations, rejections and returns in the last twelve months;
- orders, defined as the number of orders placed by customers after cancellations, rejections and returns;
- net merchandise value, 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**"); and
- average order value, defined as the NMV per order.

However, such operating and non-financial information may not be comparable to similarly titled information published by other companies, may not be suitable for an analysis of our business and operations, and should not be considered as a substitute for an analysis of our operating results based on IFRS.

3. THE OFFERING

3.1 Subject Matter of the Offering

This Prospectus relates to the Offering of up to 49,335,000 of the Company's common shares in dematerialized form with a nominal value of €0.01 and with full dividend rights from January 1, 2019, consisting of:

- up to 42,900,000 New Shares; and
- up to 6,435,000 Over-Allotment Shares.

The Lending Shareholder will provide Berenberg, acting for the account of the Joint Bookrunners as stabilization manager (the "**Stabilization Manager**"), with up to 6,435,000 Over-Allotment Shares, as part of the allocation of the Offer Shares (the "**Over-Allotment**"), in the form of a securities loan to cover potential Over-Allotments.

The Offering consists of an initial public offering ("**IPO**") in the Federal Republic of Germany ("**Germany**") and private placements in certain jurisdictions outside Germany. In the United States of America (the "**United States**"), the Offer Shares will only be offered and sold to qualified institutional buyers ("**QIBs**") as defined in, and in reliance on, Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or pursuant to another available exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Outside the United States, the Offer Shares will only be offered and sold in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**").

In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners an option to acquire up to 6,435,000 additional shares of the Company at the price per share placed in the Offering (the "**Offer Price**"), less the agreed commissions (the "**Greenshoe Option**"), from a capital increase from the Company's authorized capital for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the stabilization period, i.e., the period which commences on the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and ends no later than 30 calendar days thereafter (the "**Stabilization Period**").

Immediately prior to the Offering, 99.9% of the Company's total share capital is held by the Company's existing shareholders (see "*3.6 Information on the Company's Existing Shareholders*"), while the Company holds 182,378 treasury shares (i.e., approximately 0.1% of the Company's total share capital). Following completion of the Offering, the Company's existing shareholders will continue to hold at least 70.7% of the Company's total share capital (assuming an additional 13,851,524 treasury shares held by the Company for cancellation at the mid-point of the Price Range in connection with the share redistribution (see "*3.4.1 Share Capital of the Company*"), placement of all Offer Shares and full exercise of the Greenshoe Option (see "*3.8 Stabilization Measures, Over-Allotments and Greenshoe Option*")).

The IPO Capital Increase is expected to be executed immediately following pricing of the Offering and would result in an increase of the Company's share capital by up to €429,000.00. The share capital of the Company represented by the Offer Shares that are the subject of this Offering, including the Over-Allotment Shares, amounts to €493,350.00. Thus, upon completion of the Offering and assuming placement of all New Shares, approximately 22.0% of the Company's outstanding share capital (assuming no exercise of the Greenshoe Option) and 24.4% of the Company's outstanding share capital (assuming full exercise of the Greenshoe Option) is being offered as part of this Offering (corresponding to a public float of 20.5% of the Company's total shares and 22.8% of the Company's total shares respectively when adjusted to include treasury shares).

Goldman Sachs, Morgan Stanley and Berenberg are acting as Joint Global Coordinators and Joint Bookrunners and HSBC is acting as a Joint Bookrunner.

3.2 Price Range, Offer Period, Offer Price and Allotment

The price range for the Offering within which purchase orders may be placed is €6.00 to €8.00 per Offer Share (the "**Price Range**").

The period during which investors may submit purchase orders for the Offer Shares is expected to commence on June 18, 2019, and to expire on June 25, 2019 (the "**Offer Period**"). Offers to purchase Offer Shares may be

submitted (i) until 12:00 p.m. (noon) (Central European Summer Time) by private investors and (ii) until 6:00 p.m. (Central European Summer Time) by institutional investors on the last day of the Offer Period. There is no minimum or maximum amount that needs to be invested.

Subject to the publication of a supplement to this Prospectus, if required, the Company, the Lending Shareholder and the Joint Bookrunners reserve the right to reduce the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period.

Reductions in the number of Offer Shares, changes to the Price Range (other than an increase of the high-end of the Price Range) or an extension or shortening of the Offer Period will not invalidate any offers to purchase Offer Shares that have already been submitted. If such changes require the publication of a supplement to this Prospectus and/or if the high-end of the Price Range is increased, investors who submitted purchase orders prior to the publication of the supplement have the right, under the Luxembourg Prospectus Law, to withdraw these offers to purchase within two business days following the publication of such supplement. Instead of withdrawing their offers to purchase placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two business days following the publication of the supplement.

Any changes to the terms of the Offering will be published by means of electronic media such as Reuters or Bloomberg and, if required by Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended ("**MAR**") as an ad-hoc release via an electronic information dissemination system, on the Company's website www.global-fashion-group.com under the "Investor Relations" section and as a supplement to this Prospectus to be approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") and published on the website of the Luxembourg Stock Exchange (www.bourse.lu) and the Company's website. Investors who have submitted purchase orders will not be notified individually. Under certain conditions, the Joint Bookrunners may terminate the underwriting agreement, entered into between the Company, the Lending Shareholder and the Joint Bookrunners on June 17, 2019 (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (see "*18.4 Termination; Indemnification*"). Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

The Offer Price and the final number of Offer Shares placed in the Offering will be determined at the end of the bookbuilding process by the Company after consultation with the Joint Bookrunners. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the number of Offer Shares that will be placed at the Offer Price is, in principle, aimed at achieving the highest Offer Price. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate a steady performance in the secondary market given the demand for the Company's shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors interested in purchasing shares at a particular price, but also to the composition of the Company's shareholder structure that would result at a given price, and expected investor behavior. The Company and the Lending Shareholder will not specifically charge any expenses and taxes related to the Offering to investors.

The Offer Price and the final number of Offer Shares placed in the Offering (i.e., the results of the Offering) are expected to be set on June 25, 2019. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the purchase orders then available. The Offer Price and the final number of Offer Shares (i.e., the results of the Offering) are expected to be published on or about June 25, 2019 on the Company's website (www.global-fashion-group.com) under the "Investor Relations" section, on the website of the Luxembourg Stock Exchange (www.bourse.lu) and filed with the CSSF, in accordance with Article 10 of the Luxembourg Prospectus Law and by means of an ad-hoc release on an electronic information dissemination system. Investors who have placed orders to purchase Offer Shares with one of the Joint Bookrunners can obtain information from that Joint Bookrunner about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price. Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place two business days after commencement of trading. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Joint Bookrunners reserve the right to reject orders, or to only accept them in part.

3.3 Expected Timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

June 17, 2019	Approval of the Prospectus by CSSF
	Notification of the approved Prospectus to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**")
	Publication of the approved Prospectus on the Company's website (www.global-fashion-group.com) under the "Investor Relations" section and the website of the Luxembourg Stock Exchange (www.bourse.lu)
June 18, 2019	Commencement of the Offer Period
	Application for listing of shares in dematerialized form filed with the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
June 25, 2019	Expiration of the Offer Period
	Determination of the Offer Price and final number of Offer Shares to be allocated, including the final number of New Shares
	Publication of the results of the Offering in the form of an ad-hoc release on an electronic information dissemination system, on the Company's website (www.global-fashion-group.com) under the "Investor Relations" section and on the website of the Luxembourg Stock Exchange (www.bourse.lu)
June 26, 2019	Issuance of the New Shares to be delivered at closing against payment of the nominal value of the New Shares
	Listing approval (admission decision) issued by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with regard to shares in dematerialized form
June 27, 2019	Commencement of trading in the Company's shares in dematerialized form on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
July 1, 2019	Book-entry delivery of the Offer Shares against payment of the Offer Price (settlement and closing)

This Prospectus will be published on the Company's website at www.global-fashion-group.com under the "Investor Relations" section and on the website of the Luxembourg Stock Exchange at www.bourse.lu after approval by the CSSF on June 17, 2019. Printed copies of this Prospectus are available from the Company free of charge during normal business hours at the following address: Global Fashion Group S.A., 5, Heienhaff, L-1736 Senningerberg, Luxembourg.

3.4 Information on the Shares

3.4.1 Share Capital of the Company

As of the date of this Prospectus, the share capital of the Company amounts to €1,526,899.89 and is divided into 67,861,754 common shares with a nominal value of €0.01 each and 84,828,235 redeemable convertible preference shares with a nominal value of €0.01 each, which will convert 1:1 into common shares immediately following pricing of the Offering. The convertible preference shares have the same rights as the common shares, except that they automatically convert into common shares as further described below in this section and in "*15.4.2 Conversion of Convertible Preference Shares*".

In connection with and for the purpose of the Offering, it is expected that the Company will issue up to 42,900,000 New Shares pursuant to the IPO Capital Increase. Upon consummation of the IPO Capital Increase, the Company's share capital will be increased by up to €429,000.00 from €1,526,899.89 to up to €1,955,899.89. The consummation of the IPO Capital Increase is expected to occur following pricing of this Offering.

In 2016 and 2017, the Company issued convertible preference shares to certain of its existing shareholders. According to their terms set forth in the Articles of Association, the convertible preference shares convert 1:1 into common shares at, *inter alia*, an initial public offering of the Company. The convertible preference shares (with the exception of certain anti-dilution convertible preference shares) grant a preferred and annually compounding return of 20% on their subscription price. Such return is not payable in cash. Pursuant to the original terms as set forth in a previous version of the articles of association of the Company, the return would be granted by issuing a certain number of additional new common shares to the (former) holders of convertible preference shares following the conversion. Ahead of this Offering, the Company and the Company's shareholders agreed to amend the settlement mechanism under which the holders of the convertible preference shares shall receive their preferred rate of return. Convertible preference shares under the current Articles of Association still convert 1:1 into common shares immediately following pricing of the Offering. However, the additional return will now be emulated, in all material respects, through repurchases of existing common shares by the Company and the issuance of common shares (excluding pre-emption rights), in each case against nil consideration, from or to existing shareholders of the Company following pricing of this Offering (the "**Share Redistribution**"). The exact number of shares to be repurchased and issued against nil consideration depends on the Offer Price. Assuming an Offer Price equal to the low end of the Price Range, the Company would repurchase up to 19,965,713 common shares and issue up to 20,267,821 common shares as part of the Share Redistribution, in either case against nil consideration. The number of common shares issued may be higher than the number of common shares repurchased, which reflects the inclusion of certain instruments in the Share Redistribution that represent only future shareholdings, such as common shares to be issued upon the exercise of call options. The Company will hold the repurchased common shares as treasury shares solely for the purpose of their cancellation. We intend to obtain shareholder approval to affect the cancellation at our next shareholders' meeting.

Assuming full exercise of the Greenshoe Option, the Company will issue up to an additional 6,345,000 common shares in dematerialized form from the Company's authorized capital. In such event, the Company's total share capital will amount to up to €2,219,907.02 and be divided into up to 221,990,702 common shares, which will include up to 20,148,091 treasury shares.

3.4.2 Voting Rights

Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.

3.4.3 Dividend and Liquidation Rights

Each share in the Company carries full dividend rights from January 1, 2019.

In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

3.4.4 Form, Certification of the Shares and Currency of the Securities Issue

As of the date of this Prospectus, the share capital of the Company amounts to €1,526,899.89 and is divided into 67,861,754 common shares with a nominal value of €0.01 each and 84,828,235 redeemable convertible preference shares with a nominal value of €0.01 each, which will convert 1:1 into common shares immediately following pricing of the Offering. The share capital has been fully paid up. An extraordinary shareholders' meeting of the Company held on May 31, 2019, resolved, subject to the condition precedent and effective from approval of this Prospectus by the CSSF, to convert the Company's common shares in dematerialized form and the common shares were created pursuant to the laws of Luxembourg. The Company's convertible preference shares are in registered form and were created pursuant to the laws of Luxembourg.

An extraordinary shareholders' meeting of the Company held on May 31, 2019, resolved, subject to the condition precedent and effective from approval of this Prospectus by the CSSF, on the mandatory conversion of currently issued common shares from registered shares into shares in dematerialized form and that future common shares (including the New Shares and any common shares issued under the Greenshoe Option) shall be issued in dematerialized form only, which are subject to the Luxembourg law of April 6, 2013 on dematerialized securities,

as amended. All of the Company's common shares in dematerialized form will be registered with the single securities issuance account with the settlement organization LuxCSD S.A., 42, Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg ("**LuxCSD**"). Dematerialized shares are only represented, and ownership of the shareholder over such common shares is only established by a record in the securities account. LuxCSD may, however, issue or request the Company to issue certificates relating to the Company's shares for the purpose of the international circulation thereof. The transfer of a dematerialized share occurs by book entry (*virement de compte à compte*).

The Company's shares are denominated in euros.

3.4.4.1 Procedure of Mandatory Conversion

The registered common shares convert into dematerialized shares at the latest on the second anniversary of the publication of the decision to convert or any later date announced by the Company by way of a registration in a securities settlement account in the name of their beneficiaries. The holder of the common shares must provide the Company with the necessary information in respect of their securities account to ensure the shares can be recorded. The Company notifies LuxCSD which adjusts its securities issuance account accordingly and transfers the common share to the relevant account. The Company shall modify its share register accordingly.

Voting rights of registered common shares that have not been dematerialized within the period described above are automatically suspended at the expiry of this period until their dematerialization. Distributions (if any) are also suspended until dematerialization from that time. Holders of non-dematerialized common shares are in that period not entitled to participate in general meetings and their common shares are not taken into account for calculation of majority and quorum. Common shares which have not dematerialized by such date are converted by the Company into dematerialized shares and recorded on a securities account in the name of the Company (without the Company becoming the holder thereof), at the cost of the Company, until the holder thereof notifies the Company and requests these common shares be recorded in his name. Common shares which have not been claimed by their holders by the tenth anniversary of the dematerialization date, or any later date determined and notified by the Company, are sold by the Company with a three-month notice period, published in the same manner as a convening notice for a general meeting of shareholders in accordance with the provisions of the Dematerialization Law.

3.4.5 Delivery and Settlement

Delivery of the Offer Shares against payment of the Offer Price is expected to take place on July 1, 2019. The Offer Shares will be made available to investors in book-entry form. At the investor's option, the Offer Shares purchased during the offering will be credited either to a securities account maintained with a participant in LuxCSD, a participant in Euroclear Bank S.A./N.V. (Brussels), a participant in Clearstream Banking S.A. (Luxembourg) or a participant in Clearstream Banking Aktiengesellschaft (Frankfurt am Main).

3.4.6 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN)	LU2010095458
Common Code	201009545
German Securities Code (*Wertpapierkennnummer* (*WKN*))	A2PLUG
Ticker Symbol	GFG

3.4.7 Identification of Target Market

Solely for the purpose of the product governance requirements contained within (i) Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and (iii) local implementing measures (together, the "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result, it has been determined that the Offer Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is suitable only for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such investment.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Offering and does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase, or take any other action whatsoever with respect to, the Offer Shares.

3.5 Transferability of the Shares; Lock-Up

The Company's shares are freely transferable in accordance with the legal requirements for common shares in registered or dematerialized form. Except for the restrictions set forth in section "*3.9 Lock-Up Agreements and Limitations on Disposal*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

3.6 Information on the Company's Existing Shareholders

It is expected that the Company's existing shareholders will continue to hold approximately 70.7% of the Company's total share capital upon completion of the Offering (assuming full exercise of the Greenshoe Option). For further information on the Company's existing shareholders, see "*14.1 Current Shareholders*".

3.7 Allotment Criteria

The allotment of Offer Shares to private investors and institutional investors will be decided by the Company after consultation with the Joint Bookrunners. The decision ultimately rests with the Company. Allotments will be made on the basis of the quality of individual investors (e.g., the expected investment horizon and trading behavior) as well as individual orders and other important allotment criteria to be determined by the Company after consultation with the Joint Bookrunners.

The existing shareholders may purchase shares offered in the IPO and any such shares will not be subject to any lock-up restriction.

3.8 Stabilization Measures, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, Berenberg, acting for the account of the Joint Bookrunners, will act as the Stabilization Manager and may, as Stabilization Manager, make over-allotments and take stabilization measures in accordance with Article 5 paras. 4 and 5 MAR in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016, to provide support for the market price of the Company's shares, thus alleviating selling pressure generated by short-term investors and maintaining an orderly market in the Company's shares.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may start from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must end no later than 30 calendar days thereafter.

Stabilization measures are intended to provide support for the price of the Company's shares during the Stabilization Period. These measures may result in the market price of the Company's shares being higher than it would otherwise be. Moreover, the market price may temporarily be at an unsustainable level.

In connection with these stabilization measures, investors may, in addition to the New Shares, be allocated up to 6,435,000 Over-Allotment Shares as part of the allocation of the Offer Shares. For the purpose of such potential Over-Allotments, the Stabilization Manager, acting for the account of the Joint Bookrunners, will be provided with up to 6,435,000 Over-Allotment Shares from the holdings of the Lending Shareholder in the form

of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the New Shares actually placed with investors. In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners the Greenshoe Option (i.e., an option to acquire up to 6,435,000 additional shares of the Company at the Offer Price, less the agreed commissions) for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after the completion of the Offering.

The Stabilization Manager is entitled to exercise the Greenshoe Option to the extent Over-Allotment Shares were allocated to investors in the Offering. The number of Over-Allotment Shares acquired under the Greenshoe Option is to be reduced by any shares of the Company held by the Stabilization Manager on the date when the Greenshoe Option is exercised, if such shares were acquired by the Stabilization Manager in the context of stabilization measures.

Public announcements regarding stabilization measures will be made (i) prior to the start of the Offering, (ii) by the end of the seventh daily market session following the date any stabilization measures were taken and (iii) within one week after the end of the Stabilization Period.

Within one week of the end of the Stabilization Period, the Stabilization Manager will ensure adequate public disclosure as to whether stabilization measures were taken, the date on which stabilization measures started and last occurred, and the price range within which stabilization measures were carried out, for each of the dates during which stabilization measures were carried out and the trading venue(s) on which the stabilization measures were carried out, where applicable.

Exercise of the Greenshoe Option will be disclosed to the public promptly, together with all appropriate details, including the date of exercise of the Greenshoe Option and the number and nature of Over-Allotment Shares involved, in accordance with Article 8(f) of the Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016.

3.9 Lock-Up Agreements and Limitations on Disposal

3.9.1 Lock-Up of the Company

In the Underwriting Agreement entered into between the Company, the Lending Shareholder and the Joint Bookrunners on June 17, 2019, the Company agreed with the Joint Bookrunners that, for a period of 12 months after the Company's shares are first traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 27, 2019), without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed, the Company will not:

- announce or effect an increase of the share capital of the Company from authorized capital;
- propose to its shareholders' meeting an increase of the share capital; or
- announce, effect or propose the issuance of securities with conversion or option rights on shares of the Company or economically similar transactions.

The Company may, however, (i) issue or sell any shares or other securities under management participation plans to current and former employees, supporters (e.g., persons who are or were acting for the Company or its affiliated companies or supporting the Company or its affiliated companies in any other way), current and former members of executive bodies, service providers and business partners of the Company or its subsidiaries or their respective investment vehicles, (ii) issue new shares to existing shareholders for nil consideration in connection with the Share Redistribution, (iii) issue new shares to certain minority shareholders currently existing within subsidiaries of the Company and (iv) pursue any corporate actions undertaken by the Company for the purposes of entering into any agreement regarding or resolution upon, the entering into any joint venture or the acquisition of any companies, provided that in the case of (i) the relevant beneficiary or, in the case of (iii), the relevant minority shareholder(s) or, in the case of (iv), the parties to the joint venture or acquiring entity to which such shares will be issued agree(s) towards the Joint Global Coordinators to be bound by the same lock-up undertaking as the existing shareholders. The foregoing shall not apply to any capital increase in connection with the Offering.

3.9.2 Lock-Up of the Existing Shareholders and Coordination Agreement

In addition, the existing shareholders of the Company undertook in writing vis-à-vis the Joint Global Coordinators that they will not, either directly or indirectly, (i) offer, pledge, allot, distribute, sell, contract to sell, sell any option

or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of, directly or indirectly, any shares or other securities of the Company, (ii) cause or approve, directly or indirectly, the announcement, execution or implementation of any increase in the share capital of the Company or a direct or indirect placement of shares, (iii) propose, directly or indirectly, any increase in the share capital of the Company to any meeting of the shareholders for resolution, or vote in favor of such a proposed increase, (iv) cause or approve, directly or indirectly, the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into shares of the Company, or (v) enter into or perform any economically equivalent transaction. The foregoing shall not apply to (i) transfers of shares to affiliates of such shareholder and, for up to 10% of the shareholding immediately prior to the Offering, any other shareholders of the Company immediately prior to the Offering, (ii) transfers to the Company for nil consideration, (iii) future pledges granted to one or more of the Joint Bookrunners or their affiliates having been agreed by the Joint Bookrunners and (iv) any transfers of shares to one or more of the Joint Bookrunners or their affiliates pursuant to enforcement of any pledge entered into in accordance with (iii), provided in each case that such transferee(s) agree(s) towards the Joint Global Coordinators to be bound by the same lock-up undertaking. For a period of 180 days after the Company's Shares are first traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the lock-up restrictions described above apply with respect to all shares held by the Company's existing shareholders at the date of this Prospectus.

During a period starting on the 180th day following the first day of trading of the Company's Shares on the Frankfurt Stock Exchange and ending twelve months after the first day of trading of the Company's Shares on the Frankfurt Stock Exchange, the existing shareholders may sell in the aggregate up to 20% of their pre-IPO shareholding, as adjusted for the Share Redistribution. These sales restrictions are, with respect to the Company's major shareholders, i.e., Kinnevik Internet Lux S.à r.l., Rocket Internet SE, Rocket Middle East GmbH, MKC Brillant Services GmbH, Rocket Internet Capital Partners SCS, Rocket Internet Capital Partners (Euro) SCS, AI European Holdings S.à r.l., Tengelmann Ventures GmbH, TEV Global Invest II GmbH and Verlinvest S.A. (collectively, the "**Major Shareholders**"), contained in a coordination agreement entered into amongst the Major Shareholders and with respect to the other existing shareholders of the Company contained in the lock-up undertakings vis-à-vis the Joint Global Coordinators.

For purposes of coordinating any such permitted sales among the Company's Major Shareholders, the coordination agreement stipulates that the Major Shareholders have to inform each other about a contemplated sale and each such Major Shareholder may request to participate in such a sale. Following a sell down pursuant to the coordination agreement, there will be a 90-day period for all Major Shareholders during which no further sell-down may be effected. Neither the Underwriters nor the other existing shareholders are bound by the coordination agreement.

After the end of a period of 12 months after the Company's Shares are first traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the existing shareholders of the Company are no longer subject to any lock-ups or coordination arrangements.

Certain shareholders of the Company who have signed the lock-up undertakings as trustees for beneficial owners of shares could, as of the date of this Prospectus, not yet sign for all of the shares held in trust by them. The aggregate number of such shares amounts to less than 0.5% of the existing shares in the Company.

The existing shareholders may purchase shares offered in the IPO and such shares may not be subject to any lock-up restriction.

3.9.3 Guaranteed Allocation for and Lock-Up of the Purchasing Board Members; Lock-up of the Members of the Management Board

Certain members of our supervisory board (the "**Supervisory Board**"), namely Ms. Gordon, Mr. Babeau, Mr. Herrero and Ms. Weil (each a "**Purchasing Board Member**" and, together, the "**Purchasing Board Members**") have indicated an interest in purchasing an aggregate of up to €0.5 million in common shares in dematerialized form in this Offering at the Offer Price. All orders placed by the Purchasing Board Members will be completely filled.

Each Purchasing Board Member has agreed to a 12-month lock-up provision with substantially similar terms to those outlined above, subject to certain exceptions including the absence of an option to sell up to 20% of their aggregate number of shares following the first 180 days of the lock-up period.

Each member of the Management Board has agreed to substantially the same lock-up provision regarding their call options over shares in the Company and similar instruments (see "*16.2.4 Shareholdings of the Members of the Management Board in the Company*").

3.10 Admission to the Frankfurt Stock Exchange and Commencement of Trading

The Company expects to apply for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about June 18, 2019. The listing approval (admission decision) for the Company's shares is expected to be granted by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on June 26, 2019. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on June 27, 2019.

The Company is in the process of changing the form of its existing registered shares to shares in dematerialized form (see "*3.4.4 Form, Certification of the Shares and Currency of the Securities Issue*"). Only common shares existing in dematerialized form on the date of admission to trading, which includes all Offer Shares and all new common shares issued in the Share Redistribution, will be admitted to trading based on this Prospectus pursuant to Section 7 para. 1 sent. 2 alt. 2 of the German Stock Exchange Admission Ordinance (*Börsenzulassungsverordnung*). Existing registered shares, which will not have been converted into dematerialized form on the date of admission to trading, will be subject to a separate admission process, because they are held outside the clearing system. Such registered shares, once converted into shares in dematerialized form, may be assigned a separate ISIN until their admission to trading. The fact that only common shares in dematerialized form will be admitted to trading is not expected to result in any disadvantages for investors purchasing common shares of the Company in this Offering.

If additional shares of the Company are issued as a result of the exercise of the Greenshoe Option, the Company will also apply for the admission of such new shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard). Such application for admission to trading will be based on the exemption from the requirement to publish a prospectus pursuant to Section 4 para. 2 no. 1 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*).

The lead underwriters for an issue often make purchase offers at the time of first trading in order to support the development of the initial share price. Such purchase offers, when made, may lead to the development of a higher initial share price than would have been the case in the absence of such measures.

3.11 Designated Sponsor

Berenberg has been mandated as designated sponsor of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreement expected to be concluded between Berenberg and the Company, Berenberg will, among other things, place limited buy and sell orders for the Company's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Company's shares.

3.12 Interests of Parties Participating in the Offering

The Company will receive the net proceeds from the sale of the New Shares and, if and to the extent the Greenshoe Option is exercised, the net proceeds from the exercise of the Greenshoe Option. Furthermore, the Company will gain access to the equity capital markets.

In connection with the Offering and the admission to trading of the Company's shares (to the extent existing in dematerialized form), the Joint Bookrunners have formed a contractual relationship with the Company and the Lending Shareholder.

The Joint Bookrunners are acting for the Company on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Offering on the best possible terms.

Furthermore, each Joint Bookrunner and any of their respective affiliates, acting as investors for their own accounts, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account

such shares or related investments and may offer or sell such shares or other investments outside the Offering. In addition, each Joint Bookrunner or their respective affiliates may enter into financing arrangements, including swaps or contracts for differences, with investors in connection with which such Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

The Joint Bookrunners or their respective affiliates have, and may from time to time in the future continue to have, business relations with the Group and its shareholders, including lending activities, or may perform services for the Group or its shareholders in the ordinary course of business.

The Purchasing Board Members may have an interest in the IPO being completed and at a price that they consider adequate.

Other than the interests described above, there are no material interests, in particular no material conflicts of interest, with respect to the Offering or the listing of the Company's shares.

3.13 Additional Information Regarding the Underwriters and this Prospectus

No representation or warranty, expressed or implied, is made by the Underwriters as to the accuracy, completeness or verification of the information set forth in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Underwriters assume no responsibility for the accuracy, completeness or verification of this Prospectus and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement. The Underwriters are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective client in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company's affairs or that the information set forth in this Prospectus is correct as of any date subsequent to the date hereof.

In making an investment decision, each investor must rely on his or her own examination, analysis and inquiry of the Company and the terms of the Offering, including the merits and risks involved.

Neither the Company nor the Underwriters, or any of their respective representatives, are making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

The investors also acknowledge that: (i) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision and (ii) they have relied only on the information contained in this document, and that no person has been authorized to give any information or to make any representation concerning the Company or its subsidiaries or the Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company or the Underwriters.

4. PROCEEDS AND COSTS OF THE OFFERING AND THE LISTING

The Company will receive the net proceeds from the Offering resulting from the sale of the New Shares. In addition, the Company will receive the net proceeds from the exercise of the Greenshoe Option, if any.

Assuming a placement of all New Shares (i.e., 42,900,000 shares) and no exercise of the Greenshoe Option, the Company estimates that at the low end (€6.00 per Offer Share), mid-point (€7.00 per Offer Share) and high end (€8.00 per Offer Share) of the Price Range set for the Offering of the Offer Shares, gross proceeds to the Company would amount to approximately €257.4 million, €300.3 million and €343.2 million, respectively, and net proceeds to approximately €244.2 million, €285.8 million and €327.4 million, respectively.

Assuming a placement of all Offer Shares (i.e., 49,335,000 shares) with full exercise of the Greenshoe Option (i.e., 6,435,000 shares), the Company estimates that at the low end, mid-point and high end of the Price Range, gross proceeds to the Company would amount to approximately €296.0 million, €345.3 million and €394.7 million, respectively, and net proceeds to approximately €281.6 million, €329.5 million and €377.3 million, respectively.

The costs of the Company related to the Offering of the Offer Shares and listing of the Company's entire share capital (including the listing of shares issued under the Greenshoe Option, if any) are expected to total approximately €10.7 million at the mid-point of the Price Range (assuming full exercise of the Greenshoe Option and including underwriting and placement commissions payable to the Joint Bookrunners) and will be borne by the Company.

Assuming an Offer Price at the low end, mid-point and high end of the Price Range and that the maximum number of Offer Shares is placed and that the Greenshoe Option is fully exercised, and assuming further payment in full of the discretionary fee of up to €4.4 million, €5.2 million and €5.9 million, at the low end, mid-point and high end of the Price Range, respectively, the commission payable to the Joint Bookrunners by the Company will amount to €8.9 million, €10.4 million and €11.8 million, respectively.

Based on the assumptions described in the preceding paragraph, the total expenses of the Offering and listing to be borne by the Company are expected to amount to €14.4 million, €15.9 million and €17.3 million, respectively, resulting in net proceeds from the Offering of €281.6 million, €329.5 million and €377.3 million, respectively.

Investors will not be charged expenses by the Company or the Joint Bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

5. REASONS FOR THE OFFERING AND THE LISTING; USE OF PROCEEDS

The Company intends to pursue the Offering and list its shares (to the extent existing in dematerialized form) on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to receive the net proceeds from the Offering and to gain access to the capital markets.

The Company currently intends to use the net proceeds from the Offering in the following priority: (i) investment in our technology platform and customer acquisition, (ii) investment in our fulfillment and delivery infrastructure including automation, and (iii) the remainder of the net proceeds from the Offering, if any, for general corporate purposes.

6. DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE; USE OF PROFITS

6.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' entitlement to profits is determined based on their respective interests in the Company's share capital. In a Luxembourg public limited liability company (*société anonyme*), resolutions concerning the distribution of dividends for a given fiscal year, and the amount and payment date thereof, are in principle adopted by the general shareholders' meeting.

Dividends may only be distributed from the Company's distributable profits. Subject to the conditions provided for by Luxembourg Company Law, the amount of distributable profits is equivalent to the amount of the profits at the end of the last fiscal year plus any profits carried forward and any amounts drawn from reserves or share premium which are available for that purpose, minus any losses carried forward and sums to be placed in reserves in accordance with the law or the Articles of Association.

As of December 31, 2018, the distributable capital reserve on the unconsolidated balance sheet of the Company amounted to €992,775,745.39. Any dividend distribution from the distributable capital reserve is subject to the availability of distributable cash on the unconsolidated balance sheet of the Company.

In accordance with Luxembourg Company Law and the Articles of Association, the Company must allocate at least 5% of any net profit to a legal reserve account. Such contribution ceases to be compulsory as soon as and as long as the legal reserve reaches 10% of the Company's subscribed capital but shall again be compulsory if the legal reserve falls below such 10% threshold. The legal reserve of the Company amounted to zero as of December 31, 2018.

In accordance with the Luxembourg Company Law and the Articles of Association, the remainder of any net profit is at the disposal of the general shareholders' meeting to be allocated as appropriate to a reserve, a provision fund, to be carried forward and/or to be distributed equally between all the shares, as the case may be, together with profits carried forward, distributable reserves and share premium. Subject to the conditions provided for by Luxembourg Company Law, the Articles of Association also authorize the Management Board to make interim payments on accounts of dividends for a particular fiscal year to be deducted from profits or the available reserves. The Management Board must determine the amount and the date of payment of any such interim payments.

Luxembourg Company Law provides that claims for dividends lapse in favor of the Company five years after the date on which such dividends were declared.

Details concerning any dividends resolved by the general shareholders' meeting and the paying agents named by the Company in each case will be published on the Company's website.

6.2 Dividend Policy and Earnings per Share

Based on its assessment of the current and expected medium-term cash position of the Group, the Company currently does not intend to recommend the payment of cash dividends in the foreseeable future.

No distributions of profits or reserves were made to the Company's shareholders in the years ended December 31, 2018, 2017 and 2016, respectively, or between January 1, 2019 and the date of this Prospectus.

7. CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables set forth the Group's (i) actual capitalization and indebtedness as of March 31, 2019 derived from the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019, (ii) adjustments for the Offering (assuming no exercise of the Greenshoe Option) and assuming a placement of all New Shares (i.e., 42,900,000 shares) at the mid-point of the Price Range, total respective expenses for the Offering of €14.5 million and the implementation of the Share Redistribution at the mid-point of the Price Range, (iii) adjustments to reflect the exercise of the Greenshoe Option in full (i.e., 6,345,000 shares at the mid-point of the Price Range and total respective expenses for the exercise of the Greenshoe Option in full of €1.4 million), and (iv) capitalization and indebtedness as adjusted to reflect the Offering, the implementation of the Share Redistribution and the exercise of the Greenshoe Option in full. The adjustments in (ii) and (iii) are based on the assumption that they had taken place on March 31, 2019 not considering any tax effects or any effects from share-based payment expenses resulting from the Offering and the exercise of the Greenshoe Option in full. For simplification purposes, expenses for the Offering are subtracted from capital reserves in full.

Investors should read these tables in conjunction with "*9. Selected Consolidated Financial Information*", "*10. Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations*", and the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019, which are included in this Prospectus on pages F-2 et seq.

7.1 Capitalization

	(i) Actual as of March 31, 2019	(ii) Adjustments for the Offering (assuming no exercise of the Greenshoe Option) and the Share Redistribution	(iii) Adjustments to reflect the exercise of the Greenshoe Option in full	(iv) As adjusted to reflect the Offering, the Share Redistribution and the exercise of the Greenshoe Option in full
		(unaudited) (in € million)		
Total current debt(1)	**352.0**	–	–	**352.0**
Thereof guaranteed	–	–	–	
Thereof secured	–	–	–	–
Thereof unguaranteed/ unsecured	352.0	–	–	352.0
Total non-current debt(2)	**98.3**	**–**	**–**	**98.3**
Thereof guaranteed	–	–	–	–
Thereof secured	–	–	–	–
Thereof unguaranteed/ unsecured	98.3	–	–	98.3
Total shareholder's equity(3)	**557.7**	**285.8(5)**	**43.7(6)**	**887.2**
Share capital(4)	(6.0)	0.6(5)	0.1(6)	(5.4)
Legal reserve(7)	2,102.2	285.2(5)	43.6(6)	2,431.1
Other reserves(8)	(1,538.5)	–	–	(1,538.5)
Total	**1,008.0**	**285.8**	**43.7**	**1,337.5**

(1) Shown as total current liabilities in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

(2) Shown as total non-current liabilities in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

(3) Shown as equity attributable to equity holders of the parent in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

(4) Sum of ordinary share capital, convertible preference shares and treasury shares, each as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

(5) Net proceeds from the Offering assuming no exercise of the Greenshoe Option amounting to €285.8 million result in an increase of €0.4 million in share capital (42,900,000 common shares) and an increase in capital reserves of €285.4 million taking into consideration a deduction of €14.5 million for expenses for the Offering. The Share Redistribution results in an increase of €0.1 million in share capital (14,062,109 common shares) and a decrease in capital reserves of €0.1 million.

(6) Net proceeds from full exercise of the Greenshoe Option amounting to €43.7 million result in an increase of €0.1 million in share capital (6,435,000 common shares) and an increase in capital reserves of €43.6 million taking into consideration a deduction of €1.4 million for expenses for the Offering.

(7) Shown as capital reserves in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.
(8) Sum of other reserves, share-based payment reserves, accumulated deficit and other comprehensive (expense)/income reserve, each as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

7.2 Indebtedness

	(i) Actual as of March 31, 2019	(ii) Adjustments for the Offering (assuming no exercise of the Greenshoe Option) and the Share Redistribution	(iii) Adjustments to reflect the exercise of the Greenshoe Option in full	(iv) As adjusted to reflect the Offering, the Share Redistribution and the exercise of the Greenshoe Option in full
	(unaudited) (in € million)			
A. Cash[1]	37.2	285.8	43.7	366.7
B. Cash equivalents[2]	66.3	–	–	66.3
C. Trading securities	–	–	–	–
D. Liquidity(A)+(B)+(C)	**103.5**	**285.8**	**43.7**	**433.0**
E. Current financial receivables[3]	**50.0**	**–**	**–**	**50.0**
F. Current bank debt	–	–	–	–
G. Current portion of non-current debt	–	–	–	–
H. Other current financial debt[4]	268.7	–	–	268.7
I. Current financial debt (F)+(G)+(H)	**268.7**	–	–	**268.7**
J. Net current financial indebtedness (I)-(E)-(D)	**115.2**	**(285.8)**	**(43.7)**	**(214.3)**
K. Non-current bank loans	–	–	–	–
L. Bonds issued	–	–	–	–
M. Other non-current loans	–	–	–	–
N. Non-current financial liabilities (K)+(L)+(M)	**–**	**–**	**–**	**–**
O. Net financial indebtedness (J)+(N)	**115.2**	**(285.8)**	**(43.7)**	**(214.3)**

(1) Shown as cash at bank and in hand in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.
(2) Shown as short-term deposits in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.
(3) Sum of current trade and other receivables and current other financial assets, each as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.
(4) Shown as trade payables and other financial liabilities in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

7.3 Contingent and Indirect Liabilities

As of March 31, 2019, there were no contingent or indirect liabilities of the Group.

7.4 Statement on Working Capital

The Company is of the opinion that the Group is in a position to meet at least those payment obligations that become due within the twelve months following the approval of this Prospectus.

8. DILUTION

As of March 31, 2019, the net book value of the Company amounted to €557.7 million. The net book value as of March 31, 2019 corresponds to equity attributable to equity holders of the parent or total assets of €1,022.4 million less total non-current liabilities of €98.3 million and total current liabilities of €352.0 million less non-controlling interests of €14.4 million, each as shown in the unaudited interim condensed consolidated financial statements of the Company as of March 31, 2019.

The dilutive effect of the Offering is illustrated in the table below demonstrating the amount by which the Offer Price exceeds the net book value per share attributable to owners of the Company after completion of the Offering assuming the Offering had taken place on March 31, 2019. In this respect, the net book value attributable to owners of the Company as of March 31, 2019 is adjusted for the effects of the Offering, assuming (i) the execution of the IPO Capital Increase in the maximum number of offered New Shares and exercise of the Greenshoe Option in full and (ii) an increase in the net book value attributable to shareholders by €281.6 million, €329.5 million and €377.3 million at the low end, mid-point and high end of the Price Range. The assumed increase is based on the expected net proceeds not considering any tax effects. The Share Redistribution is not expected to have a material impact on the dilutive effect of this Offering. The adjusted net book value attributable to owners of the Company is referred to as the "**Post-IPO Equity**".

	As of March 31, 2019		
	Low end	**Mid-point**	**High end**
		(unaudited)	
		(in €, unless otherwise specified)	
Net book value per share[(1)]	3.7	3.7	3.7
Gross proceeds from the Offering (in € million)	296.0	345.3	394.7
Estimated total costs of the Offering (in € million)[(2)]	14.4	15.9	17.3
Net proceeds from the Offering (in € million)	281.6	329.5	377.3
Post-IPO Equity (in € million)	839.3	887.2	935.0
Post-IPO Equity per share[(3)]	4.2	4.4	4.6
Amount by which the Offer Price exceeds the Post-IPO Equity per share (immediate dilution of new shareholders of the Company)	1.8	2.6	3.4
Percentage by which the Offer Price exceeds the Post-IPO Equity per share	*44.5%*	*59.4%*	*72.8%*
Amount by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company)	0.5	0.7	1.0
Percentage by which the Post-IPO Equity per share exceeds the net book value per share immediately prior to the Offering	*13.5%*	*20.1%*	*26.6%*

(1) Based on the Company's outstanding share capital of 152,507,611 common shares (excluding 182,378 treasury shares and assuming conversion of all redeemable convertible preference shares into common shares at a 1:1 ratio immediately following pricing of the Offering) immediately prior to the Offering and the implementation of the Share Redistribution and a net book value of the Company in an amount of €557.7 million as of March 31, 2019.

(2) Including underwriting and placement commissions payable to the Joint Bookrunners and assuming payment of the discretionary fee in full.

(3) Assuming 202,144,719, 202,053,196 and 201,984,476 outstanding common shares of the Company upon completion of the Offering, which reflects the issuance of 20,267,821, 14,062,109 and 9,390,301 newly issued common shares to existing shareholders net the repurchase of 19,965,713, 13,851,524 and 9,248,436 common shares from existing shareholders as part of the Share Redistribution, at the low end, mid-point and high end of the Price Range, respectively.

Each of the New Shares and any shares issued under the Greenshoe Option will have the same voting rights as the Company's existing shares.

Prior to the Offering, the Company's existing shareholders, including the Lending Shareholder, held 99.9% of the shares in the Company. Upon completion of the Offering (assuming placement of all Offer Shares and exercise of the Greenshoe Option in full), the aggregate shares held by the Company's existing shareholders (including the Lending Shareholder) would amount to 70.7% of the Company's total shares.

Prior to the Offering, the Lending Shareholder directly and indirectly held 36.8% of the Company's total shares. Upon completion of the Offering (assuming placement of all Offer Shares and exercise of the Greenshoe Option in full), the shares held by the Lending Shareholder would amount to 29.1% of the Company's total shares.

9. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The financial information contained in the following tables is taken or derived from the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016, the unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019 and the Company's internal reporting system. The audited consolidated financial statements have been prepared in accordance with IFRS. The unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019 have been prepared in accordance with IFRS for interim financial reporting (IAS 34).

*Ernst & Young, Société Anonyme, 35E, Avenue John F. Kennedy, L-1855 Luxembourg ("**EY**"), has audited the aforementioned English-language consolidated financial statements of the Company in accordance with International Standards on Auditing as adopted for Luxembourg by the Luxembourg Financial Sector Supervisory Authority (Commission de Surveillance du Secteur Financier) and issued an independent auditor's report thereon. The aforementioned audited consolidated financial statements of the Company and the respective independent auditor's report thereon as well as the unaudited interim condensed consolidated financial statements of the Company as of and for the three months ended March 31, 2019 are included in this Prospectus.*

Where financial information in the following tables is labelled "audited", this means that it has been taken from the audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above, but was either taken or derived from the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019, the Company's internal reporting system or calculated based on figures from the aforementioned sources.

All of the financial information presented in the text and tables below is shown in millions of euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes as well as ratios and aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) presented in this Prospectus are calculated based on the unrounded figures and commercially rounded to one digit after the decimal point. As a result of rounding, rounded figures may not in all cases add up.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to or equals zero.

The following selected consolidated financial information should be read together with the sections "2.8 Non-IFRS Financial Information" and "10. Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations", the consolidated financial statements, including the related notes, contained in this Prospectus, and additional financial information contained elsewhere in this Prospectus. Our historical results are not necessarily indicative of our future results.

9.1 Consolidated Statement of Profit and Loss Data

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
		(audited) (in € million)		(unaudited) (in € million)	
Continuing operations					
Revenue	886.9	1,095.0	1,155.9	236.9	260.7
Cost of sales	(525.5)	(664.1)	(706.2)	(149.3)	(162.6)
Gross profit	**361.4**	**430.9**	**449.7**	**87.6**	**98.1**
Operating (expenses)/income					
Selling and distribution expenses	(328.5)	(373.2)	(378.6)	(85.3)	(95.0)
Administrative expenses	(203.9)	(184.4)	(214.3)	(44.7)	(52.2)
Other operating income	10.0	15.4	3.4	0.7	0.8
Other operating expenses	(25.4)	(19.2)	(17.1)	(2.7)	(3.1)
Impairment losses	(684.5)	–	–	–	–
Net impairment losses of financial assets	(2.9)	(2.2)	(0.8)	0.2	(0.1)
Loss before interest and tax (EBIT)[(1)]	**(873.8)**	**(132.7)**	**(157.7)**	**(44.2)**	**(51.5)**
Result from investment in associates	–	(3.8)	(9.1)	(1.7)	3.2
Result from deconsolidation of subsidiaries	–	1.7	–	–	–
Finance income	16.8	8.5	1.2	0.2	8.4
Finance costs	(19.3)	(20.1)	(32.3)	(11.2)	(3.7)
Result from indexation of IAS 29 Hyperinflation[(2)]	–	–	1.2	–	0.3
Loss before tax	**(876.3)**	**(146.4)**	**(196.7)**	**(56.9)**	**(43.3)**
Income taxes	79.1	2.5	(5.2)	(0.7)	(1.2)
Loss from continuing operations[(3)]	**(797.2)**	**(143.9)**	**(201.9)**	**(57.6)**	**(44.5)**
Discontinued operations					
Profit/(loss) from discontinued operations					
Middle East[(4)]	(2.1)	137.4	–	–	–
India[(5)]	(103.3)	–	–	–	–
Loss for the year/period	**(902.6)**	**(6.5)**	**(201.9)**	**(57.6)**	**(44.5)**
Loss for the year/period attributable to					
Equity holders of the parent	(872.4)	(1.6)	(196.0)	(54.4)	(42.3)
Non-controlling interests	(30.2)	(4.9)	(5.9)	(3.2)	(2.2)

(1) EBIT is defined as earnings before interest and taxes ("**EBIT**") and is calculated as loss from continuing operations/loss for the period before income taxes, finance income and expenses as well as before results from investments in associates, from deconsolidation of subsidiaries and from indexation of IAS 29 Hyperinflation, each from continuing operations.

(2) We adopted IAS 29 Financial Reporting in Hyperinflationary Economies 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 result from indexation of IAS 29 Hyperinflation in our consolidated statement of profit and loss was €0.3 million in the three months ended March 31, 2019 and €1.2 million in 2018. There has been no restatement of prior periods. Our consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 and our interim condensed consolidated financial statements as of and for the three months ended March 31, 2019 are based on the historic cost approach. The price index for Argentina used at the reporting dates of December 31, 2018 and March 31, 2019 was sourced from the Instituto de Capacitación Profesional (ICP).

(3) Loss from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to loss for the period as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

(4) Referred to as Namshi in the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 and unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019. We divested 51% of our operations in the Middle East, i.e., Namshi General Trading LLC, Dubai ("**Namshi**"), on August 16, 2017. The amount presented corresponds to the gain from deconsolidation of Namshi of €139.0 million (gain of €147.1 million net of transaction costs of €8.1 million) in 2017 less loss from discontinued operations of €1.6 million.

(5) Referred to as Jabong in the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016.

9.2 Consolidated Statement of Financial Position

	As of December 31,			As of March 31,
	2016	2017	2018	2019
		(audited) (in € million)		(unaudited) (in € million)
Assets				
Non-current assets				
Property, plant and equipment	59.9	66.5	70.1	153.7
Goodwill	301.9	203.5	185.6	188.7
Other intangible assets	210.1	149.6	136.2	139.5
Investments in associates	–	116.4	107.9	0.1
Other financial assets	3.1	24.7	38.7	74.2
Deferred tax assets	–	–	–	0.1
Income tax receivables	0.1	0.3	0.1	0.1
Other non-financial assets	1.7	1.0	0.7	1.2
Total non-current assets	**576.8**	**562.0**	**539.3**	**557.6**
Current assets				
Inventories	180.2	172.0	186.1	244.9
Trade and other receivables	48.2	48.1	55.2	37.6
Other financial assets	25.8	19.0	16.9	12.4
Income tax receivables	1.9	1.6	2.1	1.9
Other non-financial assets	78.0	46.3	50.8	64.5
Cash and cash equivalents	244.2	251.4	105.0	103.5
Total current assets	**578.3**	**538.4**	**416.1**	**464.8**
Total assets	**1,155.1**	**1,100.4**	**955.4**	**1,022.4**
Equity and liabilities				
Equity				
Ordinary share capital	0.7	0.7	0.7	0.7
Convertible preference shares	0.7	0.8	0.8	0.8
Treasury shares	(7.5)	(7.5)	(7.5)	(7.5)
Capital reserves	2,101.6	2,102.2	2,102.2	2,102.2
Other reserves	–	–	0.3	0.3
Share-based payment reserves	67.6	74.7	111.3	116.6
Accumulated deficit	(1,406.1)	(1,392.3)	(1,581.0)	(1,622.7)
Other comprehensive (expense)/income reserve	38.2	(6.7)	(39.5)	(32.7)
Equity attributable to equity holders of the parent	**795.2**	**771.9**	**587.3**	**557.7**
Non-controlling interests	29.2	21.5	16.5	14.4
Total equity	**824.4**	**793.4**	**603.8**	**572.1**
Non-current liabilities				
Borrowings and lease liabilities(1)	0.7	4.1	4.0	63.8
Other financial liabilities	3.7	–	17.5	19.9
Provisions	2.0	3.2	3.5	3.7
Deferred tax liabilities	21.5	7.7	9.3	10.5
Non-financial liabilities	–	0.4	0.4	0.4
Total non-current liabilities	**27.9**	**15.4**	**34.7**	**98.3**
Current liabilities				
Borrowings and lease liabilities(1)	3.4	2.5	2.5	19.2
Trade payables and other financial liabilities	228.7	220.8	251.6	268.7
Provisions	20.5	12.9	9.1	8.9
Income tax liabilities	2.6	4.2	4.5	4.4
Non-financial liabilities	47.6	51.2	49.2	50.8
Total current liabilities	**302.8**	**291.6**	**316.9**	**352.0**
Total liabilities	**330.7**	**307.0**	**351.6**	**450.3**
Total equity and liabilities	**1,155.1**	**1,100.4**	**955.4**	**1,022.4**

(1) Shown as borrowings in the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016.

9.3 Consolidated Statement of Cash Flows Data

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(audited) (in € million)			(unaudited) (in € million)	
Net cash (used in)/from operating activities from continuing operations[(1)]	(141.6)	(63.8)	(85.3)	(68.9)	(66.3)
Net cash (used in)/from investing activities from continuing operations[(2)]	(27.2)	(32.7)	(65.6)	(6.1)	68.8
Net cash (used in)/from financing activities from continuing operations[(3)]	310.0	11.6	5.2	4.5	(5.6)
Cash and cash equivalents at the end of the year/period	244.2	251.4	105.0	180.6	103.5

(1) Net cash (used in)/from operating activities from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to net cash (used in)/from operating activities as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.
(2) Net cash (used in)/from investing activities from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to net cash (used in)/from investing activities as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.
(3) Net cash (used in)/from financing activities from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to net cash (used in)/from financing activities as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

9.4 Segment Information

We operate our business based on three operating segments, which also comprise our reportable segments: APAC, LATAM and CIS. The following tables present revenue and gross profit for our segments (continuing operations) for the periods indicated. Gross profit is defined as revenue less cost of sales. The column "Other" includes headquarters and certain other business activities, such as sales to other retailers by our own brand "Lost Ink", which we decided to close in February 2019, and external IT services. The reconciliation column includes consolidation adjustments and the effects of purchase price allocation adjustments in connection with the formation of GFG.

	For the three months ended March 31, 2019						
	APAC	LATAM	CIS	Total fashion business	Other	Reconciliation	Total
				(unaudited) (in € million)			
Revenue	92.4	80.1	86.1	258.6	7.0	(4.9)	260.7
Gross profit	35.4	32.2	32.2	99.8	2.7	(4.4)	98.1

	For the three months ended March 31, 2018						
	APAC	LATAM	CIS	Total fashion business	Other	Reconciliation	Total
				(unaudited) (in € million)			
Revenue	76.7	75.2	81.3	233.2	13.4	(9.7)	236.9
Gross profit	28.5	30.7	27.7	86.8	7.1	(6.3)	87.6

	For the year ended December 31, 2018						
	APAC	LATAM	CIS	Total fashion business	Other	Reconciliation	Total
				(audited) (in € million)			
Revenue	409.0	359.0	376.4	1,144.4	66.3	(54.8)	1,155.9
Gross profit	152.1	149.0	145.8	446.9	51.9	(49.1)	449.7

	For the year ended December 31, 2017						
	APAC	LATAM	CIS	Total fashion business	Other	Reconciliation	Total
				(audited) (in € million)			
Revenue	323.5	365.2	395.1	1,083.8	44.9	(33.7)	1,095.0
Gross profit	125.2	155.4	147.8	428.4	28.0	(25.5)	430.9

	For the year ended December 31, 2016						
	APAC	LATAM	CIS	Total fashion business	Other	Reconciliation	Total
				(audited) (in € million)			
Revenue	261.2	315.5	302.7	879.4	24.8	(17.3)	886.9
Gross profit	103.2	136.8	119.9	359.9	13.8	(12.3)	361.4

9.5 Additional Key Performance Indicators

The following table provides an overview of certain financial and non-financial key performance indicators for the Group (continuing operations) as of the dates and for the periods presented:

	As of and for the year ended December 31,			As of and for the three months ended March 31,	
	2016	2017	2018	2018	2019
	(unaudited, unless otherwise specified)			(unaudited)	
Adjusted EBITDA (before IFRS 16) (in € million)[(1)(2)]	(130.8)	(90.9)	(70.0)	(32.2)	n/a
Adjusted EBITDA (post IFRS 16) (in € million)[(2)]	n/a	n/a	(49.8)	(27.8)	(25.5)
Active customers (in million)[(3)]	8.9	9.8	11.2	10.0	11.5
Nominal Change	*n/a*	*10.9%*	*13.6%*	*11.6%*	*14.5%*
NMV per active customer (in €)	121.4	136.7	130.2	135.2	130.6
Organic Change[(4)]	*n/a*	*8.6%*	*7.8%*	*8.3%*	*7.5%*
Average order frequency[(5)]	2.2	2.4	2.5	2.4	2.6
Nominal Change	*n/a*	*6.1%*	*7.0%*	*4.9%*	*8.3%*
Orders (in million)[(6)]	19.8	23.2	28.2	5.4	6.9
Nominal Change	*n/a*	*17.7%*	*21.5%*	*14.9%*	*26.8%*
Average order value (in €)[(7)]	54.2	58.0	51.6	54.4	49.7
Organic Change[(4)]	*n/a*	*2.4%*	*0.8%*	*4.6%*	*(3.8)%*
NMV (in € million)[(8)]	1,076.0	1,343.2	1,453.5	294.0	340.8
Organic Change[(4)]	*n/a*	*20.5%*	*22.5%*	*20.2%*	*22.0%*

(1) Audited for the three years ended December 31, 2016, 2017 and 2018.

(2) We define adjusted EBITDA ("**Adjusted EBITDA**") as loss before interest and tax (EBIT) adjusted for depreciation and amortization and impairment losses (EBITDA) and adjusted for share-based payment (income)/expenses as well as one-off fees related to the IPO and expenses related to the wind-down of Lost Ink Limited. Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of revenue. Furthermore, we distinguish between Adjusted EBITDA (before IFRS 16), which does not reflect the effects of applying IFRS 16, and Adjusted EBITDA (post IFRS 16), which reflects the effects of applying IFRS 16. The following table shows the calculation of our EBITDA, Adjusted EBITDA and Adjusted EBITDA margin for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(audited, unless otherwise specified)			(unaudited)	
	(in € million, unless otherwise specified)			(in € million, unless otherwise specified)	
Revenue	**886.9**	**1,095.0**	**1,155.9**	**236.9**	**260.7**
Loss before interest and tax (EBIT)	**(873.8)**	**(132.7)**	**(157.7)**	**(44.2)**	**(51.5)**
Depreciation and amortization	40.4	32.4	32.5	8.0	14.5

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(audited, unless otherwise specified)			(unaudited)	
	(in € million, unless otherwise specified)			(in € million, unless otherwise specified)	
Impairment losses	684.5	–	–	–	–
EBITDA	**(148.9)**	**(100.3)**	**(125.2)**	**(36.2)**	**(37.0)**
Share-based payment (income)/expenses	18.1	9.4	55.2	4.0	7.7
One-off fees	–	–	–	–	0.9
Wind-down of Lost Ink Limited	–	–	–	–	2.9
Adjusted EBITDA (before IFRS 16)[(a)]	**(130.8)**	**(90.9)[(b)]**	**(70.0)**	**(32.2)**	**n/a**
Adjusted EBITDA (before IFRS 16) margin (unaudited)	*(14.7)%*	*(8.3)%*	*(6.1)%*	*(13.6)%*	*n/a*
IFRS 16 impact (unaudited)	n/a	n/a	20.2[(c)]	4.4	n/a
Adjusted EBITDA (post IFRS 16) (unaudited)	**n/a**	**n/a**	**(49.8)**	**(27.8)**	**(25.5)**
Adjusted EBITDA (post IFRS 16) margin (unaudited)	*n/a*	*n/a*	*(4.3)%*	*(11.7)%*	*(9.8)%*

(a) Adjusted EBITDA (before IFRS 16) numbers do not include the impact of IFRS 16, which is applicable from January 1, 2019. Had IFRS 16 already applied in 2018, our Adjusted EBITDA would have been €20.2 million higher in 2018 and €4.4 million higher in the three months ended March 31, 2018, i.e., Adjusted EBITDA (post IFRS 16) would have been negative €49.8 million in 2018 and negative €27.8 million in the three months ended March 31, 2018.

(b) Adjusted EBITDA (before IFRS 16) for 2017 includes a positive non-recurring effect from the reversal of provisions for tax risks of €7.1 million. Without this non-recurring effect, Adjusted EBITDA (before IFRS 16) would have been negative €98.0 million in 2017.

(c) Thereof €12.5 million related to selling and distribution expenses and €7.7 million related to administrative expenses.

(3) Number of customers who have purchased at least one item after cancellations, rejections and returns in the last twelve months.

(4) Organic change corresponds to nominal change adjusted first for portfolio effects, then for foreign currency translation effects (constant currency approach) and finally for indexation for IAS 29 Hyperinflation, if any. Foreign currency numbers are translated based on constant foreign exchange rates that correspond to the foreign exchange rates as reported on specific dates that are used for internal planning purposes. For 2018 vs. 2017 comparisons, we used foreign exchange rates from July 31, 2017. For 2017 vs. 2016 comparisons, we used foreign exchange rates from August 31, 2016. In all instances, we used exchange rates as reported by the European Central Bank ("**ECB**") where available and if not then rates available from OANDA Corporation (except for the Russian ruble ("**RUB**"), for which we used a per-euro exchange rate of RUB 70.00 in lieu of the rate of RUB 70.4643 from July 31, 2017 and the rate of RUB 72.6624 from August 31, 2016).

(5) Average number of orders per customer per year (calculated as last twelve months' orders divided by active customers)

(6) Number of orders placed by customers after cancellations, rejections and returns.

(7) NMV per order.

(8) NMV is defined as the value of goods sold including VAT/GST and delivery fees, after actual or provisioned rejections and returns.

9.5.1 Quarterly Key Performance Indicators

The following table provides an overview of the Group's key performance indicators (continuing operations) on a quarterly basis for the dates and periods indicated:

	As of and for the three months ended								
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,
	2017				2018				2019
	(unaudited)								
Group – Active customers (in million)	**9.0**	**9.2**	**9.4**	**9.8**	**10.0**	**10.5**	**10.8**	**11.2**	**11.5**
APAC	2.7	2.7	2.7	2.9	3.0	3.2	3.3	3.4	3.6
LATAM	4.0	4.1	4.2	4.4	4.5	4.7	4.9	5.0	5.2
CIS	2.4	2.4	2.5	2.5	2.5	2.6	2.6	2.7	2.8
Group – NMV per active customer (in €)	**128.6**	**133.5**	**136.8**	**136.7**	**135.2**	**131.4**	**129.7**	**130.2**	**130.6**
APAC	119.5	123.4	131.6	132.2	134.7	134.5	139.0	145.6	147.8
LATAM	110.7	112.9	113.8	113.1	110.2	104.7	98.8	96.7	95.3
CIS	168.7	180.2	181.5	182.7	180.2	176.8	175.3	172.5	174.2
Group – average order frequency (in orders per active customer)	**2.3**	**2.3**	**2.3**	**2.4**	**2.4**	**2.4**	**2.5**	**2.5**	**2.6**
Group – orders (in million)	**4.7**	**5.8**	**5.7**	**7.0**	**5.4**	**7.1**	**7.1**	**8.6**	**6.9**
Group – average order value (in €)	**59.7**	**60.2**	**55.4**	**57.1**	**54.4**	**52.3**	**47.5**	**52.7**	**49.7**
Organic change[1]	*0.6%*	*3.5%*	*2.8%*	*2.2%*	*4.6%*	*0.1%*	*(0.9%)*	*0.4%*	*(3.8%)*
Group – NMV (in € million)	**280.7**	**347.4**	**313.8**	**401.3**	**294.0**	**371.2**	**335.9**	**452.3**	**340.8**
APAC	75.5	102.1	91.1	118.4	93.0	132.2	116.7	160.1	116.4
LATAM	98.9	126.6	123.0	145.0	101.8	123.6	111.0	148.0	109.6
CIS	106.3	118.7	99.6	137.9	99.3	115.5	108.2	144.3	114.8
Group – revenue (in € million)	**228.7**	**281.9**	**256.4**	**328.0**	**236.9**	**297.8**	**264.6**	**356.6**	**260.7**
Nominal change	*39.2%*	*25.6%*	*19.0%*	*16.1%*	*3.6%*	*5.6%*	*3.2%*	*8.7%*	*10.1%*
Organic change[1]	*19.1%*[2]	*16.4%*[2]	*21.3%*	*22.8%*	*17.8%*	*21.1%*	*18.3%*	*17.8%*	*15.1%*
APAC[3]	64.9	86.2	75.3	97.1	76.7	110.2	93.8	128.3	92.4
Nominal change	*20.1%*	*22.4%*	*23.0%*	*28.6%*	*18.2%*	*27.9%*	*24.6%*	*32.2%*	*20.5%*
Organic change[1]	*20.5%*[4]	*22.5%*[4]	*28.4%*	*37.7%*	*30.5%*	*36.3%*	*30.1%*	*35.1%*	*19.2%*
LATAM[3]	72.4	92.2	92.2	108.4	75.2	90.9	82.3	110.7	80.1
Nominal change	*26.6%*	*17.3%*	*15.1%*	*8.9%*	*3.9%*	*(1.5%)*	*(10.8%)*	2.0%	*6.5%*
Organic change[1]	*1.8%*	*7.7%*	*19.5%*	*18.2%*	*24.3%*	*19.9%*	*17.6%*	*15.7%*	*16.4%*
CIS[3]	89.3	101.3	85.8	118.8	81.3	94.5	85.0	115.5	86.1

	As of and for the three months ended								
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,
	2017				2018				2019
					(unaudited)				
Nominal change	*73.1%*	*36.8%*	*18.7%*	*13.2%*	*(8.9%)*	*(6.7%)*	*(0.8%)*	(2.7)%	*5.9%*
Organic change[1]	*33.4%*	*16.8%*	*14.3%*	*14.5%*	*1.5%*	*8.9%*	*9.0%*	*7.0%*	*13.0%*
Group - gross profit (in € million)	**86.8**	**120.7**	**98.9**	**124.6**	**87.6**	**127.7**	**95.9**	**138.4**	**98.1**
Gross profit margin[5]	*37.9%*	*42.8%*	*38.6%*	*38.0%*	*37.0%*	*42.9%*	*36.2%*	*38.8%*	*37.6%*
APAC	26.4	34.9	29.7	34.2	28.5	39.9	34.0	49.8	35.4
Gross profit margin[5]	*40.7%*	*40.5%*	*39.5%*	*35.2%*	*37.1%*	*36.3%*	*36.2%*	*38.8%*	*38.3%*
LATAM	30.3	41.8	39.7	43.6	30.7	39.9	33.5	44.8	32.2
Gross profit margin[5]	*41.9%*	*45.3%*	*43.0%*	*40.3%*	*40.8%*	*44.0%*	*40.8%*	*40.5%*	*40.2%*
CIS	29.7	44.0	28.4	45.7	27.7	47.0	27.5	43.5	32.2
Gross profit margin[5]	*33.3%*	*43.4%*	*33.1%*	*38.5%*	*34.1%*	*49.8%*	*32.3%*	*37.7%*	*37.4%*

(1) Organic change corresponds to nominal change adjusted first for portfolio effects, then for foreign currency translation effects (constant currency approach) and finally for indexation for IAS 29 Hyperinflation, if any. Foreign currency numbers are translated based on constant foreign exchange rates that correspond to the foreign exchange rates as reported on specific dates that are used for internal planning purposes. For 2018 vs. 2017 comparisons, we used foreign exchange rates from July 31, 2017. For 2017 vs. 2016 comparisons, we used foreign exchange rates from August 31, 2016. In all instances, we used exchange rates as reported by the ECB where available and if not then rates available from OANDA Corporation (except for the RUB, for which we used a per-euro exchange rate of RUB 70.00 in lieu of the rate of RUB 70.4643 from July 31, 2017 and the rate of RUB 72.6624 from August 31, 2016).

(2) Organic change includes an adjustment for portfolio effects of 2.1 percentage points in the three months ended March 31, 2017 and 0.3 percentage points in the three months ended June 30, 2017. Adjustment for portfolio effects encompasses business activities which are no longer part of our business and have been disposed of. The adjustment for portfolio effects is calculated as the change year-over-year in revenue of the relevant business resulting specifically from the business disposed of. To calculate the percentage change, this absolute change is divided by revenue for the comparison period.

(3) Amounts refer to the relevant segment revenue.

(4) Organic change includes an adjustment for portfolio effects of 5.6 percentage points in the three months ended March 31, 2017 and 1.1 percentage points in the three months ended June 30, 2017.

(5) Gross profit margin is defined as gross profit as a percentage of revenue.

10. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial information contained in the following tables and discussion is taken or derived from the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016, the unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019 and the Company's internal reporting system. The audited consolidated financial statements have been prepared in accordance with IFRS. The unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019 have been prepared in accordance with IFRS for interim financial reporting (IAS 34).

Where financial information in the following tables is labelled "audited", this means that it has been taken from the audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above, but was either taken or derived from the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019, the Company's internal reporting system or calculated based on figures from the aforementioned sources.

All of the financial information presented in the text and tables below is shown in millions of euro (in € million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes as well as ratios and aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) presented in this Prospectus are calculated based on the unrounded figures and commercially rounded to one digit after the decimal point. As a result of rounding, rounded figures may not in all cases add up.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to or equals zero.

The following discussion and analysis should be read together with the Company's consolidated financial statements, including the related notes, contained in this Prospectus, and additional financial information contained elsewhere in this Prospectus, in particular in the section "9. Selected Consolidated Financial Information". Our historical results are not necessarily indicative of our future results.

10.1 Overview

We are the leading online fashion and lifestyle destination in terms of estimated online sales in 17 countries across Asia Pacific (APAC), Latin America (LATAM) and the Commonwealth of Independent States (CIS) (source: GFG calculations based on Euromonitor Retailing 2019). We provide our customers with an inspiring and seamless shopping experience from discovery to delivery. In 2018, our mobile applications and websites attracted on average more than 150 million visits per month, and we served 11.2 million active customers. Our customers placed 28.2 million orders with a NMV of approximately €1.5 billion in 2018.

We operate in large, growing and underpenetrated markets. Approximately one billion people live in our markets. Based on data sourced from Euromonitor, spending on fashion and lifestyle products is forecast to increase in our markets at a compound annual growth rate (CAGR) of 7% between 2018 and 2022, which is considerably higher than the 3% CAGR forecast for each of the United States and Western Europe over this period (source: GFG calculations based on Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). In addition to benefiting from the expected growth of the overall fashion and lifestyle retail market, we believe the online fashion and lifestyle retail market has significant additional upside potential due to the relatively low levels of e-commerce penetration in our markets. In 2018, online sales accounted for only 6% of the total spending on fashion and lifestyle products in our markets, compared to 15% in Western Europe, 20% in the United States and 39% in China (source: GFG calculations based on Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). We believe we are well positioned to benefit from the expected growth and online shift of the fashion and lifestyle markets in our regions as we combine the scale of a global player for sourcing, fulfillment and technology with tailored solutions to address specific local needs and preferences including product assortment, language, payment currency, payment methods and delivery options.

We deliver a compelling value proposition to both our customers and brand partners. Operating under our brands *THE ICONIC* (in Australia and New Zealand), *ZALORA* (in Hong Kong, Indonesia, the Philippines,

Malaysia, Singapore, Taiwan and Brunei), *dafiti* (in Brazil, Argentina, Chile and Colombia) and *lamoda* (in Russia, Belarus, Kazakhstan and Ukraine), we empower our customers to express themselves through fashion by connecting them with a diverse range of fashion and lifestyle brands. Through our apps and websites, customers can access a broad range of fashion products from a large number of global and local brands as well as over 40 of our own brands, which include products we co-develop with celebrities and local influencers. Our personalization technology creates tailored selections and recommendations to enable customers to discover the products most relevant for them. The product assortment we offer spans all key fashion and lifestyle categories such as apparel, footwear, accessories, kids and sportswear. Additionally, our locally relevant products are tailored to meet the cultural, sizing and price preferences of our diverse customers across our multiple markets. On our platforms, we utilize two business models: retail, where we own the inventory of products sold to our customers ("**Retail**"), and marketplace, where our brand partners hold the inventory and list products on our apps and websites ("**Marketplace**"). We offer more than 35 payment options across our markets to serve local customer preferences. Over 90% of all items sold over our apps and websites are stored in one of our ten strategically located fulfillment centers, from which they are delivered swiftly through an efficient mix, tailored to each of our markets, of third-party providers and our own delivery fleet. We offer 24/7 customer support in the majority of our markets and in eleven different languages as well as free return options, enhancing our conversion rates and contributing to an outstanding shopping experience in all of our markets.

We believe that many fashion and lifestyle brands have made us their e-commerce partner of choice in our markets because we offer them instant access to highly engaged audiences in large and growing fashion markets. We offer flexible and tailored support to fashion and lifestyle brands in selling their products to customers. We purchase products that we anticipate will enjoy strong demand across market segments from the relevant brands or manufacturers. We also give brands access to our Marketplace, where they act as third-party sellers via our apps and websites. We support brands, including when they sell through their own online channels, by offering them distinct fashion services ("**Fashion Services**"), including fulfillment services (for example, storage, picking and last-mile fulfillment), media solutions (e.g., advertising on our platforms, sponsoring of events to increase brand awareness) and data analytics.

We have a track record of strong growth and improving results. Our highly-engaged customer base increased from 8.9 million active customers as of December 31, 2016 to 11.2 million active customers as of December 31, 2018. NMV per active customer increased at an 8.2% CAGR on an organic basis between 2016 and 2018, driven largely by customers increasing their order frequency. Total NMV increased from €1,076.0 million in 2016 to €1,453.5 million in 2018, reflecting, on an organic basis, a CAGR of 21.5%. Our revenue increased from €886.9 million in 2016 to €1,155.9 million in 2018, reflecting, on an organic basis, a CAGR of 19.4%.

We have three operating and reportable segments, APAC, LATAM and CIS, that reflect our geographic footprint. Australia, Brazil and Russia contribute the largest share of revenue within their respective segments. The following table shows key information for our three segments for the year ended December 31, 2018:

	For the year ended December 31, 2018 (unaudited)	
	Share of NMV	**Share of revenue[(1)]**
APAC	34.5%	35.4%
LATAM	33.3%	31.1%
CIS	32.2%	32.6%

(1) Percentages do not add up to 100.0% because revenue from "Other" as well as consolidation adjustments and effects from purchase price allocation adjustments in connection with the formation of GFG are not reflected in this column.

In 2018, we reached break-even on an Adjusted EBITDA basis (before IFRS 16) in our LATAM segment as well as in Australia, which is part of our APAC segment. Although we remain loss-making on a Group level, significant growth of the scale of our business as well as the increase of our cost efficiency have allowed us to continuously improve our Adjusted EBITDA (before IFRS 16) from a loss of €130.8 million in 2016 to a loss of €70.0 million in 2018. After the application of IFRS 16, our Adjusted EBITDA (post IFRS 16) loss would have been €49.8 million in 2018. Our goal in 2019 is to further progress towards break-even on a Group level.

10.2 Our Revenue Model

We generate revenue based on the following three models of Retail, Marketplace and Fashion Services:

Retail: In Retail, we identify products that we expect will enjoy strong demand across market segments and purchase these products from the relevant brands. We also offer products from our own brands. We store these products in our fulfillment centers and produce the digital images of the items to be displayed on our apps and websites. Orders are shipped from our fulfillment centers and delivered to the end customer either through our own logistics network or by third-party couriers. Retail provides us with substantial control over pricing, volume and customer service. As Retail products are typically in high demand, they accounted for 50% of our stock keeping units ("**SKUs**") as of December 31, 2018 but for 85% of NMV in 2018.

For Retail sales, we book the sales price as revenue. As we purchase and deliver the Retail products, we incur significant costs of sales and fulfillment expenses and bear inventory risk. In accordance with IFRS, we use our historical rejection and return rates to anticipate future rejections and returns and deduct such anticipated returns from our revenue and cost of sales.

Marketplace: In Marketplace, brands act as third-party sellers on our platform. They offer and sell products through our apps and websites. We do not carry inventory risk for Marketplace sales. Accordingly, while Marketplace products accounted for 50% of our SKUs as of December 31, 2018, Marketplace accounted for a much smaller percentage of NMV in 2018. Marketplace is growing faster than Retail. NMV from Marketplace sales increased from 8% to over 15% of our total NMV from 2016 to 2018. In the three months ended March 31, 2019, NMV from Marketplace sales was 19%, representing an increase from 13% in the three months ended March 31, 2018.

In Marketplace, we support third-party sellers by offering additional services, such as content production, warehousing, delivery and customer service. Marketplace allows us to provide a broad assortment of products, including products that are related to new categories. We earn commissions, set as a percentage of the relevant product's sales price, for all products sold through our Marketplace model. The commission percentage increases with the scope of the support services we provide to the relevant brand. In 2018, our average commission was 31%. As we do not purchase the products we sell through Marketplace, we incur insignificant costs of sales and do not bear inventory risk. Depending on the level of service we provide to the relevant brand, we may engage in warehousing and/or delivery services and, accordingly, often incur fulfillment expenses. Reported revenue from the sale of products with the same sales price is significantly higher in Retail than in Marketplace. Accordingly, shifts in the relative proportion of sales from Retail to Marketplace lead to a decrease in revenue. However, as we incur only insignificant costs of sales in Marketplace, shifts in the relative proportion of sales from Retail to Marketplace lead to an increase in gross margin. In order to eliminate the impact of shifts between Retail and Marketplace sales, we analyze the development of NMV, which reflects the value of goods sold over our platform including VAT/GST and delivery fees, after actual or provisioned rejections and returns, irrespective of the relative proportion of Retail and Marketplace sales.

An increase in Marketplace sales leads to an improvement in the net working capital cycle, as we do not hold inventory for Marketplace sales and typically pay Marketplace sellers within an agreed time after receipt of payment from our customers.

Fashion Services: We utilize our Fashion Services model to offer distinct services for brands that lack the infrastructure to execute customer orders. We support these brands by providing various services, including fulfillment services (e.g., storage, picking and last-mile fulfillment), media solutions (e.g., advertising on our platforms, sponsoring of events to increase brand awareness) and data analytics – on an as-needed, case-by-case-basis. These services support brands' engagement with their customers.

We have only been operating our Fashion Services model for the last few years. Revenue in this model is generated from fees we earn for our services. In 2018, Fashion Services accounted for less than 2% of our revenue. We may incur certain costs associated with the delivery of Fashion Services, principally payroll and variable fulfillment and delivery costs; however, we do not bear inventory risk.

10.3 Key Factors Affecting our Results of Operations, Financial Condition and Cash Flows

The key factors discussed below have significantly affected our results of operations, financial condition and cash flows during the periods for which financial information is included in the Prospectus, and we believe that these factors will continue to affect us in the future:

10.3.1 Increasing Demand for our Products

Demand is a key driver affecting our revenue. Approximately one billion people live in our 17 geographic markets, with total spending on fashion and lifestyle in 2018 of €320 billion. Based on data sourced from Euromonitor, fashion spending in our geographic markets is forecast to increase at a CAGR of 7% from 2018 to 2022, which is significantly higher than the forecast CAGRs of 3% in the United States and Western Europe for the same period (source: GFG calculations based on data from Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). In addition to their attractive scale and robust growth dynamics, we believe our markets present online retailers, such as ourselves, with the potential to achieve above market rates of growth driven by increasing e-commerce penetration. Through the breadth, quality and pricing of our offering and our ongoing investment in a superior consumer experience, we seek to benefit from the growth of our markets and to gain market share from our competitors. We believe the increase in orders from 19.8 million in 2016 to 28.2 million in 2018 underscores our ability to offer an appealing and relevant product assortment and ultimately to benefit from increasing fashion demand in our markets.

10.3.2 NMV Growth from an Engaged Customer Base

The performance of our business depends on the number of customers we are able to attract and our ability to generate revenue from repeat customers. The NMV per active customer depends on the order frequency and the average order value.

To grow our customer base and increase order frequency and size, we focus on the needs and preferences of our customers when we think about the development of our assortment and ways to enhance our services that we believe will have a lasting impact. Our long-term view drives our decisions to invest into our cost and asset base to ensure we are well positioned to grow our customer base and capture the current and future growth potential of our markets. Initiatives to enhance our services are tailored to each market and include, for example, developing our own proprietary last-mile delivery infrastructure in selected markets, offering three-hour delivery in certain urban areas such as Sydney, introducing try-on options, increasing the number of pick-up points, offering cash-on-delivery payment, installment payment and providing local-language customer service support.

These initiatives have helped us to increase our customer reach, as evidenced by an average of more than 150 million monthly site or app visits in 2018. The number of active customers increased from 8.9 million as of December 31 2016, to 9.8 million as of December 31, 2017 and further to 11.2 million as of December 31, 2018. We had 11.5 million active customers as of March 31, 2019. Customer loyalty increased between 2016 and 2018, as evidenced by the increase in the share of NMV from returning customers from 56.5% in 2016 to 68.1% in 2018. We have historically retained more than half of the NMV generated by customers in the first calendar year on which they shopped on GFG during the next calendar year. During the following years, NMV from these annual customer cohorts has remained broadly stable. We have also been able to drive consistent NMV growth from new customers. Our brands' average Net Promotor Score (NPS), excluding *ZALORA* due to a lack of data, was 80% in 2018 compared to about 50% for the retail industry as a whole (source*:* NPSBenchmarks.com). Our customers are also shopping more frequently and with higher repeat order rates. The average number of orders per active customer and year increased from 2.2 orders in 2016 to 2.5 orders in 2018. The average order value increased on an organic basis by 2.4% from 2016 to 2017 and by another 0.8% from 2017 to 2018. In the three months ended March 31, 2019, the average order value decreased by 3.8% on an organic basis.

10.3.3 Gross Margin Accretion from Growth of Marketplace and Fashion Services

We generate revenue from Retail sales, Marketplace sales and Fashion Services. We started as a pure retail business and have since diversified our operations by increasing the share of Marketplace orders. In the three months ended March 31, 2019, Marketplace accounted for 19% of our total NMV, with our CIS segment having a Marketplace share of 22%, APAC 21% and LATAM 15%. An increase in Marketplace participation leads to an increase in our gross profit margins, as we incur only insignificant costs of sales in Marketplace. Marketplace is highly accretive to contribution profit (gross profits after fulfillment and marketing costs) as a percentage of revenue. An increase in the share of Marketplace NMV also reduces our overall inventory risk and allows us to

improve our working capital. Going forward, we expect the share of Marketplace NMV to increase further. In the medium term, Marketplace NMV may account for more than 25% of total NMV.

Fashion Services accounted for less than 2% of our revenue in 2018. Fashion Services allow us to leverage our existing fixed-cost base to generate additional revenue and gross profit. Fashion Services also allows us to deepen our existing brand relationships. An expansion of our Fashion Services does not require additional working capital.

10.3.4 Sourcing

Our sourcing strategy has been designed with a view to obtaining relevant products for our customers at attractive prices from our brand partners and suppliers. Our customer base enables our brand partners and suppliers to sell comparatively large quantities of their products and to establish and attractively position their own brands in our markets. We recently began leveraging our know-how and data analytics platform to offer our brand partners and suppliers broad analytical insights into their business with us.

For brands with growth ambitions in our countries of operation, we believe that we present them with a unique opportunity to grow their businesses in markets where these brands often are underrepresented. We have created a range of Fashion Services that enable fashion and lifestyle brands to partner with us in a variety of different ways. This approach provides flexibility for the brands around business models and ways to market that they may not have considered previously. Our strong customer proposition allows brands to further enhance their position in the market. We have leveraged this position successfully over the past three years and used it to attract highly sought-after fashion brands. Alongside global brands, we are active in building a differentiated offering for our customers by working with local brands and developing complementary own label ranges and products. In some cases we are the only online fashion and lifestyle retailer these brands are working with in our markets. Our business model has also allowed us to improve commercial terms and gain access to an increasing number of differentiated products.

In 2018, for our Group as a whole, the vast majority of items were sourced locally. Specifically, in our LATAM segment, more than 90% of items were sourced locally in 2018. In our CIS segment, the share was approximately 70% and in our APAC segment the share was approximately 50%. Together with other expenses incurred in local currency, the local sourcing results in a high degree of natural foreign exchange hedging. In 2018, more than 90% of our cash flows in our LATAM segment and more than 80% of our cash flows in our APAC and CIS segments were naturally hedged.

10.3.5 Stable Fulfillment Cost Ratio

Many of the countries in which we operate are large, include areas that are difficult to access and lack reliable third-party delivery and warehousing solutions for a fashion e-commerce business at scale.

For example, Indonesia consists of more than 17,000 islands and Russia is the largest country in the world by landmass. Many third-party delivery operators in our markets lack technology solutions, service-level offering, critical infrastructure, incentives and the trained staff necessary to enable and manage our delivery requirements.

In order to respond to customer preferences, we apply a tailored mix of own and third-party last-mile delivery. Customers value having the option of ordering products in different sizes or colors. Our own last-mile delivery service in CIS enables us to provide customers with the opportunity to try on the products they have ordered while our last-mile-delivery employees waits for the customers to decide which items to keep. In many markets, customers value fast delivery. In Brazil, we work with over 20 different third-party logistics companies to offer same-day delivery in São Paulo as well as next-day delivery in many large cities and access to over 7,000 pick-up points. In Australia, we offer same-day delivery to a large number of our customers in Sydney.

We operate ten fulfillment centers with a total floor space of 395,000 square meters and a capacity to store 28 million items and to process over 800,000 items per day. In operating our fulfillment centers, we utilize a balanced approach between manual and automated processes depending on local market conditions. During the periods under review, we increased the efficiency of our fulfillment processes and benefited from economies of scale.

While we believe that our current infrastructure allows us to capture future growth in our markets, we will need to make further investments into our infrastructure. Our capital expenditure related to property, plant and equipment (shown in our consolidated financial statements as additions to property, plant and equipment and those due from business combinations) varied between €33.6 million in 2016 to €26.9 million in 2018. Capital

expenditure was largely driven by investments into fulfillment center expansion. We expect to continue investing significantly in our fulfillment centers in the future. We invest ahead of a fulfillment center being fully utilized to cater for future growth needs. We will also continue to evaluate investment into process automation. For example, we will make a significant investment into the automation of our new Brazilian fulfillment center.

Overall, despite improving service to our customers, our fulfillment expenses as a percentage of revenue remained relatively stable, amounting to 23.1% in 2016, 22.5% in 2017 and 23.0% in 2018.

10.3.6 Rejections and Returns

Allowing our customers to easily receive, try on and if required return products is an important pillar of our value proposition, contributing to customer satisfaction and helping us increase order frequency. In addition to our various in house and third party enabled delivery methods we provide tailored solutions to enable returns from the customer's home, place of work and other locations, including pick-up points.

We typically allow customers to return products within 30 days. A number of factors significantly affect our return rates. These factors include size or fit as well as customers deciding against a purchase. Return rates also depend on the customer demographics, the country, the payment method, product category and the service level we are offering. For example, in CIS, customers value having the option of ordering different products and only decide at the time of delivery which ones they want to keep. Accordingly, customers may reject a high number of items (i.e., return items immediately at the point of delivery) at the time of delivery. Return rates for the products that are not immediately rejected are, however, close to zero in CIS. Products that are immediately rejected can quickly be made available for sale in our online shop. Return rates for products paid for in cash on delivery are lower than return rates for products paid for online.

Our return rates in APAC, LATAM and CIS including rejections slightly increased during the periods under review but varied strongly between regions. In 2018, customers only returned 8% of items in LATAM and 23% of items in APAC. As a result of the try on services offered in CIS, 62% of items were returned although rejections at the point and time of delivery accounted for 60% and returns at a later point for only 2%.

In accordance with IFRS, we use our historical return rates to anticipate future returns and deduct such anticipated returns from our revenue and cost of sales. If actual return rates turn out to be higher, we lose the corresponding share of revenue and profits, but still incur delivery and processing expenses. Most of our returned products are stored in our fulfillment centers, recorded as inventories and available for sale again after having undergone a quality assessment to ensure the returned products are in good order. We provision in our accounts from the expected last margin from returns and returned products being damaged or otherwise not fit for sale.

We continuously seek to control our return rates by focusing on the accuracy of our product descriptions and improving the visualization of our products on our apps and websites. For example, we are working on technology that will enable us to improve size recommendations to customers in the future. Furthermore, we focus on an efficient and reliable fulfillment process to make sure that the right items are being shipped and they arrive at our customers within the promised delivery time.

10.3.7 Efficiency of Marketing Spend

Our marketing efforts are designed to drive relevant traffic to our apps and websites, build our fashion and lifestyle brands and create a go-to destination for online fashion and lifestyle shopping. In the early stages of our development, we mainly used paid marketing channels, such as Google search engine, which helped us to rapidly gain relevant scale. In 2018, 63% of the total visits to our platform were generated by unpaid channels, such as our apps, direct website visits, customer relationship management and search engine optimization. The remaining 37% of the total number of visits to our platform were generated by paid marketing channels, such as retargeting, social media or search engine marketing. Our marketing efforts have helped us become the top-of-mind online fashion destination in our markets, with a median aided brand awareness exceeding 80%.

Our established brands position us to focus on developing our customer base of 11.5 million active customers as of March 31, 2019 and to increasingly utilize unpaid marketing channels and benefit from free traffic to our apps and websites. These allow us to increase the efficiency of our marketing spending. In addition, in our APAC segment, we made a strategic decision to shift spending from marketing to lower pricing. Expressed as a percentage of revenue, our marketing expenses decreased from 13.9% in 2016 to 9.8% in 2018.

The data we have collected in our operations and the experience we have gained allow us to focus on attracting new customers with a high lifetime value. Comparing the cost of customer acquisition for customers in our 2017

cohort with their customer lifetime value, we observed that the payback for customer acquisition costs in the 2017 cohort was achieved within 12 months for our Group as a whole as well as within each of our segments.

Within our segments, payback times differ, as for example, more mature markets can have shorter payback times and less developed markets longer payback times. In addition, payback periods may fluctuate over time. For example, payback periods may become longer if we decide to invest more into marketing or pricing and discounts to gain market share. On a constant currency basis (adjusted to the foreign exchange rates we used for planning in 2018), this acquisition cost has increased on average by 2.2% a year since 2016.

For purposes of the payback analysis, we define customer acquisition costs per new customer as online marketing expenses divided by the number of new customers during the respective period and customer lifetime value as cumulative gross margin after deducting fulfillment costs, excluding e-production costs, from the month of the first purchase.

10.3.8 Scalable Technology and Administrative Cost Base

Our administrative expenses include technology expenses and other administrative expenses, including personnel expenses, rent and utilities and certain depreciation expenses. Administrative expenses are not directly linked to assortment or revenue growth. They increase mainly as we invest in technology and our talent pool across our business. As our sales increase, we can benefit from economies of scale. This trend is augmented by our continuous focus on efficiency within our operations. Specific initiatives include programs to reduce personnel expenses, optimize spending on technology and control administrative costs. Expressed as a percentage of revenue, administrative expenses adjusted to exclude share-based payment expense decreased from 20.9% in 2016 to 13.8% in 2018.

10.3.9 Investment in Talent

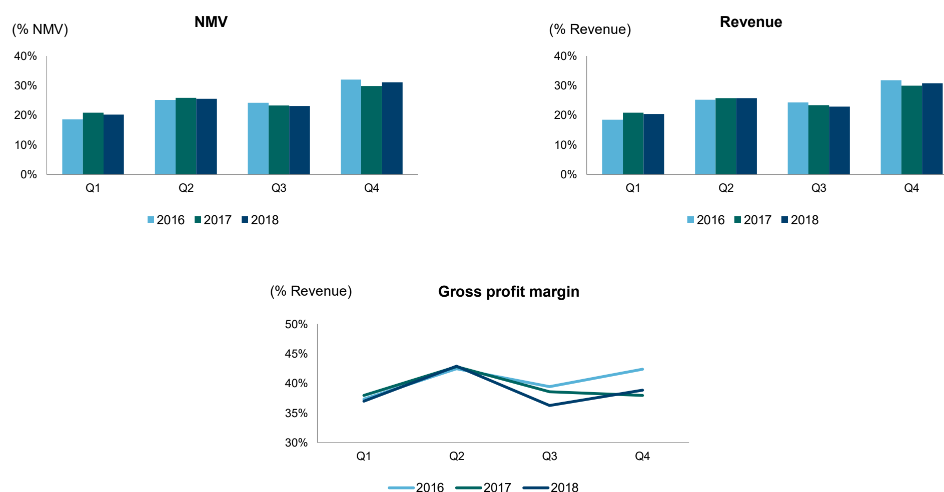
We believe that talented employees are a very important asset. We intend to continue to invest in hiring and retaining talent. We use stock options, restricted stock units and similar instruments as one of the means to motivate and/or retain senior executives, key employees and certain supporters. If all existing, unexercised stock options are exercised and settled in shares in the Company, we will issue a total of 10,964,017 new shares against payment of strike prices that vary between €0.01 and €41.12 per share.

We incur expenses related to our stock option programs. Share-based payment expense was €18.1 million in 2016, €9.4 million in 2017 and €55.2 million in 2018. In 2018, the increase in share-based payment expense was driven by the cancellation of an old scheme resulting in a large cancellation charge, which provided no financial benefit to participants in the old scheme, and the introduction of a new scheme, replacing the old scheme. As a result, a cumulative charge, dating back to 2015 for some participants, was recorded in 2018. Accordingly, share-based payment expenses in 2018 is not reflective of the annual ongoing charge.

As we believe that share-based payment expense is not reflective of the underlying operating performance of our business, we typically adjust our key performance indicators, such as Adjusted EBITDA, for share-based payment expenses.

10.3.10 Seasonality

Fashion sales follow seasonal patterns. We operate largely based on a Spring/Summer and Fall/Winter season schedule. Our presence in the northern hemisphere (our CIS business); southern hemisphere (Australia, New Zealand and Brazil) and also countries that cross the equator including Colombia and countries in Southeast Asia, smooths out the seasonal risks of being concentrated in one geography. Our new season collections drive most sales in the second and fourth quarter, with the first and third quarter focusing on end of season sales and stock clearance. These markdown periods can be seen in our quarterly gross-margin trend, which is most pronounced in CIS given the extreme changes between seasons in this region. The following charts show the seasonal patterns of our NMV, revenue (shown in each case as a percentage vs. revenue for the full year) and gross profit margin for 2016, 2017 and 2018.



10.3.11 Goodwill and Other Intangible Assets

Non-current assets as of December 31, 2018 were largely comprised of goodwill, which amounted to €185.6 million as of December 31, 2018 compared to €301.9 million as of December 31, 2016, and other intangible assets, which amounted to €136.2 million as of December 31, 2018 compared to €210.1 million as of December 31, 2016. Other intangible assets included principally trademarks and customer relationships.

In 2017, the 51% divestment in Namshi led to a disposal of goodwill of €64.0 million and of other intangible assets of €31.1 million. In 2016, we recognized impairment losses on goodwill and other intangible assets of €684.5 million. This was triggered by lower long-term profitability expectations for comparable companies, higher risk premiums resulting from a drop in overall market valuations of comparable companies and by a revaluation due to a new funding round approved by our board in June 2016, which caused a change in the fair value of the Company. This funding round was based on a pre-money valuation of the Company of €700 million, which was below the prior valuation which was based on the sum of the values for all regions – the regions were valued at different valuation levels when GFG was formed.

10.3.12 Accounting Standard Changes

While certain changes to accounting standards (e.g., IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*) have not significantly impacted the Company during the periods under review, the introduction of IFRS 16 concerning the recognition, measurement, presentation and disclosure of leases has a significant impact on our assets and liabilities, and results of operations. IFRS 16 *Leases* sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance-sheet model. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Before the introduction of IFRS 16, we recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

We adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized directly in equity as of January 1, 2019, without any change to the comparative figures. We recognized additional right-of-use assets of €75.0 million and lease liabilities of €75.0 million as of January 1, 2019.

Had IFRS 16 already applied in 2018, our Adjusted EBITDA would have been €20.2 million higher.

For more information on other changes to accounting standards, see "*10.12 Changes in Accounting Standards*". For more information on IFRS 16 and other changes to accounting standards, see the Notes to the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 on page F-32 et seq. and to the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019 on page F-11 et seq.

10.4 Comparability

The comparability of our financial information is not only affected by accounting standard changes, such as the adoption of IFRS 16 as of January 1, 2019 as described before, but also by foreign exchange effects, which lead to changes in the contributions from our regional businesses that are in whole or in part not driven by their operating performance, and by changes in our portfolio, including the changes described below.

On August 16, 2017, we entered into a partnership with Emaar Malls. As part of this partnership, Emaar Malls acquired 51% of our operations in the Middle East, with the Group and a management vehicle retaining 47% and 2%, respectively. As a result, the net assets of our operations in the Middle East have been deconsolidated. The results of our Middle Eastern operations for the periods from January 1, 2016 to August 16, 2017 are presented within discontinued operations in our statement of profit and loss. Between August 16, 2017 and February 25, 2019, our remaining stake in our Middle Eastern operations was presented in result from investment in associates, using the equity method. On February 25, 2019, we sold our remaining stake in our Middle Eastern operations.

On August 2, 2016, we sold our Indian operations, i.e., Jade eServices Private Limited ("**Jabong**") to FK Myntra Holdings Private Limited, for a consideration of USD 70 million (€62.7 million), which was also classified as a discontinued operation.

In May 2016, we sold our operations in Thailand, which consisted of Zalora (Thailand) Ltd and Recess Logistics and Retail Company Limited for a total cash consideration of €5.0 million.

In order to eliminate the impact of (i) foreign exchange effects when translating non-euro financial results into euro, (ii) portfolio changes and (iii) result from indexation of IAS 29 Hyperinflation, we show organic growth rates.

10.5 Results of Operations

The following table provides our results of operations for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
		(audited) (in € million)		(unaudited) (in € million)	
Continuing operations					
Revenue	886.9	1,095.0	1,155.9	236.9	260.7
Cost of sales	(525.5)	(664.1)	(706.2)	(149.3)	(162.6)
Gross profit	**361.4**	**430.9**	**449.7**	**87.6**	**98.1**
Operating (expenses)/income					
Selling and distribution expenses	(328.5)	(373.2)	(378.6)	(85.3)	(95.0)
Administrative expenses	(203.9)	(184.4)	(214.3)	(44.7)	(52.2)
Other operating income	10.0	15.4	3.4	0.7	0.8
Other operating expenses	(25.4)	(19.2)	(17.1)	(2.7)	(3.1)
Impairment losses	(684.5)	–	–	–	–
Net impairment losses of financial assets	(2.9)	(2.2)	(0.8)	0.2	(0.1)
Loss before interest and tax (EBIT)[1]	**(873.8)**	**(132.7)**	**(157.7)**	**(44.2)**	**(51.5)**
Result from investment in associates	–	(3.8)	(9.1)	(1.7)	3.2
Result from deconsolidation of subsidiaries	–	1.7	–	–	–
Finance income	16.8	8.5	1.2	0.2	8.4
Finance costs	(19.3)	(20.1)	(32.3)	(11.2)	(3.7)
Result from indexation of IAS 29 Hyperinflation[2]	–	–	1.2	–	0.3
Loss before tax	**(876.3)**	**(146.4)**	**(196.7)**	**(56.9)**	**(43.3)**
Income taxes	79.1	2.5	(5.2)	(0.7)	(1.2)
Loss from continuing operations[3]	**(797.2)**	**(143.9)**	**(201.9)**	**(57.6)**	**(44.5)**
Discontinued operations					
Profit/(loss) from discontinued operations					
Middle East[4]	(2.1)	137.4	–	–	–
India[5]	(103.3)	–	–	–	–
Loss for the year/period	**(902.6)**	**(6.5)**	**(201.9)**	**(57.6)**	**(44.5)**
Loss for the year/period attributable to					
Equity holders of the parent	(872.4)	(1.6)	(196.0)	(54.4)	(42.3)
Non-controlling interests	(30.2)	(4.9)	(5.9)	(3.2)	(2.2)

(1) EBIT is defined as earnings before interest and taxes and is calculated as loss from continuing operations/loss for the period before income taxes, finance income and expenses as well as before results from investments in associates, from deconsolidation of subsidiaries and from indexation of IAS 29 Hyperinflation, each from continuing operations.

(2) We adopted IAS 29 Financial Reporting in Hyperinflationary Economies 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 result from indexation of IAS 29 Hyperinflation in our consolidated statement of profit and loss was €0.3 million in the three months ended March 31, 2019 and €1.2 million in 2018. There has been no restatement of prior periods. Our consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 and our interim condensed consolidated financial statements as of and for the three months ended March 31, 2019 are based on the historic cost approach. The price index for Argentina used at the reporting dates of December 31, 2018 and March 31, 2019 was sourced from the Instituto de Capacitación Profesional (ICP).

(3) Loss from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to loss for the period as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

(4) Referred to as Namshi in the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 and unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019. We divested 51% of our operations in the Middle East, i.e., Namshi General Trading LLC, Dubai ("**Namshi**"), on August 16, 2017. The amount presented corresponds to the gain from deconsolidation of Namshi of €139.0 million (gain of €147.1 million net of transaction costs of €8.1 million) in 2017 less loss from discontinued operations of €1.6 million.

(5) Referred to as Jabong in the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016.

10.5.1 Revenue

We generate revenue mainly from the sale of fashion and lifestyle products online through our apps and websites. We evaluate whether we are principal or agent with respect to our performance obligations. When we are primarily obligated in a transaction, are subject to inventory risk and have latitude in establishing prices and selecting suppliers, we act as principal and record revenue at the gross sales price. 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, taxes and duties. In accordance with IFRS, we use our historical rejection and return rates to anticipate future rejections and returns and deduct such anticipated returns from our revenue and cost of sales. For Marketplace sales, we record commissions as we are not primarily obligated and do not have latitude in establishing prices. Such amounts earned are determined using a fixed percentage, a fixed payment schedule, or a combination of the two.

10.5.1.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

NMV increased by 15.9% from €294.0 million in the three months ended March 31, 2018 to €340.8 million in the three months ended March 31, 2019, with an increasing contribution from Marketplace, which accounted for 19% of NMV in the three months ended March 31, 2019 compared to 13% in the three months ended March 31, 2018. Revenue increased by 10.1% from €236.9 million in the three months ended March 31, 2018 to €260.7 million in the three months ended March 31, 2019 as we continued to grow and scale our operations across all regions. The increase in revenue was driven by a strong increase in the number of orders and an increase in the order frequency. These increases were partially offset by a decrease in the average order value.

On an organic basis, revenue increased by 15.1% in the three months ended March 31, 2019 compared to the three months ended March 31, 2018. All three segments contributed to the increase in revenue, with particularly strong contributions coming from the APAC segment.

10.5.1.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

NMV increased by 8.2% from €1,343.2 million in 2017 to €1,453.5 million in 2018. Revenue increased by 5.6% from €1,095.0 million in 2017 to €1,155.9 million in 2018. Revenue increased at a lesser rate than NMV as Marketplace NMV accounted for a higher percentage of total NMV in 2018 than in 2017.

On an organic basis, revenue increased by 18.7% from 2017 to 2018. This increase was primarily driven by an increase in the number of active customers from 9.8 million as of December 31, 2017 to 11.2 million as of December 31, 2018, which, together with a slight increase in the average order frequency from 2.4 orders per active customer in 2017 to 2.5 orders per active customer in 2018, led to an increase in orders from 23.2 million in 2017 to 28.2 million in 2018. NMV per active customer increased on an organic basis by 7.8% from 2017 to 2018.

On a segment basis, the increase in revenue was driven by our APAC segment. Revenue in our other two segments decreased due to unfavorable exchange rate effects. On an organic basis, revenue increased in each of our segments.

10.5.1.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

NMV increased by 24.8% from €1,076.0 million in 2016 to €1,343.2 million in 2017. Revenue increased by 23.5% from €886.9 million in 2016 to €1,095.0 million in 2017. Revenue increased at a lesser rate than NMV due to an increasing share of Marketplace sales as a percentage of total sales.

On an organic basis, revenue increased by 20.1% from 2016 to 2017. This increase was primarily driven by an increase in the number of active customers from 8.9 million as of December 31, 2016 to 9.8 million as of December 31, 2017, which, together with a slight increase in the average order frequency from 2.2 orders per active customer in 2016 to 2.4 orders per active customer in 2017, led to an increase in orders from 19.8 million in 2016 to 23.2 million in 2017. NMV per active customer increased on an organic basis by 8.6% from 2016 to 2017.

All three segments contributed to the increase in revenue, with particularly strong contributions from CIS and APAC, with the increase in contribution from CIS being primarily driven by favorable exchange rate developments.

10.5.2 Cost of Sales

Cost of sales primarily consist of the purchase price of products sold to customers in the relevant period, costs for inbound shipping logistics and allowances for inventory.

10.5.2.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Cost of sales increased by 8.9% from €149.3 million in the three months ended March 31, 2018 to €162.6 million in the three months ended March 31, 2019. As a percentage of revenue, cost of sales decreased from 63.0% in the three months ended March 31, 2018 to 62.4% in the three months ended March 31, 2019, due to an increase in the share of Marketplace sales as a percentage of total sales, changes in the assortment and improved price points.

10.5.2.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Cost of sales increased by 6.3% from €664.1 million in 2017 to €706.2 million in 2018. Cost of sales included expenses from write-downs of inventories to net realizable value of €15.8 million in 2017 and €8.4 million in 2018. As a percentage of revenue, cost of sales increased from 60.6% in 2017 to 61.1% in 2018, due to investments into pricing and discounts. Also, our APAC segment, which has the highest cost of sales as a percentage of revenue compared to our other segments, grew more strongly than our other segments. An increase in the share of Marketplace sales as a percentage of total sales had a partially offsetting effect.

10.5.2.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Cost of sales increased by 26.4% from €525.5 million in 2016 to €664.1 million in 2017. Cost of sales included expenses from write-downs of inventories to net realizable value of €19.4 million in 2016 and €15.8 million in 2017. As a percentage of revenue, cost of sales increased from 59.3% in 2016 to 60.6% in 2017 due to investments into pricing and discounts. An increase in the share of Marketplace sales as a percentage of total sales had a partially offsetting effect.

10.5.3 Gross Profit

Gross Profit represents revenue net of cost of sales.

10.5.3.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Gross profit increased by 12.0% from €87.6 million in the three months ended March 31, 2018 to €98.1 million in the three months ended March 31, 2019. Our gross profit margin, which shows gross profit as a percentage of revenue, increased from 37.0% in the three months ended March 31, 2018 to 37.6% in the three months ended March 31, 2019, due to an increase in the share of Marketplace sales as a percentage of total sales, changes in the assortment and improved price points.

10.5.3.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Gross profit increased by 4.4% from €430.9 million in 2017 to €449.7 million in 2018, due to strong contributions from our APAC segment as we continue to grow our operations in this region. Contributions from LATAM and CIS decreased slightly due to unfavorable exchange rate effects.

Our gross profit margin decreased from 39.4% in 2017 to 38.9% in 2018 due to investments in pricing and discounts along with unfavorable changes in the country and regional mix, which were partially offset by an increasing share in Marketplace sales. From a segment perspective, our APAC and LATAM segments contributed to this decrease, whilst a marginal increase in our CIS segment had a partially offsetting effect.

10.5.3.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Gross profit increased by 19.2% from €361.4 million in 2016 to €430.9 million in 2017, driven by increasing contributions from each of our three segments.

Our gross profit margin decreased from 40.7% in 2016 to 39.4% in 2017 due to investments into pricing and discounts, again partially offset by an increasing share in Marketplace sales. All three segments contributed to the decrease in our gross profit margin.

10.5.4 Selling and Distribution Expenses

Selling and distribution expenses consist of fulfillment and marketing expenses.

Fulfillment expenses consist mainly of outbound logistics expenses, including delivery and return expenses, as well as fulfillment center rent and personnel expenses relating to these processes. Fulfillment expenses also include other expenses, such as payment expenses, customer service expenses for call center support, e-production costs and related depreciation expenses.

Marketing expenses relate to online marketing, such as search engine marketing and social media, offline marketing including, television, marketing personnel costs and depreciation and amortization.

The following table provides a breakdown of our selling and distribution expenses for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(unaudited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Fulfillment expenses	205.2	246.6	265.6	58.6	68.6
Marketing expenses	123.2	126.6	113.0	26.7	26.4
Selling and distribution expenses	**328.5**[(1)]	**373.2**[(1)]	**378.6**[(1)]	**85.3**	**95.0**

(1) Audited.

10.5.4.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Selling and distribution expenses increased by 11.4% from €85.3 million in the three months ended March 31, 2018 to €95.0 million in the three months ended March 31, 2019. This increase was mainly due to a 17.1% increase in fulfillment expenses from €58.6 million in the three months ended March 31, 2018 to €68.6 million in the three months ended March 31, 2019 as a result of the increase in the number of orders. Marketing expenses remained relatively stable, decreasing 1.1% from €26.7 million in the three months ended March 31, 2018 to €26.4 million in the three months ended March 31, 2019.

Selling and distribution expenses as a percentage of revenue increased by 0.4 percentage points from 36.0% in the three months ended March 31, 2018 to 36.4% in the three months ended March 31, 2019.

10.5.4.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Selling and distribution expenses increased by 1.4% from €373.2 million in 2017 to €378.6 million in 2018 and therefore remained largely stable. A 10.7% decrease in marketing expenses due, in part, to a strategic decision to shift spending from marketing towards lower pricing was outweighed by a 7.7% increase in fulfillment expenses. This increase was due to an increase in fulfillment center/operations expenses and delivery expenses as a direct result of the increase in orders. In both periods, our gross profit exceeded our selling and distribution expenses. On a per order basis, our contribution profit, i.e., gross profit less selling and distribution expenses, remained stable at €2.5 per order.

Selling and distribution expenses as a percentage of revenue decreased by 1.3 percentage points from 34.1% in 2017 to 32.8% in 2018. This improvement was mainly attributable to a decrease in marketing expenses as a percentage of revenue by 1.8 percentage points from 11.6% in 2017 to 9.8% in 2018. An increase in fulfillment expenses as a percentage of revenue from 22.5% in 2017 to 23.0% in 2018 had a partially offsetting effect.

10.5.4.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Selling and distribution expenses increased by 13.6% from €328.5 million in 2016 to €373.2 million in 2017. The increase in selling and distribution expenses was mainly due to strong growth in orders, which increased by 16.5%, from 19.8 million in 2016 to 23.2 million in 2017. Fulfillment expenses increased by 20.2% from €205.2 million in 2016 to €246.6 million in 2017, due to expenses associated with processing and delivering the increase in orders. Marketing expenses remained almost stable, increasing by 2.8% from €123.2 million in 2016 to €126.6 million in 2017.

Selling and distribution expenses as a percentage of revenue decreased significantly by 2.9 percentage points from 37.0% in 2016 to 34.1% in 2017. This improvement was attributable to more efficient fulfillment processes

and improvements in marketing efficiency. Fulfillment expenses as a percentage of revenue decreased by 0.6 percentage points from 23.1% in 2016 to 22.5% in 2017, mainly due to operational efficiencies in our fulfillment center operations and other fulfillment expenses. Marketing expenses as a proportion of revenue decreased by 2.3 percentage points from 13.9% in 2016 to 11.6% in 2017, mainly due to more efficient customer acquisition and a higher share of revenue generated through unpaid traffic driven by increased brand awareness and returning customers.

10.5.5 Administrative Expenses

Administrative expenses include technology costs, headcount costs and other administrative costs along with share-based payment expenses. Technology costs include the costs of running the platforms, storing data, back end tools and the cost of the worldwide technology team. The payroll costs of the commercial buying teams are included in administrative expenses, along with other headcount expenses and the costs of running 17 offices worldwide. Associated depreciation and amortization is included along with share-based payment expenses.

10.5.5.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Administrative expenses increased by 16.8% from €44.7 million in the three months ended March 31, 2018 to €52.2 million in the three months ended March 31, 2019. Share-based payment expenses increased from €4.0 million in the three months ended March 31, 2018 to €7.7 million in the three months ended March 31, 2019. Excluding share-based payment expenses, administrative expenses increased by 9.3% from the three months ended March 31, 2018 to the three months ended March 31, 2019.

10.5.5.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Administrative expenses increased by 16.2% from €184.4 million in 2017 to €214.3 million in 2018, due to a strong increase in share-based payment expenses from €9.4 million in 2017 to €55.2 million in 2018, on the back of one-off charges related to the cancellation of an old scheme. Excluding share-based payment expenses, administrative expenses decreased by 9.1% from 2017 to 2018, driven by our continuous focus on efficiency within our operations.

10.5.5.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Administrative expenses decreased by 9.6% from €203.9 million in 2016 to €184.4 million in 2017, in part due to a decrease in share-based payment expenses from €18.1 million in 2016 to €9.4 million in 2017. Excluding share-based payment expenses, administrative expenses decreased by 5.8% from 2016 to 2017, driven by our continuous focus on efficiency within our operations and a reduction in depreciation and amortization expenses.

10.5.6 Other Operating Income and Expenses

Other operating income primarily results from the reversal of tax provisions and write-offs of payables, reclassifications and certain one-off items of income. Other operating expenses primarily result from increases in legal and tax provisions, receivable write-offs and certain one-off expenses.

10.5.6.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Other operating income was €0.7 million in the three months ended March 31, 2018 and €0.8 million in the three months ended March 31, 2019. Other operating expenses increased from €2.7 million in the three months ended March 31, 2018 to €3.1 million in the three months ended March 31, 2019.

10.5.6.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Other operating income decreased by 77.9% from €15.4 million in 2017 to €3.4 million in 2018. Other operating expenses decreased by 10.9% from €19.2 million in 2017 to €17.1 million in 2018.

10.5.6.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Other operating income increased by 54.0% from €10.0 million in 2016 to €15.4 million in 2017 mainly due to a one-off release in tax provisions of €7.0 million in 2017 for import duty in Indonesia. Other operating expenses decreased by 24.4% from €25.4 million in 2016 to €19.2 million mainly due to a decrease in other tax expenses.

10.5.7 Impairment Losses on Goodwill and Other Intangible Assets and Net Impairment Losses of Financial Assets

We assess at each reporting date whether there is an indication that any non-financial asset may be impaired. Assets that are subject to amortization 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.

All financial assets to which impairment requirements apply carry a loss allowance estimated based on expected credit losses. Expected credit losses 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 amortized cost.

10.5.7.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

We did not incur impairment losses on goodwill and other intangible assets in the three months ended March 31, 2018 or the three months ended March 31, 2019.

We recognized net impairment losses of financial assets of €0.1 million in the three months ended March 31, 2019 compared to €0.2 million in the three months ended March 31, 2018.

10.5.7.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

In 2017 and 2018, we tested for impairment and did not recognize any impairment losses on goodwill and other intangible assets.

We recognized net impairment losses of financial assets of €2.2 million in 2017 and €0.8 million in 2018.

10.5.7.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

In 2017, we tested for impairment and did not recognize any impairment losses on goodwill and other intangible assets. In 2016, we recognized impairment losses of €684.5 million as described in more detail under "*10.3.12 Goodwill and Other Intangible Assets*".

We recognized net impairment losses of financial assets of €2.9 million in 2016 and €2.2 million in 2017.

10.5.8 Loss before Interest and Tax (EBIT)

10.5.8.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Loss before interest and tax (EBIT) increased by 16.5% from a loss of €44.2 million in the three months ended March 31, 2018 to a loss of €51.5 million in the three months ended March 31, 2019 as an increase in gross profit driven by higher NMV was more than offset by higher selling and distribution expenses and administrative expenses.

Adjusting EBIT for depreciation and amortization, share-based payment expenses, one-off fees related to the IPO and expenses related to the wind-down of Lost Ink Limited, Adjusted EBITDA improved from a loss of €32.2 million (before IFRS 16) in the three months ended March 31, 2018 to a loss of €25.5 million (post IFRS 16) in the three months ended March 31, 2019. As a percentage of revenue, Adjusted EBITDA improved from negative 13.6% (before IFRS 16) in the three months ended March 31, 2018 to negative 9.8% (post IFRS 16) in the three months ended March 31, 2019. The improvement was due to our operating performance and the first-time application of IFRS 16 in the three months ended March 31, 2019.

10.5.8.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Loss before interest and tax (EBIT) increased by 18.8% from €132.7 million in 2017 to €157.7 million in 2018. This increase was mainly due to an increase in administrative expenses, driven by the one-off increase in share-based payment expenses described above.

Adjusting EBIT for depreciation and amortization, impairment losses and for share-based payment expenses, Adjusted EBITDA (before IFRS 16) improved from a loss of €90.9 million in 2017 to a loss of €70.0 million in 2018, driven by higher gross profit.

10.5.8.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Loss before interest and tax (EBIT) improved by 84.8% from a loss of €873.8 million in 2016 to a loss of €132.7 million in 2017. This improvement was primarily due to the non-recurrence of the impairment losses recorded in 2016, higher revenue and efficiency improvements leading to lower administrative expenses.

Adjusting EBIT for depreciation and amortization, impairment losses and for share-based payment expenses, Adjusted EBITDA (before IFRS 16) improved from a loss of €130.8 million in 2016 to a loss of €90.9 million in 2017, driven by higher revenue and the above-mentioned efficiency improvements. All of our regions showed profitability improvements (measured as Adjusted EBITDA (before IFRS 16) as a percentage of revenue), with particularly strong improvements in LATAM.

10.5.9 Result from Investment in Associates and Result from Deconsolidation of Subsidiaries

10.5.9.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Result from investment in associates improved from negative €1.7 million in the three months ended March 31, 2018 to positive €3.2 million in the three months ended March 31, 2019. Result from investment in associates in the three months ended March 31, 2019 consisted of our share in the development in the result of our former operations in the Middle East until full disposal on February 25, 2019 of negative €1.7 million, offset by a gain on disposal of €4.9 million

10.5.9.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Result from investment in associates deteriorated from negative €3.8 million in 2017 to negative €9.1 million in 2018. In both years, the result from investment in associates was driven by the Group's share in the development of losses of our former operations in the Middle East.

10.5.9.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

In 2017, result from investment in associates contained the share in the result of LFG Limited, which operates a private label business in the United Kingdom, and of Namshi, of negative €0.9 million and negative €2.1 million, respectively. In addition, result from investment in associates contained impairment losses of €0.8 million in 2017 related to the investment in LFG Limited.

Result from deconsolidation of subsidiaries of €1.7 million in 2017 related to the deconsolidation of LFG.

10.5.10 Finance Income and Finance Costs

Finance income and finance costs primarily consist of interest income, interest expenses, currency translation effects and fair value gains or losses on financial instruments.

10.5.10.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Finance income increased significantly from €0.2 million in the three months ended March 31, 2018 to €8.4 million in the three months ended March 31, 2019, mainly due to currency translation results. Finance costs decreased by 67.0% from €11.2 million in the three months ended March 31, 2018 to €3.7 million in the three months ended March 31, 2019. In the three months ended March 31, 2018, finance costs included fair value changes of negative €7.5 million related to the Namshi put option and currency translation results of negative €1.9 million, which did not recur in the three months ended March 31, 2019.

10.5.10.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Finance income decreased by 85.9% from €8.5 million in 2017 to €1.2 million in 2018. Finance costs increased by 60.7% from €20.1 million in 2017 to €32.3 million in 2018 primarily due to a change in the fair value of the Namshi put option.

10.5.10.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Finance income decreased by 49.4% from €16.8 million in 2016 to €8.5 million in 2017. Finance costs increased by 4.1% from €19.3 million in 2016 to €20.1 million in 2017.

Interest income increased from €2.6 million in 2016 to €8.5 million in 2017. This increase was mainly due to a net present value adjustment on installment payments in Brazil. Interest expenses decreased from €19.2 million in 2016 to €8.8 million in 2017, as interest expenses in 2016 included interest related to a shareholder bridge loan that was drawn in early 2016 and repaid in the third quarter of 2016. In 2016, income of €14.2 million related to currency translation effects. In 2017, we incurred expenses of €9.7 million related to currency translation effects.

10.5.11 Result from indexation of IAS 29 Hyperinflation

We adopted IAS 29 Financial Reporting in Hyperinflationary Economies in 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 result from indexation of IAS 29 Hyperinflation in the consolidated statement of profit and loss was €0.3 million in the three months ended March 31, 2019 and €1.2 million in 2018. As there was no restatement of prior periods, we did not record a result from indexation of IAS 29 hyperinflation in 2017 or 2016.

10.5.12 Income Taxes

10.5.12.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Income tax expenses increased from €0.7 million in the three months ended March 31, 2018 to €1.2 million in the three months ended March 31, 2019.

10.5.12.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Income taxes changed from an income tax credit of €2.5 million in 2017 to an income tax expense of €5.2 million in 2018. The change was driven by deferred taxes. In 2017, we recognized a deferred tax credit related to *dafiti*, which did not recur in 2018. In 2018, we recognized a deferred tax liability arising from the disposal of interests in the Middle East; resulting in a higher income tax expense than in 2017.

10.5.12.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Income taxes changed by 96.8% from an income tax credit of €79.1 million in 2016 to an income tax credit of €2.5 million in 2017 primarily due to the decrease in loss before tax.

10.5.13 Loss from Continuing Operations

10.5.13.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Loss from continuing operations decreased by 22.7% from €57.6 million in the three months ended March 31, 2018 to €44.5 million in the three months ended March 31, 2019, as higher loss before interest and tax (EBIT) was more than offset by higher finance income and lower finance costs.

10.5.13.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Loss from continuing operations increased by 40.3% from a loss of €143.9 million in 2017 to a loss of €201.9 million in 2018, as an increase in gross profit was more than offset by increases in administrative expenses, finance costs and expenses for income taxes.

10.5.13.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Loss from continuing operations improved by 81.9% from a loss of €797.2 million in 2016 to a loss of €143.9 million in 2017, mainly due to the improvement in loss before interest and tax (EBIT) driven by the non-recurrence in 2017 of the impairment losses incurred in 2016. A decrease in income tax benefits had a partially offsetting effect.

10.5.14 Discontinued Operations

Discontinued operations includes the results of our operations in the Middle East for 2016 and for the period from January 1, 2017 to August 16, 2017, which is when we divested 51% of these operations. Discontinued operations also includes the results of our operations in India for the period from January 1, 2016 to August 2, 2016, which is when the disposal of these operations was completed.

In 2016, the net loss from discontinued operations in the Middle East (Namshi) was €2.1 million, as a gross profit of €72.1 million was more than offset by operating expenses of €73.6 million. Finance expenses were €0.9 million and income from income taxes was €0.3 million.

For the period from January 1, 2017 to August 16, 2017, the net profit from discontinued operations in the Middle East (Namshi) was €137.4 million. A gross profit of €53.6 million was more than offset by operating expenses of €54.4 million. Finance expenses were €1.0 million and income from income taxes was €0.2 million. The resulting loss for the period from January 1, 2017 to August 16, 2017 was, however, outweighed by a gain from deconsolidation of €139.0 million.

The net loss from discontinued operations in India (Jabong) was €103.3 million for the period from January 1, 2016 to August 2, 2016, as a gross profit of €2.1 million was more than offset by operating expenses, including impairment losses of €73.6 million.

10.6 Segment Discussion

We operate our business based on three operating segments, which also comprise our reportable segments: APAC, LATAM and CIS. For purposes of comparability the segment discussion is based on continuing operations. Our segment measure of profitability is gross profit, which we define as revenue net of cost of sales for the segment.

10.6.1 APAC

The following table shows the operating performance of our APAC segment for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(audited, unless otherwise specified) (in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Revenue	**261.2**	**323.5**	**409.0**	**76.7**	**92.4**
Organic change	–	*27.8%*	*33.4%*	*30.5%*	*19.2%*
Cost of sales	(158.0)	(198.3)	(256.9)	(48.2)	(57.0)
Gross profit	**103.2**	**125.2**	**152.1**	**28.5**	**35.4**
Gross profit margin[(1)] (unaudited)	*39.5%*	*38.7%*	*37.2%*	*37.1%*	*38.3%*

(1) Gross profit as a percentage of revenue.

The following table shows certain key performance indicators of our APAC segment for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(unaudited)			(unaudited)	
Active customers (in million)	2.7	2.9	3.4	3.0	3.6
Nominal change	*n/a*	*8.9%*	*17.7%*	*13.0%*	*18.3%*
NMV per active customer (in €)	113.7	132.2	145.6	134.7	147.8
Organic change	*n/a*	*20.1%*	*16.7%*	*19.4%*	*13.2%*
NMV (in € million)	306.0	387.2	501.9	93.0	116.4
Organic change	*n/a*	*30.8%*	*37.4%*	*37.4%*	*24.0%*

10.6.1.1 Revenue

NMV per active customer increased from €134.7 in the three months ended March 31, 2018 to €147.8 in the three months ended March 31, 2019. On an organic basis, NMV per active customer increased by 13.2% in the three months ended March 31, 2019. Active customers increased from 3.0 million to 3.6 million. These increases were driven by past investments in the overall customer experience, including refinements of our pricing strategy and assortment. Revenue of our APAC segment increased by 20.5% from €76.7 million in the three months ended March 31, 2018 to €92.4 million in the three months ended March 31, 2019. On an organic basis (i.e., excluding the impact of foreign currency movement) revenue of our APAC segment increased by 19.2% in the three months ended March 31, 2019.

In 2018, NMV per active customer increased from €132.2 in 2017 to €145.6 in 2018. Active customers increased from 2.9 million to 3.4 million. The increase in average spending and the increase in the number of active customers were driven by an improved customer proposition based on a strategic shift from marketing efforts towards lower pricing. Continued expansion in Australia and New Zealand also contributed to the increases. As a result, revenue of our APAC segment increased by 26.5% from €323.5 million in 2017 to €409.0 million in 2018. On an organic basis (i.e., excluding the impact of foreign currency movement) revenue of our APAC segment increased by 33.4% in 2018.

In 2017, increases in NMV per active customer and in the number of active customers resulted in an increase in revenue of our APAC segment by 23.9% from €261.2 million in 2016 to €323.5 million in 2017. On an organic basis (i.e., excluding the impact of foreign currency movement) and adjusting for the sale of our operations in Thailand and Vietnam in April 2016, revenue increased by 27.8%.

10.6.1.2 Gross Profit

Gross profit of our APAC segment increased by 24.2% from €28.5 million in the three months ended March 31, 2018 to €35.4 million in the three months ended March 31, 2019. The gross profit margin increased from 37.1% in the three months ended March 31, 2018 to 38.3% in the three months ended March 31, 2019, driven by an increasing share of Marketplace NMV as well as the positive impact of past investments in the overall customer experience.

In 2018, gross profit of our APAC segment increased by 21.5% from €125.2 million in 2017 to €152.1 million in 2018. The gross profit margin decreased from 38.7% in 2017 to 37.2% in 2018 due to a strategic shift from marketing efforts towards lower pricing in Southeast Asia.

In 2017, gross profit of our APAC segment increased by 21.3% from €103.2 million in 2016 to €125.2 million in 2017. The gross profit margin decreased from 39.5% in 2016 to 38.7% in 2017 due to investments into pricing and discounts to grow our market share.

10.6.2 LATAM

The following table shows the operating performance of our LATAM segment for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(audited, unless otherwise specified) (in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Revenue	**315.5**	**365.2**	**359.0**	**75.2**	**80.1**
Organic growth	–	*12.5%*	*18.8%*	*24.3%*	*16.4%*
Cost of sales	(178.7)	(209.8)	(210.0)	(44.5)	(47.9)
Gross profit	**136.8**	**155.4**	**149.0**	**30.7**	**32.2**
Gross profit margin[(1)] (unaudited)	*43.4%*	*42.6%*	*41.5%*	*40.8%*	*40.2%*

(1) Gross profit as a percentage of revenue.

The following table shows certain key performance indicators of our LATAM segment for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(unaudited)			(unaudited)	
Active customers (in million)	3.9	4.4	5.0	4.5	5.2
Nominal change	*n/a*	*11.7%*	*14.8%*	*13.5%*	*14.7%*
NMV per active customer (in €)	106.6	113.1	96.7	110.2	95.3
Organic change	*n/a*	*3.1%*	*3.2%*	*4.7%*	*2.4%*
NMV (in € million)	416.6	493.6	484.3	101.8	109.6
Organic change	*n/a*	*15.2%*	*18.5%*	*22.9%*	*18.4%*

10.6.2.1 Revenue

NMV per active customer decreased from €110.2 in the three months ended March 31, 2018 to €95.3 in the in the three months ended March 31, 2019, due to currency translation effects. On an organic basis, NMV per active customer increased by 2.4% in the three months ended March 31, 2019. Active customers increased from 4.5 million to 5.2 million. Revenue of our LATAM segment increased by 6.5% from €75.2 million in the three months ended March 31, 2018 to €80.1 million in the three months ended March 31, 2019. On an organic basis, revenue of our LATAM segment increased by 16.4% in the three months ended March 31, 2019.

In 2018, the number of active customers increased from 4.4 million in 2017 to 5.0 million in 2018, mainly driven by increases in Argentina, Chile and Colombia. NMV per active customer in our LATAM segment decreased from €113.1 in 2017 to €96.7 in 2018, due to unfavorable exchange rate effects. These developments largely offset each other, resulting in a 1.7% decrease in revenue of our LATAM segment from €365.2 million in 2017 to €359.0 million in 2018. On an organic basis, revenue of our LATAM segment increased by 18.8% in 2018.

In 2017, NMV per customer and the number of active customers in our LATAM segment increased, leading to a 15.8% increase in revenue of our LATAM segment from €315.5 million in 2016 to €365.2 million in 2017. On an organic basis, revenue of our LATAM segment increased by 12.5% in 2017.

10.6.2.2 Gross Profit

Gross profit of our LATAM segment increased by 4.9% from €30.7 million in the three months ended March 31, 2018 to €32.2 million in the three months ended March 31, 2019. The gross profit margin remained stable, at 40.8% in the three months ended March 31, 2018 compared to 40.2% in the three months ended March 31, 2019.

In 2018, gross profit of our LATAM segment decreased by 4.1% from €155.4 million in 2017 to €149.0 million in 2018. The gross profit margin decreased from 42.6% in 2017 to 41.5% in 2018, mainly due to investments into pricing and discounts to grow our market share. Country mix effects also contributed to the decrease. For example, revenue in Colombia, which has a relatively low gross margin, grew strongly, diluting the overall gross margin of the LATAM segment. In both periods, our LATAM segment had the highest gross margin of all three segments.

In 2017, gross profit of our LATAM segment increased by 13.6% from €136.8 million in 2016 to €155.4 million in 2017. The gross profit margin decreased slightly from 43.4% in 2016 to 42.6% in 2017, due to investments into pricing and discounts to grow our market share. In both periods, our LATAM segment had the highest gross margin of all three segments.

10.6.3 CIS

The following table shows the operating performance of our CIS segment for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(audited, unless otherwise specified) (in € million, unless otherwise specified)			(unaudited) (in € million, unless otherwise specified)	
Revenue	**302.7**	**395.1**	**376.4**	**81.3**	**86.1**
Organic growth	–	*18.6%*	*6.7%*	*1.5%*	*13.0%*
Cost of sales	(182.8)	(247.3)	(230.6)	(53.6)	(53.9)
Gross profit	**119.9**	**147.8**	**145.8**	**27.7**	**32.2**
Gross profit margin[(1)] (unaudited)	*39.6%*	*37.4%*	*38.7%*	*34.1%*	*37.4%*

(1) Gross profit as a percentage of revenue.

The following table shows certain key performance indicators of our CIS segment for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
		(unaudited)		(unaudited)	
Active customers (in million)	2.3	2.5	2.7	2.5	2.8
Nominal change	*n/a*	*11.9%*	*7.0%*	*6.9%*	*9.6%*
NMV per active customer (in €)	156.2	182.7	172.5	180.2	174.2
Organic change	*n/a*	*5.7%*	*6.4%*	*5.0%*	*7.7%*
NMV (in € million)	353.4	462.5	467.3	99.3	114.8
Organic change	*n/a*	*18.3%*	*13.9%*	*4.6%*	*23.5%*

10.6.3.1 Revenue

NMV per active customer decreased from €180.2 in the three months ended March 31, 2018 to €174.2 in the three months ended March 31, 2019, due to currency translation effects. On an organic basis, NMV per active customer increased by 7.7%. Active customers increased from 2.5 million to 2.8 million. Revenue of our CIS segment increased by 5.9% from €81.3 million in the three months ended March 31, 2018 to €86.1 million in the three months ended March 31, 2019. On an organic basis, revenue of our CIS segment increased by 13.0% in the three months ended March 31, 2019.

In 2018, NMV per active customer in our CIS segment decreased from €182.7 in 2017 to €172.5 in 2018, due to unfavorable exchange rate effects. Within NMV, the share of Marketplace sales increased significantly, while the share of Retail sales decreased. While the number of active customers increased from 2.5 million in 2017 to 2.7 million in 2018, this increase was not pronounced enough to offset the exchange-rate-driven decrease in revenue of our CIS segment by 4.7% from €395.1 million in 2017 to €376.4 million in 2018. On an organic basis, revenue of our CIS segment increased by 6.7% in 2018.

In 2017, NMV per active customer in our CIS segment increased from €156.2 in 2016 to €182.7. The number of active customers increased from 2.3 million in 2016 to 2.5 million in 2017. As a result, revenue of our CIS segment increased by 30.5% from €302.7 million in 2016 to €395.1 million in 2017. On an organic basis, revenue of our CIS segment increased by 18.6% in 2017.

10.6.3.2 Gross Profit

Gross profit of our CIS segment increased by 16.2% from €27.7 million in the three months ended March 31, 2018 to €32.2 million in the three months ended March 31, 2019. The gross profit margin increased from 34.1% in the three months ended March 31, 2018 to 37.4% in the three months ended March 31, 2019, in part due to our continued focus and investment in our premium brand assortment, which led to a significant increase in the average selling price as well as a strong increase in the Marketplace NMV.

In 2018, gross profit of our CIS segment decreased by 1.4% from €147.8 million in 2017 to €145.8 million in 2018. The gross profit margin increased from 37.4% in 2017 to 38.7% in 2018, due to an improved assortment strategy.

In 2017, gross profit of our CIS segment increased by 23.3% from €119.9 million in 2016 to €147.8 million in 2017. The gross profit margin decreased from 39.6% in 2016 to 37.4% in 2017, driven by a challenging retail environment.

10.7 Liquidity and Capital Resources

Liquidity management is critical for us. We therefore monitor our liquidity regularly. Historically, our main sources of liquidity have consisted of financing from our shareholders and, more recently, from third parties. On March 26, 2018, we entered into a Revolving Credit Facility agreement with Deutsche Bank AG Filiale Luxembourg, HSBC Bank plc and Barclays Bank PLC as lenders (the "**Existing RCF**"). The Existing RCF provides us with a €70.0 million facility separated into a €50 million revolving cash facility ("**Facility A**") and €20 million guarantee and letter of credit facility usable for bank guarantees vis-à-vis our supplier base and other similar banking products ("**Facility B**"). As of the date of this Prospectus, Facility A remains undrawn, and guarantee letters and other letters of credit in a total amount of €17.8 million have been issued under Facility B.

We are currently in the process of completing an amendment to the Existing RCF which, when executed, will replace the Existing RCF upon completion of this Offering (the "**IPO RCF**"). We agreed upon an indicative term sheet with Deutsche Bank AG Filiale Deutschlandgeschäft and HSBC UK Bank Plc on April 10, 2019 to guide negotiations and drafting of the IPO RCF. Under the term sheet, significant changes from the Existing RCF to the IPO RCF include the removal of Barclays Bank PLC as a lender, the exclusion of any requirement for cash collateral, the release of security over our intellectual property, the inclusion of an accordion option with the ability to increase the value of the IPO RCF by €30 million under certain conditions, the decrease in the interest rate for Facility A to 2.25% and extension of the maturity date from October 2020 until two years after the completion of this Offering (but not later than September 30, 2021). It is possible that we will be unable to fully execute the IPO RCF prior to the completion of this Offering, in which case we would need to move forward under the terms of the agreed-upon term sheet or fall back on the terms of the Existing RCF.

Zalora Philippines intends to enter into a credit facility agreement (the "**ZPH Credit Facility**") with Bank of the Philippine Islands ("**BPI**"). As contemplated, the ZPH Credit Facility will contain two separate facilities, (i) a revolving promissory note line ("**RPNL**") in the amount of up to 300,000,000 Philippine pesos ("**PHP**") (approximately €5.1 million) and (ii) a corporate guarantee line ("**CGL**") in the amount of up to PHP 10,000,000 (approximately €0.2 million). The credit from the RPBL will be available in the form of certain loans as well as a foreign exchange line for spot and deliverable forward transactions. The purpose of the CGL will be to provide BPI corporate credit cards to select Zalora Philippines employees. Both the RPNL and the CGL will expire on April 30, 2020.

The proceeds from this Offering will be an important source of liquidity in the medium term. In addition, we expect our liquidity needs to decrease as we grow and seek to improve our results of operations. Our total liquid resources as of March 31, 2019 stood at €178.1 million and consisted of cash and cash equivalents of €103.5 million, restricted cash of €70.0 million included in non-current other financial assets and receivables from deposits with a remaining term of less than one year of €4.6 million. As of December 31, 2018, our total liquid resources stood at €143.7 million and consisted of cash and cash equivalents of €105.0 million, restricted cash included in non-current other financial assets of €30.0 million and receivables from deposits with a remaining term of less than one year of €8.7 million.

10.7.1 Cash Flows

The following table provides a breakdown of our cash flows for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Cash flows from operating activities					
Cash effective operating loss before changes in working capital	(127.6)	(84.7)	(75.7)	(37.1)	(24.4)
Changes in working capital[(1)] (unaudited)	(4.1)	15.8	(1.2)	(30.2)	(38.3)
Cash (used in)/from operations	**(131.7)**	**(68.9)**	**(76.9)**	**(67.3)**	**(62.7)**
Assets/liabilities held for sale (except Cash)	(0.5)	–	–	–	–
Cash flow from share-based payments arrangements	–	–	(1.2)	–	–
Income taxes paid	(0.8)	(0.5)	(2.5)	(0.4)	(0.5)
Interest received	2.7	6.0	1.0	0.2	0.5
Interest paid	(11.3)	(0.4)	(5.7)	(1.4)	(3.6)
Net cash (used in)/from operating activities from continuing operations[(2)]	**(141.6)**	**(63.8)**	**(85.3)**	**(68.9)**	**(66.3)**
Discontinued operations (operating activities)	(22.3)	(9.8)	–	–	–
Net cash (used in)/from operating activities	**(163.8)**	**(73.6)**	**(85.3)**	**(68.9)**	**(66.3)**
Cash flows from investing activities					
Purchase of property, plant and equipment	(31.5)	(24.3)	(24.1)	(4.0)	(7.3)
Proceeds from sale of property, plant and equipment	1.6	0.5	1.0	0.3	0.3
Cash inflow from gaining control	–	0.5	0.6	–	–
Acquisition of subsidiaries, associated companies and investments	–	(0.8)	(1.1)	(0.5)	–

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Cash (outflow)/inflow from disposal of subsidiaries and associated companies	4.5	(0.4)	–	–	114.3
Acquisition of intangible assets	(4.5)	(6.0)	(15.0)	(1.6)	(3.9)
Proceeds from sale of intangibles	0.2	–	–	–	–
Cash (outflow)/inflow from other securities and deposits and transfer of restricted cash(3)	2.5	(2.2)	(27.0)	(0.3)	(34.6)
Net cash (used in)/from investing activities from continuing operations(4)	**(27.2)**	**(32.7)**	**(65.6)**	**(6.1)**	**68.8**
Discontinued operations (investing activities)(5)	45.0	110.0	–	–	–
Net cash (used in)/from investing activities	**17.8**	**77.3**	**(65.6)**	**(6.1)**	**68.8**
Cash flows from financing activities					
Proceeds from borrowings and other financial liabilities(6)	155.0	0.4	0.4	0.2	–
Repayment of borrowings(6)	(166.4)	(2.3)	(1.5)	(1.2)	(0.2)
Purchase of treasury shares	(7.5)	–	–	–	–
Capital contributions from shareholders	330.3	15.3	8.6	5.9	–
Payments under finance lease	(1.4)	(1.8)	(2.3)	(0.4)	(5.4)
Net cash (used in)/from financing activities from continuing operations(7)	**310.0**	**11.6**	**5.2**	**4.5**	**(5.6)**
Net cash (used in)/from financing activities	**310.0**	**11.6**	**5.2**	**4.5**	**(5.6)**
Cash and cash equivalents at the beginning of the year/period	**76.7**	**244.2**	**251.4**	**251.4**	**105.0**
Effect of exchange rate changes on cash and cash equivalents	3.5	(8.1)	(0.6)	(0.3)	1.6
Cash and cash equivalents at the end of the year/period	**244.2**	**251.4**	**105.0**	**180.6**	**103.5**

(1) Reflects sum of (increase)/decrease in trade and other receivables, (increase)/decrease in inventories and (decrease)/increase in trade and other payables.

(2) Net cash (used in)/from operating activities from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to net cash (used in)/from operating activities as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

(3) Shown as cash (outflow)/inflow from other securities and deposits in the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016.

(4) Net cash (used in)/from investing activities from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to net cash (used in)/from investing activities as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

(5) We divested 51% of our operations in the Middle East (Namshi) on August 16, 2017. The cash consideration received by us net of cash and cash equivalents disposed of contributed €98.5 million to the cash flows from discontinued operations (investing activities) in 2017 (2016 cash outflow of €0.3 million). In 2016, we divested our stake in our Indian operations (Jabong). The cash consideration received for our Indian operations net of cash and cash equivalents disposed of contributed €45.3 million to the cash flows from discontinued operations (investing activities) in 2016 and €11.5 million in 2017. For further information, please refer to Notes 9 and 10 to the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016.

(6) Net cash outflow from borrowings in 2016 was €11.4 million. €8.1 million of this related to the interest repaid to shareholders on the bridge loan in 2016. For more information, see "*17. Certain Relationships and Related-Party Transactions*". The remaining €3.3 million relates to movements in bank borrowings as shown in Note 22 to the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 on page F-79.

(7) Net cash (used in)/from financing activities from continuing operations for the three months ended March 31, 2018 and 2019 corresponds to net cash (used in)/from financing activities as shown in the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019.

10.7.1.1 *Cash Flows from Operating Activities*

10.7.1.1.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Net cash used in operating activities from continuing operations decreased from a cash outflow of €68.9 million in the three months ended March 31, 2018 to a cash outflow of €66.3 million in the three months ended March 31, 2019. This change was primarily driven by a decrease in cash effective operating loss before changes in working capital that was partially offset by an increase in net cash outflows related to changes in working capital.

10.7.1.1.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Net cash used in operating activities from continuing operations increased from a cash outflow of €63.8 million in 2017 to a cash outflow of €85.3 million in 2018, primarily due to an unfavorable development in the contributions from changes in working capital, higher interest payments and lower interest received, partially offset by a decrease in the cash effective operating loss before changes in working capital.

Changes in working capital led to a cash outflow in 2018 compared to a cash inflow in 2017. In 2018, the working capital-related cash outflows related to the build-up of inventories and an increase in trade and other receivables that was not fully offset by the increase in trade and other payables. In 2017, working capital related cash inflows were due to a decrease in trade and other receivables in combination with an increase in trade and other payables that were only partially offset by an increase in inventories.

10.7.1.1.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Net cash used in operating activities from continuing operations decreased from a cash outflow of €141.6 million in 2016 to a cash outflow of €63.8 million in 2017. This decrease was primarily driven by a lower cash effective operating loss before changes in working capital and a favorable development in the contributions from changes in working capital in 2017 compared to 2016.

The working capital related cash outflows in 2016 were driven by increases in trade and other receivables and in inventories that were only partially offset by an increase in trade and other payables.

10.7.1.2 *Cash Flows from Investing Activities*

10.7.1.2.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Net cash used in investing activities from continuing operations changed from a cash outflow of €6.1 million in the three months ended March 31, 2018 to a cash inflow of €68.8 million in the three months ended March 31, 2019. This change was primarily driven by cash inflows from disposal of subsidiaries and associated companies of €114.3 million in the three months ended March 31, 2019 related to the sale of our remaining stake in our former operations in the Middle East.

10.7.1.2.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Net cash used in investing activities from continuing operations increased from a cash outflow of €32.7 million in 2017 to a cash outflow of €65.6 million in 2018. This increase was mainly driven by higher cash outflows from other securities and deposits related to the allocation of €30.0 million as restricted cash, as part of the RCF entered into in 2018 and higher cash outflows for the acquisition of intangible assets, as the Group invested more into internally developed technology assets.

10.7.1.2.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Net cash used in investing activities from continuing operations increased from a cash outflow of €27.2 million in 2016 to a cash outflow of €32.7 million in 2017. This change was mainly driven by a change in cash flows from disposal of subsidiaries and associated companies, a change in cash flows from other securities and deposits and higher cash outflows for the acquisition of intangible assets.

10.7.1.3 Cash Flows from Financing Activities

10.7.1.3.1 Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

Net cash from financing activities changed from a cash inflow of €4.5 million in the three months ended March 31, 2018 to a cash outflow of €5.6 million in the three months ended March 31, 2019. Net cash from financing activities in the three months ended March 31, 2018 included a cash inflow from capital contribution from shareholders of €5.9 million, while net cash used in financing activities in the three months ended March 31, 2019 included a cash outflow for payments under finance lease of €5.4 million.

10.7.1.3.2 Comparison of the Years Ended December 31, 2018 and December 31, 2017

Net cash from financing activities from continuing operations decreased from a cash inflow of €11.6 million in 2017 to a cash inflow of €5.2 million in 2018 primarily due to a decrease in capital contributions from shareholders.

10.7.1.3.3 Comparison of the Years Ended December 31, 2017 and December 31, 2016

Net cash from financing activities from continuing operations decreased from a cash inflow of €310.0 million in 2016 to a cash inflow of €11.6 million in 2017. In 2016, net cash from financing activities from continuing operations primarily reflected cash inflows from a financing round.

10.7.2 Net Working Capital

We define net working capital as inventories plus current trade and other receivables less current trade payables and other financial liabilities.

The following table provides a calculation of our net working capital as of the dates presented:

	As of December 31,			As of March 31,	As of March 31,
	2016	**2017**	**2018**	**2018**	**2019**
	(audited, unless otherwise specified) (in € million)			**(unaudited) (in € million)**	
Inventories	180.2	172.0	186.1	217.5	244.9
Trade and other receivables (current)	48.2	48.1	55.2	37.3	37.6
Trade payables and other financial liabilities (current)	(228.7)	(220.8)	(251.6)	(241.2)	(268.7)
Net working capital (unaudited)	**(0.3)**	**(0.7)**	**(10.3)**	**13.6**	**13.9**

Net working capital is not recognized as a measure under IFRS and should not be considered as a substitute for an analysis of our consolidated statement of financial position prepared in accordance with IFRS. In addition, our definition of net working capital may not be comparable to similarly titled information published by other companies. Due to difference in definition of working capital for purposes of the statement of financial position and for purposes of the statement of cash flows, the changes in net working capital in these statements differ significantly.

The ratio of inventories to trade payables and other financial liabilities (current) remained relatively stable between 2016 and 2018. In 2018, we had on average 93 days of purchases in inventory funded by close to 100 days of trade payables and other financial liabilities (current).

10.7.2.1 March 31, 2019 Compared to December 31, 2018

Net working capital increased from a statement of financial position perspective, from negative €10.3 million as of December 31, 2018 to €13.9 million as of March 31, 2019 due to an increase in inventories partially offset by a decrease in current trade and other receivables and an increase in current trade payables and other financial liabilities. The increase in inventories was due to building up inventory levels after stock depletion following Black Friday and Christmas sales.

10.7.2.2 December 31, 2018 Compared to December 31, 2017

Net working capital decreased from a statement of financial position perspective, from negative €0.7 million as of December 31, 2017 to negative €10.3 million as of December 31, 2018 due to a strong increase in current trade payables and other financial liabilities, partially offset by increases in inventories and current trade and other receivables. The increase in trade payables and other financial liabilities was due to the recognition of a €10.0 million customer refund liability as a result of the transition to IFRS 15.

10.7.2.3 December 31, 2017 Compared to December 31, 2016

Net working capital remained largely stable from a statement of financial position perspective, amounting to negative €0.7 million as of December 31, 2017 compared to negative €0.3 million as of December 31, 2016.

10.7.3 Capital Expenditure

Our capital expenditure is defined as additions to property, plant and equipment plus additions to intangible assets. The following table provides a breakdown of our capital expenditure for the periods presented:

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
Additions to property, plant and equipment, including those due from business combinations (unaudited)	33.6	27.0	26.9	4.2	7.7
Additions to intangible assets	4.7	6.2	15.0	1.6	4.1
Capital expenditure (unaudited)	**38.3**	**33.2**	**41.9**	**5.8**	**11.8**

Capital expenditure is not recognized as a measure under IFRS and should not be considered as a substitute for an analysis of our consolidated statement of financial position or our consolidated statement of cash flow prepared in accordance with IFRS. In addition, our definition of capital expenditure may not be comparable to similarly titled information published by other companies.

10.7.3.1 Future and Planned Capital Expenditure

In Brazil, we plan to invest up to €50 million into equipment of our new warehouse, which is currently being constructed and which we lease. In addition, we plan to expand our existing fulfillment center in Australia, the Philippines, Indonesia and Russia and to invest into automation.

10.7.3.2 Ongoing Capital Expenditure

Since March 31, 2019, our ongoing capital expenditure mainly related to investments in fulfillment center expansion, such as shelfing systems and storage units, as well as automation and was financed from available cash and cash equivalents.

10.7.3.3 Capital Expenditure in the Years ended December 31, 2016, 2017 and 2018 and in the Three Months Ended March 31, 2019

Capital expenditure in 2016, 2017 and 2018 was largely driven by investments into fulfillment center expansion, such as shelfing systems and storage units, as well as automation. In 2018, additions to intangible assets accounted for an increased share of capital expenditure, largely driven by investments in our in-house tech capabilities, where we capitalized 35% of our gross IT payroll costs in 2018. In the three months ended March 31, 2019, capital expenditure mainly related to investments in our in-house technology capabilities and fulfillment infrastructure. Capital expenditure was financed from available cash and cash equivalents.

10.8 Financial Liabilities

The tables below summarize our non-derivative financial liabilities as of the dates indicated by their remaining contractual maturity based on 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. Liabilities to employees (e.g., relating to share-based payments and bonuses) are not considered.

	As of December 31, 2018			
	Demand and less than 1 year	From 1 to 5 years	Over 5 years	Total
		(audited) (in € million)		
Borrowings	2.5	4.0	–	**6.5**
Trade payables and other financial liabilities	251.6	–	–	**251.6**
Total future payments, including future principal and interest payments	**254.1**	**4.0**	**–**	**258.1**

	As of December 31, 2017			
	Demand and less than 1 year	From 1 to 5 years	Over 5 years	Total
		(audited) (in € million)		
Borrowings	2.5	4.1	–	**6.6**
Trade payables and other financial liabilities	220.8	–	–	**220.8**
Total future payments, including future principal and interest payments	**223.3**	**4.1**	**–**	**227.4**

	As of December 31, 2016			
	Demand and less than 1 year	From 1 to 5 years	Over 5 years	Total
		(audited) (in € million)		
Borrowings	3.4	0.7	–	**4.1**
Trade payables and other financial liabilities	228.7	3.7	–	**232.4**
Total future payments, including future principal and interest payments	**232.1**	**4.4**	**–**	**236.5**

The Group factors credit card receivables in its LATAM segment in both Brazil and Argentina.

10.9 Equity

The following table provides an overview of our equity as of the dates indicated:

	As of December 31,			As March 31,
	2016	2017	2018	2019
		(audited) (in € million)		(unaudited) (in € million)
Equity				
Ordinary share capital	0.7	0.7	0.7	0.7
Convertible preference shares	0.7	0.8	0.8	0.8
Treasury shares	(7.5)	(7.5)	(7.5)	(7.5)
Capital reserves	2,101.6	2,102.2	2,102.2	2,102.2
Other reserves	–	–	0.3	0.3
Share-based payment reserves	67.6	74.7	111.3	116.6
Accumulated deficit	(1,406.1)	(1,392.3)	(1,581.0)	(1,622.7)
Other comprehensive (expense)/income reserve	38.2	(6.7)	(39.5)	(32.7)
Equity attributable to equity holders of the parent	**795.2**	**771.9**	**587.3**	**557.7**
Non-controlling interests	29.2	21.5	16.5	14.4
Total equity	**824.4**	**793.4**	**603.8**	**572.1**

10.9.1.1 March 31, 2019 Compared to December 31, 2018

Total equity decreased from €603.8 million as of December 31, 2018 to €572.1 million as of March 31, 2019, primarily due to an increase in accumulated deficit due to our loss for the three months ended March 31, 2019.

10.9.1.2 December 31, 2018 Compared to December 31, 2017

Total equity decreased from €793.4 million as of December 31, 2017 to €603.8 million as of December 31, 2018, primarily due to an increase in accumulated deficit due to our loss for the year 2018.

10.9.1.3 December 31, 2017 Compared to December 31, 2016

Total equity decreased from €824.4 million as of December 31, 2016 to €793.4 million as of December 31, 2017, primarily due to a decrease in other comprehensive income driven by exchange differences on translation to presentation currency.

10.10 Qualitative and Quantitative Disclosure on Financial Risks

Our activities expose us to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. The primary objectives of the financial risk management function are to establish risk limits, and ensure that exposure to risks stays within these limits. Our risk management is carried out centrally and covers all consolidated entities. The following disclosure should be read together with the information in the notes to our consolidated financial statements.

10.10.1 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.

10.10.2 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

We are exposed to credit risk primarily from trade receivables.

Customer credit risk is managed by each fashion venture subject to our established policy, procedures and control relating to customer credit risk management. We structure the levels of credit risk we undertake 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. Our management reviews aging 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. We evaluate the concentration of risk with respect to trade receivables as low, as our customers are located in several jurisdictions and operate in largely independent markets.

As of December 31, 2018, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	As of December 31, 2018	
	Gross carrying amount	Loss Allowance
	(audited) (in € million)	
From online payment providers	40.0	0.1
Logistics companies	6.3	0.1
Large corporate clients	6.5	–
Individual customers	1.3	–
Other	1.3	–
Total	**55.4**	**0.2**

10.10.3 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

We manage liquidity by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

We seek to maintain a stable funding base primarily consisting of shareholders' issues of capital, then borrowing, trade and other payables.

The table below shows liabilities as of December 31, 2018 and 2017 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 maturity analysis of financial liabilities as of December 31, 2018 is as follows:

	Demand and less than 1 year	From 1 to 5 years	Over 5 years	Total
	(in € million) (audited)			
Liabilities				
Borrowings	2.5	4.0	–	6.5
Trade payables and other financial liabilities	251.6	–	–	251.6
Total future payments, including future principal and interest payments	**254.1**	**4.0**	**–**	**258.1**

The maturity analysis of financial liabilities as of December 31, 2017 is as follows:

	Demand and less than 1 year	From 1 to 5 years	Over 5 years	Total
	(in € million) (audited)			
Liabilities				
Borrowings	2.5	4.1	–	6.6
Trade payables and other financial liabilities	220.8	–	–	220.8
Total future payments, including future principal and interest payments	**223.3**	**4.1**	**–**	**227.4**

10.11 Critical Accounting Estimates and Judgments

Management makes estimates and assumptions that affect the amounts recognized 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. Judgements that have the most significant effect on the amounts recognized 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:

Fair value determination of put options. In connection with the sale of a 51% stake in Namshi in 2017, we were granted a put option over our remaining shares in Namshi. The valuation of the Namshi put option is determined by using valuation techniques (option-pricing-model or "**OPM**"). We use our judgement to make assumptions of peer companies (stock price volatility), of exit scenarios (allocation of exit proceeds to share classes), of dividend yields and of the risk free interest rate at the end of each reporting period.

Determination of the net realizable 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 us, 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' behavior.

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

Inventory balance is categorized depending on the season to which it relates. The inventory valuation allowance reflects management's estimate of losses expected to be incurred by us:

- as a result of sales of merchandise belonging to the particular season; and
- as a result of disposal of leftovers which have not been sold within 18 months from the season's start.

Net realizable 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 realizable value is carried out on a product line level.

Estimation of CGU (cash generating unit) recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of cash-generating units exceed its recoverable amount. The recoverable amount is generally determined as the fair value less cost of disposal.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, management estimates the recoverable amount based on using the DCF (discounted cash flow) model.

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 recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Provided the recognition criteria for deferred tax assets are met, an asset is only recognized to the extent of existing deferred tax liabilities. Any excess of deferred tax assets is not recognized due to the startup phase of the fashion businesses and the related loss history. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, 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 our transactions and activities. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged

by tax authorities. For further information, see Note 31 to the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 on page F-84.

Fair value determination of share-based payment plans. Estimating the fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. 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. We initially measure 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 recognized 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, we use the Black-Scholes model to value options by reference to observable market inputs on the date in which the grant date is achieved. The options are then not remeasured at the end of each reporting period. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 21 to the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 on page F-76 et seq.

10.12 Changes in Accounting Standards

We adopted IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* for the first time in our consolidated financial statements as of and for the year ended December 31, 2018. The effects from these first-time adoptions are further explained below. A number of other amendments are effective from January 1, 2018 onwards, but they do not have a material effect on our financial statements.

10.12.1 Adoption of IFRS 15

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The new revenue standard superseded all current revenue recognition requirements under IFRS.

When applying IFRS 15 for the first time, we followed a modified retrospective application approach and made use of an exemption not to apply IFRS 15 to the contracts that were completed as of January 1, 2018. According to the modified retrospective application, the information presented for 2017 and 2016 is not restated – i.e., it is presented as previously reported under IAS 18, IAS 11 and related interpretations.

The details of the new significant accounting policies and the nature of the principal changes to previous accounting policies in relation to our various goods and services are set out in the revenue recognition accounting policy in Note 3 to the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 on page F-33 et seq.

On transition to IFRS 15, we recognized €10.0 million as refund liabilities and €5.9 million as rights to recover products from customers on return which was previously presented net at €(4.1) million.

In accordance with the previous requirements, we concluded that in certain arrangements we acted as an agent. IFRS 15 requires assessment of whether we act as an agent or as a principal determining which party controls a specified good or service before it is transferred to the customer. We have determined that we do not control the goods before they are transferred to customers in these arrangements, and hence, are an agent rather than principal, as was the case previously.

When we provided services to our customers (such as marketing, technology, payment, logistics or warehousing services), we recognized revenue either at a point in time or over time. This pattern of revenue recognition was compared to the requirements in IFRS 15 and no deviations were identified. IFRS 15 further requires allocating the transaction price based on stand-alone selling prices. We have concluded that the allocation objective will be fulfilled if the revenue was recognized based on amounts invoiced to the customer.

The following table summarizes the impact of adopting IFRS 15 on our consolidated statement of financial position as of December 31, 2018. There was no material impact on either the consolidated statements of profit and loss and of other comprehensive income or our consolidated statement of cash flows for the year ended December 31, 2018.

	As of December 31, 2018		
	As reported	**Adjustments**	**Before adjustments**
	(in € million) (audited)		
Assets			
Non-current assets	**539.3**	**–**	**593.3**
Inventories	186.1	–	186.1
Trade receivables	55.2	–	55.2
Other current assets	124.0	–	124.0
Other non-financial assets	50.8	5.9	44.9
Current assets	**416.1**	**5.9**	**410.2**
Total assets	**955.4**	**5.9**	**949.5**
Total equity	**603.8**	–	**603.8**
Non-current liabilities	**34.7**	**–**	**34.7**
Non-financial liabilities	49.2	–	49.2
Provisions	9.1	(4.1)	13.2
Other current liabilities	258.6	10.0	248.6
Total current liabilities	**316.9**	**5.9**	**311.0**
Total liabilities	**351.6**	**5.9**	**345.7**
Total liabilities and equity	**955.4**	**5.9**	**949.5**

10.12.2 Adoption of IFRS 9

The details of the new significant accounting policies and the nature of the principal changes to previous accounting policies in relation to our classification, initial recognition and subsequent measurement of financial assets and liabilities and impairment of financial assets are set out in the financial instruments accounting policy in Note 3 to the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 on page F-33 et seq.

10.12.2.1 Classification

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Applying the new classification requirements, our financial assets that were measured at amortized cost in accordance with IAS 39 are also measured at amortized cost in accordance with IFRS 9, and the financial assets that were measured at fair value through profit or loss are also measured the same way in accordance with IFRS 9. This is because amortized cost financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of these instruments represent solely payments of principal and interest on the principal amount outstanding. The cash flows of the financial assets that were measured at fair value through profit do not represent solely payments of principal and interest on the principal amount outstanding.

10.12.2.2 Impairment

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. We apply the new impairment model to financial assets measured at amortized cost.

We apply a practical expedient and measure expected credit losses on our trade receivables using a provision matrix. The provision matrix is based on the historical credit loss experience adjusted where appropriate for effects

of the current conditions and the forecasts of future developments. On the transition to the new impairment model requirements, no material changes of impairment were recognized compared to those provisions previously calculated under IAS 39. Historically, loss rates are low and the majority of financial assets are short-term trade receivables.

10.12.2.3 Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognized in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows: the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of change in the fair value is presented in profit or loss. We have not designated any financial liabilities as at FVTPL and we have no current intention to do so. As a result there is no impact if IFRS 9 requirements on the classification of financial liabilities were applied to existing financial instruments.

10.12.2.4 Hedge accounting

We currently do not apply hedge accounting.

10.12.2.5 Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

We took the advantage of the exemption allowing us not to restate comparative information for prior periods. The determination of the business model within which a financial asset is held was made on the basis of the facts and circumstances that existed at the date of initial application.

10.12.3 Standards Issued but not yet Effective

With the exception of IFRS 16 *Leases*, new standards and amendments to standards that are only effective for annual periods beginning on or after January 1, 2019 are not expected to have significant effects.

For more information, please refer to Note 5 to the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 on page F-47 et seq.

11. BUSINESS

11.1 Our Vision

Our vision is to be the number one fashion and lifestyle destination in our markets. We pursue this vision by creating an inspiring and seamless digital shopping experience built upon:

- our assortment of fashion and lifestyle products, combining global, local and own brands tailored to our markets;
- our technology-enabled discovery and shopping apps and websites; and
- our customer service and delivery platforms.

11.2 Overview

We are the leading online fashion and lifestyle destination in terms of estimated online sales in 17 countries across Asia Pacific (APAC), Latin America (LATAM) and the Commonwealth of Independent States (CIS) (source: GFG calculations based on Euromonitor Retailing 2019). We provide our customers with an inspiring and seamless shopping experience from discovery to delivery. In 2018, our mobile applications and websites attracted on average more than 150 million visits per month and we served 11.2 million active customers. Our customers placed 28.2 million orders with a NMV of approximately €1.5 billion in 2018.

We operate in large, growing and underpenetrated markets. Approximately one billion people live in our markets. Based on data sourced from Euromonitor, spending on fashion and lifestyle products is forecast to increase in our markets at a CAGR of 7% between 2018 and 2022, which is considerably higher than the 3% CAGR forecast for each of the United States and Western Europe over this period (source: GFG calculations based on Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). In addition to benefiting from the expected growth of the overall fashion and lifestyle retail market, we believe the online fashion and lifestyle retail market has significant additional upside potential due to the relatively low levels of e-commerce penetration in our markets. In 2018, online sales accounted for only 6% of the total spending on fashion and lifestyle products in our markets, compared to 15% in Western Europe, 20% in the United States and 39% in China (source: GFG calculations based on Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). We believe we are well positioned to benefit from the expected growth and online shift of the fashion and lifestyle markets in our regions as we combine the scale of a global player for sourcing, fulfillment and technology with tailored solutions to address specific local needs and preferences including product assortment, language, payment currency, payment methods and delivery options.

We deliver a compelling value proposition to both our customers and brand partners. Operating under our brands *THE ICONIC* (in Australia and New Zealand), *ZALORA* (in Singapore, Hong Kong, Indonesia, the Philippines, Malaysia, Taiwan and Brunei), *dafiti* (in Brazil, Argentina, Chile and Colombia) and *lamoda* (in Russia, Belarus, Kazakhstan and Ukraine), we empower our customers to express themselves through fashion by connecting them with a diverse range of fashion and lifestyle brands. Through our apps and websites, customers can access a broad range of fashion products from a large number of global and local brands as well as over 40 of our own brands, which include products we co-develop with celebrities and local influencers. Our personalization technology creates tailored selections and recommendations to enable customers to discover the products most relevant for them. The product assortment we offer spans all key fashion and lifestyle categories such as apparel, footwear, accessories, kids and sportswear. Additionally, our locally relevant products are tailored to meet the cultural, sizing and price preferences of our diverse customers across our multiple markets. On our platforms, we utilize two business models: Retail, where we own the inventory of products sold to our customers, and Marketplace, where our brand partners hold the inventory and list products on our apps and websites. We offer more than 35 payment options across our markets to serve local customer preferences. Over 90% of all items sold over our apps and websites are stored in one of our ten strategically located fulfillment centers, from which they are delivered swiftly through an efficient mix, tailored to each of our markets, of third-party providers and our own delivery fleet. We offer 24/7 customer support in the majority of our markets and in eleven different languages as well as free return options, enhancing our conversion rates and contributing to an outstanding shopping experience in all of our markets.

We believe that many fashion and lifestyle brands have made us their e-commerce partner of choice in our markets because we offer them instant access to highly engaged audiences in large and growing fashion markets. We offer flexible and tailored support to fashion and lifestyle brands in selling their products to customers. We

purchase products that we anticipate will enjoy strong demand across market segments from the relevant brands or manufacturers. We also give brands access to our Marketplace, where they act as third-party sellers via our apps and websites. We support brands, including when they sell through their own online channels, by offering them distinct Fashion Services, including fulfillment services (e.g., storage, picking and last-mile fulfillment), media solutions (e.g., advertising on our platforms, sponsoring of events to increase brand awareness) and data analytics.

We operate a scalable, custom-built technology platform that is integrated across our operations within each of our regions and reflects both the global and local nature of our business. We developed our predominantly in-house technology platform in a localized manner with technology stacks tailored to each major market. Our technology platform provides substantial flexibility and enables us to quickly and efficiently respond to local business expectations and regulatory requirements. We have overlaid onto our localized technology stacks a growing global toolkit of advanced centralized solutions. These centralized technology solutions include, among others, our global seller center for brands, pricing tools and business intelligence tools. We collect and analyze large amounts of data across our operations. We use this data to continuously improve our value proposition for both customers and brand partners and improve our organizational decision making.

We have a track record of strong growth and improving results. Our highly engaged customer base increased from 8.9 million active customers as of December 31, 2016 to 11.2 million active customers as of December 31, 2018. NMV per active customer increased at an 8.2% CAGR on an organic basis between 2016 and 2018, driven largely by customers increasing their order frequency. Total NMV increased from €1,076.0 million in 2016 to €1,453.5 million in 2018, reflecting, on an organic basis, a CAGR of 21.5%. Our revenue increased from €886.9 million in 2016 to €1,155.9 million in 2018, reflecting, on an organic basis, a CAGR of 19.4%.

We have three operating and reportable segments, APAC, LATAM and CIS, that reflect our geographic footprint. Australia, Brazil and Russia contribute the largest share of revenue within their respective segments. The following table shows key information for our three segments for the year ended December 31, 2018:

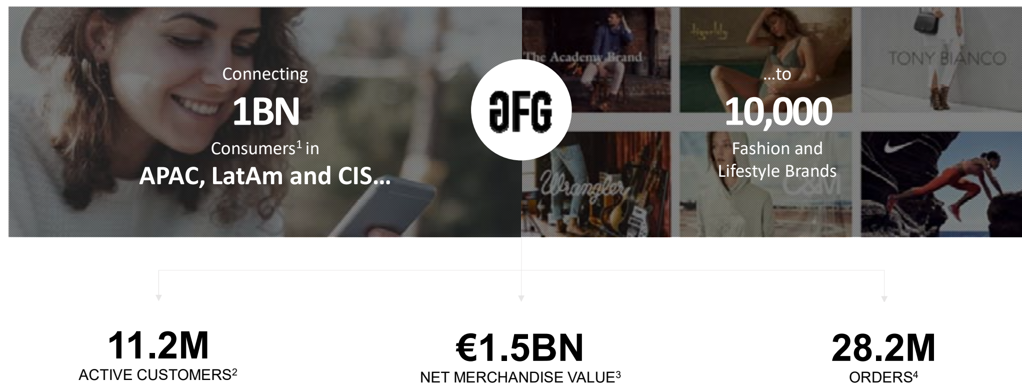
	For the year ended December 31, 2018	
	(unaudited)	
	Share of NMV	Share of revenue[(1)]
APAC	34.5%	35.4%
LATAM	33.3%	31.1%
CIS	32.2%	32.6%

(1) Percentages do not add up to 100.0% because revenue from “Other” as well as consolidation adjustments and effects from purchase price allocation adjustments in connection with the formation of GFG are not reflected in this column.

In 2018, we reached break-even on an Adjusted EBITDA basis (before IFRS 16) in our LATAM segment as well as in Australia, which is part of our APAC segment. Although we remain loss-making on a Group level, significant growth of the scale of our business as well as the increase of our cost efficiency have allowed us to continuously improve our Adjusted EBITDA (before IFRS 16) from a loss of €130.8 million in 2016 to a loss of €70.0 million in 2018. After the application of IFRS 16, our Adjusted EBITDA (post IFRS 16) loss would have been €49.8 million in 2018. Our goal in 2019 is to further progress towards break-even on a Group level.

11.3 Our Scale and Size

As demonstrated by the graphic below, since the launch of our operations our business has achieved significant scale and size:



Data as of and for the year ended December 31, 2018.
(1) Aggregate population in the 17 countries in which GFG operates.
(2) As defined in "*2.8 Non-IFRS Financial Information*".
(3) As defined in "*2.8 Non-IFRS Financial Information*".
(4) As defined in "*2.8 Non-IFRS Financial Information*".

11.4 Our Market Opportunity

We believe fashion and lifestyle e-commerce in our regions presents a compelling market opportunity for us:

We operate in large, fast-growing markets for the second largest e-commerce consumer category globally.

Data from Euromonitor indicates that the global market for fashion and lifestyle (online and offline combined) is the second largest consumer category globally (after food and drink) with a total market volume of approximately €2,550 billion in 2018. Of this amount, €320 billion (13%) was generated in our markets across APAC, LATAM and CIS in 2018. The market includes four categories: Apparel (with the largest market share of 40%), Beauty and Health (25%), Accessories (20%) and Footwear (15%). Based on Euromonitor data, APAC is the largest regional market (40%), followed by LATAM (35%) and CIS (25%) (source: GFG calculations based on Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). The combined population of our markets amounts to approximately one billion and is expected to grow by 30 million from 2018 to 2022 (compared to expected growth of 4 million in Western Europe and 8 million in the United States for the same period) (source: GFG calculations based on Euromonitor Economies and Consumers, Euromonitor Retailing 2019). Based on data sourced from Euromonitor, our markets are expected to grow significantly faster than the global average for the fashion and lifestyle market: while growth for the period from 2018 to 2022 for the United States and Western Europe is expected at a CAGR of 3%, the market in our regions is expected to grow at a CAGR of 7% in the same period (source: GFG calculations based on Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). Based on the disposable income distribution in our markets, we see an expanding middle class with significant purchasing-power potential.

The shift from offline to online fashion and lifestyle shopping is accelerating at a fast pace in our markets.

Online fashion and lifestyle penetration in our markets is just beginning to grow, with a share of only 6% of the total spending on fashion and lifestyle products in 2018. Online fashion and lifestyle penetration rates in our markets are roughly six to eleven years behind comparative rates in Western Europe (15%), the United States (20%) and China (39%) (source: GFG calculations based on Euromonitor Apparel and Footwear 2019, Euromonitor Beauty and Personal Care 2018, Euromonitor Personal Accessories and Eyewear 2019). In other words, customer behavior in our fashion e-commerce markets is roughly similar to customer behavior in European fashion e-commerce markets in 2009. We believe structural tailwinds support fast expansion of online fashion and lifestyle in our regions. The population in our markets is on average younger and faster growing than the population of Western Europe and the United States and has favorable smartphone and online shopping habits. Smartphone penetration in our markets (calculated by the number of smartphone devices divided by population) in 2018 was already higher than in the United States (90% vs. 82%) and is expected to exceed the level in Western Europe in 2022 (116% vs. 107%) (source: GFG calculations based on data from WCIS). At the same time, our markets have always lacked a broad brick-and-mortar fashion retail offering with 5 sqm per capita compared to 53 sqm per capita in Western Europe and 77 sqm per capita in the United States (source: GFG calculations based on PlanetRetail data). Other verticals, such as consumer electronics and appliances, have already achieved an online penetration rate of 17% and 15%, respectively, in our markets in 2018, based on data sources from Euromonitor (source: GFG calculations based on data from Euromonitor Consumer Appliances and Euromonitor Consumer Electronics 2019). Reasons for the delayed adoption of fashion and lifestyle e-commerce include the lack of international brand online presence and underdeveloped digital store fronts, low online shopping trust (especially regarding returns and payments), underdeveloped technology infrastructure and underdeveloped logistics and delivery infrastructure tailored for fashion and lifestyle.

Fashion and lifestyle customers in our markets seek out global and local brands.

The fashion and lifestyle market is structured around brands and price levels. In our regions, customers look for a broad brand offering consisting of both global and local brands in different price segments between high street and entry-level luxury brands across a variety of fashion and lifestyle products. Global brands are under-represented in our markets, both online and offline, and are now increasingly focused on capturing available growth opportunities. Online platforms that can bring together the young and engaged audience in our regions with popular global fashion and lifestyle brands can add value for both customers and brands.

The demand for an inspirational shopping experience creates opportunities for vertical specialists.

Customers shop for fashion very differently than for other product categories. Fashion customers mostly browse and rarely search for specific products. As a consequence, an inspirational browsing experience through a large and relevant product assortment is important to fashion customers who demand a curated shopping journey that is personalized to their individual tastes and preferences. Fashion is less price-sensitive due to lower comparability of product, higher importance of exclusivity and greater emotional connection. Newness is more important than price as a driver of sales and traffic. Fashion customers also demand fashion-specific services such as try-on at delivery. General merchandise platforms do not meet such requirements.

There is only limited direct competition for multi-brand fashion and lifestyle platforms in our regions.

The primary online competitors in our regions are digital storefronts of individual brands and general merchandise platforms. Mono-brand platforms offer content-rich destinations for brand loyalists and access to an offline store network but have a very narrow assortment. The online proposition of most local and international brands in our markets is still underdeveloped (i.e., many brands do not offer a dedicated country-specific website, mobile app and/or online store). General merchandise platforms offer vast assortments across multiple product categories and are strong at the sale of standardized products. However, they do not meet the specific demand of fashion and lifestyle customers and face continuous challenges with outdated and sometimes unauthorized or grey market products. Multi-brand fashion and lifestyle destinations attract more customers and brands by offering a wide and deep yet relevant product assortment and providing a fashion and lifestyle-driven shopping experience and environment.

11.5 Our Value Proposition

11.5.1 Our Value Proposition to Customers

We offer four key value propositions to our young, highly-engaged and diverse customer base:

Inspirational discovery and curation: We inspire our customers through our curated, fashion-led content on beautiful and easy-to-use interfaces that drive customer engagement and are personalized to enable each of our customers, based on their respective tastes and budgets, to find their desired products.

Large and most relevant assortment: We provide our customers with a rich choice of fashion and lifestyle products along three dimensions: (i) a combination of the best local and global brands, (ii) a wide coverage of the key fashion and lifestyle categories, including kids, sports and extended sizes and (iii) a broad set of price points.

Attractive pricing: Our global scale, local buying teams and operational setup, including the use of dynamic pricing algorithms, enable us to offer our customers the best prices on comparable products as well as pricing conditions catering to local promotion calendars and pricing needs from entry-level pricing to the premium segment.

Excellent shopping experience: Our local footprint permits us to provide our customers with a convenient and seamless shopping experience across all customer touch points, including a large choice of payment options, fast delivery, high-quality customer support and easy-to-handle returns.

11.5.2 Our Value Proposition to Fashion and Lifestyle Brands

Presenting the only scaled solution for digital distribution of fashion and lifestyle brands in our markets, we offer five key value propositions to brands:

Immediate customer reach in hard-to-access growth markets: We enable brands to overcome the challenges of accessing complex growth markets by providing instant access to our large, young and highly engaged customer base of over 11 million active customers in 17 countries that grew 13.6% in 2018.

Attractive fashion orientation: Our clear fashion DNA is highly attractive to our brand partners as we are able to present their brands on category-specific destinations with inspirational imagery and content designed to elevate the brand's equity and connect brands with the most relevant audiences.

Flexible business model: We offer brands a flexible business model that can be tailored to fit individual distribution needs along the value chain: from Retail, where we cover pricing, fulfillment and delivery, to Marketplace, which allows for third-party sales by brands on our platforms, and hybrid solutions.

Local infrastructure and capabilities: Based on our well-established local infrastructure and capabilities, we enable brands to expand into new geographies and build their local e-commerce operations with very low risk and capital investment.

Fashion Services delivering significant value-add: We offer brands a variety of value-added Fashion Services, including end-to-end fulfillment services and digital media solutions to support brands' engagement with their customers.

11.6 Our Strengths

In our view, the following key strengths have been the primary driver of our success in the past and distinguish us from our competitors:

11.6.1 We have a leadership position in large and high-growth fashion and lifestyle markets with considerable online penetration upside potential.

We operate in 17 different countries across APAC, LATAM and CIS. These markets have a combined population of one billion and a large, young and highly engaged audience for fashion and lifestyle products. The average age in our markets is 34 years (compared to 42 in Western Europe and 39 in the United States). In 2018, approximately 44% of our active customers were under 30 years old and approximately 64% of our active customers were female, driving order frequency and engagement with our apps and websites. In 2018, our apps and websites generated more than 150 million monthly visits on average. As of December 2018, our brands had over 40 million social media followers on the top five social media platforms in each region.

The latest available consumer surveys demonstrate that we are a top-of-mind online fashion destination across all of our markets. In Australia and New Zealand, 78% of those surveyed cited *THE ICONIC* as the most recognizable online fashion retailer. In Southeast Asia, our brand *ZALORA* was similarly cited by 76% of respondents. 83% of those surveyed in LATAM cited *dafiti* as the most recognizable online fashion retailer, whereas 85% or respondents in CIS cited *lamoda*. Most of our platforms (*THE ICONIC*, *dafiti* and *lamoda*) rank number one among fashion platforms in their respective regions based on the number of Instagram followers.

Our geographies are characterized by high growth potential compared to the global average, primarily due to their low online penetration rates. Trust in online shopping has historically been low. There has long been a lack of international brand presence on the internet in our regions. An underdeveloped logistics and delivery infrastructure and low fixed and mobile broadband penetration have further caused a delay in the adoption of e-commerce in fashion and lifestyle in our regions. We have found ways to overcome these challenges and is now driving local e-commerce adoption as a market leader. By number of online sales, all of our four brands rank number one in their respective regions. As global general merchandise platforms do not have our fashion focus, and local fashion and lifestyle destinations lack the global scale of the Group, we have been able to develop an unmatched fashion and lifestyle offer across all of our markets.

11.6.2 We offer a strong customer value proposition through an inspirational discovery journey, our broad assortment offered at attractive prices and a seamless shopping experience.

Our online shopping experience inspires our fashion customers with tailored front-ends and product offerings. We offer engaging editorial content and style advice. We adapt and customize our front-ends and assortment based on profiles developed from data we collect throughout our operations with a view to providing our customers with an inspirational and curated assortment and supporting and fostering customer engagement. From data on followed brands, demographics, shopping history and browsing history, our proprietary technology back-end produces targeted product recommendations and tailored newsfeeds.

In 2018 our NMV excluding VAT / GST and shipping fees was split into the following categories: 40% apparel, 25% footwear, 12% accessories, 16% sport, with kids, beauty and other representing the remaining 8%.

We have a broad and customer-centric assortment of fashion and lifestyle products, including apparel (40% of SKUs and 40% of NMV excluding VAT / GST and shipping fees), accessories (approximately 18% of SKUs and 12% of NMV excluding VAT / GST and shipping fees), footwear (approximately 16% of SKUs and NMV excluding VAT / GST and shipping fees), sports performance wear (approximately 10% of SKUs and NMV excluding VAT / GST and shipping fees) and kids wear and other (approximately 16% of SKUs and NMV excluding VAT / GST and shipping fees), from a large number of brands and 80,000 to 450,000 average SKUs per country (all data as of December 2018). Our offering combines the most popular global brands with relevant local brands, allowing us to capture global trends while catering to local needs. We collaborate with various brands to provide special collections and exclusive products. We also offer exclusive products through our various own brands designed by us in collaboration with designers and influencers to address assortment gaps and enhance our margins. Based on customer data we have developed more than 40 own brands which, together with one-off designer collaborations, accounted for 10% of our NMV and 3% of our SKUs in 2018 and enrich our assortment. Our own brands can fill market gaps with high-quality offerings. For example, in APAC our own brands *Zalia*, *Lubna* and *Zumara* offer fashionably modest wear targeting Muslims across all income levels in Southeast Asia.

In Australia we cater to customers between the ages of 18 and 25 through a brand called "Dazie", while we cater to curvy customers with "Atmos&Here Curvy".

We offer our products across the pricing spectrum, from entry-level to premium offerings on attractive conditions. We have access to a broad and attractive inventory through our scale and relevance in each of our local markets. Local sourcing and shipping allow us to align our product offering to local needs and achieve lower delivery costs. Lower costs make it possible for us to also serve the entry price levels in a profitable way, along the premium price merchandise. Our customers benefit from local promotion campaigns, access to all price levels and best prices on comparable products. In order to achieve attractive pricing conditions at all times we also use dynamic pricing algorithms, which allows us to react instantly to relevant changes.

Our customers enjoy a seamless shopping experience tailored to local needs and preferences. We offer over 35 different payment methods to serve regional customer habits, including payment before delivery (for example, card payment), at delivery (for example, cash on delivery) and after delivery (for example, installments). Payments are largely processed locally to increase approval rates and speed. Based on the specific situation in each country, we have created a tailored mix of internally operated and third-party last-mile delivery services. In our major cities, we offer same or next-day delivery and had an overall 94% on-time delivery rate in 2018. We also provide distinct local value-added services, such as try-on services in Russia. Through fully localized service centers, we offer 24/7 customer support across the majority of our markets in eleven different languages. By using one of our multiple fast-processed return options we are able to process returns in less than 24 hours, and customers can conveniently return or exchange products they ordered on our apps or websites, largely free of charge.

11.6.3 We are the strategic partner of choice for global and local brands and serve as their gateway to our markets through our Retail and Marketplace models.

Our strong value proposition for brands has enabled us to build strategic partnerships with key global brands. We currently partner with 78% of the top 50 global brands (excluding luxury names). We enable our brand partners to participate in our success via access to our markets and our large customer base of more than 11 million active customers. We have proven our ability to deepen a global brand's presence in growth markets as well as help local brands to grow and extend their customer reach. Our customers come from a large, young and highly engaged audience from a population of approximately one billion people in our APAC (473 million inhabitants), LATAM (323 million inhabitants) and CIS (214 million inhabitants) segments.

Brands face several challenges in operating in our markets. These challenges range from weak third-party logistics and e-commerce offerings, a fragmented delivery and retail infrastructure and significant bureaucracy to complex import processes and an opaque regulatory and tax environment. The population is often spread across wide and remote areas, which makes delivery and returns of fashion and lifestyle products a complex challenge. As the only scaled online fashion and lifestyle platform in our markets, we help brands master these challenges through our well-established local capabilities, which position brands to turn local demand into actual sales. We have built distinct local buying expertise, pricing and merchandise capabilities as well as e-production facilities, which we use to produce media content in our own studios. We have also built relationships with local marketing partners and we have established a reliable logistics infrastructure, including ten strategically located regional fulfillment centers. Furthermore, we support emerging brands focused on eco-friendly and sustainable fashion. The Group focuses on social and environmental responsibility, taking into account our customers and our planet. We see sustainability as an opportunity to create long-term business value and to better manage our own impact. For example, in Australia, we recently launched *Considered by THE ICONIC*, which uses five sustainability credential categories, such as community interests, ethical trade and environmental management, to allow customers to filter and find products holding sustainability credentials, allowing them to seamlessly shop by their personal sustainability values.

We have created attractive and easy-to-use apps and websites that showcase the products of our partner brands in a fashion-focused manner that is aligned with their respective brand identities and support each brand's equity. Through our pure fashion DNA we offer brands the most relevant customer base interested in their products. We have developed category specific destinations, including distinct landing pages for sports enthusiasts, high-end fashion customers and our dedicated kids offering as well as branded store fronts which are designed to represent brands in an inspirational and unique way. Our proprietary e-production capabilities enable us to tailor the presentation of our brands' fashion and lifestyle products to local tastes and preferences. This environment is enhanced by our inspired marketing activities, which increase brand awareness for our platforms, drive traffic on our apps and websites and facilitate customer engagement with our products.

Through our flexible business model we can tailor our collaboration with brands to our partners' specific needs. Most of our sales in terms of NMV (approximately 85% in 2018) are based on our Retail model, where we select and purchase items for our inventory and sell them directly to customers at prices we see fit. The Retail model provides a simple and cost-efficient way for brands that do not have local infrastructure to enter new markets with no inventory risk and limited financial investment. In addition, we offer brands access to our customers on our websites and apps through our Marketplace model, which accounts for an increasing share of our NMV (approximately 15% of NMV in 2018 and 19% in the three months ended March 31, 2019). In our Marketplace model, the brand retains control over inventory, pricing and positioning in new geographies, but has the flexibility to employ our services at different stages of the value chain. For example, the brand can choose whether fulfillment is carried out by the brand or by the Group. Hybrid solutions in which some products from one brand are sourced via the Retail model and other products from the same brand are listed via the Marketplace model cater to the partner's goal to maximize sales while it gives us the opportunity to offer the widest assortment with limited inventory risk.

We further offer distinct value-added B2B Fashion Services to brands that sell their products on our Marketplace or through their own online channel. Our offering consists of a variety of services in the areas of fulfillment, media solutions and data analytics. Fulfillment services present a fast-growing part of our business with revenue that more than doubled from 2017 to 2018. We can handle every aspect of fulfillment and logistics for brands, from e-production and warehouse management to customer service and delivery. Our media solutions comprise tailored marketing services on a brand-by-brand basis both on our website and offline, for which we leverage the Group's platform, including our local expertise and data-based customer insights, to connect brands with the most relevant audience from our large customer base. Revenue from media solutions are growing rapidly.

11.6.4 We have a diverse and localized team as well as highly scalable operations tailored to fashion in growth markets.

Our operational infrastructure is fashion-specific, highly efficient and scaled for growth. Most of our markets are less established than Western Europe and the United States. We believe, however, that our rich experience and our diverse and localized teams provide us with a significant home-field advantage. We have built a strong fulfillment infrastructure with ten fulfillment centers – some of which are partially automated and others that we plan to automate fully in the future – with a combined floor space of approximately 395,000 sqm and a combined storage capacity of 28 million items. Our maximum daily output capacity is greater than 800,000 items. We deploy locally tailored practices across fulfillment centers and master gaps in the delivery infrastructure existing in some of our markets through our own last-mile delivery fleet. Our large choice of payment methods provides customers in our markets with the most relevant payment options and drives conversion (i.e., increases the percentage of people visiting our websites that actually place an order). Our fully in-house customer service provides customers in the majority of our markets with localized 24/7 support in eleven languages via phone, e-mail and online chats, including on social media. Our fashion focus is expressed in our in-house e-production capabilities which enable us to create visually attractive and informative contents, including multiple and 360° product views and "styled on model" visualization.

11.6.5 Our proprietary technology enables personalized and engaging customer front-ends, modular solutions for brands and efficient operations.

Based on our proprietary systems, we are at the technological forefront for offering a differentiated and convenient fashion and lifestyle shopping experience to customers and full product and pricing visibility and data-driven insights to our brand partners. Four localized front-ends cater to different customer preferences in each region. Our apps and websites are built with a view to providing a personalized and engaging fashion shopping experience for our customers with innovative features such as visual search functionality. Most of our traffic originates from mobile devices. For brands seeking to expand their online presence in high-growth markets, our Seller Center offers a digital one-stop solution. Our comprehensive technology offering gives brands full control over product representation and brand image, allows for digital content management, enables flexible and instant pricing adjustments and has price comparison functionalities as well as merchandise management and delivery tracking tools. All of our proprietary technology is underpinned by our data capabilities, which power traditional analytics with machine learning to enable data-driven decision making and operations to the benefit of GFG, its brands and its customers.

11.6.6 We benefit from growth momentum, improving profitability and market tailwinds.

Our robust customer and order growth supported by increasing order frequency and consistent average order value result in a strong track record of growth and improving profitability on GFG's clear path to break-even. We

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

On the back of a stable order frequency, an increase in the number of active customers from 8.9 million in 2016 to 11.2 million in 2018 led to an increase in orders from 19.8 million orders in 2016 by more than 40% to 28.2 million in 2018. Our NMV increased on a Group level from €1,076.0 million in 2016 to €1,343.2 million in 2017, and to €1,453.5 million in 2018, reflecting, on an organic basis, a CAGR of 21.5%. Our revenue increased from €886.9 million in 2016 to €1,095.0 million in 2017, and further to €1,155.9 million in 2018, reflecting, on an organic basis, a CAGR of 19.4%, and our Adjusted EBITDA (before IFRS 16) margin improved from negative 8.3% in 2017 to negative 6.1% in 2018.

In 2018, we reached break-even on an Adjusted EBITDA basis (before IFRS 16) in Australia, which is part of our APAC segment, as well as in our LATAM segment. Although we remain loss-making on a Group level, significant growth of the scale of our business as well as the increase of our cost efficiency have allowed us to continuously improve our Adjusted EBITDA (before IFRS 16) from a loss of €130.8 million in 2016 to a loss of €90.9 million in 2017 and further to a loss of €70.0 million in 2018. After application of IFRS 16, our Adjusted EBITDA (post IFRS 16) loss would have been €49.8 million in 2018. Our goal in 2019 is to further progress towards break-even on an Adjusted EBITDA basis. In the long term, our strategic goal is to reach a high-single-digit Adjusted EBITDA margin.

11.7 Our Strategy

11.7.1 Benefit from High Growth of the Online Fashion and Lifestyle Markets in our Regions.

We are the leading player in 17 high-growth markets, where strong fashion and lifestyle market growth is compounded by an expected accelerating offline-to-online shift. Our experience demonstrates that the online fashion and lifestyle market provides the market leader with significant competitive advantages. We intend to leverage our market leading positions, scale, local know-how and operational excellence to benefit strongly from this expected offline-to-online shift.

11.7.2 Expand into Adjacent Product Categories and Segments.

We intend to leverage our existing technology, fulfillment and customer service infrastructure to expand into adjacent product categories and segments, such as beauty, kids or home. We also intend to broaden our sportswear offering by adding new sub-categories. The primary driver for category expansion is the improvement in customer experience. We listen carefully to our customers and expand into categories which our customers expect us to offer.

We offer a highly convenient shopping experience for our customers. However, in some markets, we believe that we can increase the convenience for our customers. Based on our vast and rich data, we provide our customers with a personalized and inspiring shopping experience. As we collect more data, we intend to further tailor our product offerings, with a view toward optimizing our assortment and the personalized presentation of our products.

11.7.3 Enhance the Shopping Experience by Leveraging Technology and Innovation.

We also have opportunities to increase the convenience for our customers through enhancing our operational infrastructure. For example, in Brazil, most of the returns are currently handled by the local mail service. Customers are often required to queue for a long time before they can post the return items to be returned. We believe that the lack of a more convenient return service negatively affects our conversion rates. Accordingly, we are currently working with our delivery partners to establish drop-off points that provide customers with a more convenient way of returning products.

We intend to leverage advances in technology, including proprietary machine-learning algorithms, such that we further support continued growth by increasing efficiency and automation, in particular in the field of digital marketing, product, shipping, pricing, catalogue, sorting, inventory reordering and personalization. We believe that key trends in fashion e-commerce include warehouse automation, seamless partner integration, customer experience improvements and artificial-intelligence-based optimization. New technology will reduce friction

through improved size and fit guidance and will further facilitate shopping and delivery, thus enhancing operational efficiency.

11.7.4 Grow our Fashion Services business.

We offer distinct services for brands that sell products over their own websites, but lack the infrastructure to execute customer orders. We support these brands by providing various services, such as storage or delivery, on an as-needed, case-by-case-basis. Additionally, we offer distinct media solutions. We intend to deepen the services we offer, allowing us to strengthen the relationships with our current brand partners and to attract new brand partners to join our ecosystem. A higher level of Fashion Services also allows us to better utilize our existing resources, positioning us to generate additional revenue without incurring significant additional expenses.

11.7.5 Expand and Adapt our Geographic Footprint.

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

11.7.6 Further Enhance our Financial Profile.

We intend to further enhance our financial profile based on a number of trends and measures. We intend to seize the market opportunity and gain market share with long-term annual NMV growth on an organic basis of 20%. We plan to increase the share of Marketplace, thus expanding selection, lowering inventory risk and increasing gross margin. We also intend to focus on further improving unit economics, reducing the payback periods for customer acquisition costs and increasing customer loyalty. Further levers include operating leverage in technology and administrative expenses as well as investments into technology and fulfillment infrastructure to drive customer loyalty and operating efficiency.

11.8 Our Segments

Our Group is organized into three main regional operating and reportable segments. The following table provides a breakdown of revenue for each of our reportable segments (continuing operations) for the periods indicated:

	For the year ended December 31,			For the three months ended March 31,	
	2016	2017	2018	2018	2019
	(audited, unless otherwise specified) (in € million)			(unaudited) (in € million)	
APAC	261.2	323.5	409.0	76.7	92.4
LATAM	315.5	365.2	359.0	75.2	80.1
CIS	302.7	395.1	376.4	81.3	86.1
Other and reconciliation[(1)] (unaudited)	7.5	11.2	11.5	3.7	2.1
Revenue	**886.9**	**1,095.0**	**1,155.9**	**236.9**	**260.7**

(1) Other includes headquarters and other business activities. Other amounted to €24.8 million in 2016, €44.9 million in 2017, €66.3 million in 2018, €13.4 million in the three months ended March 31, 2018 and €7.0 million in the three months ended March 31, 2019. Reconciliation includes consolidation adjustments and effects from purchase price allocation adjustments in connection with the formation of GFG. Reconciliation amounted to negative €17.3 million in 2016, negative €33.7 million in 2017, negative €54.8 million in 2018, negative €9.7 million in the three months ended March 31, 2018 and negative €4.9 million in the three months ended March 31, 2019.

11.8.1 APAC

We operate under two distinct brands in APAC. We have developed *THE ICONIC*, launched in late 2011, into the leading online fashion and sports retailer in Australia and New Zealand by online sales. *THE ICONIC*'s broad offering consists of over 1,000 local and international brands for men and women. *THE ICONIC* is the leader in customer experience in Australia according to Practicology's report, "Selling Fashion Online in Australia 2019". In early 2019, we launched THE ICONIC Considered, an industry-leading initiative, enabling our customers to filter shop based on their personal sustainability values. The range launched with over 7,000 SKUs tagged with sustainability credentials across more than 350 brands and has since been expanded further.

Launched in 2012, our brand *ZALORA* currently operates as market leader (by online sales) in Singapore, Hong Kong, Indonesia, the Philippines, Malaysia, Taiwan and Brunei. *ZALORA*'s fashion assortment, which is strategically adapted to the demand for affordable yet fashionable high-street fashion products in Southeast Asia, consists of more than 2,000 top local and international brands, including various high-street brands and its own brands.

11.8.2 LATAM

Launched in 2011, our brand *dafiti* currently operates in Brazil, Argentina, Chile and Colombia. It offers apparel, footwear, accessories, and beauty and home décor products from over 4,000 different fashion and lifestyle brands. *dafiti*, ranked first in the region by online sales, is focused on constantly improving the customer experience and is the first e-commerce retailer to have won the "Reclame Aqui 1000" in 2017, a distinguished Brazilian customer satisfaction award. In order to underscore our commitment to environmentally friendly solutions, we launched a bicycle-based delivery service in Chile in late 2018 and are currently testing this service in Brazil.

11.8.3 CIS

Launched in 2011, our brand *lamoda* currently operates in Russia, Belarus, Kazakhstan and Ukraine and has emerged as the leading online retailer for fashion in the region by online sales. *lamoda* offers more than 2,000 international and regional brands. It offers a growing range of men's, women's and children's clothing, as well as footwear and accessories and has recently expanded its brand portfolio to include well-known brands such as Nike, Mango, Tommy Hilfiger, Adidas and Lacoste.

11.9 Our Customers

We have a young, diverse and highly engaged customer base consisting of 11.5 million active customers (as of March 31, 2019) in 17 countries across three different regions. Approximately 64% of our active customers are female, and around 44% of our active customers are below 30 years old. A high percentage of the members of this age group grew up with and are accustomed to using modern types of telecommunication and information technology. We consider millennials to be a particularly important customer segment because of their demonstrated openness to purchasing products online, their high level of engagement and their high rate of adoption of mobile technology as well as our belief that they will remain loyal to our brands as they mature.

Our customer base is also growing rapidly. We had 8.9 million active customers as of December 31, 2016 and 9.8 million active customers as of December 31, 2017. In 2018, the number of active customers grew to 11.2 million as of December 31, 2018, which represents an increase of 13.6% to the previous year. We consider our customers to be highly committed and engaged with our brands. In total, on the top five social media platforms combined for all regions, we enjoy approximately 40 million followers. Based on Instagram data as of January 2019, we are the most followed fashion and lifestyle retailer on Instagram with regional number-one rankings for our brands *THE ICONIC*, *ZALORA, dafiti* and *lamoda*, ranking fourth in Southeast Asia.

11.10 Our Customer Acquisition

We have achieved and aim to grow our large customer base through a comprehensive marketing strategy that aims at engaging users and customers along the entire conversion funnel and builds on the following three pillars:

- *Localized strategy and execution:* Our marketing is locally tailored to be relevant to our customers. We curate our brand positioning for local customers' needs and have local publishing and advertising partners. Our marketing is executed in 11 languages. We host local events like *THE ICONIC Swim Show* in Sydney and collaborate with social media influencers. Furthermore, we provide editorial content like online fashion information channels, such as *DafitiMag Online*, which provides customers with daily

fashion content. In addition, we maintain partnerships with other brands and influencers. We also place conventional advertisements such as TV advertising, events or billboard advertising to complement our online efforts and attract more traditional customers who are less accustomed to using online marketplaces. We further enhance our brand locally through our distinctive packaging, branded vehicles (in regions where we operate our own fleet) and store presence.

- *Efficient marketing technology stack:* Our marketing technology stack is designed to increase efficiency and optimize costs by integrating several proprietary technology systems with those from third-party providers. Its coverage ranges from digital media buying, CRM and merchandising to data analysis. Our technology stack enables us to guarantee highly automatized processes and to let algorithms make decisions. We use them to provide our customers with a personalized shopping experience, including a tailored newsfeed and targeted product recommendations based upon their browsing and purchase histories. This automated marketing approach provides each customer with creative, curated content and data-driven personalized marketing, and enables us to convert new customers into loyal customers over time.
- *Data and performance-driven approach:* Our data-driven approach enables our marketing teams to continually optimize all spending and performance. We use proprietary marketing attribution and analytics tools to obtain real-time analytics and KPI reporting. Real-time monitoring enables us to allocate our budget efficiently. Our online marketing efforts accounted for 77% of our marketing expenses in 2018 and are critical to growing the millennial segment of our customer base.

Our marketing strategy has enabled us to build a strong brand equity, which makes us less dependent on paid media, and drives traffic and customer acquisition. In 2018, based on the latest available consumer surveys, we had about 81% aided brand awareness and more than 60% of our orders came from unpaid marketing channels. Traffic has risen since 2016 from 1.6 billion visits to approximately 1.9 billion visits in 2018. Approximately 73% of our 1.9 billion visits were on our mobile-native front-end (up from approximately 60% in 2016). In the three months ended March 31, 2019, the share of visits on our mobile-native front-end increased further to 77%. We benefit from high and growing customer loyalty, with approximately 68% of the NMV in 2018 coming from returning customers (compared to 56.4% in 2016). At the same time, we were able to increase our marketing efficiency. In 2018, our customer acquisition costs (online marketing expenses divided by the number of new customers) ("**CAC**") decreased by 6.2%. Our marketing expenses as a percentage of revenue decreased from 13.9% in 2016 to 9.8% in 2018.

11.11 Our Operations

The management of our operations is based on the following four key principles:

- *Technology:* We leverage our proprietary technology to create a superior customer experience.
- *Customization*: For each region, we follow a distinct approach tailored to local market conditions.
- *Efficiency:* We constantly optimize the balance between customer experience and costs.
- *Fashion focus:* Our e-production, fulfillment and delivery operations are tailored to fashion products.

We have organized our highly scalable, technology-enabled operations with a focus on delivering a premium fashion experience to our customers across various growth markets with unique characteristics. We believe that we have created strong central functions and localized tailored operations solutions that position us to achieve economies of scale and meet the challenges and specificities of each market while benefiting from sharing best practices and enforcing international standards. Our fashion-centered operations seek to provide a sophisticated shopping experience to our customers while optimizing cost, for which we combine off-the-shelf and our proprietary technology solutions. At the same time, we aim to deliver fashion in a sustainable and responsible way by implementing ethical trade practices, continuously reviewing our economic footprint and operating responsible workplaces in compliance with high safety, health and security standards. We have structured our operations around the following six pillars: sourcing, e-production, fulfillment centers, payments, delivery and customer service.

11.11.1 Sourcing

We source our inventory from a large number of global, local and own brands through a mix of local sourcing and direct imports from our brand partners or recognized distributors. We utilize our local expertise, global connectivity and robust analytical tools to maximize our buying capabilities and optimize our assortment to cater to local demand in each market. Our sourcing process aims at eliminating counterfeiting issues and ensuring

product quality and integrity. In 2018, approximately 70% of our total sourcing (number of items) was carried out on the local level. Local sourcing helps us to ensure product integrity and limits our exposure to FX risk.

11.11.2 E-Production

We regard our proprietary e-production capabilities as one of our key competitive advantages. They allow us to showcase our broad assortment in an appealing and fashionable way that both attracts customers and is in line with our brand partners' expectations. Utilizing features such as multiple and 360° product views and "styled on model" visualization, we create a visually attractive and informative content for our customers. With our own e-production capabilities, we can tailor the presentation of fashion and lifestyle products to local tastes, which helps us delivering a superior localized customer experience. In addition, we produce creative content for marketing campaigns.

Our e-production capabilities comprise nine in-house photo studios. In 2018, we produced more than 700 editorial campaigns. The current floor space of our e-production facilities amounts to more than 11,000 sqm. In 2018, on average, we produced more than 17,000 images daily and uploaded more than 26,000 SKUs per week on our apps and websites.

11.11.3 Fulfillment Centers

Our fulfillment infrastructure is built for scale and efficiency and is highly localized to ensure a seamless customer experience. It comprises ten internally operated fulfillment centers, with approximately 395,000 sqm of combined floor space and storage capacity for approximately 28 million fashion items. All centers are strategically located across the globe to efficiently serve and support rapid delivery in each of our markets. We follow a highly specialized fulfillment approach to optimize profitability and solve distinct challenges in each region. For example, we respond to high local labor costs or labor shortages with a higher degree of automation. In regions with low labor costs, but in which equipment is expensive, we maintain relatively manual fulfillment centers.

The following graphic provides an overview of our fulfillment infrastructure:

Data as of December 2018.

(1) Represents capex on fulfillment infrastructure only.

(2) Number of items in storage as a percentage of total item storage capacity.

Our fulfillment centers are fashion-oriented and designed specifically to optimize inventory management for rapid delivery of fashion merchandise in each market, thereby enabling us to process a global daily output capacity of more than 800,000 items. We also use our fulfillment centers to process and manage returns.

Additionally, as part of our flexible business model, we offer customized solutions to our brand partners through a range of fulfillment alternatives. For example, we use direct fulfillment, where we hold the product in our warehouse and organize the delivery, for our own sales (Retail). We also offer direct fulfillment services to our brand partners who engage in third-party sales through our Marketplace or through their own online channels (Fashion Services). Additionally, we utilize cross docking (where inventory is held in the brand's warehouse but injected into our supply chain) and drop shipping (where fulfillment is handled by the brand who owns the stock) fulfillment alternatives for third-party sales on our Marketplace. Direct fulfillment accounted for 93% of orders processed during 2018, while cross docking and drop shipping accounted for the remaining 7%. Strong inventory reporting and monitoring techniques, with a focus on continuous improvement and efficient and highly specialized automation, result in improved profitability and enable us to solve fulfillment challenges in each region.

We have a track record of building capacity to meet business growth while maximizing returns on our investments. Since 2011, we have spent a total of over €100 million to increase the number, size and efficiency of our fulfillment centers. In 2018, we shipped 243 items per sqm of floor space. As our utilization rate increases, we plan to continue to meet growth in demand by expanding our current fulfillment center in Australia in 2019 and launching a newly automated warehouse in Brazil in 2020. These modifications will expand our storage capacity by an additional two million items in Australia as well as five million items in Brazil at phase one of the warehouse project and twelve million items in Brazil at phase two.

11.11.4 Payments

We deliver an easy and efficient mobile-focused checkout experience to provide our customers with an easy and quick flow from browsing to payment and purchase. In the payment process, preferred payment methods differ greatly across our markets. Many of our customers, particularly those in more rural areas, do not have debit or credit cards. Additionally, a general distrust in pre-payment options is common among our customers in certain regions. Since we place great emphasis on adequately addressing local preferences and expectations, we offer the convenience of several different payment methods per country (over 35 different payment options combined), including card payments (e.g., VISA, Maestro, Mastercard), bank transfers (e.g., Itaú, MAS), digital money (e.g., PayPal, ApplePay) and money transfers (e.g., cash on delivery). These options also comprise different alternatives in terms of time of payment (pre-payment, payment at delivery or after-delivery payment). Offering a choice of payment methods to a customer significantly improves check-out conversion (rate of customers who complete the check-out process and agree to pay for a product). We offer our customers many payment options free of charge, which helps us further optimize customer satisfaction and check-out conversion.

We are continuously improving our payment success rate to reduce chargebacks. For example, in Brazil *dafiti* consistently improved bank authorization as a result of technological developments and efforts with purchasers and banks. The approval rate was improved year over year as well, funneling the gap between initial authorization (transactions approved by the bank) and final approval (taking into account fraud prevention), resulting in a significant increase of the payment success rate from 62% (authorization) and 58% (approval) in 2015 to 76% (authorization) and 75% (approval) in 2018. Even though Brazil has one of the highest fraud rates globally, we were able to achieve year-over-year improvement of the fraud prevention approval rate (percentage of transactions approved against fraud) for *dafiti*, which also helped reduce chargebacks from approximately 2% of gross transactional value in 2015 to approximately 0.2% in 2018.

11.11.5 Delivery and Returns

Our delivery infrastructure provides the foundation for the quality of our delivery and return services. As many of the regions in which we operate have large geographic footprints and include areas that are difficult to access, we have set up delivery models in each region to provide a customer experience tailored to local conditions. Globally, in 2018, we delivered more than 75,000 orders on average per day across geographically dispersed regions, of which 94% arrived on time. The order-to-delivery time varies largely depending on individual factors, such as the quality of the local infrastructure, the proximity of the customer to the warehouse and customer requirements and preferences, and ranges from several days to a few hours.

We adopt different delivery approaches depending on the local market conditions of third-party logistics in terms of availability, quality and costs, general market expectations and the resulting level of complexity. The higher the level of complexity, the larger the share of in-house delivery where we retain control of the delivery

cycle. We have set up our own last-mile delivery operations in locations with lower availability of high-quality, third-party delivery services. In 2018, the in-house delivery share amounted to 5% in LATAM, 17% in APAC and 86% in CIS. In metropolitan areas, a broad assortment of fashion and lifestyle products is typically easily accessible offline. In order to effectively compete with these offerings, we seek to offer same-day and express (within hours) delivery services in main metropolitan areas.

Our delivery strategy is complemented by return policies adapted to meet our customers' needs in each region and convenient return processes that drive further e-commerce adoption. In LATAM, we provide a generous 30-day return policy, an easy five-click return request and 8,425 drop-off locations in order to drive conversion rates. In CIS, where we experience high rejection rates due to our try-on service, returns are negligible, which led us to implement a stricter return policy of 14 days. We are in the process of expanding the try-on services offering across additional countries in which we operate, including Brazil. Optimized warehouse processes allow us to re-process rejections and returns within 24 hours after their arrival or even faster (e.g., in Brazil within 14 hours). We also take several measures to reduce the misuse of our return policies, including through pre-payment lists for high-return customers, free delivery buy-out thresholds and loyalty programs.

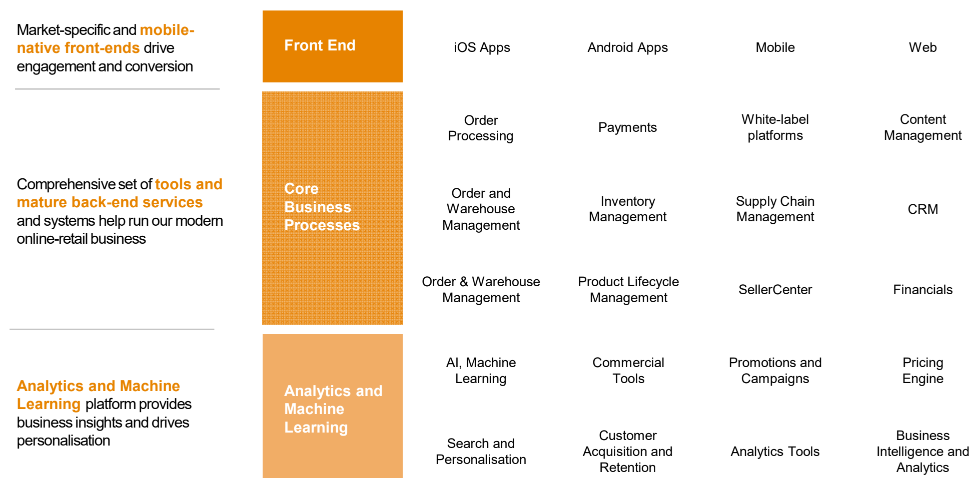
11.11.6 Customer Service

The shopping experience of each customer is bolstered by our fully in-house and data-driven customer support, operated from customer service centers strategically located in low-cost regions to increase cost efficiency. The data-driven approach allows for personalized service and higher efficiency by addressing the specific preferences of each customer. In 2018, more than 1,500 customer service specialists provided 24/7 assistance in eleven different languages to customers in the majority of our markets. We offer customer care across multiple channels such as phone, e-mail, chat, and social media to respond quickly to customer requests, questions and complaints, thereby achieving a 93% response rate in calls and approximately 99% response rate in e-mails and chat messages (including text and social media) in 2018. Our customer service staff handled 4.9 million calls in 2018 of which approximately 70% were answered within 20 seconds, 2.9 million e-mails of which approximately 94% were answered within 24 hours and 1.0 million chats, of which approximately 88% were answered within 60 seconds.

Our focus to continuously improve customer experience, reactivate previous customers and reinforce customer loyalty has driven our net promoter score (NPS) (likelihood of client recommendation determined on the basis of own surveys) to stable, high levels of 81% in 2016 (excluding *ZALORA*), 79% in 2017 and 80% in 2018. Over the same period, the number of complaints received per 100 orders overall decreased from 9 complaints in 2016 by 11% to 8 in 2017 and by another 19% to 6 in 2018, respectively.

11.12 Our Technology

The following graphic presents an overview of the many different features of our technology platform:



Proprietary technology and data collected on a daily basis are at the core of everything we do, and drive rapid growth by enhancing processes and supporting decision-making across the value chain. Our global in-house technology platform integrates our regional platforms and country-specific apps and websites with powerful synergistic effects. It is at the technological forefront for offering a differentiated and convenient fashion and lifestyle shopping experience to customers and full product and pricing visibility and data-driven insights to our brand partners. Hundreds of proprietary features create an ecosystem that is hard to replicate and that makes our technology highly scalable, reliable and fully cloud-based integrated, providing the backbone of a secure and modern online interaction with our customers and brand partners.

The following are the three key parts of our technology platform:

- *Market-specific and customer-centered front-ends:* Our front ends (desktop and mobile websites and mobile apps) are designed specifically for each regional market and tailored to customer profiles, preferences and purchasing histories. We believe that such individualization drives engagement and conversion, in particular on our most important sales channel, the mobile phone. In 2018, approximately 73% of our 1.9 billion visits were on our mobile-native front-end. Our proprietary mobile app improves customer engagement and conversion rates by implementing a personalized feed, personalized recommendations and features such as "see similar" and "follow brand".

- *Comprehensive set of tools and mature back-end services:* Our comprehensive set of tools and backend services allow us to run an efficient and highly scalable platform that handles large volumes of data. One central tool of our technology platform is our proprietary Seller Center, which serves as a single global gateway for brands seeking to expand their online presence in high-growth markets and which is already used by approximately 5,000 brands in 15 countries. Through our Seller Center brands can reach our customers through a full suite of innovative technology, covering core business processes, back-end services and other tools. Its centralized offerings include campaign management, order processing, management of payments, refunds, customer-service, delivery and returns. The platform offers full control over product representation and brand image, digital content management, flexible and instant pricing adjustments, price comparison and payment integration.

- *Analytics and machine learning platform:* We collect and process data on a large scale to measure most aspects of our business. Based on our daily-collected data and machine learning, we are constantly innovating our analytical tools, updating our apps and websites to improve our user interface with an interactive and visual approach, increasing personalization, optimizing demand, order and return forecasts and enhancing the security of customer data. Our data lakes include approximately 1.9 billion user sessions from 2018, four billion e-mails and push notifications and two million SKUs (80% new each year). Machine learning helps us to make our products easier to find and purchase. With data on demographics, customer cohorts, purchase patterns and geographic distribution, our brand-specific reports inform our own commercial teams and allow brand partners to optimize their marketing spends and reactivate churning customers based on anonymized data. We also deploy artificial intelligence. Certain algorithms, for example, recognize styles and patterns in our product images, which enables us to enhance the product discovery of our customers.

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

11.13 Strategic Partnerships

In February 2017, we entered into a strategic partnership with Ayala Corporation, Philippines ("**Ayala**"), the top holding company of the "Ayala Group", one of the oldest and largest conglomerates in the Philippines with business interests across a variety of sectors and industries including telecommunication, retail banking and infrastructure. In this strategic partnership, Ayala, through various subsidiaries, purchased a 49% ownership stake in BF Jade E-Services Philippines, Inc., Philippines ("**Zalora Philippines**") in order to further strengthen the leadership position of Zalora Philippines and accelerate its growth.

As part of this partnership, we launched a joint venture with Ayala in October 2018 to form Entrego Fulfillment Solutions Inc., Philippines ("**Entrego**") out of a previously existing last-mile delivery service operated by Zalora Philippines. Entrego, which expanded upon the previously-existing service, uses a technology and data-driven approach to help businesses manage their B2C and B2B fulfillment needs by providing customized end-to-end solutions and valuable decision-making tools. Entrego is 60% owned by various subsidiaries of Ayala (the "**Ayala Shareholders**") and 40% owned by Brillant 1257 GmbH & Co. Vierte Verwaltungs KG ("**Brillant**"), a wholly-owned subsidiary of the Group. See *14.14 Material Contracts* for a description of the shareholder agreements governing our partnerships with Ayala.

12. REGULATORY AND LEGAL ENVIRONMENT

We operate our business in 17 countries across three regions: Asia Pacific (under our brands *THE ICONIC* and *ZALORA*), Latin America (under our *dafiti* brand) and CIS (under our *lamoda* brand). Our business is subject to numerous rules and regulations under the applicable national laws of these various jurisdictions. Certain of these jurisdictions (for example, Australia) are characterized by mature regulatory regimes. By contrast, the regulatory environments in other jurisdictions (for example, Russia) are more prone to unexpected modifications. Even jurisdictions with mature regulatory regimes are experiencing substantial changes in numerous regulations that are particularly relevant to e-commerce (for example, Brazil). We strive to ensure compliance with these various regulatory regimes by using both Group-wide and region-specific compliance policies and tactics. Below we identify several regulatory topics of particular relevance to e-commerce companies and summarize some of the applicable rules and regulations in our largest markets.

12.1 Data Protection

Data protection laws regulate the collection, storage, transfer, disclosure and other use of personal data. Personal data, especially in electronic form, is typically governed by the law of the country in which it is collected and stored. In Australia, data protection is governed by the *Privacy Act 1988 (Cth)* ("**Australian Privacy Act**") and the Australian Privacy Principles contained therein. The Australian Privacy Act requires business to take reasonable steps to protect personal information against misuse, interference, loss and unauthorized access, modification or disclosure. Recent changes to the Australian Privacy Act mandate that companies operating in Australia take reasonable steps necessary to assess all data breaches (actual or suspected) and determine whether such a breach qualifies as a "notifiable data breach." Companies must complete this assessment and report to the Office of the Australian Information Commissioner within 30 days of becoming aware of the data breach. Penalties for non-compliance with the Australian Privacy Act include fines of up to 2.1 million Australian dollars, possible court proceedings and potential reputational damage, unwanted media attention or loss of customer trust.

In 2018, the Brazilian legislature approved Law Nº 13.709, Brazil's General Data Protection Law ("**LGPD**"), which becomes effective in August 2020. The LGPD seeks to shift Brazil's data protection framework closer to international standards and provide individuals with greater control over their personal data. It applies to all organizations operating in Brazil, regardless of whether they are headquartered elsewhere. The LGPD requires companies to provide consumers with increased transparency regarding (i) the type of personal data (defined within the law as any information relating to an identified or identifiable natural person) that is collected and processed, (ii) the purpose for collecting personal data, (iii) the life cycle of the personal data collected and (iv) the security measures used by the company to protect the individual's data. Personal data may be collected, stored, used or transferred with the prior express consent of the individual, or under nine other hypotheses envisioned in the LGPD, such as for the purpose of credit protection, the fulfillment of a legal obligation, or the enforcement of a contract, etc. Additionally, certain types of personal data—for example, data relating to an individual's race, ethnicity, religious or philosophical beliefs—are subject to increased protection under the LGPD.

Data protection in Russia is governed by Federal Law No. 152-FZ and Federal Law No. 149-FZ. Among other things, Russia's data protection laws require that all personal data relating to Russian citizens must be initially collected on servers located in Russia. These laws permit properly-collected data to be further backed up on servers outside of Russia and allow for the transfer of personal data outside of the country to all countries that are party to the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data as of January 28, 1981. The Federal Service for Supervision in the Field of Telecommunications, Information Technology and Mass Communications is the main Russian data protection authority and has the authority to block access to particular domain names in Russia.

12.2 Consumer Protection and Product Safety

As an online retailer, we offer goods and services to consumers and must comply with the various consumer protection and product safety laws across all of our operating jurisdictions. Consumer protection in Australia is governed by the *Competition and Consumer Act 2010 (Cth)* ("**CCA**"). This legislation has undergone substantial changes in recent years, particularly with respect to corporations with substantial market power which are prohibited from engaging in conduct with the purpose, effect or likely effect of substantially lessoning competition in the market. Additionally, any term in a consumer contract or small business contract will be considered void if that term is seen as unfair or unreasonably favorable to one party. In the event that a certain term(s) of the contract is deemed void, the remainder of the contract will be enforceable.

Consumer protection law in Brazil is well-established and robust. The Consumer Protection Code ("**CDC**") codified and consolidated Brazilian consumer protection laws in 1990. The CDC seeks to prevent abuse of those in a situation of "disadvantage" or "vulnerability." It also aims at protecting the consumer market and repressing unfair competition in business practices. The CDC has established strict liability for manufacturing and design defects as well as inadequate warnings. Under Article 13 of the CDC, suppliers carry the same level of liability as manufacturers whenever, among other things, the product's manufacturer cannot be identified.

In Russia, consumer Law No. 2300-1 provides the primary framework for consumer protection. Under this law, a consumer has numerous rights and may claim at his or her sole discretion one of the following remedies from the seller of a defective product from this non-exhaustive list: (i) replacement of the defective product with a similar product (i.e., same type, brand) (ii) replacement of the defective product with a new product of another type or brand and a refund on any price discrepancy, (iii) a decrease in the purchase price corresponding to the lost value due to the defect, (iv) gratuitous repair of the product or compensation for the costs incurred by consumers who choose to repair products on their own or (v) termination of the purchase agreement and a refund of the purchase price. In the event that the consumer requests a full refund, he or she is obligated to return the product to the seller at the seller's expense.

The Russian Federal Service for the Protection of Consumer Rights is responsible for investigating consumer product and product safety issues, including product recalls, and control and supervision over compliance with mandatory requirements, including sales via the internet. Consumers can bring claims against sellers as well as manufacturers. The Federal Antimonopoly Service oversees compliance with advertising regulations and enforcement of the law against unfair competitive practices, including those committed on the internet. Any company that targets Russian consumers with its advertising must abide by the following principals: (i) obtain prior consent from the consumer before showing an advertisement via electronic communications channels, and (ii) allow a consumer to opt out from receiving the advertising. Consent to receive advertising must be specific and, ideally, isolated from the main terms and conditions of the contract. Additionally, the right to opt out cannot be waived.

12.3 Product Labeling

We are subject to various product labeling regulations, including regulations specific to textile labeling, in our countries of operations. Product labeling in Australia is governed by the Australian Consumer and Competition Commission ("**ACCC**"). The ACCC establishes labeling requirements for various categories of products. However, because *THE ICONIC* does not operate as a primary manufacturer of garments, these labeling requirements are not directly applicable. Instead, *THE ICONIC's* brand partners and other suppliers are responsible for ensuring that all products comply with the relevant labeling instructions.

Under Brazilian Decree Nº 75.074, textile products must indicate on their tag or label the generic name and percentage for each type of fabric and material used in their construction. The Brazilian CDC also requires that a supplier of goods must provide the consumer with certain information, such as a product's features, quality, quantity and composition. Moreover, every product must be accompanied by an instruction manual and a warranty certificate. All necessary information must be provided in Portuguese. Article 18 of the CDC establishes liability for defects that arise when a product does not meet the specifications or description as indicated on the product packaging, label or advertisement. If a product does not meet the established specifications, the consumer has the right to demand either (i) a substitute product that meets the specifications, (ii) the immediate return of the full value of any payment previously made for the product or (iii) a discount on the purchase price proportional to the defect in the product. Suppliers will face the same liability as a manufacturer if the product label does not clearly identify the manufacturer, producer, builder or importer of the product.

Under Russian law, all product labels and other disclosures made to consumers must be in Russian. Every product sold in Russia must include a certificate confirming that it conforms to quality standards. Additionally, certain products require an additional certificate and/or declaration of conformity. All goods shipped by *lamoda* contain the proper certificates and declarations. Russia is in the process of implementing a data matrix program that will require all goods in relevant markets to be labelled with a unique bar code identification. Beginning in July 2019, this bar code requirement will apply to all shoes sold in Russia. In December of 2019, the requirement will be expanded to apply to certain clothing and perfume sold in Russia.

12.4 Payment Systems

We accept more than 35 different payment methods including installment payments, credit and debit cards, PayPal, direct deposit, online bank transfer, direct debit, checks, gift cards and cash on delivery. We must comply with the various regulations governing these payment methods. For example, payment systems in Australia are governed by the *Corporations Act 2001 (Cth)*, the Australian Consumer Law and the CCA. Recently, the *Corporations Act 2001 (Cth)* was amended by the Treasury Laws Amendment Bill of 2018. Under this amendment, all gift cards purchased after November 1, 2019 must have a validity period of at least three years.

In Brazil, recent regulations promulgated by the Brazilian Central Bank in 2016 and effective in 2018 have classified marketplaces as sub-credentialing agents. Any marketplace that has handled more than 500 million Brazilian reals in aggregate credit and debit card transactions over a twelve-month period must have all transactions centralized in the Interbank Payment Chamber. Were the Group to surpass this threshold of 500 million Brazilian reals, we would have to adjust our operations and systems to comply with several and specific rules.

12.5 Shipping and Returns

We deliver our products through a combination of third-party delivery services and own delivery and are subject to the relevant regulations governing the delivery and return of products in our various operating countries. Australian law provides consumers with several options regarding refunds and returns. For example, if a product has a major defect, then the consumer can either demand a refund or the replacement or repair of the product. Consumers are generally entitled to returns even if the product has been used (so long as the consumer was initially unaware of the defect) or the packaging or tags have been removed. The seller is responsible for covering the cost of returning defective products.

Even in the absence of a product defect or any liability on the part of a manufacturer or supplier, consumers in Brazil have the right to, at their full discretion, cancel an order or return a product within seven days of purchase or receipt of the product. If the consumer discovers a defect in the product, then the consumer has the right to complain about the product for up to 30 days following the discovery of the defect (for visibly perceivable defects) and for up to 90 days following the discovery of the defect in the case on non-apparent defects.

Under Russian law, consumers purchasing products through distance sales methods (including e-commerce) have the right to cancel an order prior to delivery or within seven days of delivery even if the product is free from defects. Additionally, the consumer is entitled to a refund of any money paid for the cancelled order, less the cost to return the product if it is free of defects. If a seller fails to inform the consumer of this right, then the consumer will be entitled to cancel the purchase and return the product for up to three months after delivery. The only exception to these rules applies to products that are customized for a particular individual. Additionally, as of January 1, 2019, Russian residents are limited to cross-border deliveries of €500 and 31kg per month. This limit will be modified in January 2020 to allow for a maximum of €200 per order but with no limit on the number of orders Russian residents can make.

13. SHAREHOLDER INFORMATION

13.1 Existing Shareholders

The following table provides an overview of the shareholding structure and the participation of the shareholders in the share capital of the Company as of the date of this Prospectus to the extent the Company is informed about shareholdings above 5% of the total number of its shares. The numbers shown in the columns below, "upon completion of the Offering", reflect the impact of the Share Redistribution based on an assumed Offer Price equal to the mid-point of the Price Range. At the low end, mid-point and high end of the Price Range, the Share Redistribution will lead to changes of up to 6.3, 4.4 and 3.0 percentage points on the level of individual shareholders. As a result of rounding, rounded figures may not in all cases add up. The presentation and the explanations in the footnotes assume the conversion of all redeemable convertible preference shares into common shares at a 1:1 ratio immediately following pricing of the Offering.

		Beneficial (Indirect) Ownership of the Company		
			upon completion of the Offering	
Ultimate Shareholder	Direct Shareholder(s)	immediately prior to the Offering[(1)]	(no exercise of Greenshoe Option)[(2)]	(full exercise of Greenshoe Option)[(3)]
			(in %)	
Kinnevik AB[(4)]	Kinnevik Internet Lux S.à r.l.	36.8	30.0	29.1
Rocket Internet SE[(5)]	Rocket Internet SE, Rocket Middle East GmbH, Bambino 53. V V GmbH, MKC Brillant Services GmbH	20.4	12.7	12.3
Tengelmann Verwaltungs- und Beteiligungs GmbH[(6)]	Tengelmann Ventures GmbH, TEV Global Invest II GmbH	6.5	4.9	4.7
Rocket Internet Capital Partners SCS	Rocket Internet Capital Partners SCS	5.3	5.4	5.2
Leonard Blavatnik[(7)]	AI European Holdings S.à r.l.	5.2	3.1	3.0
Treasury shares[(8)]		0.1	6.7	6.5
Other shareholders[(9)]		25.7	16.7	16.2
Public float		–	20.5[(10)]	22.8[(11)]
Total		**100.00**	**100.00**	**100.00**

(1) Based on the Company's entire share capital of 152,689,989 common shares immediately prior to the Offering and the implementation of the Share Redistribution.

(2) Based on a share capital of 209,652,098 common shares upon completion of the Offering, assuming the placement of all New Shares (i.e., 42,900,000 common shares), no exercise of the Greenshoe Option and implementation of the Share Redistribution (i.e., 13,851,524 treasury shares held for cancellation and 14,062,109 newly issued common shares).

(3) Based on a share capital of 216,087,098 common shares upon completion of the Offering, assuming the placement of all New Shares (i.e., 42,900,000 common shares), full exercise of the Greenshoe Option (i.e., 6,435,000 common shares) and implementation of the Share Redistribution (i.e., 13,851,524 treasury shares held for cancellation and 14,062,109 newly issued common shares).

(4) The voting rights held by Kinnevik Internet Lux S.à r.l. are attributed to Kinnevik AB.

(5) Rocket Internet SE holds 28,166,614 of the common shares in the Company directly and 44,187 common shares indirectly through Rocket Middle East GmbH and 2,623,669 common shares indirectly through MKC Brillant Services GmbH. In addition, Bambino 53. V V GmbH ("**Bambino**"), a wholly-owned subsidiary of Rocket Internet SE, holds 272,032 common shares in the Company, predominantly as trustee for the Company (9,855 common shares) and various persons. Due to Rocket Internet SE's ownership of all shares in Bambino, these common shares in the Company (except for the 9,855 common shares held in trust for the Company) are attributed to the holdings of Rocket Internet SE. However, the voting rights attached to the common shares in the Company held by Bambino as trustee are exercised at the direction of the relevant trustor and therefore are also attributable to such trustor.

(6) The voting rights held by Tengelmann Ventures GmbH and TEV Global Invest II GmbH are attributed to Tengelmann Verwaltungs- und Beteiligungs GmbH through Tengelmann Ventures Management GmbH and Tengelmann Warenhandelsgesellschaft KG.

(7) The voting rights held by AI European Holdings S.à r.l. are attributed to Leonard Blavatnik through AI European Holdings S.à r.l., AI European Holdings LP, AI European Holdings GP Limited, Access Industries Investment Holdings LLC, AI SMS LP, Access Industries Holdings LLC, Access Industries Holdings (BVI) LP, Access Industries, LLC and Grantor Trust dated May 21, 2003.

(8) As of the date of this Prospectus, the Company directly holds 182,378 treasury shares. In addition, 106,250 common shares in the Company are held in trust for the Company by several holding companies, including Bambino. Following the implementation of the Share Redistribution, the Company will hold 13,851,524 additional treasury shares exclusively for the purpose of their cancellation.

(9) Includes all shareholders with shareholdings of less than 5% in the Company's share capital immediately prior to the Offering, excluding treasury shares.
(10) Corresponding to a public float of 22.0% when adjusted to exclude treasury shares.
(11) Corresponding to a public float of 24.4% when adjusted to exclude treasury shares.

Kinnevik Internet Lux S.à r.l., as the Lending Shareholder, will provide the Stabilization Manager with up to 6,435,000 Over-Allotment Shares in the form of a securities loan. In connection with the Over-Allotment, the Company will grant the Joint Bookrunners the Greenshoe Option, i.e., an option to acquire up to 6,435,000 additional Company's shares at the Offer Price less agreed commissions, for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan with the Lending Shareholder.

As described in "*3.9.2 Lock-Up of the Existing Shareholders and Coordination Agreement*", the Company's existing shareholders may sell in the aggregate up to 20% of their pre-IPO shareholding during the period starting on the 180th day following the first day of trading of the Company's Shares on the Frankfurt Stock Exchange and ending twelve months after the first day of trading of the Company's Shares on the Frankfurt Stock Exchange. For purposes of coordinating any sales of Shares in the Company among the Company's Major Shareholders have entered into a coordination agreement. Such coordination agreement stipulates that the Major Shareholders have to inform each other about a contemplated sale and each such Major Shareholder may request to participate in such a sale. Following a sell down pursuant to the coordination agreement, there will be a 90-day period for all Major Shareholders during which no further sell-down may be effected.

13.2 Controlling Interest

As of the date of this Prospectus, Kinnevik AB, through Kinnevik Internet Lux S.à r.l., owns more than $33^1/_3$% of the voting rights in the Company and is, therefore, considered to hold a controlling interest in the Company pursuant to the Luxembourg law of May 19, 2006 implementing Directive 2004/25/EC of the European Parliament and the Council of April 21, 2004 on takeover bids (the "**Luxembourg Takeover Law**") (*Offres Publiques d'Acquisition*) . The voting rights of Kinnevik AB do not differ in any respect from the rights attached to any other shares, including the Offer Shares. The limits imposed under the Luxembourg Company Law on the ability of a controlling shareholder to unduly exercise any control have been observed by Kinnevik AB and the Company. There are no special provisions in the Articles of Association to ensure that such control is not abused.

Assuming a placement of all Offer Shares, full exercise of the Greenshoe Option and no purchase of Offer Shares by Kinnevik AB, Kinnevik AB will discontinue to directly and indirectly hold $33^1/_3$% or more of the voting rights of the Company's issued shares and, accordingly, discontinue to be deemed to control the Company within the meaning of the Luxembourg Takeover Law.

14. GENERAL INFORMATION ON THE COMPANY AND GLOBAL FASHION GROUP

14.1 Formation, Incorporation, Commercial Name and Registered Office

The history of our Group dates back to 2010, when Bigfoot GmbH, which was the holding company for *dafiti*, *lamoda*, *Jabong* and *Namshi*, was founded. The other predecessor of our Group was BGN Brillant Services GmbH, which was founded in 2012, and which held, among other assets, *THE ICONIC* and *ZALORA*. The Company itself was incorporated on October 1, 2014 to bring these fashion brands under a single holding company. By resolution of the extraordinary general shareholders' meeting of March 26, 2015, the Articles of Association were amended and the Company's legal name was changed from Global Fashion Holding S.A. to Global Fashion Group S.A.

The Company is the parent company of the Group and primarily operates under the commercial name "Global Fashion Group" or "GFG".

The Company has its registered office at 5, Heienhaff, L-1736 Senningerberg, Luxembourg (telephone: +352 26340059), and is registered in the Luxembourg Trade and Companies Register under number B 190907.

The original Articles of Association were published in the Luxembourg Official Gazette (*Mémorial C, Recueil des Sociétés et Associations*) under number 3333 on November 11, 2014, as amended.

On May 31, 2019, an extraordinary shareholders' meeting of the Company resolved to adopt the current Articles of Association of the Company, which included a replacement of the then existing unitary board of directors of the Company (the "**Board of Directors**") with a two-tier governance structure consisting of the Management Board and the Supervisory Board, subject to the condition precedent and effective from approval of this Prospectus by the CSSF (such approval, for the avoidance of doubt, relating solely to this Prospectus and not to the validity or legality of the two-tier governance structure or any element thereof).

14.2 Fiscal Year and Duration

The Company's fiscal year is the calendar year. The Company has been established for an unlimited duration.

14.3 Our History

Our brands *THE ICONIC*, *dafiti* and *lamoda* were launched in 2011, while our brand *ZALORA* was launched in early 2012. We quickly scaled our operations and in 2011 we had already reached 1 million active customers. In October 2014 Global Fashion Group S.A. was incorporated to simplify the ownership structure with all prior investors in the regional brands becoming shareholders in the Company. Today, the Group operates in three growth regions across 17 countries under the brands *THE ICONIC* and *ZALORA* (APAC), *dafiti* (LATAM) and *lamoda* (CIS).

Certain highlights of our history include the following:

January 2011	*dafiti* launches its first website in Brazil at dafiti.com.br.
March 2011	*lamoda* launches in Russia.
October 2011	*THE ICONIC* launches in Australia.
March 2012	ZALORA launches in Southeast Asia.
September 2014	Entering into a roadmap agreement among direct and indirect shareholders of our brands *THE ICONIC, ZALORA, dafiti* and *lamoda* as well as fashion e-commerce businesses Namshi (Middle East) and Jabong (India) (both disposed subsequently) to simplify the ownership structure in one legal entity.
October 2014	Incorporation of Global Fashion Group S.A. to become the 100% indirect owner of our brands *THE ICONIC, ZALORA, dafiti* and *lamoda* as well as fashion e-commerce businesses Namshi (Middle East) and Jabong (India) (both disposed subsequently).
July 2015	Acquisition of the sports and outdoor e-commerce company Kanui and baby and kids e-commerce company Tricae in Brazil and integration of both businesses into *dafiti*.
August 2016	Sale of the Group's Indian business operating under the brand Jabong.

February 2017	Entering into a strategic partnership with the Ayala Group for Zalora Philippines.
April 2017	Appointment of Cynthia Gordon as new chair of the Board of Directors.
August 2017	Sale of 51% of our operations in the Middle East (Namshi) to, and entering into a strategic partnership with, Emaar Malls.
February 2018	Appointment of Patrick Schmidt and Christoph Barchewitz as Co-Chief Executive Officers.
February 2019	Sale of remaining 47% stake in Namshi to Emaar Malls for a total consideration of $129.5 million.
April 2019	Appointment of Matthew Price as Chief Financial Officer.
June 2019	Change from a one-tier governance structure (Board of Directors) to a two-tier governance structure (Management Board and Supervisory Board).

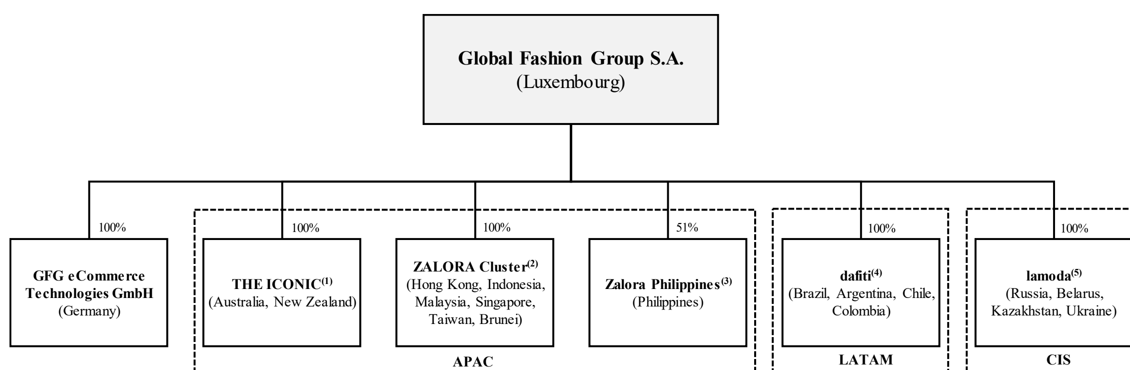
14.4 Corporate Purpose

Pursuant to Article 2.1 of the Articles of Association, the Company's corporate purpose is the holding of participations in any form whatsoever in Luxembourg and foreign companies in any other form of investment, the acquisition by purchase, subscription 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.

14.5 Group Structure

The Company is the parent company of the Group. The Group's business is conducted by the Company and its various subsidiaries. The Group comprises all companies whose financial and business policy can be controlled by the Company, either directly or indirectly, and the equity interests of the Group whose financial and business policy can be influenced by the Company to a significant extent.

The following diagram provides an overview (in simplified form) of the Group's structure as of the date of this Prospectus:



(1) *THE ICONIC* operations are conducted by Internet Services Australia 1 Pty Ltd. in Australia and New Zealand.
(2) *ZALORA* operations are conducted by Zalora (Hong Kong) Ltd. in Hong Kong, PT Fashion EServices Indonesia in Indonesia, Jade E-Services Malaysia SDN BHD in Malaysia and Brunei and Jade E-Services Singapore Pte. Ltd. in Singapore and Taiwan.
(3) Zalora Philippines operations are conducted by BF Jade E-Services Philippines Inc.
(4) *dafiti* operations are conducted by GFG Comercio Digital Ltda. in Brazil, BFOOT S.R.L. in Argentina, Bigfoot Chile SpA in Chile and Bigfoot Colombia SAS in Colombia.
(5) *lamoda* operations are conducted by Kupishoes LLC in Russia, Belarus and Kazakhstan and Fashion Delivered LLC in Ukraine.

14.6 Significant Subsidiaries

The following table presents an overview of the Company's significant direct and indirect subsidiaries:

Name and registered office	Company's share of capital	Issued capital	Capital reserves(1)	Result for the year(2)	Payables to the Company(1)	Receivables from the Company(1)
	As of the date of this Prospectus		As of and for the year ended December 31, 2018			
	(in %)	(in €)	(in € thousand)	(in € million)	(in € thousand)	(in € thousand)
GFG Comercio Digital Ltda., São Paulo, Brazil	100%	263,362,104	801.8	(12.0)(3)	–	–
Global Fashion Group Middle East Holdings (UK) Limited, London, United Kingdom	100%	1,000,000	196,768.8	(28.3)	39,000.0	–
Global Fashion Group UK Services Limited, London, United Kingdom	100%	691,181		8.0	–	5.9
Internet Services Australia 1 Pty Ltd, Sydney, Australia	100%	1	131,926.0	(11.6)(4)	–	164.2
Jade E-Services Malaysia Sdn Bhd, Kuala Lumpur, Malaysia	100%	62,716,122	–	(12.2)(5)	–	–
Jade E-Services Singapore Pte Ltd. Singapore, Singapore	100%	115,308,773	–	(10.1)(6)	–	74.2
Kupishoes LLC, Moscow, Russia	100%	189	312,124.1	(22.2)(7)	–	574.2
Zalora South East Asia Pte Ltd, Singapore, Singapore	100%	3,145,001	0.1	0.9(8)	–	–

(1) Based on IFRS.
(2) Taken from the relevant unaudited stand-alone financial statements pursuant to relevant local generally accepted accounting principles.
(3) Based on a 2018 yearly-average exchange rate provided by the ECB of 4.3086 Brazilian reals per €1.00.
(4) Based on a 2018 yearly-average exchange rate provided by the ECB of 1.5799 Australian dollars per €1.00.
(5) Based on a 2018 yearly-average exchange rate provided by the ECB of 4.7642 Malaysian ringgits per €1.00.
(6) Based on a 2018 yearly-average exchange rate provided by the ECB of 1.5929 Singapore dollars per €1.00.
(7) Based on a 2018 yearly-average exchange rate provided by the ECB of 74.0518 Russian rubles per €1.00.
(8) Based on a 2018 yearly-average exchange rate provided by the ECB of 1.5929 Singapore dollars per €1.00.

14.7 Auditor

Ernst & Young, Société Anonyme, 35E, Avenue John F. Kennedy, L-1855 Luxembourg, was appointed as the approved independent auditor (*réviseur d'entreprises agréé*) of the Company and has audited their consolidated financial statements prepared in accordance with IFRS as of and for the years ended December 31, 2018, 2017 and 2016. EY has issued an independent auditor's report thereon.

EY conducted its audit in accordance with International Standards on Auditing as adopted for Luxembourg by the CSSF. EY is a member of the Luxembourg Institute of Registered Auditors (*Institut des Réviseurs d'Entreprises*) qualifying as *cabinet de révision agréé*.

14.8 Notifications, Supplements to the Prospectus, Luxembourg Paying Agent and LuxCSD Principal Agent

Notifications in connection with the Offering will be published on the Company's website (www.global-fashion-group.com) and on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any supplements to the Prospectus will be drawn up and published in accordance with Article 13 of the Luxembourg Prospectus Law. Printed copies of each such notification and supplements will be made available free of charge during normal business hours at the Company's office at 5, Heienhaff, L-1736 Senningerberg, Luxembourg.

The Luxembourg paying agent and LuxCSD Principal Agent for the Company's shares is Banque Internationale à Luxembourg S.A. The mailing and registered address of the LuxCSD Principal Agent is 69 Route d'Esch, L-2953 Luxembourg, Luxembourg.

14.9 Real Property

Our registered address is 5, Heienhaff, L-1736 Senningerberg, Luxembourg.

As of the date of this Prospectus, the Company does not own any real property. As of the date of this Prospectus, the Group has material leases for real property as shown in the following list:

Location	Approximate size of effective area (unaudited) (in sqm)	Primary use
GFG Group		
120 Regent St, London W1B 5FE, England	315	Office
Charlottenstraße 4, 10969 Berlin, Germany	460	Office
5, Heienhaff, L-1736 Senningerberg, Luxembourg	51	Office
APAC		
Unit 2, Level 25 (Office Tower Block), Menara Worldwide 198 Jalan, Bukit Bintang, 55100 Kuala Lumpur, Malaysia	186	Office
Unit A-3A-1, Level 3A, Block A, Southgate Commercial Centre, No. 2, Jalan Dua, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur, Malaysia	367	Office
Unit A-3A-2, A-5-1 & A-5-2, Block A, Southgate Commercial Centre, No. 2., Jalan Dua Off Jalan Chan Sow Lin 552200 Kuala Lumpur, Malaysia	1,943	Office
Unit B-22-1, Bintang Fairlane, No. 23, Jalan Padang Walter Grenier, Bukit Bintang, 55100 Kuala Lumpur, Malaysia	171	Residence
MapleTree Districtpark Blk A, 14 Persiaran Perusahaan, Seksyen 23, Shah Alam, 40300, Selangor, Malaysia	43,664	Warehouse
10 Hoe Chiang Road, Unit #17-01/08 Keppel Towers, Singapore 089315	1,386	Office
10 Hoe Chiang Road, Unit #18-01/08 Keppel Towers, Singapore 089315	1,455	Office
Unit 1, 205-231 Fairfield Road, Yennora NSW 2161, Australia	3,800	Warehouse
Unit 3, 205-231 Fairfield Road, Yennora NSW 2161, Australia	6,998	Warehouse
Level 13, 338 Pitt Street, Sydney NSW 2000, Australia	402	Office
Level 7, 338 Pitt Street, Sydney NSW 2000, Australia	859	Office
Level 16.01, 17 and 18, 338 Pitt Street, Sydney NSW 2000, Australia	2568	Office
Unit 2, 205-231 Fairfield Road, Yennora NSW 2161, Australia	18,862	Warehouse
Unit 4, 205-231 Fairfield Road, Yennora NSW 2162, Australia	1,743	Warehouse
Units 6,7 and 8, 6 Foray Street, Yennora NSW 2161, Australia	3,140	Storage
Unit 2, 118 Bourke Road, Alexandria, NSW, 2015, Australia	220	Production Studios
221 Pandan Avenue, Unit #04-05, Senkee Logistics, Singapore 609308	1,394	Warehouse
LATAM		
Avenida do Contorno, 11190, Centro, Belo Horizonte, Minas Gerais, Brazil	2,326	Office
Rodovia Vice-Prefeito Hermenegildo Tonolli, 2000, galpão 200, Jundiaí São Paulo, Brazil	38,344	Warehouse
Torre I do Edificio CDG 1350, Avenida Francisco Matarazzo N. 1.350, 13/14/15/16 floors, Agua Branca, São Paulo, Brazil	4,906	Office
Estrada Municipal Maria Margarida Pinto (Dona Belinha), Lote 02, Bairro dos Pires, Extrema, MG, Brazil	7,316	Warehouse
Estrada Municipal Luiz Lopes Neto nº 617, Bairro Tenentes, CEP 37640-000 Km 942 da Rod. Fernão Dias, Extrema, MG, Brazil	76,878	Warehouse (under construction)
Avenida dos Autonomistas, 896 Vila Yara, Osasco, São Paulo	527	Office
CIS		
Ramensky district, pos. Bykovo, st. Airport, 14, Moscow, Russia	52,312	Warehouse
Str. Skladochnaya, 1, bld. 18, Moscow, Russia	1,355	Transit warehouse
Novohohlovskaya str, 13, bld. 13, Moscow, Russia	876	Transit warehouse
Marshala Zhukova av, 1, bld. 1, Moscow, Russia	7,248	Office

Location	Approximate size of effective area	Primary use
	(unaudited) (in sqm)	
Marshala Zhukova av, 4, bld.1, Moscow, Russia	3,110	E-Production
Rokossovskogo st., 62d, Volgograd, Russia	952	Call-center
Obukhovskoy Oborony, 295, lit. AC, Saint Petersburg, Russia	2,548	Transit warehouse

14.10 Employees

The following table sets forth the average monthly number of employees (on a full-time basis) for our regional reportable segments and for the periods indicated. There has been no material change in the number of our employees between March 31, 2019 and the date of this Prospectus.

	For the year ended December 31,			For the three months ended March 31,
	2016	2017	2018	2019
APAC	2,158	1,857	2,125	2,361
LATAM	2,885	2,689	2,589	2,500
CIS	3,967	4,653	5,044	6,298
Other[1]	66	103	162	166
Total[2]	**9,076**	**9,302**	**9,920**	**11,325**

(1) "Other" includes employees of headquarters and other business activities.
(2) Excluding Namshi.

As of the date of this Prospectus, the Company had no pension commitments.

14.11 Intellectual Property

14.11.1 Trademarks and Registered Designs

As of the date of this Prospectus, we have registered, or filed for the registration of, a number of trademarks, including our most important brands "GFG", "Global Fashion Group", "THE ICONIC", "ZALORA", "dafiti" and "lamoda".

We constantly monitor our trademarks in order to maintain and protect these key assets, including by pursuing any infringements by third parties.

14.11.2 Domains

As of the date of this Prospectus, we are the legal or beneficial owners of various domains, including the following domains that are essential to our business: global-fashion-group.com, https://www.theiconic.com.au, https://www.theiconic.co.nz, https://www.zalora.com.my, https://www.zalora.com.hk, https://www.zalora.co.id, https://www.zalora.com.my, https://www.zalora.com.ph, https://www.zalora.sg, https://www.zalora.com.tw, https://www.dafiti.com.ar, https://www.dafiti.com.br, https://www.dafiti.cl, https://www.dafiti.com.co, https://www.lamoda.by, https://www.lamoda.kz, https://www.lamoda.ru, https://www.lamoda.ua.

14.12 Insurance

We have taken out a number of group insurance policies that are customary in our industry (e.g., property damage and business interruption, travel and personal accident and office property and general liability) and cover all entities of the Group. Our insurance policies contain market-standard exclusions and deductibles. We regularly review the adequacy of our insurance coverage and consider our insurance coverage market standard insurance coverage customary in our industry. There is, however, no guarantee that we will not suffer any losses for which no insurance coverage is available or that the losses will not exceed the amount of insurance coverage under existing insurance policies.

We have also taken out a directors and officers ("**D&O**") insurance policy that covers the current and future members of the Management Board and Supervisory Board as well as equivalent bodies of other entities of the Group with customary caps.

14.13 Legal Proceedings

In the ordinary course of our business activities, we are regularly exposed to litigation, particularly in the areas of product warranty, guarantee claims, delivery and payment delays, competition law, intellectual property disputes, labor disputes and tax matters. However, we are not aware of any governmental, legal or arbitration proceedings (whether pending or threatened) which may have, or have had, a significant effect on our financial position or profitability during the past twelve months.

14.14 Material Contracts

14.14.1 Existing Revolving Credit Facility Agreement

On March 26, 2018, the Company, and its subsidiaries Global Fashion Group UK Services Limited, Internet Services Australia PTY Ltd, Jade E-Services Singapore Pte. Ltd, ZALORA South East Asia Pte. Ltd, GFG Comercio Digital Ltda and Kupishoes LLC as borrowers (the "**Borrowers**"), the Borrowers, Global Fashion Group Middle East Holdings (UK) Limited, as well as such further subsidiaries which from time to time become considered material under pre-agreed thresholds as guarantors (the "**Guarantors**") and Barclays Bank PLC, Deutsche Bank AG (Luxembourg Branch) and HSBC Bank plc as lenders (the "**Lenders**") entered into a €70 million revolving credit facility agreement, which was amended on July 31, 2018. Under the Existing RCF, the Company is provided with a €50 million revolving cash facility ("**Facility A**") and €20 million guarantee and letter of credit facility ("**Facility B**").

The amounts provided under Facility A and B shall be applied by the Borrowers towards financing the general corporate and working capital needs of the Group. As of the date of this Prospectus, Facility A remains undrawn, and guarantee letters and other letters of credit in a total amount of €17.8 million have been issued under Facility B. The Existing RCF terminates and all outstanding loans plus unpaid interest must be repaid on October 31, 2020. However, there is a one year extension option at the Lenders' discretion.

The interest rate per annum of loans granted under Facility A consists of a margin of 4.00% added to the relevant EURIBOR. Facility B provides for a commission for each requested guarantee letter of 1.30% per annum, which may decrease if the Company's Adjusted EBITDA exceeds certain levels, subject to a minimum commission of €400 per annum and per guarantee letter, as well as a fee for each requested letter of credit (other than guarantee letters) of 1.20% per annum, subject to a minimum fee of €200 per calendar quarter and per letter of credit.

Financial obligations of the Borrowers under the Existing RCF are guaranteed by the Guarantors. In addition, security granted in connection with the Existing RCF includes pledges or other appropriate security over, or the assignment of, shares, bank accounts, intellectual property rights and intra-group and other receivables.

The Existing RCF contains a number of financial covenants with respect to cash, Adjusted EBITDA and equity of the Company as well as certain undertakings; for example, a negative pledge over assets and restrictions of the Group with respect to, *inter alia*, additional indebtedness, disposals, mergers, acquisitions and joint ventures and limitations regarding the payment of dividends.

Besides customary termination rights upon the occurrence of an event of default, each Lender may request the cancellation of all commitments and outstanding loans of that Lender with immediate effect upon the occurrence of a change of control. Change of control under the Existing RCF means, subject to certain exceptions with regard to existing shareholders, that (i) prior to an IPO, any person or persons acting in concert acquire(s) more than 50% of the voting shares of the Company, (ii) following an IPO, any person or persons acting in concert acquire(s) 30% or more of the voting shares or (iii) a sale takes place of all or substantially all of the assets of the group to any person or persons acting in concert.

14.14.2 IPO Revolving Credit Facility Agreement

We are currently in the process of completing an amendment to the Existing RCF which, when executed, will replace the Existing RCF upon completion of this Offering (the "**IPO RCF**"). We agreed upon an indicative term sheet with Deutsche Bank AG Filiale Deutschlandgeschäft and HSBC UK Bank Plc on April 10, 2019 to guide negotiations and drafting of the IPO RCF. Under the term sheet, significant changes from the Existing RCF to the IPO RCF include the removal of Barclays Bank PLC as a lender, the exclusion of any requirement for cash collateral, the release of security over our intellectual property, the inclusion of an accordion option with the ability to increase the value of the IPO RCF by €30 million under certain conditions, the decrease in the interest rate for Facility A to 2.25% and extension of the maturity date from October 2020 until two years after the

completion of this Offering (but not later than September 30, 2021). It is possible that we will be unable to fully execute the IPO RCF prior to the completion of this Offering, in which case we would need to move forward under the terms of the agreed-upon term sheet or fall back on the terms of the Existing RCF.

14.14.3 Namshi

In August 2017, we entered into a partnership with Emaar Malls P.J.S.C., Dubai (“**Emaar Malls**”), owner and operator of shopping malls in Dubai, whereby Emaar Malls acquired 51% of Namshi General Trading LLC, Dubai (“**Namshi**”), which was founded in 2012. Over the past two years, we worked with Emaar Malls and provided certain shared resources to Namshi pursuant to a services agreement, most recently renewed on January 10, 2018 (the “**Services Agreement**”). On February 18, 2019, we entered into a share purchase agreement (the “**Namshi SPA**”) with Emaar Malls to sell our remaining 47% share in Namshi to Emaar Malls. The transaction was completed on February 25, 2019 for a total consideration of \$129.5 million, or €114.3 million at an exchange rate of \$1.1334 to €1.00. Our total liability for any potential claims brought by Emaar Malls under the Namshi SPA is limited to the total consideration paid by Emaar Malls and any claims must be brought within twelve months of February 25, 2019. Additionally, Emaar Malls may not bring claims due to indirect or consequential losses or claims related to changes in legislation, regulation or practice. Moreover, Emaar Malls must take reasonable steps to avoid or mitigate losses that might give rise to a claim. Under an extension letter dated February 25, 2019, we continued to provide Namshi with certain services previously provided under the Services Agreement against a variable monthly fee until April 30, 2019.

14.14.4 Ayala

In 2017, we entered into a strategic partnership with Ayala, the top holding company of the “Ayala Group”, one of the oldest and largest conglomerates in the Philippines with business interests across a variety of sectors and industries, whereby Ayala, through various subsidiaries, purchased a 49% ownership stake in Zalora Philippines for a total consideration of \$25.7 million (the “**Ayala Partnership**”). The Ayala Partnership is principally governed by a shareholders’ agreement dated August 31, 2017 (the “**Zalora SHA**”).

Under the Zalora SHA, we are prevented from competing with and may not solicit key officers (as defined in the Zalora SHA) from Zalora Philippines for a period of twelve months if we cease to be a shareholder of Zalora Philippines. We are also subject to a lock-up period of two years from the date of the Zalora SHA, during which time we may not transfer, directly or indirectly, any of our shares in Zalora Philippines except in the event of certain limited exceptions. With respect to any new issuance (or re-issuance) of shares by Zalora Philippines, the Zalora SHA provides us with pre-emptive rights to subscribe to new shares on a pro-rata basis. The Zalora SHA also provides us with a right of first refusal to acquire any shares which Ayala may seek to transfer following the expiration of the lock-up agreement. Similarly, the Zalora SHA provides us with tag-along and drag-along rights in the event that Ayala seeks to transfer any of its shares. All of these covenants and terms apply equally to Ayala.

Additionally, the Zalora SHA provides Ayala with the right to roll up all, but not part of, its shares in Zalora Philippines into shares of the Company upon certain triggering events taking place in relation to the Company, including an IPO of the Company. The Zalora SHA also provides Ayala with the right to roll up all, but not part of, its shares in Zalora Philippines into *ZALORA* shares upon certain triggering events taking place in relation to *ZALORA*. We are currently in the process of amending the Zalora SHA.

14.14.5 Entrego

We launched a joint venture with Ayala in October 2018 to form Entrego, a technology-driven end-to-end fulfillment solutions company (the “**Entrego JV**”). Entrego is 60% owned by the Ayala Shareholders and 40% owned by Brillant, a wholly-owned subsidiary of the Group. The Entrego JV is principally governed by a shareholders’ agreement dated August 17, 2018 (the “**Entrego SHA**”).

Under the Entrego SHA, Brillant is prevented from competing with the last-mile services business of Entrego and may not solicit key officers (as defined in the Entrego SHA) from Entrego or Zalora Philippines. These restrictions extend for a period of twelve months from such a time that Brillant ceases to be a shareholder of Entrego. Brillant is also subject to a lock-up period of five years from the date of the Entrego SHA, during which time it may not transfer, directly or indirectly, any of its shares in Entrego except in the event of certain limited exceptions. These covenants and terms apply equally to the Ayala Shareholders.

Following the expiration of the lock-up period, if either shareholder seeks to transfer any of its shares, the other shareholders in the respective shareholder group have a right of first offer to such shares for fifteen days,

after which shareholders from the other shareholder group have a right of first offer to the shares. The Entrego SHA also provides Brillant and the Ayala Shareholders with tag-along and drag-along rights in the event that a right of first offer is not exercised. With respect to any new issuance (or re-issuance) of shares by Entrego, the Entrego SHA provides Brillant with pre-emptive rights to subscribe to new shares on a pro-rata basis.

14.14.6 Zalora Philippines Credit Facility

Zalora Philippines intends to enter into a credit facility agreement (the "**ZPH Credit Facility**") with Bank of the Philippine Islands ("**BPI**"). As contemplated, the ZPH Credit Facility will contain two separate facilities, (i) a revolving promissory note line (RPNL) in the amount of up to 300,000,000 PHP (approximately €5.1 million) and (ii) a corporate guarantee line (CGL) in the amount of up to PHP 10,000,000 (approximately €0.2 million). The credit from the RPBL will be available in the form of certain loans as well as a foreign exchange line for spot and deliverable forward transactions. The purpose of the CGL will be to provide BPI corporate credit cards to select Zalora Philippines employees. Both the RPNL and the CGL will expire on April 30, 2020. BPI will have the right to modify, suspend or cancel the ZPH Credit Facility at any time based upon the latest financial statements and financial condition of Zalora Philippines as well as changing market conditions. As contemplated, the ZPH Credit Facility will also include an acceleration clause under which all outstanding credits, regardless of maturity, will be immediately due and demandable in the event that Zalora Philippines is found to be in default under the agreement.

14.14.7 Pre-IPO Shareholders' Agreement

The Company and all existing shareholders of the Company have entered into a shareholders' agreement, last amended on May 31, 2019 (the "**Pre-IPO Shareholders' Agreement**"). The Pre-IPO Shareholders' Agreement contains, among other things, provisions governing the corporate governance of the Company (including the composition of the Board of Directors and its committees, reserved matters requiring approval by the Board of Directors or a shareholders' resolution with certain qualified majorities and management and employee participation schemes), share transfers (including right to first purchase, tag along rights and drag along rights), provisions governing sales and other exit scenarios (including an initial public offering), certain policies and procedures, information rights, reporting and publicity. The Pre-IPO Shareholders' Agreement further provides for certain covenants with respect to the shareholding of International Finance Corporation, USA ("**IFC**") in relation to environmental and social responsibility and corresponding policies of the Company as well as a put option against the Company with regard to the shareholding of IFC in the Company.

The Pre-IPO Shareholders' Agreement has a term of twenty years. Thereafter, it can be terminated by each Shareholder (with respect to himself only) by giving notice more than three months before the end of each calendar half-year. The Pre-IPO Shareholders' Agreement automatically terminates upon admission to trading of the Company's shares on a regulated market in the context of an initial public offering, which is expected to occur on June 26, 2019.

The Pre-IPO Shareholders' Agreement stipulates that upon its termination in the context of an initial public offering, a policy agreement should be entered into between the Company and IFC materially incorporating, to the extent legally permissible, the rights and obligations of the Company and IFC set forth in the Pre-IPO Shareholders' Agreement. The Company entered into such policy agreement with IFC on June 3, 2019.

14.14.8 Policy Agreement with IFC

The Company entered into a policy agreement with IFC on June 3, 2019 (the "**Policy Agreement**"). The Policy Agreement will become effective on the date on which the Company's common shares are listed on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and will continue in force until such time as IFC no longer holds any shares or share equivalents in the Company. The Policy Agreement contains various covenants and provisions, including those outlined below, which will govern the relationship between the Company and IFC following the completion of the Offering.

Pursuant to the Policy Agreement, the Company will be required to publish financial statements and shareholder meetings materials on its website. Additionally, the Policy Agreement includes certain policy reporting and access covenants, including covenants requiring the Company to report to the IFC certain social and environmental non-compliance incidents. The Company will be required to report on compliance with these covenants at regular intervals. Moreover, subject to certain conditions of the Policy Agreement, the Company is obligated to provide IFC with access to, among other things, its sites and premises, books and accounts and employees, agents and contractors. The Policy Agreement also contains sanctions and anti-corruption covenants

as well as a requirement that the Company maintain an environmental and social action plan, which defines certain actions, responsibilities and deliverables as well as a timeframe for the Company to achieve compliance with IFC's Environmental, Social and Governance Requirements and Performance Standards. Moreover, pursuant to the Policy Agreement, neither the Company nor and subsidiary of the Company is permitted to conduct any operations in any non-World Bank member country, unless otherwise agreed.

The Policy Agreement provides IFC with an irrevocable put option, exercisable in the event of a breach by the Company of any of the covenants of the agreement and under which IFC may require the Company to acquire and accept the transfer of all of IFC's shares in the Company in exchange for a total purchase price of €1.00.

15. SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

15.1 Current Share Capital; Shares

As of the date of this Prospectus, the share capital of the Company amounts to €1,526,899.89 and is divided into 67,861,754 common shares with a nominal value of €0.01 each and 84,828,235 redeemable convertible preference shares with a nominal value of €0.01 each, which will convert 1:1 into common shares immediately following pricing of the Offering. The share capital has been fully paid up. An extraordinary shareholders' meeting of the Company held on May 31, 2019, has decided, subject to the condition precedent and effective from approval of this Prospectus by the CSSF, to convert the Company's common shares from non-dematerialized form into dematerialized form (see "*3.4.4.1 Procedure of Mandatory Conversion*"). The common shares were created pursuant to the laws of Luxembourg. The Company's convertible preference shares are in registered form and were created pursuant to the laws of Luxembourg. The convertible preference shares have the same rights as the common shares, except that they automatically convert into common shares as further described in "*15.2. Development of the Share Capital*" and "*15.4.2 Conversion of Convertible Preference Shares*".

The common shares in dematerialized form are freely transferable through book entry transfers (*virement de compte à compte*) in accordance with the legal requirements for dematerialized shares. The Management Board may, however, impose transfer restrictions for the Company's shares that are registered, listed, quoted, dealt in or have been placed in certain jurisdictions in compliance with the requirements applicable therein.

As of the date of this Prospectus, the Company holds 182,378 treasury shares. In addition, 106,250 shares in the Company are held in trust for the Company by several holding companies, including Bambino. The remaining 152,401,361 existing shares of the Company are held by the existing shareholders (for further information, see "*13. Shareholder Information*").

15.2 Development of the Share Capital

The Company's share capital has developed as follows:

The Company was initially incorporated on October 1, 2014 as a Luxembourg public limited liability (*société anonyme*) under the name Global Fashion Holding S.A. with a share capital of €31,000.00.

The following table sets forth the changes to the Company's share capital from incorporation to the date of this Prospectus:

Date of shareholder or board resolution	Nominal amount of capital increase or decrease	Resulting share capital	Resulting number of common shares	Resulting number of convertible preference shares	Date of registration in the commercial register
	(in €)				
December 19, 2014[(1)] ...	49,999,998.00	50,030,998.00	50,030,998	–	February 2, 2015
March 26, 2015[(2)]	10,659,123.00	60,690,121.00	60,690,121	–	June 10, 2015
April 7, 2015[(3)]	779,389.00	61,469,510.00	61,469,510	–	June 29, 2015
August 12, 2015[(4)]	1,809,427.00	63,278,937.00	61,469,510	1,809,427	September 18, 2015
August 26, 2015[(5)]	3,144,315.00	66,423,252.00	64,613,825	1,809,427	November 25, 2015
November 11, 2015[(6)] ...	2,761,585.00	69,184,837.00	67,375,410	1,809,427	November 28, 2015
December 1, 2015[(7)]	1,809,427.00	70,994,264.00	67,375,410	3,618,854	February 16, 2016
December 17, 2015[(8)] ...	515,350.00	71,509,614.00	67,861,754	3,647,860	March 29, 2016
July 19, 2016[(9)]	(70,794,517.86)	715,096.14	67,861,754	3,647,860	August 4, 2016
July 19, 2016[(10)]	216,996.00	932,092.14	67,861,754	25,347,460	August 4, 2016
July 19, 2016[(11)]	214,643.41	1,146,735.55	67,861,754	46,811,801	August 4, 2016
September 9, 2016[(12)] ...	267,108.33	1,413,843.88	67,861,754	73,522,634	October 26, 2016
May 23, 2017[(13)]	809.82	1,414,653.70	67,861,754	73,603,616	June 12, 2017
July 28, 2017[(14)]	112,246.19	1,526,899.89	67,861,754	84,828,235	September 18, 2018

(1) The shares were issued against contributions in kind in an amount of €2,055,999,918.
(2) The shares were issued against contributions in kind in an aggregate amount of €438,303,137.76.
(3) The shares were issued against contributions in cash in an amount of approximately €41.12 per share.
(4) The shares were issued against contributions in cash in an amount of €41.12 per share.
(5) The shares were issued against contributions in cash in an aggregate amount of €129,294,232.80.

(6) The shares were issued against contributions in kind in an aggregate amount of €113,556,375.20.
(7) The shares were issued against contributions in cash in an amount of €41.12 per share.
(8) The shares were issued against contributions in cash in an amount of €41.12 per share.
(9) The share capital was decreased by €70,794,517.86 from €71,509,614 to €715,096.14 through the reduction of the nominal value of the shares of the Company from €1.00 to €0.01. All existing 3,647,860 convertible preference shares were converted into 3,647,860 redeemable convertible preference shares.
(10) The shares were issued against contributions in cash in an amount of €0.01 per share.
(11) The shares were issued against contributions in cash in an amount of €6.85 per share.
(12) The shares were issued against contributions in cash in an amount of €6.85 per share.
(13) The shares were issued against contributions in cash in an amount of €6.85 per share.
(14) The shares were issued against contributions in cash in an amount of €0.01 per share.

Upon consummation of the IPO Capital Increase, the Company's share capital will be increased by up to €429,000.00 from €1,526,899.89 to up to €1,955,899.89. The consummation of the IPO Capital Increase is expected to occur following pricing of this Offering.

In 2016 and 2017, the Company issued convertible preference shares to certain of its existing shareholders. According to their terms set forth in the Articles of Association, the convertible preference shares convert 1:1 into common shares at, *inter alia*, an initial public offering of the Company. The convertible preference shares (with the exception of certain anti-dilution convertible preference shares) grant a preferred and annually compounding return of 20% on their subscription price. Such return is not payable in cash. Pursuant to the original terms as set forth in a previous version of the articles of association of the Company, the return would be granted by issuing a certain number of additional new common shares to the (former) holders of convertible preference shares following the conversion. Ahead of this Offering, the Company and the Company's shareholders agreed to amend the settlement mechanism under which the holders of the convertible preference shares shall receive their preferred rate of return. Convertible preference shares under the current Articles of Association still convert 1:1 into common shares immediately following pricing of the Offering. However, the additional return will now be emulated, in all material respects, through the Share Redistribution. The exact number of shares to be repurchased and issued against nil consideration depends on the Offer Price. Assuming an Offer Price equal to the low end of the Price Range, the Company would repurchase up to 19,965,713 common shares and issue up to 20,267,821 common shares in dematerialized form as part of the Share Redistribution, in either case against nil consideration. The number of common shares issued may be higher than the number of common shares repurchased, which reflects the inclusion of certain instruments in the Share Redistribution that represent only future shareholdings, such as common shares to be issued upon the exercise of call options. The Company will hold the repurchased common shares as treasury shares solely for the purpose of their cancellation. We intend to obtain shareholder approval to affect the cancellation at our next shareholders' meeting.

Assuming full exercise of the Greenshoe Option, the Company will issue up to an additional 6,345,000 common shares in dematerialized form from the Company's authorized capital. In such event, the Company's total share capital will amount to up to €2,219,907.02 and be divided into up to 221,990,702 common shares, which will include up to 20,148,091 treasury shares.

15.3 Authorized Capital

As of the date of this Prospectus, pursuant to Article 6.1 of the Articles of the Association, the Company's authorized capital, excluding the issued share capital, is set at €2,460,699.89, represented by 246,069,989 common shares having a nominal value of one cent (€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 authorized capital pursuant to Article 6.2, the Management Board, with the consent of the Supervisory Board, is authorized 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 authorized capital to such persons and on such terms as set forth in the special report of the Board of Directors dated May 22, 2019 (the "**Special Board Report**") on the authorized capital and specifically to proceed with the issue of up to 182,286,923 shares without reserving a preferential right to subscribe to the shares issued for the existing shareholders subject to the limitations set forth in the Special Board Report and it being understood, that any issuance of such instruments will reduce the available authorized capital accordingly. Pursuant to Article 6.3 of the Articles of Association, the Company's authorized capital may be increased or reduced by a resolution of the general meeting of the shareholders adopted in the manner required for an amendment to the Articles of Association. The authorizations in Articles 6.2 and 6.3 of the Articles of Association may be renewed through a resolution of the general meeting of the 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.

The Special Board Report provides for the following purposes for and restrictions on the use of the authorized capital:

- the issuance of up to 9,283,529 shares, stock options, warrants, convertible instruments and other securities against nil consideration to employees, directors, officer and any individual or company eligible to the restricted stock units, including a performance component, under the 2019 LTIP (see "*16.4.2 2019 Long-Term Incentive Plan*") without reserving a preferential subscription right for the existing shareholders;
- the issuance of up to 20,409,396 common shares within the framework of a capital increase of the Company at a subscription price between one cent (€0.01) and forty-one euro twelve cents (€41.12) without reserving a preferential subscription right for the existing shareholders for the following purposes:
    - issuing common shares, granting options to subscribe for common shares and issuing any other instruments convertible into common shares for the purpose of delivery of shares upon exercise or conversion, as applicable, of the Company's stock options or other equity-based awards granted under the Current Plan (see "*16.4.1 Current Long-Term Incentive Plans*") as amended from time to time, or issues of common shares to certain existing or former managers or other employees of the group of companies of which the Company is the parent company, or issue common shares to cover the exercise of the Company's existing or future call options granted to certain existing or former managers or other employees of the group of companies of which the Company is the parent company;
    - issuing common shares against the contribution in kind of shares in Jade 1159. GmbH ("**Kanui**") and shares in Jade 1218. GmbH ("**Tricae**") to the shareholders of Kanui and Tricae (who will hold such common shares in trust and on behalf of certain existing and former managers, founders, employees, business angels and supporters of the (indirect and direct) subsidiaries of Kanui and Tricae, jointly the "**Kanui & Tricae Beneficiaries**"), and/or upon or in connection with the exercise of existing and future options for the subscription for/acquisition of shares in the Company granted and to be granted to Kanui & Tricae Beneficiaries.
    - issuing common shares in connection with the Roll-Up of existing and former managers, founders, employees, business angels and supporters of group companies ("**Regional Beneficiaries**") (see "*16.5.2 Subsidiary Trust Arrangements*") , with or without additional contributions in cash, and/or in connection with options for the subscription for/acquisition of shares in the Company to be granted to the Regional Beneficiaries;
- the issuance of up to 27,600,000 common shares in the context of an initial public offering to the shareholders in the framework of the Share Redistribution (see "*3.4.1 Share Capital of the Company*"). The common shares shall be issued against nil consideration without reserving a preferential subscription right for the existing shareholders;
- the issuance of up to 65,780,000 common shares for placement with investors in the context of an initial public offering and for the purpose of enabling the Company to issue new common shares under a green shoe option granted or to be granted to one or more of the underwriters in the context of the initial public offering. A subscription price between one euro cent (€0.01) and fifteen euro (€15) shall apply to such issuance without reserving a preferential subscription right for the existing shareholders;
- the issuance of up to 10,000,000 shares, stock options, warrants, convertible instruments and other securities to employees, directors, officers and any individual or company eligible to any future long term management incentive plan that will not enter into effect prior to January 1, 2021. A subscription price between nil consideration and two hundred euro (€200) shall apply to such issuance without reserving a preferential subscription right for the existing shareholders;
- the issuance of up to one hundred twelve million nine hundred ninety-seven thousand sixty-four (112,997,064) common shares as follows:
    - issuing up to 49,213,998 common shares against contributions in cash for a subscription price between ninety percent (90%) and one hundred ten percent (110%) of the XETRA daily closing price of the Company's common shares on a date within five business days prior to the date of subscription as determined by the Management Board with the consent of the Supervisory Board without reserving a preferential subscription right for the existing shareholders; and/or
    - issuing up to 112,997,064 common shares to existing shareholders for a subscription price between one euro cent (€0.01) and the XETRA daily closing price of the Company's common shares on a date within five business days prior to the date of subscription as determined by the Management Board with the

consent of the Supervisory Board without waiving the preferential subscription right for the existing shareholders; and/or

- issuing up to 112,997,064 common shares against contributions made in kind for a minimum subscription price of ninety percent (90%) of the XETRA daily closing price of the Company's common shares on a date within five business days prior to the date of subscription as determined by the Management Board with the consent of the Supervisory Board shall apply to the issuance of common shares against contributions made in kind.

The Special Board Report further sets out that, without limiting the generality of the foregoing, the powers under the authorized capital could be used in circumstances where, in the interests of the Company, the convening of a general shareholders' meeting would be undesirable or not appropriate. Such circumstances could for instance arise when it appears to be necessary to be able to respond quickly to certain market opportunities, when there is a financing need, whereby the relevant market circumstances are not appropriate for an offering or issuance to all shareholders, when a prior convening of a shareholders' meeting would lead to an untimely announcement of the transaction, which could be in the disadvantage of the Company, when the costs related to the convening of a shareholders' meeting are not in balance with the amount of the proposed capital increase, or when due to the urgency of the situation it appears that a capital increase within the framework of the authorized capital is necessary in the interests of the Company.

The Company's authorized capital and the limitations set forth in the Special Board Report comply with Luxembourg law applicable to the Company. Volume and limitations concerning the Company's authorized capital may exceed, or be less stringent than, the statutory limitations applicable to foreign corporations, including those applicable to German stock corporations (*Aktiengesellschaften*) under the German Stock Corporation Act (*Aktiengesetz*).

15.4 Convertible Preference Shares

15.4.1 Redemption of Convertible Preference Shares

The convertible preference shares are redeemable shares subject to and in accordance with the provisions of Article 430-22 of the Luxembourg Company Law, and in particular the following:

- only fully paid-in redeemable shares shall be redeemable in accordance with the terms hereof, upon request of a holder, it being understood that each holder of convertible preference shares may individually request redemption of all (but not part of) of its convertible preference shares in a Redemption Event (as defined below);

- redemption can only be made by using sums available for distribution in accordance with Article 461-2 of the Luxembourg Company Law or the proceeds of a new issue made with the purpose of such redemption;

- the redemption price shall correspond to the subscription price of the convertible preference shares, including any Return Component (as defined in Article 9 of the Articles of Association) (the "**Redemption Price**");

- the redemption shall only be permitted if and to the extent the Redemption Price is used in full (less any costs and/or taxes, as the case may be) for the subscription of any new securities (for the avoidance of doubt, excluding loans and similar debt instruments) issued by the Company in a new financing round (each a "**Redemption Event**").

15.4.2 Conversion of Convertible Preference Shares

The convertible preference shares have the same rights as the common shares, except that (i) they will grant, except for the anti-dilution preference shares, a preferred and annually compounding return of 20% on their subscription price (i.e., the sum of their nominal value and issue premium effectively paid, if any; the subscription price for all convertible preference shares issued on July 19, 2016 and scheduled to be issued immediately thereafter as part of the same financing round (whether through subscription in cash or otherwise), shall be deemed to be €6.85 for such calculation) as from the date on which such convertible preference shares are paid up in full (the "**Return Component**"), and (ii) they are automatically converted into common shares and will entitle their holders to subscribe to additional common shares subject to and in accordance with Article 9.4 of the Articles of

Association. The Return Component shall be calculated with one-day accuracy on a 365 day/year basis, beginning on the date of issuance of the respective convertible preference shares.

The Return Component shall not accrue on any convertible preference shares issued in connection with (i) the occurrence of a Relevant Anti-Dilution Transaction or (ii) in the context of any shares issued pursuant to any management incentive plan of the Company.

A holder of convertible preference shares shall not be entitled to receive payment in cash of the Return Component attached to its convertible preference shares. For the avoidance of doubt, to the extent redemption of convertible preference shares occurs in a Redemption Event, the Return Component can be used as set out in Article 8 of the Articles of Association (i.e., the Return Component can be used to subscribe for the new securities referred to in Article 8 but can never be paid in cash).

At the occurrence of a Relevant Transaction (as defined below), (i) each convertible preference share shall be automatically converted in one common share and (ii) a meeting of the Management Board shall be convened as soon as possible in order for the Management Board, with the consent of the Supervisory Board, to resolve on the issuance within the limits of the authorized capital, to the holders of the convertible preference shares of a certain number of additional common shares (the "**Additional Common Shares**") as calculated in accordance with Article 9.5 of the Articles of Association, provided, however, that no Additional Common Shares shall be issued in case of an IPO if the Management Board with the consent of the Supervisory Board has determined that a holder of convertible preference shares is entitled to a return that is substantially equivalent to the issuance of Additional Common Shares through a mechanism consisting of an issuance of new common shares under the authorized capital against nil consideration combined with a redemption against nil consideration of in aggregate the same number of existing common shares from certain other shareholders in accordance with the terms of a certain repurchase and subscription agreement between the Company and the shareholders.

The number of Additional Common Shares to be issued to each holder of convertible preference shares, for each convertible preference share held by each such holder, shall be calculated in accordance with the following formula (with the total number of Additional Common Shares to be issued to each holder of convertible preference shares to be calculated in accordance with Article 9.6 of the Articles of Association) subject to Article 9.4 of the Articles of Association: **CS** = (VCPS / ASPCS) - 1

whereby:

CS = number of Additional Common Shares to be issued to such holder of the convertible preference shares, for each convertible preference share held by each such holder, by the Management Board to satisfy the requirements of Article 9.1 of the Articles of Association which shall, for the avoidance of doubt, not be rounded down. CS shall be equal to zero if it is mathematically lower than zero; VCPS = (SPCPS + RET - D) / CPS

SPCPS = total subscription price paid for all convertible preference shares held by such holder of the convertible preference shares prior to the issuance of the Additional Common Shares, as specified in Article 9.1 of the Articles of Association;

RET = accrued Return Component on the convertible preference shares held by such holder of convertible preference shares;

CPS = number of convertible preference shares held by such holder of convertible preference shares;

D = any dividends or distributions in another form paid to such holder of convertible preference shares.

ASPCS = in case of an IPO: the final price of the shares to be listed as determined by the Company and the underwriters at pricing of the IPO; in case of a Trade Sale: the purchase price per common share in case of a share sale excluding any earn-out but including any deferred purchase price or, in the case of an asset sale, (i) the total purchase price for the assets excluding any earn-out but including any deferred purchase price, divided by (ii) the number of shares existing on the date of the Trade Sale.

No fractional Additional Common Shares shall be issued to the holders of the convertible preference shares upon the occurrence of a Relevant Transaction (as defined below). Subject to Article 9.4 of the Articles of Association, the total number of Additional Common Shares to be issued to each holder of convertible preference shares at conversion of its convertible preference shares shall be calculated in accordance with the formula CS * CPS and shall be rounded down to the next full number.

Pursuant to Article 9.6 of the Articles of Association, "**Relevant Transaction**" means either an IPO or a Trade Sale (all as defined below) and "**occurrence of a Relevant Transaction**" means the earlier of the following dates: the date on which the final price of the shares to be listed is set by the Company and the underwriters at pricing in the context of the listing of the common shares of the Company on an internationally recognized stock exchange ("IPO"); or, the date of completion of (i) a sale of all or substantially all (i.e., more than 50% of the shares in the Company) or (ii) a sale of all or substantially all assets of the Company (i.e., assets representing more than 50% of the total value of the Company's assets based on current market values) ("**Trade Sale**").

The Additional Common Shares issued by the Management Board with the consent of the Supervisory Board, to satisfy the requirements of Article 9.1 of the Articles of Association shall be paid up by incorporation of available reserves of the Company. The Management Board shall, based on unaudited accounts drawn up by it for this purpose, determine whether sufficient available reserves are available. If sufficient available reserves are not available, the available reserves shall be allocated pro rata to the shareholders to whom Additional Common Shares are to be issued. In such case only, the holders of convertible preference shares shall be entitled to subscribe to the remainder of the Additional Common Shares, in cash, at the nominal value of the Additional Common Shares. In all circumstances the issuance of the Additional Common Shares under the authorized capital shall be subject to the receipt by the Company of the subscription price (if applicable), a duly signed subscription form, know your customer documentation and any other documents reasonably required for the issuance of the Additional Common Shares.

The conversion of the convertible preference shares into common shares (including the issuance of the Additional Common Shares if applicable) shall be conclusively evidenced by a resolution of the Management Board stating that a Relevant Transaction has occurred and stating the date of the Relevant Transaction, such resolution being binding on the shareholders. The resolution of the Management Board shall further set forth the applicable calculations.

In the event of any dispute between the Company and the holders of convertible preference shares or common shares as to the amount of Additional Common Shares to be issued upon conversion, the matter shall be referred (at the cost of the Company) to an independent valuer being an internationally recognized audit firm appointed by the Company (acting as experts) for certification of the number of Additional Common Shares to be issued at conversion of the convertible preference shares. The expert's certification of the matter shall in the absence of manifest error be final and binding on the Company and the shareholders. If the expert's certification of the matter results in a positive adjustment of the number of Additional Common Shares to be issued to one or more holders of convertible preference shares, such Additional Common Shares shall be issued as soon as possible following the expert's certification of the matter. If the expert's certification of the matter results in a negative adjustment of the number of Additional Common Shares issued to one or more holders of convertible preference shares, the excess number of Additional Common Shares shall be redeemed by the Company for no consideration.

The shareholders grant an irrevocable power of attorney to the Management Board to make any statement, sign all documents, represent the shareholders in front of a Luxembourg notary and do everything which is lawful, necessary or simply useful in view of the accomplishment and fulfillment of the conversion of the convertible preference shares into common shares or issuance of the Additional Common Shares in accordance with Article 9 of the Articles of Association, record the relevant issuance and to proceed, in accordance with the requirements of Luxembourg law, to any publication thereof.

15.4.3 Anti-dilution Protection of Convertible Preference Shares

At the occurrence of each Relevant Anti-Dilution Transaction (as defined below), the Company shall, within the limits under the authorized capital, issue additional convertible preference shares to the holders of the convertible preference shares (the "**Additional Anti-Dilution CPS**") in accordance with Article 10.2 of the Articles of Association. No Additional Anti-Dilution CPS shall be issued to a holder of convertible preference shares to the extent such holder uses its right to convert its convertible preference shares into new securities (for the avoidance of doubt, excluding loans and similar debt instruments) issued by the Company in a new financing round which also qualifies as a Relevant Anti-Dilution Transaction.

The number of Additional Anti-Dilution CPS to be issued to each holder of convertible preference shares for each convertible preference share held by each such holder shall be calculated in accordance with the following formula (with the total number of Additional Anti-Dilution CPS to be issued to each holder of convertible preference shares to be calculated in accordance with Article 10.3 of the Articles of Association): **AADS** = (CP1 / CP2) - 1

whereby:

AADS = number of Additional Anti-Dilution CPS to be issued to such holder of the convertible preference shares, for each convertible preference share held by each such holder, subject to the limits under the authorized capital, which shall, for the avoidance of doubt, not be rounded down. AADS shall be equal to zero if it is mathematically lower than zero; **CP2** = CP1 x ((A+ B) /(A+ C))

CP1 = Conversion price in effect immediately prior to the new issue of shares (i.e., €6.85 and, if applicable, the CP2 determined in the most recent Relevant Anti-Dilution Transaction);

A = Number of common shares deemed to be outstanding immediately prior to the Relevant Anti-Dilution Transaction (including all outstanding common shares, all shares to be issued for options, warrants or similar instruments outstanding giving a right to subscribe for shares, on an as-exercised basis, all outstanding convertible preference shares on an as-if-converted basis (i.e., the accrued Return Component on all such convertible preference shares shall be divided by the issue price used in the Relevant Anti-Dilution Transaction, and the resulting number (rounded down to the nearest whole number) shall be considered as the additional amount of common shares to be issued to holders of convertible preference shares, for the purposes of the calculation of "A");

B = Aggregate subscription price received by the Company with respect to the Relevant Anti-Dilution Transaction divided by CP1;

C = Number of shares issued in the Relevant Anti-Dilution Transaction; and

CPS = number of convertible preference shares held by such holder of convertible preference shares.

No fractional Additional Anti-Dilution CPS shall be issued to the holders of the convertible preference shares upon the occurrence of a Relevant Anti-Dilution Transaction (as defined below). The total number of Additional Anti-Dilution CPS to be issued to each holder of convertible preference shares shall be calculated in accordance with the formula AADS * CPS and shall be rounded down to the next full number.

For the purposes of Article 10 of the Articles of Association, "**Relevant Anti- Dilution Transaction**" means any issuance of shares as from July 19, 2016 and prior to a Relevant Transaction, but excluding any issuance of shares resulting from management roll-ups under the authorized capital, from the roll-up of shares of subsidiaries of the Company, from existing or future employee stock option plans or from other similar issuances of shares agreed by the Company or the shareholders prior to or on July 19, 2016 and "**occurrence of a Relevant Anti-Dilution Transaction**" means the date of completion of such issuance of shares.

The Additional Anti-Dilution CPS issued by the Management Board under the authorized capital shall be paid up by subscription in cash, at the nominal value of the Additional Anti-Dilution CPS. In all circumstances shall the issuance of the Additional Anti-Dilution CPS under the authorized capital be subject to the receipt by the Company of the subscription price (if applicable), a duly signed subscription form, know your customer documentation and any other documents reasonably required for the issuance of the Additional Anti-Dilution CPS.

The issuance of the Additional Anti-Dilution CPS shall be conclusively evidenced by a resolution of the Management Board stating that a Relevant Anti-Dilution Transaction has occurred and stating the date of the Relevant Anti-Dilution Transaction, such resolution being binding on the shareholders. The resolution of the Management Board shall further set forth the applicable calculations.

In the event of any dispute between the Company and the holders of convertible preference shares or common shares as to the amount of Additional Anti-Dilution CPS to be issued upon occurrence of a Relevant Anti-Dilution Transaction, the matter shall be referred (at the cost of the Company) to an independent valuer being an internationally recognized audit firm appointed by the Company (acting as experts) for certification of the number of Additional Anti-Dilution CPS to be issued upon occurrence of a Relevant Anti-Dilution Transaction. The expert's certification of the matter shall in the absence of manifest error be final and binding on the Company and the shareholders. If the expert's certification of the matter results in a positive adjustment of the number of Additional Anti-Dilution CPS to be issued to one or more holders of convertible preference shares, such Additional Anti-Dilution CPS shall be issued as soon as possible following the expert's certification of the matter. If the expert's certification of the matter results in a negative adjustment of the number of Additional Anti-Dilution CPS issued to one or more holders of convertible preference shares, the excess number of Additional Anti-Dilution CPS shall be redeemed by the Company for no consideration.

15.5 Authorization to Purchase and Sell Treasury Shares

As of the date of this Prospectus, the Company holds 182,378 treasury shares. Following the implementation of the Share Redistribution, based on an assumed Offer Price equal to the low end of the Price Range, the Company will hold up to 19,965,713 additional treasury shares solely for the purpose of their cancellation (see "*3.4.1 Share Capital of the Company*").

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. Without prejudice to the principle of equal treatment of shareholders in the same situation and the provisions of the Luxembourg law of December 23, 2016 on market abuse, 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:

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

(2) 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

(3) only fully paid-up shares may be included in the transaction.

At the time each authorized acquisition is carried out, the Management Board must ensure that the statutory conditions mentioned in the preceding paragraph 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 authorization will be required from the general shareholders' meeting. In such a case, the next general shareholders' meeting must be informed by the Management Board of the reasons for and the purpose of the acquisitions made, the number and nominal values, or in the absence thereof, the accounting par value of the shares acquired, the proportion of the subscribed capital which they represent and the consideration paid for them.

No authorization will likewise be required from the general shareholders' meeting in the case of shares acquired either by the Company itself or by a person acting in his/her own name but on behalf of the Company for the distribution thereof to the staff of the Company. 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, none of the abovementioned statutory conditions, except for the condition described under (2) above, apply to the acquisition of:

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

(b) shares acquired as a result of a universal transfer of assets;

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

(d) 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;

(e) shares acquired from a shareholder in the event of failure to pay them up; and

(f) 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.

Shares acquired in the cases indicated under (b) to (f) must, however, be disposed of within a maximum period of three years after their acquisition, unless the nominal value, or, in the absence of nominal value, the accounting par value of the shares acquired, including shares which the Company may have acquired through a person acting in its own name, but on behalf of the Company, does not exceed ten percent of the subscribed capital.

If the shares so acquired are not disposed of within the period prescribed, they must be cancelled. The subscribed capital may be reduced by a corresponding amount. Such a reduction is compulsory where the acquisition of shares and their subsequent cancellation results in the Company's net assets having fallen below the amount of the subscribed capital and the reserves which may not be distributed under the law or the Articles of Association.

Any shares acquired in contravention of the above conditions (a) to (f) must be disposed of within a period of one year after the acquisition. If they have not been disposed of within that period, they must be cancelled.

Any shares acquired in contravention of Articles 430-15 and 430-17, must be disposed of within a period of one year after the acquisition. If they have not been disposed of within that period, they must be cancelled.

In those cases where the acquisition by the Company of its own shares is permitted in accordance with the foregoing, the holding of such shares is subject to the following conditions: (i) among the rights attaching to the shares, the voting rights in respect of the Company's own shares are suspended; and (ii) if the said shares are included among the assets shown in the balance sheet, a non-distributable reserve of the same amount is to be created among the liabilities.

Where the Company has acquired own shares in accordance with the abovementioned, the annual report of the Management Board must indicate: (i) the reasons for acquisitions made during the fiscal year, (ii) the number and the nominal value of the shares acquired and disposed of during the fiscal year and the proportion of the subscribed capital which they represent, (iii) in the case of acquisition or disposal for value, the consideration for the shares and (iv) the number and nominal value of all the shares acquired and held in the Company's portfolio as well as the proportion of the subscribed capital which they represent.

15.6 General Rules on Allocation of Profits and Dividend Payments

All shares are entitled to participate equally in dividends when, as and if declared by the general shareholders' meeting and/or the Management Board out of funds legally available for such purposes. The Offer Shares offered in the Offering will be entitled to full profit participation. Pursuant to the Luxembourg Company Law and the Articles of Association, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual general shareholders' meeting. Article 12.1 of the Articles of Association provides that the annual general shareholder's meeting shall be held within six months of the end of each financial year in Luxembourg at the registered office of the Company or at such other place in Luxembourg specified in the convening notice of such meeting. The amount of distribution to shareholders may not exceed the amount of the profits at the end of the last fiscal year plus any profits carried forward and any amounts drawn from reserves which are available for that purpose, minus any losses carried forward and sums to be placed in reserve in accordance with the law or the Articles of Association.

Under Luxembourg law, at least five percent from the Company's annual net profits shall be allocated to the Company's legal reserve. This allocation shall cease to be mandatory as soon and as long as the aggregate amount of the Company's reserve amounts to ten percent of the Company's issued share capital but shall again be compulsory if the legal reserve falls below such ten percent threshold.

Under the terms and conditions provided by law and upon recommendation of the Management Board, the annual general shareholders' meeting will determine how the remainder of the Company's annual net profits will be used in accordance with Luxembourg law and the Articles of Association. Under the terms and conditions provided by Luxembourg law and as set out in Article 28 of the Articles of Association, the Management Board may proceed to the payment of interim dividends in accordance with the provisions of the Luxembourg Company Law and subject to the provisions of the Articles of Association. The conditions under the Luxembourg Company Law and the Articles of Association for the payment of interim dividends are as follows:

- the Management Board has drawn up interim balance sheets of the Company showing that the funds available for distribution are sufficient;
- the amount to be distributed may not exceed total profits made since the end of the last fiscal year for which the accounts have been approved, plus any profits carried forward and sums drawn from reserves

available for this purpose, less losses carried forward and any sums to be placed to reserve pursuant to the requirements of the law or of the Articles of Association;

- the decision of the Management Board to distribute an interim dividend may not be taken more than two months after the date at which the interim accounts above have been drawn up; and
- in its report to the Management Board, the independent auditor (*réviseur d'entreprises agréé*) of the Company shall confirm in a report that the above conditions have been satisfied.

Where the payments on account of interim dividends exceed the amount of the dividend subsequently decided upon by the general shareholders' meeting, they shall, to the extent that there is an overpayment, be deemed to have been paid on the account of the next dividend. Under the Luxembourg Company Law claims for dividends lapse in favor of the Company five years after the date on which such dividends were declared.

Any share premium, assimilated premium or other distributable reserve, if any, may be freely distributed to the shareholder(s) by a resolution of the shareholders, on a pro rata basis of the stake held in the Company, and subject to any provisions of the Luxembourg Company Law and Article 28 of the Articles of Association.

15.7 General Provisions Governing the Liquidation of the Company

The general meeting of shareholders may decide at any time and with or without cause to dissolve and liquidate the Company, subject to the quorum and majority requirements for an amendment to the Articles of Association. The Articles of Association may be amended 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 share capital is present or represented. If no quorum is reached in a meeting, a second meeting may be convened in accordance with the Luxembourg Company Law and the Articles of Association. This meeting may deliberate regardless of the quorum and resolutions must be passed by two thirds of the votes validly cast.

If due to a loss, the net assets of the Company are less than half of the amount of the subscribed share capital, the Management Board must convene an extraordinary general shareholders' meeting within two months as of the date on which the Management Board discovered or should have ascertained this undercapitalization and draw up a report explaining causes and making proposals to rectify the situation. At this extraordinary general shareholders' meeting, shareholders will resolve on the possible dissolution of the Company. The quorum must be at least fifty percent of all the shares issued and outstanding. In the event the required quorum is not reached at the first extraordinary general shareholders' meeting, a second extraordinary general shareholders' meeting may be convened, through a new convening notice, at which shareholders can validly deliberate and decide regardless of the number of shares present or represented. A majority of two thirds of the votes cast by the shareholders present or represented is required at any such extraordinary general shareholders' meeting. If due to a loss, the net assets of the Company are less than one quarter of the amount of the subscribed share capital, the same procedure must be followed, it being understood, however, that the dissolution only requires the approval of shareholders representing twenty-five percent of the votes cast at the meeting.

The Company, once dissolved, is deemed to exist for as long as necessary for its proper liquidation. If the Company is dissolved for any reason, the general shareholders' meeting will have the most extensive powers to appoint the liquidator(s), determine their powers and fix their remuneration. The powers of the members in office of the Management Board and Supervisory Board will end at the time when the liquidators are appointed. In the event that the general shareholders' meeting fails to appoint the liquidator(s), the directors then in office will automatically become the liquidators of the Company.

The principal duty of the liquidators consists of winding up the Company by paying its debts, realizing its assets and distributing them to the shareholders. If the financial situation so warrants, pre-payments of liquidation dividends may be made by the liquidator in accordance with the Luxembourg law.

In the event of the Company's dissolution, the liquidation shall be carried out by one or several liquidators appointed by the general meeting of shareholders resolving on the Company's dissolution which shall determine the liquidators'/liquidator's powers and remuneration.

The surplus resulting from the realization of the assets and the payment of the liabilities shall be distributed among the shareholders pro rata to the stake in the Company held by them.

15.8 General Provisions Governing a Change in the Share Capital

The share capital may be increased or decreased by a resolution of the general meeting of shareholders, adopted in the manner required for an amendment of the Articles of Association.

The Articles of Association of the Company (Article 6) further authorize the Management Board, with consent of the Supervisory Board, to increase the share capital of the Company by a certain maximum amount fixed in Article 6.2 of the Articles of Association. The Management Board, with consent of the Supervisory Board, is authorized for a period starting on the date of publication on the *RESA*, *Recueil Électronique des Sociétés et Associations*, of the minutes of the general shareholders' meeting that has amended the Articles of Association to include the authorized capital and expiring on the fifth anniversary of such date, to increase the issued capital up to the amount of the authorized share capital, in whole or in part from time to time. As of the date of this Prospectus, Article 6.1 of the Articles of Association provides that the authorized capital of the Company is of €2,460,699.89 represented by a maximum of 246,069,989 shares with a nominal value (*valeur nominale*) of €0.01 each. In case of an increase of the share capital through a decision of the Management Board, such a decision needs to be recorded in a notarial deed. Share capital increases may be made out of share premium against payment in cash or payment in kind. In case of a share capital increase of the Company against payment in kind, in principle a report from an independent auditor is required to confirm that the value of the contribution corresponds at least to the nominal value of the newly issued shares.

In the case of a share capital increase against payment in cash, existing shareholders have a preferential subscription right pro rata to their participation in the share capital prior to its increase (no preferential subscription right applies in case of a share capital increase against contribution in kind). The Management Board shall determine the period of time during which such preferential subscription right may be exercised and which may not be less than fourteen days from the opening of the subscription period which shall be announced in a notice setting such subscription period which shall be published on the Luxembourg Official Gazette (*RESA*, *Recueil Électronique des Sociétés et Associations*) as well as a newspaper published in Luxembourg. If after the end of the subscription period not all of the preferential subscription rights offered to the existing shareholder(s) have been subscribed by the latter, third parties may be allowed to participate in the share capital increase, except if the Management Board with the consent of the Supervisory Board decides that the preferential subscription rights shall be offered to the existing shareholders who have already exercised their rights during the subscription period, in proportion to the portion their shares represent in the share capital; the modalities for the subscription are determined by the management board with the consent of the supervisory board. The management board with the consent of the supervisory board may also decide in such case that the share capital shall only be increased by the amount of subscriptions received by the shareholder(s) of the Company.

Such right may be waived by the relevant shareholders and it may as well be limited or suppressed by the general meeting of shareholders or by the management body deciding the share capital increase. The decision to limit or suppress the preferential subscription right must be justified in a written report of the management body to the general meeting of shareholders, indicating in particular the proposed subscription price for the new shares. The New Shares will be issued by excluding the preferential subscription right of existing shareholders.

Pursuant to Article 420-26 of the Luxembourg Company Law, the preferential subscription rights of existing shareholders in case of a capital increase by means of a contribution in cash may not be restricted or withdrawn by the Articles of Association. Nevertheless, the Articles of Association may authorize the Management Board to withdraw or restrict these preferential subscription rights in relation to an increase of capital made within the limits of the authorized capital. Such authorization is only valid for a maximum of five years from publication on the *RESA, Recueil Électronique des Sociétés et Associations,* of the relevant amendment of the Articles of Association. The Management Board must draw up a report to the general shareholders' meeting on the detailed reasons for the restriction or withdrawal of the preferential subscription rights, which must include in particular the proposed issue price. It may be renewed on one or more occasions by the extraordinary general shareholders' meeting, deliberating in accordance with the requirements for amendments to the Articles of Association, for a period that, for each renewal, may not exceed five years. As of the date of this Prospectus, the Articles of Association authorize the Management Board to increase the capital and to restrict or withdraw the preferential subscription rights of shareholders in relation to an increase of capital made within the limits of the authorized capital.

In addition, an extraordinary general shareholders' meeting called upon to resolve, on the conditions prescribed for amendments to the Articles of Association, either upon an increase of capital or upon the authorization to increase the capital, may limit or withdraw preferential subscription rights or authorize the Management Board to do so. Any proposal to that effect must be specifically announced in the convening notice.

Detailed reasons must therefore be set out in a report prepared by the Management Board and presented to the extraordinary general shareholders' meeting dealing, in particular, with the proposed issue price. This report must be made available to the public at the Company's registered office, and on its website. An issuance of shares to banks or other financial institutions with a view to their being offered to the shareholders of the Company in accordance with the decision relating to the increase of the subscribed capital does not constitute an exclusion of the preferential subscription rights pursuant to the Luxembourg Company Law.

Pursuant to Article 5.3 of the Articles of Association, the share capital may be decreased by a resolution of the general meeting of shareholders, adopted in the manner required for an amendment of the Articles of Association of the Company. In case of a share capital decrease all shareholders have the right to participate pro rata in the share capital reduction. In the event of a decrease of the share capital with a repayment to the shareholders or a waiver of their obligation to pay up their shares, creditors whose claims predate the publication of the minutes of the extraordinary general shareholders' meeting may, within thirty days from such publication, apply for the constitution of a security to the judge presiding the chamber of the local court (*Tribunal d'Arrondissement*) dealing with commercial matters and sitting as in urgency matters. The judge may only reject such an application if the creditor already has adequate safeguards or if such security is unnecessary with regard to the assets of the Company. No payment may be made or waiver given to the shareholders until such time when the creditors have obtained satisfaction or until the judge presiding the chamber of the local court (*Tribunal d'Arrondissement*) dealing with commercial matters has ordered that their application should not be acceded to. No creditor protection rules apply in the case of a reduction in the subscribed capital for the purpose of offsetting losses incurred which are not capable of being covered by means of other own funds or to include sums in a reserve provided that such reserve does not exceed ten percent of the reduced subscribed capital.

15.9 Mandatory Takeover Bids and Exclusion of Minority Shareholders

15.9.1 Mandatory Bids, Squeeze-Out and Sell-Out Rights under the WP

The Luxembourg Takeover Law (*Offres Publiques d'Acquisition*) provides that if a person, acting alone or in concert, obtains voting securities of the Company which, when added to any existing holdings of the Company's voting securities, give such person control over the Company, which under the Luxembourg Takeover Law is set at $33^1/_3$% of all of the voting rights attached to the voting securities in the Company, this person is obliged to launch a mandatory bid for the remaining voting securities in the Company at a fair price.

Following the implementation of Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004, any voluntary bid for the takeover of the Company and any mandatory bid will be subject to shared regulation by the CSSF pursuant to the Luxembourg Takeover Law, which has implemented the Takeover Directive into Luxembourg law, and by the BaFin pursuant to the German Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

Under the shared regulation regime, German takeover law applies to the matters relating to the consideration offered, the bid procedure, the content of the offer document and the procedure of the bid. The German Regulation on the Applicability of the Takeover Code (*WpÜG-Anwendbarkeitsverordnung*) specifies the applicable provisions in more detail. Matters regarding company law (and related questions), such as, for instance, the question relating to the percentage of voting rights which give control over a company and any derogation from the obligation to launch a bid or regarding information to be provided to employees of the target company, and, to the extent applicable, any sell-out or squeeze-out procedures further to a voluntary or mandatory takeover bid, will exclusively be governed by Luxembourg law.

The Luxembourg Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders of voting securities of the Company and the bidder holds voting securities representing not less than 95% of the share capital that carry voting rights to which the offer relates and 95% of the voting rights, the bidder may require the holders of the remaining voting securities to sell those securities to the bidder. The price offered for such securities must be a "fair price." The price offered in a voluntary offer would be considered a "fair price" in the squeeze-out proceedings if at least 90% of the securities comprised in the bid were acquired in such voluntary offer. The price paid in a mandatory offer is deemed a "fair price." The consideration paid in the squeeze-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the Company. Finally, the right to initiate squeeze-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

The Luxembourg Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders of voting securities of the Company and if after such offer the bidder (and any person acting in concert with the bidder) holds voting securities carrying more than 90% of the voting rights, the remaining security holders may require that the bidder purchase the remaining voting securities. The price offered in a voluntary offer would be considered "fair" in the sell-out proceedings if at least 90% of the securities comprised in the bid were acquired in such voluntary offer. The price paid in a mandatory offer is deemed a "fair price." The consideration paid in the sell-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the Company. Finally, the right to initiate sell-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

Where the Company has issued more than one class of voting securities, the rights of squeeze-out and sell-out described in the last two preceding paragraphs can be exercised only in the class in which the applicable thresholds have been reached.

15.9.2 Luxembourg Mandatory Squeeze-Out and Sell-Out Law

The Company may also be subject to the Luxembourg law of July 21, 2012 on the squeeze-out and sell-out of securities of companies admitted or having been admitted to trading on a regulated market or which have been subject to a public offer (the "**Luxembourg Mandatory Squeeze-Out and Sell-Out Law**"). The Luxembourg Mandatory Squeeze-Out and Sell-Out Law provides that if any individual or legal entity, acting alone or in concert with another, becomes the owner directly or indirectly of a number of shares or other voting securities representing at least 95% of the voting share capital and 95% of the voting rights of the Company: (i) such owner may require the holders of the remaining shares or other voting securities to sell those remaining securities (the "**Mandatory Squeeze-Out**"); and (ii) the holders of the remaining shares or securities may require such owner to purchase those remaining shares or other voting securities (the "**Mandatory Sell-Out**"). The Mandatory Squeeze-Out and the Mandatory Sell-Out must be exercised at a fair price according to objective and adequate methods applying to asset disposals. The procedures applicable to the Mandatory Squeeze-Out and the Mandatory Sell-Out must be carried out in accordance with the Luxembourg Mandatory Squeeze-Out and Sell-Out Law and under the supervision of the CSSF.

15.10 Amendment to the Rights of Shareholders

Any amendments to the rights of the shareholders set out in the Articles of Association require the amendment of the Articles of Association. An amendment to the Articles of Association must be approved by an extraordinary general shareholders' meeting of the Company held in front of a Luxembourg notary in accordance with the quorum and majority requirements applicable to an amendment to the Articles of Association. The quorum is at least one half of all the shares issued and outstanding are represented. In the event the required quorum is not reached at the first extraordinary general shareholders' meeting, a second extraordinary general shareholders' meeting may be convened, through a new convening notice, at which shareholders can validly deliberate and decide regardless of the number of shares present or represented. A two-thirds majority of the votes cast by the shareholders present or represented is required at any such general shareholders' meeting. The Articles of Association do not provide for any specific conditions that are stricter than required by Luxembourg law.

15.11 Shareholdings Disclosure Requirements

15.11.1 Luxembourg Transparency Law

Holders of the shares and derivatives or other financial instruments linked to the shares may be subject to notification obligations pursuant to the Luxembourg law of January 11, 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended (the "**Luxembourg Transparency Law**"). The following description summarizes these obligations. The Company's shareholders are advised to consult with their own legal advisers to determine whether the notification obligations apply to them.

The Luxembourg Transparency Law provides that, if a person acquires or disposes of a shareholding in the Company, and if following the acquisition or disposal the proportion of voting rights held by the person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, $33^1/_3$%, 50% or $66^2/_3$% of the total voting rights existing when the situation giving rise to a declaration occurs (the "**Relevant Threshold**"), such person must simultaneously notify the Company and the CSSF of the proportion of voting rights held by it further to such event.

A person must also notify the Company and the CSSF of the proportion of his or her voting rights if that proportion reaches, exceeds or falls below the Relevant Threshold as a result of events changing the breakdown of voting rights and on the basis of the information disclosed by the Company.

The same notification requirements apply to a natural person or legal entity to the extent they are entitled to acquire, to dispose of, or to exercise voting rights in any of the following cases or a combination of them:

(a) voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the Company;

(b) voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;

(c) voting rights attaching to shares which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares their intention of exercising them;

(d) voting rights attaching to shares in which that person or entity has the life interest;

(e) voting rights which are held, or may be exercised within the meaning of points (a) to (d), by an undertaking controlled by that person or entity;

(f) voting rights attaching to shares deposited with that person or entity which the person or entity can exercise at his/her/its discretion in the absence of specific instructions from the shareholders;

(g) voting rights held by a third party in its own name on behalf of that person or entity; and

(h) voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at their discretion in the absence of specific instructions from the shareholders.

The notification requirements also apply to a natural person or legal entity who holds, directly or indirectly, financial instruments that result in an entitlement to acquire, on such holder's own initiative alone, under a formal agreement, shares to which voting rights are attached and already issued.

The above notification requirements also apply to a natural person or legal entity that holds, directly or indirectly:

(i) financial instruments that, on maturity, give the holder, under a formal agreement, either the unconditional right to acquire or the discretion as to his right to acquire shares, to which voting rights are attached, already issued by the Company, or

(ii) financial instruments which are not included in point (i) above but which are referenced to the shares referred to in that point and with an economic effect similar to that of the financial instruments referred to in that point, whether or not they confer a right to a physical settlement.

The notification required shall include the breakdown by type of financial instruments held in accordance with point (i) above and financial instruments held in accordance with point (ii) above, distinguishing between the financial instruments which confer a right to a physical settlement and the financial instruments which confer a right to a cash settlement.

The number of voting rights shall be calculated by reference to the full notional amount of shares underlying the financial instrument except where the financial instrument provides exclusively for a cash settlement, in which case the number of voting rights shall be calculated on a 'delta-adjusted' basis, by multiplying the notional amount of underlying shares by the delta of the instrument. For this purpose, the holder shall aggregate and notify all financial instruments relating to the same underlying issuer. Only long positions shall be taken into account for the calculation of voting rights. Long positions shall not be netted with short positions relating to the same underlying issuer.

For the purposes of the above, the following shall be considered to be financial instruments, provided they satisfy any of the conditions set out in points (i) or (ii) above:

(a) transferable securities;

(b) options;

(c) futures;

(d) swaps;

(e) forward rate agreements;

(f) contracts for differences; and

(g) any other contracts or agreements with similar economic effects which may be settled physically or in cash.

The notification requirements described above shall also apply to a natural person or a legal entity when the number of voting rights held directly or indirectly by such person or entity aggregated with the number of voting rights relating to financial instruments held directly or indirectly reaches, exceeds or falls below a Relevant Threshold. Any such notification shall include a breakdown of the number of voting rights attached to shares and voting rights relating to financial instruments.

Voting rights relating to financial instruments that have already been notified to that effect shall be notified again when the natural person or the legal entity has acquired the underlying shares and such acquisition results in the total number of voting rights attached to shares issued by the same issuer reaching or exceeding a Relevant Threshold.

The notification to the Company and the CSSF must be effected promptly, but not later than four trading days after the date on which the shareholder, or person to whom the voting rights are attributed as set out above (i) learns of the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regard to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect, or (ii) is informed of an event changing the breakdown of voting rights by the Company. Upon receipt of the notification, but not later than three trading days thereafter, the Company must make public all the information contained in the notification as regulated information within the meaning of the Luxembourg Transparency Law.

As long as the notifications have not been made to the Company in the manner prescribed, the exercise of voting rights relating to the shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted as of the moment the shareholder makes the notification.

Where within the fifteen days preceding the date for which the general shareholders' meeting has been convened, the Company receives a notification or becomes aware of the fact that a notification has to be or should have been made in accordance with the Luxembourg Transparency Law, the Management Board may postpone the general shareholders' meeting for up to four weeks.

In accordance with Article 8(4) of the Luxembourg Transparency Law, the disclosure requirements do not apply to the acquisition or disposal of a major holding by a market maker (*teneur de marché*) in securities insofar as the acquisition or disposal is effected in their capacity as a market maker in securities and insofar as the acquisition is not used by the market maker to intervene in the management of the Company.

In accordance with Article 8(6) of the Luxembourg Transparency Law, the disclosure requirements do not apply to voting rights attached to securities acquired for stabilization purposes, provided that the voting rights attached to these shares are not exercised or otherwise used to intervene in the management of the Company.

15.11.2 Luxembourg Mandatory Squeeze-Out and Sell-Out Law

Pursuant to Article 3 of the Luxembourg Mandatory Squeeze-Out and Sell-Out Law, any individual or legal entity, acting alone or in concert with another, who (i) becomes the owner directly or indirectly of a number of shares or other voting securities representing at least 95% of the voting share capital and 95% of the voting rights of the Company, (ii) falls below one of the thresholds under (i) above or (iii) acquires additional shares or other

voting securities while having already crossed the thresholds under (i) above, such person must notify the Company and the CSSF of the exact percentage of their holding, the transaction that triggered the notification requirement, the effective date of such transaction, their identity and the ways the shares or other voting securities are being held.

The notification to the Company and the CSSF must be effected as soon as possible, but not later than four working days after obtaining knowledge of the effective acquisition or disposal or of the possibility of exercising or not the voting rights. Upon receipt of the notification, but no later than three working days thereafter, the Company must make public all the information contained in the notification in a manner ensuring fast access to the information and on a non-discriminatory basis.

15.11.3 Disclosure of Transactions of Persons Holding Management Responsibilities

A person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 25 MAR, must notify the Company and CSSF of transactions undertaken for their own account relating to the Company's shares or to financial instruments based on the Company's shares (subject to a €5,000.00 *de-minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 26 MAR. Such notifications shall be made promptly and no later than three business days after the date of the relevant transaction. The Company shall ensure that such notifications are made public promptly and no later than three business days after the relevant transaction.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is required to make public according to (i) the rules of the trading venue where the Company's shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities.

16. GOVERNING BODIES OF THE COMPANY

16.1 Overview

The Company's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting. The Company is managed by its Management Board under the supervision and control of the Supervisory Board. This two-tier governance structure was resolved by an extraordinary shareholders' meeting of the Company held on May 31, 2019, subject to the condition precedent and effective from approval of this Prospectus by the CSSF (such approval, for the avoidance of doubt, relating solely to this Prospectus and not to the validity or legality of the two-tier governance structure or any element thereof). The powers of these governing bodies are determined by the Luxembourg Company Law, the Articles of Association of the Company and the internal rules of procedure of both the Management Board and Supervisory Board. The rules of procedures are intended to be resolved with the terms described in this Prospectus immediately upon its approval by the CSSF and prior to its publication.

16.2 Management Board

The Management Board is responsible for managing the Company. For this purpose, the Management Board is vested with the broadest powers to act in the name of the Company and to take any actions necessary or useful to fulfill the Company's corporate purpose, with the exception of the powers reserved by law or the Articles of Association of the Company to the Supervisory Board or to the general shareholders' meeting. Pursuant to the rules of procedure of the Management Board, the following matters, among others, require prior consent of the Supervisory Board:

- modification of the fields of business of the Company and the termination of existing and commencement of new fields of business;
- encumbrance of shares in material companies as well as liquidation of material companies;
- acquisition, sale and encumbrance of real estate and similar rights or rights in real estate with a value of more than €5 million in the individual case; and
- institution and termination of court cases or arbitration proceedings involving an amount in controversy of more than €1 million in the individual case.

The members of the Management Board are generally appointed by the Supervisory Board (with the exception of the current members of the Management Board who, as members of the first Management Board of the Company in the context of the implementation of the two-tier governance structure, were appointed in accordance with the Articles of Association by an extraordinary shareholders' meeting of the Company held on May 31, 2019). The Supervisory Board also determines the number of members of the Management Board, their remuneration and the terms of their office. Pursuant to the Articles of Association, the members of the Management Board are elected for a term of up to five years. The members of the Management Board are eligible for re-appointment. A member of the Management Board may only be removed with cause by a resolution adopted by the Supervisory Board. A member of the Management Board cannot be a member of the Supervisory Board at the same time.

Pursuant to the Articles of Association, the Management Board must be composed of at least two members. Currently, the Management Board consists of three members and does not have a chairman or deputy chairman. If a legal entity is appointed as a member of the Management Board of the Company, such legal entity must designate a physical person as a permanent representative who shall perform this role in the name and on behalf of the legal entity. The relevant legal entity may only remove its permanent representative if it appoints a successor at the same time. An individual may only be a permanent representative of one member of the Management Board and may not be a member of the Supervisory Board at the same time. An individual cannot be a permanent representative of a member of the Management Board of the Company and of a member of the Supervisory Board of the Company at the same time.

The members of the Management Board represent the Company in dealing with third parties. However, with regard to the daily management of the Company as well as the representation of the Company in relation to such daily management, the Management Board, in accordance with the Luxembourg Companies' Law, may delegate such actions to one or several members of the Management Board, officers or other agents, but not to a member of the Supervisory Board. The Company is bound towards third parties by the joint signature of any two members of the Management Board, or by the joint signature or the sole signature of any person(s) to whom such signatory power may have been delegated by the Management Board within the limits of such delegation.

According to its rules of procedure, the Management Board shall meet at least once every calendar quarter. In addition, Management Board meetings must be held without undue delay if the Supervisory Board or one member of the Management Board requests so. Resolutions of the Management Board are adopted by a simple majority of the votes cast, unless other majorities are required by law, the Articles of Association or the internal rules of procedures.

Generally, the Management Board adopts resolutions in meetings. However, Management Board resolutions may also be adopted by circular means when expressing its approval in writing (by electronic mail or otherwise), provided that each of the members of the Management Board participates in such resolution by circular means.

At least once every calendar quarter, the Management Board must submit a written report to the Supervisory Board on the business of the Company and its foreseeable future development. In addition, the Management Board must inform the Supervisory Board without undue delay of any events likely to have an appreciable influence on the situation of the Company.

16.2.1 Composition and Biographical Information

The table below lists the current members of the Company's Management Board appointed by the extraordinary shareholders' meeting of the Company held on May 31, 2019, in the context of the implementation of the two-tier governance structure, subject to the condition precedent and effective from approval of this Prospectus by the CSSF.

Name	Age	Member since	Appointed until	Responsibilities
Christoph Barchewitz	40	2019(1)	2024	Co-Chief Executive Officer
Patrick Schmidt..................................	39	2019(2)	2024	Co-Chief Executive Officer
Matthew Price	49	2019	2022	Chief Financial Officer

(1) Previously member of the Board of Directors of the Company since 2015.
(2) Previously member of the Board of Directors of the Company since 2018.

The following description provides summaries of the curricula vitae of the current members of the Company's Management Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

Christoph Barchewitz was born in Wiesbaden, Germany, on September 10, 1978.

Mr. Barchewitz graduated from the University of Mannheim with a degree in business administration (*Diplom-Kaufmann*) in 2003. In his graduate studies, Mr. Barchewitz earned a master of public administration (MPA) from the School of International and Public Affairs at Columbia University, where he studied from 2005 to 2007.

Mr. Barchewitz began his career in 2003 as a management consultant with Solon Management Consulting in Munich. From 2007 to 2014, he worked at Goldman Sachs in London and New York advising clients across the telecom, media and technology industry. In 2014, Mr. Barchewitz joined Swedish investment group Kinnevik AB as an investment officer, where he oversaw the e-commerce portfolio. Since 2015 he has been a member of the Board of Directors (prior to the implementation of a two-tier governance structure), and since 2018 he has been the Co-Chief Executive Officer of GFG.

Alongside his office as member of the Management Board, Mr. Barchewitz is, or was, within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside of GFG:

Current:

- Westwing Group AG (chairman of the supervisory board).

Previous:

- LFG Limited (Finery) (director);
- Home24 AG (member of the supervisory board);
- Lazada Group S.A. (director); and

- Linio GmbH (member of the advisory board).

Patrick Schmidt was born in Tuebingen, Germany, on May 16, 1980.

In 2005, Mr. Schmidt earned a Master of Science in Business Administration from Purdue University as well as a Diplom-Betriebswirt, International Business from Hochschule Reutlingen.

From 2005 to 2011, Mr. Schmidt worked for The Boston Consulting Group. He co-founded and served as Chief Executive Officer of Groupon Australia and New Zealand from 2011 to 2012 and was the International Vice President of Groupon Latin America from 2012 to 2013. Mr. Schmidt was Chief Executive Officer of *THE ICONIC* from 2013 to 2019. Since 2018, he has been Co-Chief Executive Officer and a member of the Board of Directors of GFG (prior to the implementation of a two-tier governance structure).

Alongside his office as member of the Management Board, Mr. Schmidt is, or was, within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside of GFG:

Current:

- None.

Previous:

- National Online Retailers Association (board member).

Matthew Price was born in Birmingham, United Kingdom, on July 1, 1969.

Mr. Price received a BA (honors) in history from the University of Southampton in 1990 and graduated from INSEAD's Advanced Management Programme in 2013. Mr. Price is also a member (ACA) of the Institute of Chartered Accountants in England and Wales.

Mr. Price joined Deloitte & Touche in 1991, where he worked in the firm's audit and corporate finance departments until 1997. Mr. Price then joined Sainsbury's, serving in various positions including Property Director and Retail Finance Director until 2006. From 2006 to 2008 he served as finance director of SODEXO's UK & Ireland corporate services, and from 2009 to 2014 as Finance Director at Whitbread for Costa Coffee, and as Managing Director of its operations in China. Most recently, Mr. Price served as Group CFO of MoneySuperMarket.com plc from 2014 to 2018 before assuming his current role as Chief Financial Officer of GFG in April of 2019.

Alongside his office as member of the Management Board, Matthew Price is, or was, within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside of GFG:

Current:

- None.

Previous:

- Moneysupermarket.com Group PLC (chief financial officer and director);
- Mortgage 2000 Limited (director);
- Moneysavingsexpert.com Limited (director);
- Moneysupermarket.com Financial Group Limited (director);
- Moneysupermarket.com Financial Group Holdings Limited (director);
- Moneysupermarket.com Limited (director);
- Making Millionaires Limited (director);
- Insuresupermarket.com Limited (director);
- Financial Services Net Limited (director);

- Travelsupermarket.com (director);
- Moneysupermarket.com LTD (director);
- Betcompare.com Limited (director);
- Local Daily Deals Limited (director);
- Decision Technologies Limited (director);
- Sellmymobile.com Limited (director);
- Townside Limited (director); and
- Podium Solutions Limited (director).

The members of the Management Board may be reached at the Company's office at 5, Heienhaff, L-1736 Senningerberg, Luxembourg (tel.: +352 26340059).

16.2.2 Contractual Arrangements with Members of the Management Board

Each member of the Management Board has entered into two agreements with respect to their appointment to the Management Board: Mr. Barchewitz and Mr. Price have entered into employment agreements with Global Fashion Group UK Services Limited, and Mr. Schmidt has entered into an employment agreement with Jade E-Services Malaysia SDN BHD, both wholly-owned subsidiaries of the Company (the "**Employment Agreements**"). The Employment Agreements had provided the contractual framework for the positions within the Group previously held by the members of the Management Board and were amended in the context of the implementation of the two-tier governance structure to provide the basic framework for their position on the Management Board of the Company. The Employment Agreements have an indefinite term. For Mr. Barchewitz and Mr. Schmidt, the Employment Agreements provide for a termination right with a notice period of nine months; for Mr. Price the notice period is six months. The Employment Agreements can be terminated by Global Fashion Group UK Services Limited or Jade E-Services Malaysia SDN BHD, respectively, with immediate effect either with cause or, if the respective Management Board member is paid the pro-rata portion of his base salary and contractual benefits (excluding any bonus) for the relevant notice period, without cause ("**Payment in Lieu of Notice**").

In addition to the Employment Agreements, the members of the Management Board have entered into separate mandate agreements with the Company complementing the Employment Agreements, which govern further details with regard to their appointment to the Management Board (the "**Management Board Mandate Agreements**"). The Management Board Mandate Agreements terminate automatically with immediate effect if the respective member of the Management Board resigns, is not re-elected as a Management Board member or is removed from office.

Under the contractual arrangements, each member of the Management Board is subject to customary confidentiality obligations, including with respect to business and trade secrets. Furthermore, their Employment Agreements and Management Board Mandate Agreements provide for non-competition and non-solicitation undertakings. For Mr. Barchewitz and Mr. Schmidt, these non-competition and non-solicitation terms will remain in effect for a period of nine to twelve months following termination (depending on the type of activity). For Mr. Price, these non-competition and non-solicitation terms will remain in effect for a period of six to twelve months following termination (depending on the type of activity).

16.2.3 Compensation and Other Benefits of the Members of the Management Board

16.2.3.1 Compensation

The compensation of the members of the Management Board is governed by the Employment Agreements and is intended to be approved by the Supervisory Board after approval of this prospectus by the CSSF and prior to its publication. The members of the Management Board are entitled in the aggregate to a gross fixed annual base compensation of €1.6 million. The individual base compensation is subject to annual review, but, for Mr. Barchewitz and Mr. Schmidt, cannot be decreased under the contract. Additionally, the Employment Agreements provide for annual performance-based bonuses of up to 50% of the relevant annual base salary.

16.2.3.2 Other Benefits

The Employment Agreements provide for pension-related payments and contributions in the amount of up to 10% of the relevant annual base salary. The members of the Management Board are also provided with non-cash compensation in the form of certain benefits in kind, including medical insurance and life insurance. In 2019, members of the Management Board are expected to receive in the aggregate less than €100,000 in total non-cash compensation for such benefits in kind. Additionally, the Employment Agreements provide for reimbursement of all expenses reasonably incurred in the performance of their duties.

Furthermore, the members of the Management Board are also covered by D&O insurance policies with reasonable coverage. The D&O insurance policies cover financial losses arising from a breach of duty on the part of the members of the Management Board in the course of their duties.

16.2.3.3 Participation in Long-Term Incentive Plans

All three members of the Management Board will take part in the Company's new long-term incentive plan (the 2019 LTIP) which is intended to be implemented following the Offering (see "*16.4.2 New Long-Term Incentive Plan*"). As part of such plan, in 2019 and following the Offering Mr. Barchewitz and Mr. Schmidt are each expected to receive up to 310,800 and Mr. Price up to 161,280 restricted stock units (RSUs). The final amounts are determined based on a fixed amount divided by the Offer Price. These grants will generally vest annually in equal tranches based on continuous employment over three years in 2020, 2021 and 2022.

Additionally, the plan provides for annual grants of performance stock units (PSUs) to Management Board members, subject to a performance assessment. As part of such plan, in 2019 and following the Offering a grant of up to 207,200 performance stock units is expected for each of Mr. Barchewitz and Mr. Schmidt, and 80,640 for Mr. Price. The final amounts will be determined based on a fixed amount divided by the Offer Price. These performance stock units will vest in equal tranches over three years from the date of grant, depending on performance against targets.

For Management Board members, it has been agreed that in the event of termination of their contracts other than for cause, granted restricted stock units will vest on a pro-rata basis for such period of the relevant vesting period that has already lapsed. In these cases, a proportion of performance stock units will vest subject to ultimate performance against pro-rata targets as determined on the originally intended date (i.e. after the full vesting period). With respect to other leaver events and any change in control, the relevant provisions of the new long-term incentive plan are described in *"16.4.2 New Long-Term Incentive Plan"*.

Upon vesting, each restricted stock unit and performance stock unit entitles the holder to one share in the Company or, at the election of the plan administrator (i.e. the Supervisory Board for members of the Management Board) a cash payment of equivalent value. The acquisition of such shares is subject to any applicable lock-up or closed periods. Shares acquired by the members of the Management Board will be subject to post-vest holding periods, such that the after-tax number of shares acquired may not be sold for a period of four years following the relevant grant date.

Additionally, it is expected that Mr. Schmidt, shortly after the Offering, will be entitled to 475,567 fully vested regional cash awards (RCAs) under one of the Company's existing regional incentive plans (see "*16.4.1 Current Long-Term Incentive Plans*") in connection with his previous employment within the Group. The maximum expected gross cash payment to Mr. Schmidt for his vested regional cash awards in connection with relevant liquidity events, including this Offering, would amount to approximately €5.3 million which, for the most part, would become due twelve months following the Offering.

16.2.4 Shareholdings of the Members of the Management Board in the Company

No member of the Management Board directly or indirectly holds any shares in the Company.

One member of the Management Board, Mr. Schmidt, is expected to be entitled to 125,644 shares in the Company in connection with his trust participation in a subsidiary of the Company which trust participation is planned to be rolled-up to the level of the Company (see "*16.5.2 Subsidiary Trust Arrangements*").

Two members of the Management Board, Mr. Barchewitz and Mr. Schmidt, have been granted or are expected to be granted call options over shares in the Company following the Offering under one of the Company's existing regional incentive plans (assuming the intended settlement of relevant instruments is in shares of the Company) (see "*16.4.1 Current Long-Term Incentive Plans*") in connection with their positions within GFG held

prior to their appointment as members of the Management Board. Vested call options may be exercised following the Offering as a relevant liquidity event, subject to any applicable lock-up or closed periods.

The number of (vested) call options, assuming all of them are granted to Mr. Barchewitz and Mr. Schmidt, including the corresponding exercise prices, is outlined in the following table:

	Christoph Barchewitz		Patrick Schmidt	
Exercise Price Per Option (in €)	**Options granted**	**Options vested**	**Options granted**	**Options vested**
0.01	127,943	53,310	157,682	–(1)
1.00	–	–	553	553
5.37	208,755	75,384	–	–
5.99	49,597	17,910	62,826	–(1)
6.15	198,070	71,525	250,899	–(1)
7.99	157,632	56,923	199,675	–(1)
32.90	–	–	125,860	110,127
Total GFG Options Granted and Vested	**741,997**	**275,052**	**797,495**	**110,680**

(1) The first vesting of these options for Mr. Schmidt will only occur from July 1, 2019.

All three Management Board members may receive shares in the Company in the future under the new long-term incentive plan (the 2019 LTIP) as described in the preceding section "*16.2.3 Compensation and Other Benefits of the Members of the Management Board*".

Each Management Board member has agreed to a 12-month lock-up provision with substantially similar terms to those outlined in "*3.9.2. Lock-Up of the Existing Shareholders and Coordination Agreement*" , subject to certain exceptions including the absence of an option to sell up to 20% of their aggregate number of shares following the first 180 days of the lock-up period.

16.3 Supervisory Board

The Supervisory Board is responsible for carrying out the permanent supervision and control of the Management Board, without being authorized to interfere with such management. For this purpose, the Supervisory Board has an unlimited right of information regarding all operations of the Company and may inspect any of the Company's documents. It may request the Management Board to provide any information necessary for exercising its functions and may directly or indirectly proceed to all verifications which it may deem useful in order to carry out its duties.

The members of the Supervisory Board are appointed by the general meeting of shareholders by way of simple majority vote of the shares present or represented. The general meeting of shareholders also determined the Supervisory Board members' remuneration and the terms of their office. Any The members of the Supervisory Board are elected for a term not exceeding a period ending at the expiration of the general meeting of shareholders that resolves on the discharge for the exercise of the Supervisory Board member's mandate for the fourth financial year of the term of office. The year of appointment does not count towards the fourth year. Members of the supervisory board may be re-appointed for successive terms. Any member of the Supervisory Board may be removed from office at any time, with or without cause by the general meeting of shareholders at a simple majority vote of the shares present or represented.

According to the Articles of Association, the Supervisory Board must be composed of at least three members. Currently, the Supervisory Board consists of six members. The Supervisory Board shall elect among its members a chairman and deputy chairman, and it may elect a secretary who does not need to be a shareholder or a member of the Supervisory Board. It is intended that the Supervisory Board will elect Ms. Gordon as chairman and Mr. Ganev as deputy chairman immediately after approval of this Prospectus by the CSSF and prior to its publication.

If a legal entity is appointed as member of the Supervisory Board, such legal entity must designate an individual as permanent representative who shall perform this role in the name and on behalf of the legal entity. The relevant legal entity may only remove its permanent representative if it appoints a successor at the same time. An individual may only be a permanent representative of one member of the Supervisory Board and may not be a member of the Management Board at the same time. An individual cannot be a permanent representative of a member of the Supervisory Board and of a member of the Management Board at the same time.

Pursuant to its rules of procedure, the Supervisory Board shall hold at least one meeting in each calendar quarter. Additional meetings are convened by the chairman if necessary. Unless otherwise provided by mandatory law or its rules of procedure, resolutions of the Supervisory Board are passed with a simple majority of the votes cast. In case of a tie, the chairman of the Supervisory Board has a casting vote.

Generally, the Supervisory Board adopts resolutions in meetings. However, the Supervisory Board may also adopt resolutions by circular means when expressing its approval in writing (by electronic mail or otherwise), provided that each of the members of the Supervisory Board participates in such resolution by circular means.

16.3.1 Composition and Biographical Information

The table below lists the current members of the Company's Supervisory Board appointed by the extraordinary shareholders' meeting of the Company held on May 31, 2019, in the context of the implementation of the two-tier governance structure, subject to the condition precedent and effective from approval of this Prospectus by the CSSF.

Name	Age	Member since	Appointed until	Principal occupation outside the Company
Cynthia Gordon (Chairman)	56	2019(1)	2022	Advisor and investor
Georgi Ganev (Deputy Chairman) ...	43	2019(2)	2022	Chief executive officer of Kinnevik AB
Alexis Babeau	54	2019(3)	2022	Non-executive director and chair of the audit committee of Axa France Vie S.A. and Axa France IARD S.A.
Victor Herrero	50	2019(4)	2022	Non-executive board member of GIII Apparel Group, Ltd., Coppel S.A. DE C.V. and C&J Clark Limited
Carol Shen	57	2019	2022	Founder and chief executive officer of Phase2 Limited
Laura Weil	62	2019	2022	Founder and managing partner of Village Lane Advisory LLC

(1) Previously member of the Board of Directors of the Company since 2017.
(2) Previously member of the Board of Directors of the Company since 2018.
(3) Previously member of the Board of Directors of the Company since 2014.
(4) Previously member of the Board of Directors of the Company since 2019.

The following description provides summaries of the curricula vitae of the current members of the Company's Supervisory Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

Cynthia Gordon was born in India in 1962.

Ms. Gordon has more than 20 years of experience in the telecom and digital sector across Europe, MENA, Asia and Russia/CIS. She was Board member of Kinnevik AB, CEO of Millicom Africa and group CCO for Ooredoo. She is currently board member of Tele2 and a number of entrepreneurial companies. She previously worked at Orange, where she served as Vice-President of Business Marketing from 2001 to 2006 and as Vice-President of Partnerships and emerging Markets from 2009 to 2012.

Ms. Gordon has been the chairman of the Board of Directors of GFG (prior to the implementation of the two tier-governance structure) since April 2017 and is the chairman of the Supervisory Board.

Alongside her office as a member and the chairman of the Supervisory Board, Ms. Gordon is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside GFG:

Current:

- Tele2, Bayport and BIMA mobile (non-executive director); and
- Josen Partners, Comart Ltd and Partan Ltd (owner/director).

Previous:

- Kinnevik AB (non-executive director);
- Millicom (member of executive committee);
- Ooredoo (member of management committee); and
- Indosat (non-executive director).

Georgi Ganev was born in Gamla Uppsala, Sweden, on 16 May, 1976.

Mr. Ganev graduated with a Master of Science in Engineering and Information Technology from Uppsala University in 2000.

Mr. Ganev was appointed CEO of Kinnevik in January 2018. He joined Kinnevik from Dustin Group where he has served as CEO since 2012. Prior to Dustin Group, Mr. Ganev was CMO at Telenor Sweden AB from 2010 to 2012 and CEO of Bredbandsbolaget AB 2007-2010. From 2002 to 2007, Mr. Ganev worked within the Kinnevik Group as Sales & Marketing Director and Product Manager at Tele2.

Alongside his office as a member and deputy chairman of the Supervisory Board, Mr. Ganev is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside GFG:

Current:

- Kinnevik AB (chief executive officer);
- Tele2 AB (board member); and
- Kinnevik New Ventures AB, Emesco Aktiebolag, Invik & Co AB, Millcellvik AB, Kinnevik Online AB, Kinnevik Consumer Finance Holding AB, Kinnevik Online Holding AB, Kinnevik Media Holding AB, Kinnevik Internet 2 AB, Kinnevik Internet 1 AB, Kinnevik Consumer Finance 1 AB, Kinnevik East AB, Kinnevik Sweden Holding AB, Kinnevik Lagerbolag AB and Metro International IP Holding Sweden AB (chairman of the board).

Previous:

- Tele2 AB (board member);
- Dustin Group (chief executive officer and president);
- Telenor Sweden AB (chief marketing officer); and
- Bredbandsbolaget (chief executive officer).

Alexis Babeau was born in Paris, France, on December 10, 1964.

Mr. Babeau holds a master's degree in civil engineering from the École Spéciale des Travaux Publics in Paris.

Mr. Babeau started his career as an auditor for Arthur Andersen, then moving to the controlling department of Bollore Group. In 1999, he became Group Controller of Carrefour and moved to Kering Group as Chief Financial Officer of Finarref in 2001. In 2004, Mr. Babeau became Executive Vice-President and Chief Financial Officer of Gucci Group and Chief Operating Officer of Gucci Group in 2009. Afterwards, he held a position as Managing Director of Kering Luxury and was a member of the Kering executive committee from 2011 to 2014. Since 2015, Mr. Babeau has also been Non-Executive Director and chairman of the audit committees of Axa France Vie and Axa France IARD.

Alongside his office as a member of the Supervisory Board of GFG, Mr. Babeau is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside GFG:

Current:

- Axa France Vie S.A. (non-executive director and chairman of the audit committee); and
- Axa France IARD S.A. (non-executive director and chairman of the audit committee).

Previous:

- Brioni SpA (chairman);
- Guccio Gucci Spa (director);
- Yves Saint Laurent SAS (director);
- Balenciaga SA (director);
- Birdswan Ltd (director);
- Stella McCartney Ltd (director);
- Sergio Rossi Spa (director);
- Pomellato Spa (director);
- Qeelin Luxembourg SA (director);
- Sowind SA (director);
- Christopher Kane Ltd (director); and
- Boucheron Holding SAS (director).

Victor Herrero was born in La Coruna, Spain, on August, 3 in 1968.

Mr. Herrero received his Master's in Business Administration from Northwestern University's Kellogg School of Management in 2003, a Bachelor in Law from the University of Zaragoza in 1993 and a Bachelor of Business Administration from ESCP Europe in 1992. Mr. Herrero previously served as the chief executive officer of GUESS?, Inc. from 2015 to Feb 2019. From 2003 to 2015, Mr. Herrero served in a variety of capacities at INDITEX, S.A., one of the world's largest fashion retailers and the parent company of numerous brands including Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe. As the Head of Asia Pacific from 2012 to 2015, Mr. Herrero was responsible for building the company's business in Asia, which included launching its online business in the region. Mr. Herrero also previously worked as a management consultant for Arthur Andersen.

Alongside his office as a member of the Supervisory Board, Mr. Herrero is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside GFG:

Current:

- GIII Apparel Group, Ltd. (non-executive board member);
- Coppel S.A. DE C.V. (non-executive board member);
- C&J Clark Limited (non-executive board member); and
- Kellogg Alumni (member of the advisory board).

Previous:

- GUESS?, Inc. (chief executive officer and director).

Carol Shen was born in Taipei, Taiwan on October 15, 1961.

Ms. Shen holds a Master of Science degree in Advertising from Northwestern University and a Bachelor's degree in law from Law Department at Taiwan University.

Ms. Shen worked as an Account Director at Taiwan Leo Burnett from 1986 to 1990 and at Taiwan Ogilvy & Mather from 1990 to 1992. Ms. Shen joined The Estée Lauder Companies in 1992 as Brand Manager for Estée Lauder in Taiwan. From January 2000 through October 2001, she served as Field Marketing Director, Estée Lauder Asia Pacific. She was then promoted to Managing Director of The Estée Lauder Companies China Affiliate, a position she filled from 2001 to 2012. Following her time at The Estée Lauder Companies, Ms. Shen served as President of Gucci China from September 2012 to January 2014, where she directed Gucci's business in Mainland China, Taiwan and Macau, the largest business unit for Gucci in Asia Pacific. After leaving Gucci, Ms. Shen founded Phase2 Limited, an advisory services business. She also sits on the board of directors of Enzo, a Chinese Jewelry company, and acts as an operations partner in select private equity firms.

Alongside her office as a member of the Supervisory Board of the Company, Ms. Shen is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside GFG:

Current:

- Phase2 Limited (founder and chief executive officer); and
- Enzo (member of board of directors).

Previous:

- Gucci, China (president); and
- Estée Lauder Companies, China (managing director).

Laura Weil was born in Birmingham, Alabama, U.S.A. on February 14, 1957.

Ms. Weil received an AB in Art History and Government from Smith College and an MBA from Columbia University.

Ms. Weil served in various roles at Lehman Brothers from 1979 to 1988, then joined L'Herbier de Provence as business manager from 1988 to 1989. From 1989 to 1992, she served as chief financial officer of credit operations and vice president of finance for R.H.Macy & Co. Ms. Weil then worked as the senior vice president of investment banking for Oppenheimer & Co. from 1992 to 1995. From 1995 to 2005, Ms. Weil served as the chief financial officer and executive vice president of American Eagle Outfitters, Inc. and, from 2005 to 2006, chief operating officer and senior executive vice president at Ann Taylor Corp. Starting in 2006, she worked as a retail consultant and private investor before joining Ashley Stewart as chief executive officer from 2008 to 2011. From 2012 to 2014, Ms. Weil served as chief operating officer and executive vice president for New York & Company before assuming her current role as founder and managing partner of Village Lane Advisory LLC.

Alongside her office as a member of the Supervisory Board of the Company, Ms. Weil is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies or partnerships outside GFG:

Current:

- Village Lane Advisory LLC (founder and managing partner);
- Carnival Corporation & PLC (board member, member of the audit and compensation committees);
- Bamboo Rose (board member);
- Christopher & Banks Corporation (board member, chairman of the nominating and governance committee, member of compensation committee);
- Daniel's Jewelers (board member); and

- Public Prep Charter Network (board trustee).

Previous:

- Ultra Stores Inc. (board member, chairperson of audit committee);
- Aritzia (board member); and
- New York & Company (chief operating officer/executive vice president).

The members of the Supervisory Board may be reached at the Company's office at 5, Heienhaff, L-1736 Senningerberg, Luxembourg (tel.: +352 26340059).

16.3.2 Committees of the Supervisory Board

The Supervisory Board has established the following committees:

The ***Audit Committee*** oversees the accounting and financial reporting processes of the Company, the integrity of the financial statements and publicly reported results, and the adequacy and effectiveness of the risk management and internal control frameworks as well as the choice, effectiveness, performance and independence of the internal and external auditors. On the date of this Prospectus, the members of the committee are Mr. Babeau (chairman), Mr. Herrero and Ms. Weil.

The ***Sustainability Committee*** assists the Supervisory Board with the oversight of its responsibilities in connection with the Company's sustainability policies and practices, in particular in relation to health, safety, environment and compliance with laws concerning environmental and social matters and the review of their implementation. On the date of this Prospectus, the members of the committee are Mr. Herrero (chairman), Ms. Shen and Ms. Gordon.

16.3.3 Contractual Arrangements with the Members of the Supervisory Board

The current members of the Supervisory Board have been appointed in the context of the implementation of the two-tier governance structure by resolution of the extraordinary shareholders' meeting of the Company held on May 31, 2019, in accordance with the Articles of Association and applicable law. The Company subsequently entered into a mandate agreement with each member of the Supervisory Board (together the "**Supervisory Board Mandate Agreements**"). These agreements aim to confirm the appointment by the shareholders of the Company and the acceptance of such appointment by the respective Supervisory Board member, the responsibilities of the member pursuant to applicable laws and constitutional documents and internal regulations, and the remuneration associated with such role. These agreements are not meant to establish any separate service or employment relationship between the Company and the respective Supervisory Board member in addition to the office of the Supervisory Board of the Company. The respective term of office runs from the date of this Prospectus until the expiration of the general meeting of shareholders approving the financial year 2021.

16.3.4 Compensation and Other Benefits of the Members of the Supervisory Board

The compensation of the Supervisory Board was resolved by an extraordinary shareholders' meeting of the Company held on May 31, 2019, in the context of the implementation of the two-tier governance structure. Each member of the Supervisory Board receives a fixed annual remuneration of €35,000. The Chairperson of the Supervisory Board receives an additional fixed annual remuneration of €45,000 and the Deputy Chairperson of the Supervisory Board receives an additional fixed annual remuneration of €25,000. The members of the Audit Committee and the Sustainability Committee receive an additional fixed annual remuneration of €10,000, with the Audit Committee Chairperson and the Sustainability Committee Chairperson instead receiving an additional fixed annual remuneration of €40,000 and €35,000 respectively. Ms. Gordon and Mr. Ganev have each individually waived their current remuneration towards the Company, but either or both may decide to revoke their respective waiver in the future.

16.3.5 Shareholdings of the Members of the Supervisory Board in the Company

No member of the Supervisory Board directly or indirectly holds any shares in the Company or call options over shares in the Company. However, certain members of the Supervisory Board, namely Ms. Gordon, Mr. Babeau, Mr. Herrero and Ms. Weil, have indicated an interest in purchasing shares in the Offering as described in more detail in "*3.9.3 Guaranteed Allocation for and Lock-Up of the Purchasing Board Members*".

16.4 Long-Term Incentive Plans

16.4.1 Current Long-Term Incentive Plans

Our initial share incentive plan was approved by the Board of Directors of the Company in January 2015 (the **Initial Plan**") and amended in May 2017, November 2017, February 2018 and September 2018 (including such amendments, the "**Current Plan**"). The Current Plan will expire after January 20, 2030, i.e., awards can only be granted until that time and instruments granted under the Initial Plan can only be exercised until that time. The administrator for the Current Plan and all regional sub-plans is the Management Board and, concerning the participation of Management Board members, the Supervisory Board (in each case, the "**Administrator**").

The Initial Plan allows, amongst others, for the granting of call options over shares in the Company to members of the Company's management, the management of its subsidiaries and other employees of the Group. Vesting under the Initial Plan began for some participants from January 1, 2015, and any unvested call options shall be fully vested by the end of March 2020. The call options granted under the Initial Plan have a fixed exercise price. Strike prices for the call options granted under the Initial Plan are €41.12, €32.90, €12.17, €9.74 and €1.00. In most of the cases vesting is based on continuous employment. The liquidity events triggering the right to exercise vested call options are (i) the closing of an initial public offering of the Company's shares (a "**Trading Date**"), including this Offering, or (ii) a sale of more than 50% of the shares in the Company or a transaction in relation to GFG having a similar economic effect (a "**Corporate Transaction**").

The Initial Plan was amended in May 2017, November 2017, February 2018 and September 2018 by the Board of Directors of the Company to authorize the establishment of regional incentive plans, allowing for the granting of awards linked to the development of the value of individual regional sub-groups (the "**Regional Incentive Plans**"). Vesting under the Regional Incentive Plans commenced for some participants from January 1, 2015. For the majority of participants, vesting under the Regional Incentive Plans is set to end in December 2020. The Regional Incentive Plans envisage both public offerings and trade sales as liquidity events.

Additionally, the Current Plan permits certain liquidity events under which eligible participants can liquidate a portion of their vested units in return for a cash payment. In 2018, there was a liquidity event under which a maximum amount of €578,264 may still be paid out to the relevant plan participants. There is also an ongoing liquidity event in 2019 under which a maximum amount of €3,418,048 may be paid out to the relevant plan participants. Moreover, under the Current Plan, the Company is in the process of paying out €714,961 to plan participants whose vested options were liquidated in connection with the disposal of Namshi.

The Current Plan consists of the following Regional Incentive Plans:

- the Synthetic Regional Stock Option Plan (the "**SRSO Plan**");
- the Regional Cash Bonus Award Plan (the "**RCBA Plan**"); and
- the Regional Cash Award Plan (the "**RCA Plan**").

Awards granted under the SRSO Plan are referred to as "**SRSOs**". The value of SRSOs develops in line with the performance of the regional sub-group of GFG to which the SRSOs relate. SRSOs have been granted in relation to a number of different regional sub-groups and with different strike prices. The Administrator of the SRSO Plan has a large degree of discretion, in particular in determining the form in which the SRSOs are settled (i.e., shares in the Company, shares in a subsidiary, other financial instruments or cash).

Awards granted under the RCBA Plan are referred to as "**RCBAs**". The RCBA Plan was modelled after the SRSO Plan, but RCBAs are primarily settled in cash (virtual call options) to allow the Company to comply with legal and tax requirements in local jurisdictions, albeit the Administrator has discretion to settle in shares in the Company, shares in a subsidiary and other financial instruments.

The following table provides a breakdown of the call options over shares in the Company granted or expected to be granted under the Current Plan (assuming that all SRSOs and RCBAs are to be settled in shares of the Company) as of the date of this Prospectus:

Weighted Average Strike Price	Outstanding Call Options	Total Strike Price	Vested Call Options	Unvested Call Options
(in €)		(in €)		
0.01	1,554,507	15,545	1,320,658	233,849
5.99	3,874,913	23,226,891	1,495,799	2,379,114
9.71	4,528,067	43,959,090	3,600,093	927,975
35.84	285,965	10,250,143	264,045	21,920
Total	**10,243,452**	**77,451,669**	**6,680,595**	**3,562,857**

Of the outstanding call options reflected in the table above, 394,112 shall expire at the end of 2024. All other call options expire after 2024. The call options may be exercised following an Unrestricted Liquidity Event or a Restricted Liquidity Event, subject to any exercise windows put in place by the Company and any applicable blackout or close periods.

Awards granted under the RCA Plan are referred to as "**RCAs**" and have a cash bonus style design, which are settled only in cash to allow the Company to grant awards to participants in certain jurisdictions specifically adjusted to local legal and tax requirements. The nominal amount of each RCA is €1.00. The ultimate amount payable with respect to RCAs is based upon regional performance against a management performance score (MPS) table.

There are currently 983,269 vested and 257,399 unvested €1.00 nominal value RCAs outstanding. The maximum cash outflow from the RCA Plan in connection with the Offering as a relevant liquidity event is expected to amount to approximately €9.4 million (including payments to one of the members of the Management Board – see "*16.2.3.3 Participation in Long-Term Incentive Plans*") and would generally become due twelve months after the Offering. The total cash outflow from the remaining outstanding RCAs is expected to be a maximum of €1.3 million. The Company may decide in the future to offer certain participants of the RCA Plan the option to transfer vested and unvested RCAs into the new long-term incentive plan of the Company (see "*16.4.2 New Long-Term Incentive Plan*"), in which case the cash outflow under the RCA Plan would be reduced accordingly.

One portion of each of the SRSOs, RCBAs and RCAs is granted unrelated to performance (the "**Base Grant Awards**"), while the granting of another portion depends on the achievement of financial, individual and/or company performance indicators (the "**Performance-based Awards**"). Vesting of both Base Grant Awards and Performance-based Awards is only connected to continuous employment and occurs on a quarterly basis.

The (external) liquidity events triggering the right to exercise SRSOs and RCBAs, or, in the case of RCAs, triggering maturity and payability, are the occurrence of (i) a Trading Date or a Corporate Transaction at the level of the Company or a Trading Date at the level of the relevant regional sub-group (an "**Unrestricted Liquidity Event**") or (ii) a Corporate Transaction or certain transactions involving the disposal of a minority stake in relation to the relevant regional sub-group or the transfer of more than 50% of the book value of its assets (the alternatives of (ii) together the "**Restricted Liquidity Events**").

16.4.2 New Long-Term Incentive Plan

The Company intends to implement a new long-term incentive plan (the "**2019 LTIP**") following the Offering. The 2019 LTIP provides for the granting of restricted stock units (the "**RSUs**") and performance stock units (the "**PSUs**"). Upon vesting of these awards, participants will acquire either (a) shares in the Company (one unit representing one share) which may be freely traded, subject to any required closed periods or if a post-vest holding period is applicable, or (b) a cash payment of equivalent value (at the election of the relevant Administrator). The Administrator of the 2019 LTIP is the Management Board and, concerning participating Management Board members, the Supervisory Board. The Company expects to grant awards under the 2019 LTIP of up to a maximum of 9,283,529 shares in the first three years in which the plan operates. The actual number of awards granted will depend on, among other things, the Offer Price achieved.

Generally, RSUs will vest based on continuous employment and in equal tranches on the first, second and third anniversaries of the grant date. Management Board members and certain key employees will be granted

PSUs subject to performance conditions. The PSUs will generally vest on the same schedule as the RSUs (i.e., over a three year period). However, PSUs will only vest subject to performance against Adjusted EBITDA margin and NMV growth targets. These targets will be determined on an annual basis. Performance will be calibrated such that 40% of the PSUs granted vest for threshold performance, with 100% vesting at maximum performance. At target performance, 70% of the PSUs shall vest. Between threshold performance and target performance, and between target performance and maximum performance the level of vesting shall be determined on a straight-line basis. The Administrator of the plan may use its discretion to make adjustments to targets and the level of vesting where it deems appropriate, for example in the event that an acquisition or disposal has had a material impact upon the achievement of the performance targets.

Where an individual's contract with GFG ceases during the vesting period, in general any unvested RSUs or PSUs shall be forfeited. However, should an individual leave employment for certain "good leaver" reasons, for example disability or ill health, a proportion of RSUs or PSUs will vest based on the time served during the vesting period until the end of employment. The level of vesting of the PSUs will generally only be determined after the expiration of the relevant full performance period. In the case of a change of control at the level of the Company, accelerated vesting occurs based on the time served during the vesting period until the change of control. For PSUs, in these cases, performance is measured based upon the Administrator's determination of performance during the relevant period against pro-rata targets.

For certain employees, a one-year post-vest holding period applies to RSUs and PSUs. For members of the Management Board, a post-vest holding period applies such that the after-tax number of shares acquired may not be sold for a period of four years following the relevant grant date. Termination of a participant's contract does not affect any applicable post-vest holding period.

16.5 Participations under Trust and Angel Agreements

16.5.1 GFG Trust Arrangements

Certain managers, employees/officers, supporters or former employees/officers and supporters of the Company or its subsidiaries as trustors (the "**Trustors**") hold either directly or via their respective investment vehicles 2,869,558 shares in the Company through certain entities acting as trustees (the "**Trustees**"). The internal relationship between the Trustors and the Trustees is in each case governed by a trust agreement. The relationship between the Company and certain Trustors is governed by an angel agreement (trust and angel agreements together the "**GFG Trust Arrangements**").

16.5.2 Subsidiary Trust Arrangements

In the time between 2011 and 2014, prior to the creation of the Company, certain managers, employees/officers, supporters or former employees/officers and supporters (or their respective investment vehicles) as Trustors have entered into certain trust agreements on non-standardized terms relating to the trust participations in various entities, that are now subsidiaries of the Company, through the Trustees and certain other entities acting as trustees (the "**Subsidiary Trust Arrangements**"). These Subsidiary Trust Arrangements, except for those related to our former business in India (Jabong), are scheduled to be exchanged for participations on the level of the Company (the "**Roll-Up**"), mainly in one of the following two ways:

- <u>*Roll-up the chain:*</u> Transfer of the Subsidiary Trust Arrangements to the level of the Company, i.e., converting them into GFG Trust Arrangements by way of capital increases and contributions up the chain up to the level of the Company.
- <u>*Cancel/Call:*</u> Cancellation/settlement of the Subsidiary Trust Arrangements for nominal/zero consideration and entering into individual call option agreements for common shares in the Company.

The maximum amount of new shares of the Company that could be issued in the context of the Roll-Up amounts to 1,309,024 (corresponding to approximately 0.6% of the Company's total share capital following completion of the Offering, assuming placement of all Offer Shares and full exercise of the Greenshoe Option).

16.6 Individual Call Option Agreements over Shares in the Company

The Company has entered into individual call option agreements with certain former or current senior management members, key employees and supporters of the Group based on non-standardized terms (the "**Individual Call Option Agreements**").

The Individual Call Option Agreements have been entered into to give the relevant beneficiaries the right to subscribe for common shares in the Company in order to commit the beneficiaries to the Company. The vesting of such call options is connected to continuous employment with no link to financial or individual performance indicators.

As of the date of this Prospectus, under the Individual Call Option Agreements, 720,565 call options are outstanding and have not been exercised. The Company would be required to issue a total of up to 720,565 new shares to the respective beneficiaries (corresponding to approximately 0.3% of the Company's total share capital following completion of the Offering, assuming placement of all Offer Shares and full exercise of the Greenshoe Option) if all call options were exercised. Of these call options, 372,146 have no expiry date, and the remainder expire on December 31, 2030. The call options become exercisable upon vesting.

The following table provides a breakdown of the outstanding call options granted under the various Individual Call Option Agreements as of the date of this Prospectus:

Weighted Average Strike Price	Outstanding Call Options	Total Strike Price	Vested Call Options	Unvested Call Options
(in €)		(in €)		
0.015	720,565	11,026.45	572,038	148,527
Total	**720,565**	**11,026.45**	**572,038**	**148,527**

16.7 Certain Information regarding the Members of the Management Board and Supervisory Board; Conflicts of Interest

In the last five years, no member of the Management Board and Supervisory Board has been convicted of fraudulent offences in its capacity as a member of any administrative, management or supervisory body.

In the last five years, no member of the Management Board and Supervisory Board has been associated with any bankruptcy, receivership or liquidation acting in its capacity as a member of any administrative, management or supervisory body.

In the last five years, no official public incriminations and/or sanctions have been pending or imposed by statutory or legal authorities, including designated professional bodies, against the members of the Management Board and Supervisory Board.

No court has ever disqualified any of the members of the Management Board and Supervisory Board from acting as a member of the administrative, management, or supervisory body of an issuer for at least the previous five years.

No court has disqualified any of the members of the Management Board and Supervisory Board from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Certain members of the Management Board hold, directly or indirectly, equity-linked instruments relating to the Company. Conflicts of interest may arise between maximizing the value of these instruments and focusing on the interests of the Company. For some of these instruments the Offering constitutes a liquidity event. Mr. Barchewitz participates in an equity-linked incentive program set up by Kinnevik AB, where he worked as an investment director. The value of these plan interests depends in part on the development of the Company's value.

Ms. Gordon and Mr. Ganev have been elected as members of the Supervisory Board based on an arrangement concluded between the Company's shareholders.

The Purchasing Board Members (namely, Supervisory Board members Ms. Gordon, Mr. Babeau, Mr. Herrero and Ms. Weil) have indicated an interest in purchasing an aggregate of up to €0.5 million in shares in this Offering at the Offer Price. All orders placed by the Purchasing Board Members will be completely filled.

Except for the potential conflicts of interest mentioned above, there are no other conflicts of interest or potential conflicts of interests between members of the Management Board and Supervisory Board with respect to their duties to the Company on the one hand and their private interests, membership in governing bodies of companies, or other obligations on the other hand.

None of the members of the Management Board and Supervisory Board have entered into a service agreement with a the Company or any subsidiary of the Group that provides for benefits upon termination of employment or office.

There are no family relationships between the members of the Management Board and Supervisory Board, either among themselves or in relation to the members of the respective other body.

16.8 General Shareholders' Meeting

Pursuant to Article 12 of the Articles of Association, the annual general shareholders' meeting shall be held within six months of the end of each financial year in Luxembourg at the registered office of the Company or any other place in Luxembourg indicated in the convening notice for the general shareholders' meeting. Except as otherwise provided in the Articles of Association or by law, the convening notice shall be made through announcements published fifteen days before the meeting, in the Luxembourg official gazette on *RESA, Recueil Électronique des Sociétés et Associations*, as well as in a Luxembourg newspaper, and, for as long as the shares remain listed on a regulated market, at least 30 days prior to the meeting, in such media as may reasonably be relied upon for the effective dissemination of information throughout the European Economic Area (**"EEA"**) in a manner ensuring fast access to it on a nondiscriminatory basis as well as on the website of the Company (www.global-fashion-group.com).

Except as otherwise provided in the Articles of Association and by law, resolutions at a general meeting of shareholders duly convened shall not require any presence quorum and shall be adopted at a simple majority of the votes validly cast regardless of the portion of capital represented. Abstentions and nil votes shall not be taken into account. Resolutions to amend the Articles of Association may be adopted by a majority of two thirds of the votes validly cast, without counting the abstentions, if the quorum of half of the share capital is met. If the quorum requirement of half of the share capital of the Company is not met at the first general meeting of shareholders, then the shareholders may be re-convened to a second general meeting of shareholders. No quorum is required in respect of such second meeting and the resolutions are adopted by a supermajority of two thirds of the votes validly cast, without counting the abstentions or nil votes.

One or more shareholders together holding at least 5% of the capital in the Company are entitled to add agenda items and table draft resolutions in respect of a shareholders' meeting.

Once the shares of the Company are listed on a regulated market, a person will only be entitled to participate and vote at a shareholders' meeting of the Company if he holds shares on the record date 14 days prior to the relevant shareholders' meeting. Each share entitles the holder to one vote.

At any general meeting of shareholders, a board of the meeting (*bureau*) shall be formed, composed of a chairman, a secretary and a scrutineer who need neither be shareholders nor members of the Management Board or of the Supervisory Board. The board of the meeting shall especially ensure that the meeting is held in accordance with applicable rules and, in particular, in compliance with the rules in relation to convening, majority requirements, vote tallying and representation of shareholders.

The Articles of Association provide that each shareholder may vote at a general meeting through a signed voting form sent by post, electronic mail, or any other means of communication. However, this form of voting may only be used if the voting forms provided by the Company contain at least the place, date and time of the meeting, the agenda of the meeting, the proposals submitted to the shareholders, as well as for each proposal three boxes allowing the shareholder to vote in favor thereof, against, or abstain from voting by ticking the appropriate box. Voting forms for a proposed resolution that do not show either (i) a vote in favor or (ii) a vote against the proposed resolution or (iii) an abstention are void with respect to such resolution. The Company may only take into account voting forms received prior to the general meeting to which they relate.

A shareholder may act at any meeting of shareholders by appointing another person as his proxy in writing, sent by post, electronic mail, or any other means of communication to the Company. One person may represent several or even all shareholders.

The Management Board has the right to determine further conditions that must be fulfilled by the shareholders for them to take part in any general meeting of shareholders.

The Management Board has the right to adjourn any general meeting of shareholders that has been in progress for four weeks. The Management Board must do so if requested by shareholders representing at least 10% of the

Company's share capital. Such postponement shall cancel all decisions taken in the general meeting of shareholders.

The minutes of the general shareholders' meeting shall be signed by the members of the board of the meeting. Convening notice, agenda, proposed resolutions, ballot papers, proxy and any document to be submitted to the general meeting shall be available as from the day of convening of the general meeting on the Company's website (www.global-fashion-group.com). After the general shareholders' meeting, the results of the vote and the minutes shall be published on the Company's website.

16.9 Corporate Governance

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

The information on the corporate governance of the Company is published on the Company's website (www.global-fashion-group.com). It contains, among others, the Articles of Association and the voluntary declaration of compliance regarding the German Corporate Governance Code (the "**Code**"), adopted in February 2002 and last amended on 7 February 2017, of the Management Board and Supervisory Board.

As a Luxembourg public limited liability company (*société anonyme*) that is listed on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in Germany, we are not required to comply with The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange applicable to Luxembourg incorporated companies that are listed in Luxembourg nor with the German corporate governance regime applicable to stock corporations organized in Germany. As we are intending to list our shares in Germany, we have decided not to follow The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange, but, on a voluntary basis, to a certain extent, the German corporate governance rules. However, certain rules will apply to us only to the extent allowed by Luxembourg corporate law and subject to certain reservations stemming from our corporate structure.

The Code includes recommendations and suggestions for managing and supervising companies listed on German stock exchanges with regard to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and auditing of financial statements. The Code and any amendments to it are published in the German Federal Gazette (*Bundesanzeiger*). While the recommendations and suggestions of the Code are not mandatory, Section 161 of the German Stock Corporation Act (*Aktiengesetz*) – which is not applicable to us – requires the management board (*Vorstand*) and supervisory board (*Aufsichtsrat*) of a listed corporation organized in Germany to declare that the Company has either complied or will comply with the recommendations of the Code, or which recommendations have not or will not be complied with, and explain why certain recommendations are not complied with. This so-called "declaration of compliance" (*Entsprechenserklärung*) must be made available to shareholders on a permanent basis. In contrast, divergence from suggestions contained in the Code need not be disclosed.

We plan, during each fiscal year, on a voluntary basis, to issue a statement to a certain extent comparable to that required for stock corporations organized in Germany pursuant to Section 161 of the German Stock Corporation Act (*Aktiengesetz*) – which does not apply to us – which will be published on our website www.global-fashion-group.com under the "Investor Relations" section and kept available there for five years. However, as a Luxembourg company, our corporate regime is in certain respects different from the system of German corporations presupposed by the German corporate governance rules. Accordingly, we will only be able to follow the German corporate governance rules to the extent allowed by Luxembourg corporate law. Based on these reservations, we have decided to comply with the recommendations of the Code with the following exceptions:

- **No. 3.8 para. 3 of the Code:** The D&O policy for the members of the Management Board and the Supervisory Board does not provide for any deductible. The Company takes the view that such deductible itself is generally not suitable to increase the performance and sense of responsibility of the Management Board and the Supervisory Board members.
- **No. 4.2.1 sentence 1 of the Code:** The current Management Board does not have a chair or spokesperson. The Supervisory Board believes that the three members of the Management Board can work together efficiently and collegially without any member performing such a function.

- **No. 4.2.3 para. 2 sentences 3, 4, 7 and 8 of the Code:** Not all variable components of the Management Board compensation follow the recommendations of the Code. For example, forward-looking performance targets apply to the annual bonuses and vesting of PSUs under the 2019 LTIP, but these targets are determined at the beginning of each year for the relevant fiscal year (sentence 3). The Supervisory Board deems the annual assessment adequate, since the Company is still a young enterprise operating in growth markets whose business performance is therefore difficult to predict. Further, the annual bonus scheme, the 2019 LTIP and the Current Plan do not contain explicit rules requiring the consideration of negative developments (i.e. negative developments are only taken into account in the sense that the relevant targets may not be achieved), and vesting of awards partly occurs based solely upon continuous employment (sentence 4). Additionally, applicable performance targets and comparison parameters may not in all cases be as demanding and relevant as required by the Code (sentence 7), and the number of vesting awards can partly, in exceptional cases, be adjusted when the level of target achievement would not adequately reflect relevant performance (in either a positive or negative sense) due to extraordinary influences (sentence 8). The Supervisory Board believes the overall compensation for the Management Board members to be appropriate and well-balanced, and that further consideration of positive or negative developments is not required. Ex-post amendments in exceptional circumstances seem reasonable to ensure adequate and equitable compensation.
- **No. 4.2.3 para. 2 sentence 6 of the Code:** While annual bonuses and the size of grants under the 2019 LTIP are capped at certain percentages of base salary, there is no cap with regard to the Company's share price once RSUs/PSUs vest or vested call options (granted under the Current Plan) are exercised. 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. There is also no cap for the overall fixed and/or variable compensation.
- **No. 4.2.3 para. 4 and 5 of the Code:** The Employment Agreements of the Management Board members (which exclusively govern their remuneration) have an indefinite term and can be terminated without cause with a six- or nine-month notice period. In the case of Payment in Lieu of Notice, the payment to the respective Management Board member is limited to the pro-rata portion of his base salary and contractual benefits (excluding any bonus) for the relevant notice period. Given this contractual set-up, the Supervisory Board believes that no further cap is required. The 2019 LTIP provides for accelerated vesting of a portion of granted RSUs and PSUs in the case of early termination without cause or a change of control, the value of which – depending on the Company's share price – can exceed the caps recommended by the Code. The Supervisory Board believes this to be an adequate element of the Management Board members' variable compensation.
- **No. 4.2.4, 4.2.5 and 5.4.6 of the Code:** We will carry out our annual reporting the first time as a listed company for the fiscal year 2019. Any disclosure on remuneration will be made in full compliance with laws and regulations applicable to the Company at that point in time. Such requirements may deviate from current requirements due to the outstanding implementation of the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (the "**Shareholder Rights Directive II**" or "**SRD II**") in various member states of the European Union, including Luxembourg. Against this background, we have not yet decided on the details of the disclosure and may in certain parts deviate from the recommendations of the Code.
- **No. 5.3.3 of the Code:** Due to its relatively small size of six members, the Supervisory Board does not find it necessary to form a nomination committee as decisions that would normally be charged to a nomination committee can be made quickly and efficiently by the entire Supervisory Board.
- **No. 7.1.2 sentence 3 of the Code:** In order to ensure high-quality financial reporting, the recommended publication periods may not in all cases be complied. 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.

Similar disclosures will be included in the "declaration of compliance" voluntarily issued by us on an annual basis.

The German Government Commission German Corporate Governance Code (*Regierungskommission Deutscher Corportate Governance Kodex*) adopted a new fully revised version of the Code on May 9, 2019. The new Code is planned to become effective later this year after the implementation of the SRD II in Germany and potentially with amendments in adjustment of such implementation. The Management Board and Supervisory Board will assess the implementation of new and/or revised recommendations as well as potential deviations following the Offering.

17. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are, inter alia, members of the same group as the Company or that are in control of or controlled by the Company must be disclosed unless they are already included as consolidated companies in the Company's consolidated financial statements. Control exists if a shareholder owns more than half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies, including joint ventures, as well as transactions with persons who have significant influence over the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Board of Directors or Management Board and Supervisory Board, respectively, and close members of their families, as well as those entities over which the members of the Board of Directors or Management Board and Supervisory Board, respectively, or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below is a summary of such transactions with related parties for the years ended December 31, 2018, 2017 and 2016, for the three months ended March 31, 2019 and up to and including the date of this Prospectus. Further information, with respect to related party transactions, including quantitative amounts, are contained in the notes to the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 and in the notes to the Company's unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019, which are included in this Prospectus under "23. Financial Information" on pages F-1 et seq. Business relationships between consolidated companies of the Global Fashion Group are not included.

17.1 Transactions with Kinnevik AB and Rocket Internet SE

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.

Related parties to whom the Group maintains business relationships include Rocket Internet SE and Kinnevik AB as they have the ability to exercise significant influence as shareholders of the Group as well as their subsidiaries and joint ventures.

In 2016, Kinnevik AB and Rocket Internet SE provided bridge loans to the Group in the total amount of €95.2 million and €54.8 million, respectively. The Group fully repaid these loans including the accumulated interest during the same period. Cumulated interest expense related to the bridge loans during the year ended December 31, 2016 amounted to €5.8 million and €2.6 million, respectively. The loan was provided as part of an agreement where a further shareholder was involved.

In 2016, Kinnevik AB and Rocket Internet SE acquired preferred convertible shares in the total amount of €160.7 million and €94.4 million, respectively (for more information, see Note 20 to the Company's audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 on page F-75 et seq.). Other existing shareholders of the Company also participated in the 2016 and 2017 financing rounds.

The following table provides the total amount of other transactions that have been entered into with related parties during the twelve months ended December 31, 2018, 2017 and 2016, respectively.

	Sales to related parties	Purchases from related parties	Interest expense on bridge loan	Amounts owed by related parties	Amounts owed to related parties
			(audited) (in € million)		
Entities with significant influence over the Group:					
Rocket Internet SE					
2016	0.1	(2.2)	(8.5)	–	(0.1)
2017	0.1	(0.7)	–	–	(0.1)
2018	–	(0.3)	–	–	–
Associates:					
Wadi International					
2016	–	–	–	0.1	(0.2)
2017	–	–	–	–	–
2018	–	–	–	–	–
Namshi Holding Limited					
2016	–	–	–	–	–
2017	0.4	–	–	0.2	–
2018	0.5	–	–	–	–
Key management personnel of the Group:					
Other directors' interests					
2016	–	–	–	–	–
2017	–	–	–	0.3	–
2018	–	–	–	–	–

At December 31, 2018, 2017 and 2016 receivables from related parties primarily relate to shared services provided. The liabilities to related parties arise mainly from service charges and are due twelve months after the date of purchase. The payables bear no interest.

In the three months ended March 31, 2019, we had sales to our equity accounted investee Namshi Holding Limited prior to its disposal of €0.2 million (three months ended March 31, 2018: €0.2 million) and no purchases from Rocket Internet (three months ended March 31, 2018: €0.1 million). As of March 31, 2019, Namshi Holding Limited owed us €0.2 million (March 31, 2018: €0.1 million). As of March 31, 2019, we did not owe any amount to Rocket Internet (March 31, 2018: €0.1 million).

17.2 Relationships with Members of the Company's Governing Bodies

Compensation paid to key management of the Group (which comprises the Co-Chief Executive Officers and the Chief Financial Officer) for their services consists of their respective contractual salaries and annual discretionary bonuses (short-term employee benefits) as well as equity participation in the form of shares or options (share-based compensation).

Key management of the Group includes the Co-Chief Executive Officers and Chief Financial Officer. Expenses related to the Group's key management personnel amounted to €12.5 million in 2018 (2017: €1.2 million, 2016: €0.6 million). Of this amount, the share-based payment awards resulted in an expense of €10.3 million (2017: nil, 2016: reversal of share-based payment expenses of €0.7 million). All other remuneration is classified as short-term benefits.

18. UNDERWRITING

On June 17, 2019, the Company, the Lending Shareholder and the Joint Bookrunners entered into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering.

Under the terms of the Underwriting Agreement and subject to certain conditions contained therein and the execution of a pricing agreement, each Joint Bookrunner is required to acquire such number of Offer Shares as will be specified and agreed in the pricing agreement, but in any event only up to the maximum number of Offer Shares set forth below opposite the relevant Joint Bookrunners name below:

Underwriters	Maximum Number of Offer Shares to be underwritten(1)	Percentage of Maximum Number of Offer Shares to be underwritten
		(in %)
Goldman Sachs International, Peterborough Court, 133 Fleet Street, London EC4A 2BB, United Kingdom	17,267,250	35.0
Morgan Stanley & Co. International plc, 25 Cabot Square, Canary Wharf London E14 4QA, United Kingdom	17,267,250	35.0
Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany	4,933,500	10.0
HSBC Trinkaus & Burkhardt AG Königsallee 21/23, 40212 Dusseldorf, Germany	9,867,000	20.0
Total	49,335,000	**100.00**

(1) Assuming an issuance of all New Shares and full exercise of the Greenshoe Option.

In connection with the Offering, each Joint Bookrunner and any of their respective affiliates, acting as an investor for its own account, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be construed as including any offering or placement of Offer Shares to the Joint Bookrunners or any of their respective affiliates acting in such capacity. The Joint Bookrunners do not intend to disclose the extent of any such investments or transactions other than in accordance with any legal or regulatory obligation to do so. In addition, the Joint Bookrunners or their respective affiliates may enter into financing arrangements, including swaps with investors, due to which the relevant Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of Offer Shares.

18.1 Underwriting Agreement

In the Underwriting Agreement, the Joint Bookrunners, subject to certain conditions, including the execution of a pricing agreement to determine the Offer Price, agreed to underwrite and purchase the Offer Shares with a view to offering them to investors in this Offering. The Joint Bookrunners agreed to remit to the Company the Offer Price from the sale of the New Shares (less agreed upon commissions and expenses), at the time the Company's shares are delivered to investors, which is expected to be two banking days after admission to trading of the Company's shares (to the extent existing in dematerialized form) on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

For the purpose of potential Over-Allotments, the Stabilization Manager, acting for the account of the Joint Bookrunners, will be provided with up to 6,435,000 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of

the number of New Shares actually placed with investors. In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners the Greenshoe Option (i.e., an option to acquire up to 6,435,000 additional shares of the Company at the Offer Price, less the agreed commissions) for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder.

The obligations of the Joint Bookrunners under the Underwriting Agreement are subject to various conditions, including (i) the agreement of the Joint Bookrunners and the Company on the Offer Price and the final number of New Shares to be purchased by the Joint Bookrunners, (ii) the absence of a material adverse event (e.g., a reasonably likely material adverse change in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity, or results of operations of the Group, or a suspension or material limitation in trading in securities in general on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)), the London Stock Exchange or the New York Stock Exchange, (iii) receipt of customary officers' certificates and legal opinions and (iv) the admission of the Company's shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (to the extent existing in dematerialized form).

The Joint Bookrunners have provided, and may in the future provide, services to the Company in the ordinary course of business and may extend credit to, and have regular business dealings with the Company in their capacity as financial institutions. For a more detailed description of the interests of the Joint Bookrunners in the Offering, see "*3.12 Interests of Parties Participating in the Offering*".

18.2 Commissions

The Joint Bookrunners will offer the Offer Shares at the Offer Price. In return, the Joint Bookrunners will receive a fixed underwriting commission calculated as a percentage of the gross proceeds from the Offering. In addition, the Company may, in its sole discretion, decide to pay the Joint Bookrunners a discretionary fee, which is also calculated as a percentage of the gross proceeds from the Offering.

Assuming placement of 42,900,000 New Shares at the mid-point of the Price Range, exercise of the Greenshoe Option for 6,435,000 shares and payment of the discretionary fee in full, the Company estimates that the Joint Bookrunners would receive commissions in an aggregate amount of approximately €10.4 million in connection with the Offering.

Certain members of our Supervisory Board, namely Ms. Gordon, Mr. Babeau, Mr. Herrero and Ms. Weil, have indicated an interest in purchasing an aggregate of up to €0.5 million in common shares in dematerialized form in this Offering at the Offer Price. All orders placed by the Purchasing Board Members will be completely filled. The underwriters will receive the same commissions on any of our Offers Shares purchased by these individuals as they will from any other Offer Shares sold to the public in this offering.

The base fee may be withheld from the proceeds from the sale of the Offer Shares. The Company will decide whether to grant the discretionary fee, if any, within five banking days after the expiration of the Stabilization Period. The Company has also agreed to reimburse the Joint Bookrunners for certain expenses incurred in connection with the Offering.

18.3 Greenshoe Option and Securities Loan

For the purpose of potential Over-Allotments, the Stabilization Manager, acting for the account of the Joint Bookrunners, will be provided with up to 6,435,000 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the number of New Shares actually placed with investors.

In connection with potential Over-Allotments, the Company has granted the Joint Bookrunners the Greenshoe Option (i.e., an option to acquire up to 6,435,000 additional shares of the Company at the Offer Price, less the agreed commissions) for the sole purpose of enabling the Stabilization Manager to perform its redelivery obligation under the securities loan from the Lending Shareholder. The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after commencement of stock exchange trading of the Company's shares. If and to the extent the Greenshoe Option is exercised, the Company will issue additional new shares to the Joint Bookrunners at the Offer Price which the Joint Bookrunners will then transfer to the Lending Shareholder in order to return the securities loan.

18.4 Termination; Indemnification

The Joint Bookrunners may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allocated and admitted to trading, up to closing of the Offering, in particular, if any of the following has occurred:

- a material adverse change, or any development involving a reasonable likely prospective material adverse change, in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity or results of operations of the Company or the Group;
- the Company or the Group has incurred any liability or obligation, direct or contingent, or entered into any material transaction not in the ordinary course of business, other than in each case as set forth or contemplated in this Prospectus, the effects of which, in any such case, make it, in the joint judgment of the Joint Bookrunners, acting in good faith, after consultation with the Company, to the extent practicable, impracticable or inadvisable to proceed with the offering;
- a suspension in trading on the stock exchanges in Frankfurt am Main, Germany, London, United Kingdom, or New York, United States;
- a general moratorium on banking activities is imposed in Frankfurt am Main, London, or New York by the relevant authorities;
- a material disruption in commercial banking or securities settlement;
- an outbreak or escalation of hostilities or the declaration of a national emergency or war which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States; or
- any acts of terrorism or any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or currency control which have a material adverse impact on the financial markets in Germany, the United Kingdom or the United States.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allocations already made to investors will be invalidated and investors will have no claim for delivery of Offer Shares. Claims with respect to purchase fees already paid and costs incurred by an investor in connection with the purchase will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

In the Underwriting Agreement, the Company has agreed to indemnify the Joint Bookrunners against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

18.5 Selling Restrictions

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, the Lending Shareholder or the Joint Bookrunners to permit a public offering of the Offer Shares anywhere other than in Germany or the transmission or distribution of this Prospectus into any other jurisdiction, where additional actions for that purpose may be required.

Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than in Germany and Luxembourg, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Company does not intend to register either the Offering or any portion of the Offering in the United States, or to conduct a public offering of shares in the United States. The Offer Shares are not and will not be registered pursuant to the provisions of the Securities Act or with securities regulators of individual states of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal requirements. The Offer Shares may only be sold in or into the United States to persons who are QIBs as defined in, and in reliance on, Rule

144A, or pursuant to another available exemption from, or transactions not subject to, the registration requirements of the Securities Act, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other United States legal requirements, and no (i) "direct selling efforts" as defined in Regulation S or (ii) "general advertising" or "general solicitation", each as defined in Regulation D under the Securities Act in relation to the Offer Shares may take place. Any offer or sale of Offer Shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the Securities Act. Terms used above shall have the meanings ascribed to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act, if such offer or sale does not comply with Rule 144A or another exemption from registration under the Securities Act.

In the United Kingdom, this Prospectus is only addressed and directed to investors (i) who have professional experience in matters relating to investments falling within Article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and/or (ii) who are high net worth entities falling within Article 49 para. 2 lit. a) through d) of the Order and (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). In the United Kingdom, the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire Offer Shares in the United Kingdom will only be engaged with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

No offer to the public of any Offer Shares which are the subject of this Offering has been and will be made in any member state of the EEA, other than the offer contemplated in this Prospectus in Germany (once the Prospectus has been approved by the CSSF and published in accordance with Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the "**Prospectus Directive**")) and implemented in Luxembourg, except that offer to the public of Offer Shares in any member state of the EEA is permitted in accordance with the following exceptions under the Prospectus Directive:

- to legal entities which are qualified investors as defined in Article 2 para. 1 lit. e) of the Prospectus Directive;
- to fewer than 150 natural or legal persons per member state of the EEA (other than qualified investors as defined in Article 2 para. 1 lit. e) of the Prospectus Directive), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
- in any other circumstances falling within Article 3 para. 2 of the Prospectus Directive.

For the purposes of this Prospectus, the expression "offer to the public" in relation to any Offer Shares in any member state of the EEA means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe to Offer Shares, including any placing of Offer Shares through financial intermediaries.

18.6 Other Interests of the Joint Bookrunners in the Offering

In connection with the Offering and the admission to trading of the Company's shares (to the extent existing in dematerialized form), the Joint Bookrunners have formed a contractual relationship with the Company and the Lending Shareholder.

The Joint Bookrunners are acting for the Company on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Offering on the best possible terms.

Furthermore, each Joint Bookrunner and any of their respective affiliates, acting as investors for their own accounts, may acquire shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments outside the Offering. In addition, each Joint Bookrunner or their respective affiliates may enter into financing arrangements, including swaps or contracts for differences, with investors in connection with which such Joint Bookrunner or its respective affiliates may, from time to time, acquire, hold or dispose of shares in the Company.

The Joint Bookrunners or their respective affiliates have, and may from time to time in the future continue to have, business relations with the Company and its shareholders, including lending activities, or may perform services for the Company or its shareholders in the ordinary course of business.

19. TAXATION IN THE GRAND DUCHY OF LUXEMBOURG

The following information is of a general nature only and is based on the laws in force in Luxembourg as of the date of this Prospectus and is subject to any change in law that may take effect after such date. It does not purport to be a comprehensive description of all tax considerations that might be relevant to an investment decision. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the listing and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to shareholders. Prospective shareholders should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject, and as to their tax position.

Please be aware that the residence concept used under the respective headings applies for Luxembourg income tax assessment purposes only. Any reference in this section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. In addition, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi) as well as personal income tax (impôt sur le revenu). Corporate shareholders may further be subject to net worth tax (impôt sur la fortune) as well as other duties, levies or taxes. Corporate income tax, municipal business tax, the solidarity surcharge and net worth tax invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

19.1 Taxation of the Company

19.1.1 Income Tax

From a Luxembourg tax perspective, Luxembourg companies are considered as being resident in Luxembourg provided that they have either their registered office or their central administration in Luxembourg.

The Company is a fully taxable Luxembourg company. The net taxable profit of the Company is subject to corporate income tax ("**CIT**") and municipal business tax ("**MBT**") at ordinary rates in Luxembourg.

As from the year 2019, the maximum aggregate CIT and MBT rate amounts to 24.94% (including the solidarity surcharge for the employment fund) for companies located in the municipality of Niederanven. Liability to such corporation taxes extends to the Company's worldwide income (including capital gains), subject to the provisions of any relevant double taxation treaty. The taxable income of the Company is computed by application of all rules of the Luxembourg income tax law of December 4, 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the Luxembourg tax authorities ("**LIR**"). The taxable profit as determined for CIT purposes is applicable, with minor adjustments, for MBT purposes. Under the LIR, all income of the Company will be taxable in the fiscal period to which it economically relates and all deductible expenses of the Company will be deductible in the fiscal period to which they economically relate. Under certain conditions, dividends received by the Company from qualifying participations and capital gains realized by the Company on the sale of such participations, may be exempt from Luxembourg corporation taxes under the Luxembourg participation exemption regime. A tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable (but may be deductible under certain conditions).

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from shares may be exempt from income tax if (i) the distributing company is a qualified subsidiary ("**Qualified Subsidiary**") and (ii) at the time the dividend is put at the Company's disposal, the latter holds or commits itself to hold for an uninterrupted period of at least 12 months shares representing either (a) a direct participation of at least 10% in the share capital of the Qualified Subsidiary or (b) a direct participation in the Qualified Subsidiary of an acquisition price of at least €1.2 million ("**Qualified Shareholding**"). A Qualified Subsidiary means notably (a) a company covered by Article 2 of the Council Directive 2011/96/EU dated November 30, 2011 (the "**Parent-Subsidiary Directive**") or (b) a non-resident capital company (*société de capitaux*) liable to a tax corresponding to Luxembourg CIT. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions.

If the conditions of the participation exemption regime are not met, dividends derived by the Company from Qualified Subsidiary may be exempt for 50 % of their gross amount.

Capital gains realized by the Company on shares are subject to CIT and MBT at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Under the participation exemption regime (subject to the relevant anti-abuse rules), capital gains realized on shares may be exempt from income tax at the level of the Company (subject to the recapture rules) if at the time the capital gain is realized, the Company holds or commits itself to hold for an uninterrupted period of at least 12 months shares representing a direct participation in the share capital of the Qualified Subsidiary (i) of at least 10% or of (ii) an acquisition price of at least €6 million. Taxable gains are determined as being the difference between the price for which shares have been disposed of and the lower of their cost or book value.

For the purposes of the participation exemption regime, shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

19.1.2 Net Worth Tax

The Company is as a rule subject to Luxembourg net worth tax ("**NWT**") on its net assets as determined for net worth tax purposes. NWT is levied at the rate of 0.5% on net assets not exceeding €500 million and at the rate of 0.05% on the portion of the net assets exceeding €500 million. Net worth is referred to as the unitary value (*valeur unitaire*), as determined at 1 January of each year. The unitary value is in principle calculated as the difference between (i) assets estimated at their fair market value (*valeur estimée de réalisation*), and (ii) liabilities.

Under the participation exemption regime, a Qualified Shareholding held by the Company in a Qualified Subsidiary is exempt for net worth tax purposes.

As from January 1, 2016, a minimum net worth tax ("**MNWT**") levied on companies having their statutory seat or central administration in Luxembourg. For entities for which the sum of fixed financial assets, transferable securities and cash at bank exceeds 90% of their total gross assets and €350,000, the MNWT is set at €4,815. For all other companies having their statutory seat or central administration in Luxembourg which do not fall within the scope of the €4,815 MNWT, the MNWT ranges from €535 to €32,100, depending on their total balance sheet.

19.1.3 Other Taxes

The incorporation of the Company through a contribution in cash to its share capital as well as further share capital increase or other amendment to the articles of incorporation of the Company are subject to a fixed registration duty of €75.

19.1.4 Withholding Taxes

Dividends paid by the Company to its shareholders are generally subject to a 15% withholding tax in Luxembourg, unless a reduced treaty rate or the participation exemption applies. Under certain conditions, a corresponding tax credit may be granted to the shareholders. Responsibility for the withholding of the tax is assumed by the Company.

A withholding tax exemption applies under the participation exemption regime (subject to the relevant anti-abuse rules), if cumulatively (i) the shareholder is an eligible parent ("**Eligible Parent**") and (ii) at the time the income is made available, the Eligible Parent holds or commits itself to hold for an uninterrupted period of at least 12 months a Qualified Shareholding in the Company. Holding a participation through a tax transparent entity is deemed to be a direct participation in the proportion of the net assets held in this entity. An Eligible Parent includes notably (a) a company covered by Article 2 of the Parent-Subsidiary Directive or a Luxembourg permanent establishment thereof, (b) a company resident in a State having a double tax treaty with Luxembourg and liable to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof, (c) a capital company (*société de capitaux*) or a cooperative company (*société coopérative*) resident in a Member State of the EEA other than an EU Member State and liable to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof or (d) a Swiss capital company (*société de capitaux*) which is subject to CIT in Switzerland without benefiting from an exemption.

No withholding tax is levied on capital gains and liquidation proceeds.

19.2 Taxation of the Shareholders

19.2.1 Tax Residency of the Shareholders

A shareholder will not become resident, nor be deemed to be resident, in Luxembourg solely by virtue of holding and/or disposing of shares or the execution, performance, delivery and/or enforcement of his/her rights thereunder.

19.2.2 Income Tax

For the purposes of this paragraph, a disposal may include a sale, an exchange, a contribution, a redemption and any other kind of alienation of the participation.

19.2.2.1 Luxembourg Resident Shareholders

19.2.2.1.1 Luxembourg Resident Individuals

Dividends and other payments derived from the shares held by resident individual shareholders, who act in the course of the management of either their private wealth or their professional/business activity, are subject to income tax at the ordinary progressive rates. Under current Luxembourg tax laws, 50% of the gross amount of dividends received by resident individuals from the Company may however be exempt from income tax.

Capital gains realized on the disposal of the shares by resident individual shareholders, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative if the shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. Speculative gains are subject to income tax as miscellaneous income at ordinary rates. A participation is deemed to be substantial where a resident individual shareholder holds or has held, either alone or together with his/her spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the company whose shares are being disposed of the Substantial Participation ("**Substantial Participation**"). A shareholder is also deemed to alienate a Substantial Participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a Substantial Participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). Capital gains realized on a Substantial Participation more than six months after the acquisition thereof are taxed according to the half-global rate method (i.e., the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the Substantial Participation).

Capital gains realized on the disposal of the shares by resident individual shareholders, who act in the course of their professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

19.2.2.1.2 Luxembourg Resident Companies

Dividends and other payments derived from the shares held by Luxembourg resident fully taxable companies are subject to income taxes, unless the conditions of the participation exemption regime, as described below, are satisfied. A tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable (but may be deductible under certain conditions). If the conditions of the participation exemption regime are not met, 50% of the dividends distributed by the Company to a Luxembourg fully taxable resident company are nevertheless exempt from income tax.

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from the shares may be exempt from CIT and MBT at the level of the shareholder if (i) the shareholder is an Eligible Parent and (ii) at the time the dividend is put at the shareholder's disposal, the latter holds or commits itself to hold for an uninterrupted period of at least 12 months a shareholding representing a direct participation of at least 10% in the share capital of Company or a direct participation in the Company of an acquisition price of at least €1.2 million. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Capital gains realized by a Luxembourg fully-taxable resident company on the disposal of the shares are subject to income tax at ordinary rates, unless the conditions of the participation exemption regime, as described below, are satisfied. Under the participation exemption regime (subject to the relevant anti-abuse rules),

capital gains realized on the shares may be exempt from CIT and MBT (save for the recapture rules) at the level of the shareholder if cumulatively (i) the shareholder is a Eligible Parent and (ii) at the time the capital gain is realized, the shareholder holds or commits itself to hold for an uninterrupted period of at least 12 months shares representing either (a) a direct participation of at least 10% in the share capital of the Company or (b) a direct participation in the Company of an acquisition price of at least €6 million. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

For the purposes of the participation exemption regime, shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

19.2.2.1.3 Luxembourg resident companies benefiting from a special tax regime

A shareholder who is a Luxembourg resident company benefiting from a special tax regime, such as (i) a specialized investment fund governed by the amended law of February 13, 2007, (ii) a family wealth management company governed by the amended law of May 11, 2007 (iii) an undertaking for collective investment governed by the amended law of December 17, 2010 or (iv) a reserved alternative investment fund treated as a specialized investment fund for Luxembourg tax purposes and governed by the law of July 23, 2016 is exempt from income tax in Luxembourg and profits derived from the shares are thus not subject to tax in Luxembourg.

19.2.2.2 Luxembourg non-resident Shareholders

Non-resident shareholders, who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the shares are attributable, are not liable to any Luxembourg income tax, whether they receive payments of dividends or realize capital gains on the disposal of the shares, except with respect to capital gains under certain circumstances (subject to the provisions of any relevant double tax treaty) and except for the withholding tax mentioned above.

Non-resident shareholders having a permanent establishment or a permanent representative in Luxembourg to which or whom the shares are attributable, must include any income received, as well as any gain realized on the disposal of the shares, in their taxable income for Luxembourg tax assessment purposes, unless the conditions of the participation exemption regime, as described below, are satisfied. If the conditions of the participation exemption regime are not fulfilled, 50% of the gross amount of dividends received by a Luxembourg permanent establishment or permanent representative are however exempt from income tax. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from the shares may be exempt from income tax if cumulatively (i) the shares are attributable to a qualified permanent establishment ("**Qualified Permanent Establishment**") and (ii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it holds or commits itself to hold a Qualified Shareholding in the Company. A Qualified Permanent Establishment means (a) a Luxembourg permanent establishment of a company covered by Article 2 of the Parent-Subsidiary Directive, (b) a Luxembourg permanent establishment of a capital company (*société de capitaux*) resident in a State having a double tax treaty with Luxembourg and (c) a Luxembourg permanent establishment of a capital company (*société de capitaux*) or a cooperative company (*société coopérative*) resident in a Member State of the EEA other than an EU Member State. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity.

Under the participation exemption regime (subject to the relevant anti-abuse rules), capital gains realized on the shares may be exempt from income tax (savor for the recapture rules) if cumulatively (i) the shares are attributable to a Qualified Permanent Establishment and (ii) at the time the capital gain is realized, the Qualified Permanent Establishment holds or commits itself to hold for an uninterrupted period of at least 12 months shares representing either (a) a direct participation in the share capital of the Company of at least 10% or (b) a direct participation in the Company of an acquisition price of at least €6 million.

Under Luxembourg tax laws currently in force (subject to the provisions of double taxation treaties), capital gains realized by a Luxembourg non-resident shareholder (not acting via a permanent establishment or a permanent representative in Luxembourg through which/whom the shares are held) are not taxable in Luxembourg

unless (a) the shareholder holds a Substantial Participation in the Company and the disposal of the shares takes place less than six months after the shares were acquired or (b) the shareholder has been a former Luxembourg resident for more than fifteen years and has become a non-resident, at the time of transfer, less than five years ago.

19.2.3 Net Worth Tax

A Luxembourg resident as well as a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the shares are attributable, are subject to Luxembourg NWT (subject to the application of the participation exemption regime) on such shares, except if the shareholder is (i) a resident or non-resident individual taxpayer, (ii) a securitization company governed by the amended law of March 22, 2004 on securitization, (iii) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (iv) a professional pension institution governed by the amended law of July 13, 2005, (v) a specialized investment fund governed by the amended law of February 13, 2007, (vi) a family wealth management company governed by the law of May 11, 2007, (vii) an undertaking for collective investment governed by the amended law of December 17, 2010 or (viii) a reserved alternative investment fund governed by the law of July 23, 2016.

However, (i) a securitization company governed by the amended law of March 22, 2004 on securitization, (ii) a company governed by the amended law of June 15, 2004 on venture capital vehicles (iii) a professional pension institution governed by the amended law dated July 13, 2005 and (iv) an opaque reserved alternative investment fund treated as a venture capital vehicle for Luxembourg tax purposes and governed by the law of July 23, 2016 remain subject to the MNWT (for further details, please see "*19.1.2 Net Worth Tax*").

19.2.4 Other Taxes

Under current Luxembourg tax laws, no registration tax or similar tax is in principle payable by the shareholder upon the acquisition, holding or disposal of the shares. However, a fixed or ad valorem registration duty may be due upon the registration of the shares in Luxembourg in the case where the shares are physically attached to a public deed or to any other document subject to mandatory registration, as well as in the case of a registration of the shares on a voluntary basis.

No inheritance tax is levied on the transfer of the shares upon death of a shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his death.

Gift tax may be due on a gift or donation of the shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

The disposal of the shares is not subject to a Luxembourg registration tax or stamp duty, unless recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

20. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding or transfer of shares in the Company. It is important to note that the legal situation may change, possibly with retroactive effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be relevant to shareholders of the Company. In particular, this summary does not cover tax considerations that may be relevant to a shareholder that is a tax resident of a jurisdiction other than Germany. This presentation is based upon domestic German tax laws in effect as of the date of this Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries.

This section does not replace the need for individual shareholders of the Company to seek personal tax advice. It is therefore recommended that shareholders consult their own tax advisors regarding the tax implications of acquiring, holding or transferring shares of the Company and what procedures are necessary to secure the repayment of German withholding tax (Kapitalertragsteuer), if possible. Only qualified tax advisors are in a position to adequately consider the particular tax situation of individual shareholders.

20.1 Taxation of Shareholders Tax Resident in Germany

20.1.1 Taxation of Dividend Income

20.1.2 Shares held as Non-Business Assets

Dividends received by a shareholder who is subject to an unlimited tax liability in Germany and holds his or her shares as non-business assets are, as a general rule, taxed as capital investment income (*Einkünfte aus Kapitalvermögen*) and, as such, subject to a 25 percent flat tax plus 5.5 percent solidarity surcharge thereon resulting in an aggregate tax rate of 26.375 percent (flat tax regime, *Abgeltungsteuer)*, plus church tax, if applicable.

If the shares are held in a custodial account with a German resident credit institution, financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including in each case a German branch of such foreign institution), a securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a securities trading bank (*inländische Wertpapierhandelsbank*) (the "**German Disbursing Agent**") (*inländische Zahlstelle*) the German Disbursing Agent generally withholds German tax at a rate of 25 percent (plus 5.5 percent solidarity surcharge thereon and, if applicable, church tax) on the gross amount of the dividends paid by the Company. However, the German Disbursing Agent must reduce the amount of the German withholding tax by the amount of tax withheld in Luxembourg (15 percent of the dividends as described under "*19.1.4 Taxation in the Grand Duchy of Luxembourg—Withholding Taxes*"). The German tax resident individual's personal income tax liability with respect to dividends is generally satisfied through the withholding. To the extent withholding tax has not been levied, such as in the case of shares kept in custody abroad, the shareholder must report his or her income derived from the shares on his or her tax return and then will also be taxed at a rate of 25% (plus solidarity surcharge and church tax thereon, where applicable). The Company does not assume any responsibility for the withholding of German tax at source. Shareholders who are subject to an unlimited tax liability in Germany and hold their shares as non-business assets may provide to the German Disbursing Agent either a non-assessment certificate (*Nichtveranlagungsbescheinigung*) issued by their competent local tax office or an exemption declaration (*Freistellungsauftrag*) in the maximum amount of the saver's allowance (*Sparer-Pauschbetrag*) of €801 (or, for couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly, €1,602).

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on payments to shareholders who are subject to church tax, unless the shareholder objects in writing to the German Federal Central Tax Office against the sharing of his or her private information regarding his affiliation with a religious denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense. However, 26.375% of the church tax withheld on the dividends is deducted from the withholding tax (including the solidarity surcharge) withheld. If no church taxes are withheld along with the withholding of the withholding tax, the shareholder who owes church tax is required to report his dividends in his income tax return. The church tax on the dividends will then be imposed during the assessment.

The individual shareholder is taxed on his or her aggregate capital investment income, less the saver's allowance. Income-related expenses are not tax-deductible. Private investors can apply to have their investment income assessed in accordance with the general rules on determining the individual tax rate of the shareholder if this results in a lower tax, but even in this case, income-related expenses are not tax-deductible. Further, in such a case, tax withheld in Luxembourg (15 percent of the dividends as described under "*19.1.4 Taxation in the Grand Duchy of Luxembourg—Withholding Taxes*") can generally be credited against the German tax liability on the Luxembourg dividends received by the German tax resident individual. The current double tax treaty between Germany and Luxembourg does not provide for a reduction of Luxembourg withholding tax on dividends for individuals below the 15% Luxembourg domestic withholding tax rate currently levied in Luxembourg.

20.1.3 Shares held as Business Assets

If the shares form part of a German business (including a German permanent establishment of a foreign business investor), the taxation of dividends differs depending on whether the shareholder is a corporation, a sole proprietor or a partnership. The flat tax regime does not apply to dividends paid on shares held by a German tax resident shareholder as business assets.

20.1.3.1 Corporations

For corporations subject to an unlimited corporate income tax liability in Germany, dividends are, as a general rule, effectively 95 percent tax exempt from corporate income tax (including solidarity surcharge). Five percent of the dividend income is deemed to be non-deductible business expenses and, as such, is subject to corporate income tax plus solidarity surcharge. However, dividends received by a shareholder holding a participation of less than ten percent in the share capital of the Company at the beginning of the calendar year (a "**Portfolio Participation**") (*Streubesitzbeteiligung*) are not exempt in the amount of 95 percent from corporate income tax (including solidarity surcharge thereon). Participations of at least ten percent acquired during a calendar year are deemed to be acquired at the beginning of the calendar year. Participations held through a partnership that is a partnership being engaged or deemed to be engaged in a business ("**Co-Entrepreneurship**") (*Mitunternehmerschaft*) are attributable to the shareholders *pro rata* in the amount of their participations.

Dividends are fully subject to trade tax, unless the shareholder holds at least ten percent of the registered share capital of the Company at the beginning of the relevant tax assessment period; the ten percent threshold derives from the fact that the Company is a Luxembourg public limited liability company (*société anonyme*) and therefore falls under the Parent-Subsidiary-Directive (EU Directive 2011/96/EU of the Council dated November 30, 2011). In the latter case, effectively 95 percent of the dividends are also exempt from trade tax. Business expenses actually incurred in connection with the dividends are deductible for corporate income tax and – subject to certain restrictions – also for trade tax purposes.

Tax withheld on the dividends in Luxembourg is generally not creditable against the corporate income tax liability of the corporate shareholder in Germany. However, it should generally be creditable against corporate income tax imposed on Luxembourg capital investment income to the extent it relates to dividends from Portfolio Participations.

A full relief from Luxembourg withholding tax on dividends under the Parent-Subsidiary-Directive *inter alia* requires a direct participation of at least ten percent in the Company and a minimum holding period of 12 months. The current double tax treaty between Germany and Luxembourg which entered into force on 1 January 2014 inter alia requires a participation of at least ten percent in the Company for a partial relief from Luxembourg withholding tax on dividends (i.e., a reduction to a withholding tax rate of five percent).

Even if the shares are held in a custodial account with a German Disbursing Agent, there is generally no German withholding tax on dividends paid by the Company to a corporate shareholder.

20.1.3.2 Sole proprietors (individuals)

Where the shares are held as business assets by an individual who is subject to unlimited tax liability in Germany, 60 percent of the dividends are taxed at the applicable individual income tax rate plus 5.5 percent solidarity surcharge on such income tax (partial income taxation method, *Teileinkünfteverfahren*) totaling up to a maximum rate of around 47.5 percent, plus church tax, if applicable. Correspondingly, only 60 percent of any business expenses related to the dividends may be deducted for income tax purposes. Dividends are fully subject to trade tax, unless the sole proprietor holds at least ten percent of the Company's registered share capital at the beginning of the relevant tax assessment period. In this case, the net amount of the dividend (i.e., after deduction

of the business expenses directly connected to it) is exempt from trade tax. In general, business expenses are deductible for trade tax purposes but certain restrictions may apply. All or part of the trade tax levied may be credited on a lump sum basis against the sole proprietor's income taxes, depending on the multiplier set by the relevant municipality and the individual tax situation of the individual shareholder.

Tax withheld in Luxembourg (15 percent of the dividends as described under "*19.1.4 Taxation in the Grand Duchy of Luxembourg—Withholding Taxes*") should be creditable against the German personal income tax liability with respect to the dividend income.

If the shares are held in a custodial account with a German Disbursing Agent, the German Disbursing Agent is not obliged to withhold German tax on dividends paid by the Company provided that the individual certifies to the German Disbursing Agent on an officially prescribed form that the dividends constitute business income of a German business.

20.1.3.3 Partnerships

If the shareholder is a Co-Entrepreneurship, the individual income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. Thus, (corporate) income tax (including solidarity surcharge) and, if applicable, church tax will be assessed and levied only at the level of the partners, whereby, in principle, the respective rules applicable to a direct shareholding described above in subsection 20.1.3.1 and 20.1.3.2 apply accordingly. Trade tax, however, is assessed and levied at the level of the partnership if the shares are attributable to a permanent establishment of a commercial business of the partnership in Germany; this applies irrespective of whether the dividends are attributable to individual partners or corporate partners. Due to a lack of case law and administrative guidance, it is currently unclear how the new rules for the taxation of dividends from Portfolio Participations (see subsection 20.1.3.1 above) might impact the trade tax treatment at the level of the partnership. Shareholders are strongly recommended to consult their individual tax advisors. The trade tax paid by the partnership and attributable to the individual's general profit share is completely or partially credited against the shareholder's individual income tax on a lump-sum basis.

The creditability of the tax withheld in Luxembourg against the German corporate or personal income tax depends on whether the partner is a corporation or an individual. If the partner is a corporation, the principles explained for corporations above apply (see "*20.1.3.1 Corporations*" above). If the partner is an individual, the principles explained for individuals above apply (see under "*20.1.3.2 Sole proprietors (individuals)*" above).

If the shares are held in a custodial account with a German Disbursing Agent, no German withholding tax arises provided that the partnership certifies to the German Disbursing Agent on an officially prescribed form that the dividends constitute business income of a German business.

20.2 German Controlled Foreign Corporation Rules (*Außensteuergesetz*)

Tax residents of Germany will have to include in their income (and file corresponding special tax returns with regard to) distributed and undistributed earnings of a foreign company in which they hold directly or indirectly shares if the foreign company qualifies as a low taxed controlled foreign corporation, for German tax purposes. Neither the (partial) exemption of dividends from German tax nor the reduced tax rates under the flat regime (*Abgeltungssteuer*) apply to these amounts; however, a subsequent dividend paid by the foreign company within seven years from the attribution of income pursuant to the controlled foreign corporation rules will be exempt from German taxation in the hands of the investor to the extent of such previously attributed amount. A foreign company generally qualifies as a controlled foreign corporation if the majority of its shares is held by German tax residents and certain expatriates and further requirements are met. However, with regard to certain passive portfolio income (*Zwischeneinkünfte mit Kapitalanlagecharakter*) of a foreign company (including, among other things, interest and capital gains from the disposal of financial instruments but excluding dividends received, and including passive portfolio income generated by a foreign subsidiary of such foreign company) the German shareholders will be required to include these amounts into income on a *pro rata* basis regardless of whether the majority of the shareholders is resident in Germany. The inclusion will take place if the passive portfolio income of such foreign company (as determined under German tax accounting principles) is subject to income tax of less than 25 percent. However, a German shareholder may escape such taxation of undistributed earnings if he holds less than one percent of the issued share capital of the Company at the end of the Company's fiscal year and can show to the satisfaction of the German tax authorities that regular and substantial trading in the Company's main class of shares takes place at a recognized stock exchange.

20.3 Taxation of Capital Gains of Shareholders with a Tax Residence in Germany

20.3.1 Shares held by Individual Shareholders as Non-Business Assets

Capital gains from the sale of shares which an individual shareholder holds as non-business assets are generally subject to a 25 percent flat tax (plus 5.5 percent solidarity surcharge thereon, resulting in an aggregate withholding tax rate of 26.375 percent), plus church tax, if applicable. Losses from the sale of such shares can only be used to offset capital gains from the disposal of shares in stock corporations during the same year or in subsequent years. The amount of the taxable capital gain from the sale is the difference between (a) the proceeds from the sale and (b) the cost of acquisition of the shares and the expenses directly related to the sale. Income-related expenses may not be deducted from capital gains. If the shares are deposited with or administered by a German Disbursing Agent, the tax on the capital gains is generally settled by way of withholding through the German Disbursing Agent which is required to deduct a withholding tax of 26.375 percent (including solidarity surcharge), plus church tax, if applicable, of the capital gains from the sale proceeds and remit it to the tax authority. To the extent withholding tax has not been levied, such as in the case of shares kept in custody abroad, the shareholder must report his or her income derived from the shares on his or her tax return and then will also be taxed at a rate of 25 percent (plus solidarity surcharge and church tax thereon, where applicable).

If, however, a shareholder, or in the case of a gratuitous acquisition, the shareholder's legal predecessor, directly or indirectly held at least one percent of the share capital of the Company at any time during the five years preceding the sale of shares (a "**Qualified Participation**"), the flat tax regime does not apply and, rather, 60 percent of any capital gain resulting from the sale is taxable as business income at the shareholder's individual income tax rate plus 5.5 percent solidarity surcharge (and church tax, if applicable) on such income tax. Conversely, 60 percent of a capital loss from the disposal of the shares is generally recognized for tax purposes. Withholding tax is also deducted by a German Disbursing Agent in the case of a Qualified Participation, but this does not have the effect of a settlement of the shareholder's tax liability. Upon the shareholder's assessment to income tax, the withheld and remitted tax is credited against the individual income tax liability. To the extent that the amounts withheld exceed the individual income tax liability of the shareholder, they will be refunded.

20.3.2 Shares held as Business Assets

Gains on the disposal of shares held by an individual or corporation as business assets are in principle not subject to the 25 percent flat tax plus 5.5 percent solidarity surcharge thereon (and church tax, if applicable). Withholding tax must only be withheld in the case of a German Disbursing Agent. The tax withheld, however, is not considered to be final as under the flat tax regime. The amount of tax withheld is credited against the shareholder's individual or corporate income tax liability and any amounts withheld in excess of such individual or corporate income tax liability will be refunded. Even if the shares are held in a custodial account with a German Disbursing Agent, there is generally no German withholding tax (i) in the case of a corporate shareholder, or (ii) if the shareholder holds the shares as assets of a business in Germany and certifies this on an officially prescribed form to the German Disbursing Agent. If a German Disbursing Agent nonetheless withholds tax on capital gains, the tax withheld and remitted (including solidarity surcharge, and church tax, if applicable) will be credited against the individual income tax or corporate income tax liability and any excess amount will be refunded.

The taxation of capital gains from the disposal of shares held as business assets depends on whether the shareholder is a corporation, a sole proprietor or a partnership:

20.3.2.1 Corporations:

For corporations subject to an unlimited corporate income tax liability in Germany, capital gains from the sale of shares are, as a general rule and currently irrespective of any holding period or percentage level of participation, effectively 95 percent exempt from corporate income tax (including solidarity surcharge) and trade tax. Five percent of the capital gains is deemed to be non-deductible business expenses and, as such, is subject to corporate income tax plus solidarity surcharge; business expenses actually incurred in connection with the capital gains from a tax perspective are generally tax-deductible. Losses from the sale of shares and other reductions in profit in connection with the shares are generally not deductible for corporate income tax and trade tax purposes. Capital gains are, irrespective of the percentage level of shareholding, effectively 95 percent exempt from trade tax.

20.3.2.2 Sole proprietors (individuals)

60 percent of capital gains from the sale of shares are taxed at the individual income tax rate plus 5.5 percent solidarity surcharge (plus church tax, if applicable) on such income tax where the shares are held as business assets by an individual who is subject to unlimited tax liability in Germany. Correspondingly, only 60 percent of the capital losses, other reductions in profit in connection with the shares and business expenses resulting from a share sale may be deducted for income tax purposes. Only 60 percent of the capital gains are subject to trade tax. Correspondingly, subject to general restrictions, only 60 percent of the business expenses resulting from a share sale may generally be deducted for trade tax purposes. All or part of the trade tax levied may be credited on a lump sum basis against the sole proprietor's income taxes, depending on the multiplier set by the relevant municipality and the individual tax situation of the individual shareholder.

20.3.2.3 Partnerships

If the shareholder is a Co-Entrepreneurship, the individual income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. Thus, (corporate) income tax (including solidarity surcharge) and, if applicable, church tax will be assessed and levied only at the level of the partners, whereby, in principle, the respective rules applicable to a direct shareholding described above in subsection 20.3.2.1 and 20.3.2.2 apply accordingly. Trade tax, however, is assessed and levied at the level of the partnership if the shares are attributable to a permanent establishment of a commercial business of the partnership in Germany. Generally, 60 percent of a capital gain attributable to an individual partner and 5 percent of a capital gain attributable to a corporate partner are taxable. Capital losses or other reductions in profit in connection with the shares sold are not taken into account for purposes of trade tax to the extent they are attributable to a partner that is a corporation, and subject to general restrictions only 60 percent of these losses or expenses are taken into account to the extent they are attributable to a partner who is an individual.

The trade tax paid by the partnership and attributable to the individual's general profit share is completely or partially credited against the shareholder's individual income tax in accordance with such lump-sum method.

20.4 Taxation of Shareholders not Tax Resident in Germany

20.4.1 Taxation of Dividend Income

Shareholders who are not tax resident in Germany are only subject to taxation in Germany in respect of their dividend income if their shares form part of the business assets of a permanent establishment or a fixed place of business in Germany, or constitute business assets for which a permanent representative has been appointed in Germany. In general, the situation described above for shareholders tax resident in Germany who hold their shares as business assets applies accordingly (see "*20.1.3 Taxation of Shareholders Tax Resident in Germany—Taxation of Dividend Income—Shares held as Business Assets*"). The withholding tax, if any, deducted and remitted to the tax authorities (including solidarity surcharge) is either credited against the individual income tax or corporate income tax liability or refunded in the amount of an excess of such liability.

20.4.2 Taxation of Capital Gains

Capital gains from the disposal of shares by a shareholder not tax resident in Germany are only taxable in Germany if the selling shareholder holds the shares through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany. In such a case, the description above for German tax resident shareholders who hold their shares as business assets applies accordingly (see "*20.3.2 Taxation of Shareholders Tax Resident in Germany—Taxation of Capital Gains of Shareholders with a Tax Residence in Germany —Shares held as Business Assets*").

20.5 Inheritance and Gift Tax

The transfer of shares to another person by inheritance or gift is generally only subject to German inheritance or gift tax if:

i. the decedent, donor, heir, beneficiary or other transferee maintained his domicile or habitual abode in Germany, or had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years (this term is extended to ten years for German expatriates with residence in the United States) prior to the transfer outside Germany without

maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their habitual abode in Germany); or

ii. the shares were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or

iii. the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

Currently, there is no double taxation treaty on inheritance tax and gift tax in force between Germany and Luxembourg. Special rules apply to German citizens living outside Germany and to former German citizens.

The fair value of the shares represents the tax assessment base, which generally corresponds to the stock exchange price of the Company's shares. Depending on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

20.6 The Proposed Financial Transactions Tax

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transaction tax in certain participating member states of the European Union, including Germany, which, if introduced, could under certain circumstances apply to certain dealings in the Company's shares, including with respect to secondary market transactions. The issuance and subscription of shares should, however, be exempt. The Commission's Proposal remains subject to negotiations between the participating member states of the European Union and it is currently unclear in what form and when the Commission's Proposal will be implemented, if ever.

20.7 Other Taxes

No German transfer tax, VAT, stamp duty or similar taxes are currently levied on the purchase, sale or other transfer of shares of the Company. Provided that certain requirements are met, an entrepreneur may, however, opt for the payment of VAT on transactions that are otherwise tax-exempt. Net wealth tax is currently not imposed in Germany.

21. UNITED STATES FEDERAL INCOME TAXATION

This section describes the material United States federal income tax consequences of owning Offer Shares. It applies only to holders that acquire their shares for cash in this offering and hold their shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"). This discussion addresses only United States federal income taxation and does not discuss all of the tax consequences that may be relevant to holders in light of their individual circumstances, including foreign, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. This section does not apply to holders that are a member of a special class of holders subject to special rules, including:

- a dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a bank and certain other financial institutions,
- a regulated investment company,
- a real estate investment trust,
- a U.S. expatriate,
- a tax-exempt organization or entities,
- a tax-deferred account, including an "individual retirement account",
- an insurance company,
- a person that directly, indirectly or through attribution owns 10% or more of the combined voting power of our voting stock or of the total value of our stock,
- a person subject to special tax accounting rules as a result of any item of gross income with respect to the Offer Shares being taken into account in an applicable financial statement,
- a person that holds Offer Shares as part of a straddle or a hedging or conversion transaction,
- a person that purchases or sells Offer Shares as part of a wash sale for tax purposes,
- a partnership or other pass-through entity and person holding Offer Shares through partnership or other pass-through entity, or
- a U.S. holder (as defined below) whose functional currency is not the U.S. dollar.

This section is based on the Internal Revenue Code, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect, as well as on the Convention Between the Government of the United States and the Government of Luxembourg (the "**Treaty**"). These authorities are subject to change, possibly on a retroactive basis. The statements in this offering circular are not binding on the U.S. Internal Revenue Service (the "**IRS**") or any court, and thus we can provide no assurance that the U.S. federal income tax consequences discussed below will not be challenged by the IRS or will be sustained by a court if challenged by the IRS.

If an entity or arrangement that is treated as a partnership for United States federal income tax purposes holds the Offer Shares, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Offer Shares should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the Offer Shares.

A U.S. holder is a beneficial owner of Offer Shares that is, for United States federal income tax purposes:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

A “non-U.S. holder” is a beneficial owner of Offer Shares that is not a United States person and is not a partnership for United States federal income tax purposes.

Holders should consult their own tax advisor regarding the United States federal, state and local tax consequences of owning and disposing of Offer Shares in their particular circumstances.

21.1 U.S. Holders

The tax treatment of Offer Shares will depend in part on whether or not we are classified as a passive foreign investment company, or PFIC, for United States federal income tax purposes. Except as discussed below under “*21.1.3 PFIC Rules*”, this discussion assumes that we are not classified as a PFIC for United States federal income tax purposes.

21.1.1 Distributions

Under the United States federal income tax laws, if a holder is a U.S. holder, the gross amount of any distribution we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes), other than certain pro-rata distributions of Offer Shares, will be treated as a dividend that is subject to United States federal income taxation (including the amount of any non-U.S. taxes withheld therefrom, if any) and generally will be includible as dividend income in a U.S. holder’s gross income on the date on which the dividends are actually or constructively received. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of a U.S. holder’s basis in the Offer Shares and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with United States federal income tax principles. Accordingly, U.S. holders should expect to generally treat distributions we make as dividends. If a holder is a noncorporate U.S. holder, dividends that constitute qualified dividend income will be taxable to such holder at the preferential rates applicable to long-term capital gains provided that such holder hold the Offer Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends that we distribute with respect to the Offer Shares generally will be qualified dividend income if, in the year that the holder receives the dividend, we are eligible for the benefits of the Treaty. It is uncertain whether we are currently eligible for the benefits of the Treaty and whether we will be eligible for the benefits of the Treaty in future years. Accordingly, it is uncertain whether dividends that we distribute with respect to the Offer Shares will constitute qualified dividend income.

U.S. holders must include any Luxembourg tax withheld from the dividend payment in this gross amount even though they do not in fact receive it. The dividend is taxable to U.S. holders when they receive the dividend. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that U.S. holders must include in their income will be the U.S. dollar value of the euro payments made, determined at the spot euro/U.S. dollar rate on the date the dividend distribution is includible in their income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date U.S. holders include the dividend payment in income to the date they convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Subject to certain limitations, the Luxembourg tax withheld in accordance with the Treaty and paid over to Luxembourg will be creditable or deductible against a U.S. holder’s United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a reduction or refund of the tax withheld is available to a U.S. holder under Luxembourg law or under the Treaty, the amount of tax withheld that could have been reduced or that is refundable will not be eligible for credit against such U.S. holder’s United States federal income tax liability.

Dividends will generally be income from sources outside the United States and will generally be “passive” income for purposes of computing the foreign tax credit allowable to a U.S. holder. The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. holders should consult their tax advisor to determine whether and to what extent a credit would be available.

21.1.2 Capital Gains

U.S. holders that sell or otherwise dispose of Offer Shares will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount that they realize and their tax basis, determined in U.S. dollars, in their Offer Shares. Capital gain of a noncorporate U.S. holder is generally taxed at preferential rates where the property is held for more than one year. The deductibility of capital losses is subject to significant limitations. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

21.1.3 PFIC Rules

We believe that we are not expected to be treated as a PFIC for the current taxable year for United States federal income tax purposes and we do not expect to become a PFIC in the foreseeable future. However, this conclusion is a factual determination that is made annually and thus may be subject to change. It is therefore possible that we could become a PFIC in a future taxable year. In addition, our current position that we are not a PFIC is based in part upon the value of our goodwill which is based on the market value for Offer Shares. Accordingly, we could become a PFIC in the future if there is a substantial decline in the value of Offer Shares.

In general, we will be a PFIC with respect to a U.S. holder if for any taxable year in which such U.S. holder held our Offer Shares:

- at least 75% of our gross income for the taxable year is passive income or
- at least 50% of the value, determined on the basis of a quarterly average, of our assets is attributable to assets that produce or are held for the production of passive income.

"Passive income" generally includes dividends, interest, gains from the sale or exchange of investment property rents and royalties (other than certain rents and royalties derived in the active conduct of a trade or business) and certain other specified categories of income. If a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation, and as receiving directly its proportionate share of the other corporation's income.

If we are treated as a PFIC, U.S. holders that did not make a mark-to-market election, as described below, will generally be subject to special rules with respect to:

- any gain they realize on the sale or other disposition of their Offer Shares and
- any excess distribution that we make to them (generally, any distributions to them during a single taxable year, other than the taxable year in which their holding period in the Offer Shares begins, that are greater than 125% of the average annual distributions received by them in respect of the Offer Shares during the three preceding taxable years or, if shorter, their holding period for the Offer Shares that preceded the taxable year in which they receive the distribution).

Under these rules:

- the gain realized on the sale or other disposition of Offer Shares (for this purpose, including pledges) or excess distribution will be allocated ratably over their holding period for the Offer Shares,
- the amount allocated to the taxable year in which they realized the gain or excess distribution or to prior years before the first year in which we were a PFIC with respect to them will be taxed as ordinary income,
- the amount allocated to each other prior year will be taxed at the highest tax rate in effect for that year, and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

Special rules apply for calculating the amount of the foreign tax credit with respect to excess distributions by a PFIC.

If we are a PFIC in a taxable year and the Offer Shares are treated as "marketable stock" in such year, holders may make a mark-to-market election with respect to their Offer Shares. If holders make this election, they will not be subject to the PFIC rules described above. Instead, in general, such holders will include as ordinary income each year the excess, if any, of the fair market value of their Offer Shares at the end of the taxable year over their

adjusted basis in their Offer Shares. Such holders will also be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of their Offer Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). Their basis in the Offer Shares will be adjusted to reflect any such income or loss amounts. Any gain that they recognize on the sale or other disposition of their Offer Shares would be ordinary income and any loss would be an ordinary loss to the extent of the net amount of previously included income as a result of the mark-to-market election and, thereafter, a capital loss. However, a mark-to-market election will generally not be available unless the Offer Shares are treated as regularly traded on a qualified exchange and, further, generally would not be available in respect of our subsidiaries that are PFICs (if any). Accordingly, such election will generally not mitigate the adverse implications of PFIC status with respect to any indirect distributions or gains deemed to be realized by a U.S. holder in respect of a subsidiary that is a PFIC (if any).

In certain circumstances, a U.S. equity holder in a PFIC may avoid the adverse tax and interest-charge regime described above by making a "qualified electing fund" election to include in income its share of the corporation's income on a current basis. However, a U.S. holder may make a qualified electing fund election with respect to the Offer Shares only if we agree to furnish him annually with a PFIC annual information statement as specified in the applicable Treasury Regulations. We do not intend to provide the information necessary for a U.S. holder to make a qualified electing fund election if it is classified as a PFIC. Therefore, a U.S. holder should assume that he will not receive such information from us and would therefore be unable to make a qualified electing fund election with respect to any of the Offer Shares were we to be or become a PFIC.

Offer Shares will generally be treated as stock in a PFIC if we were a PFIC at any time during a holder's holding period in their Offer Shares, even if we are not currently a PFIC.

In addition, notwithstanding any election holders make with regard to the Offer Shares, dividends that such holders receive from us will not constitute qualified dividend income to them if we are a PFIC (or are treated as a PFIC with respect to such holders) either in the taxable year of the distribution or the preceding taxable year. Dividends that holders receive that do not constitute qualified dividend income are not eligible for taxation at the preferential rates applicable to qualified dividend income. Instead, holders must include the gross amount of any such dividend paid by us out of our accumulated earnings and profits (as determined for United States federal income tax purposes) in their gross income, and it will be subject to tax at rates applicable to ordinary income.

Holders that own Offer Shares during any year that we are a PFIC with respect to such holders may be required to file Internal Revenue Service Form 8621.

21.1.4 Shareholder Reporting

A U.S. holder that owns "specified foreign financial assets" with an aggregate value in excess of $50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with its tax return. "Specified foreign financial assets" may include financial accounts maintained by foreign financial institutions as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Significant penalties may apply for failing to satisfy this filing requirement. U.S. holders are urged to contact their tax advisors regarding this filing requirement.

21.2 Non-U.S. Holders

21.2.1 Dividends

If a holder is a non-U.S. holder, dividends paid to such holder in respect of Offer Shares will not be subject to United States federal income tax unless the dividends are "effectively connected" with such holder's conduct of a trade or business within the United States, and the dividends are attributable to a permanent establishment that such holder maintains in the United States if that is required by an applicable income tax treaty as a condition for subjecting such holder to United States taxation on a net income basis. In such cases such holder generally will be taxed in the same manner as a U.S. holder. If a holder is a corporate non-U.S. holder, "effectively connected" dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if such holder is eligible for the benefits of an income tax treaty that provides for a lower rate.

21.2.2 Capital Gains

A non-U.S. holder will not be subject to United States federal income tax on gain recognized on the sale or other disposition of Offer Shares unless:

- the gain is "effectively connected" with such non-U.S. holder's conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that such non-U.S. holder maintains in the United States if that is required by an applicable income tax treaty as a condition for subjecting such non-U.S. holder to United States taxation on a net income basis, or
- such non-U.S. holder is an individual, is present in the United States for 183 or more days in the taxable year of the sale and certain other conditions exist.

If a holder is a corporate non-U.S. holder, "effectively connected" gains that such holder recognizes may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if such holder is eligible for the benefits of an income tax treaty that provides for a lower rate.

21.3 Backup Withholding and Information Reporting

If a holder is a noncorporate U.S. holder, information reporting requirements, on IRS Form 1099, generally will apply to dividend payments or other taxable distributions made to such holder within the United States, and the payment of proceeds to such holder from the sale of Offer Shares effected at a United States office of a broker.

Additionally, backup withholding may apply to such payments if a holder fails to comply with applicable certification requirements.

If a holder is a non-U.S. holder, such holder is generally exempt from backup withholding and information reporting requirements with respect to dividend payments made to such holder outside the United States by us or another non-United States payor. Such holder is also generally exempt from backup withholding and information reporting requirements in respect of dividend payments made within the United States and the payment of the proceeds from the sale of Offer Shares effected at a United States office of a broker, as long as either (i) the payor or broker does not have actual knowledge or reason to know that such holder is a United States person and such holder has furnished a valid applicable IRS Form W-8 or other documentation upon which the payor or broker may rely to treat the payments as made to a non-United States person, or (ii) such holder otherwise establishes an exemption.

Payment of the proceeds from the sale of Offer Shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

A holder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed such holder's income tax liability by filing a refund claim with the IRS.

22. FINANCIAL INFORMATION

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Global Fashion Group S.A.

Unaudited interim condensed consolidated financial statements as of and for the three months ended March 31, 2019
(prepared in accordance with IFRS on interim financial reporting (IAS 34))

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Global Fashion Group

Interim condensed consolidated statement of profit or loss

	Note	For the three-month period ended 31 March 2019	2018
		In EUR m	
Revenue		260.7	236.9
Cost of sales		(162.6)	(149.3)
Gross profit		**98.1**	**87.6**
Operating (expenses)/income			
Selling and distribution expenses		(95.0)	(85.3)
Administrative expenses		(52.2)	(44.7)
Other operating income		0.8	0.7
Other operating expenses		(3.1)	(2.7)
Net impairment losses of financial assets[1]		(0.1)	0.2
Loss before interest and tax (EBIT)[2]		**(51.5)**	**(44.2)**
Result from investment in associates	6	3.2	(1.7)
Finance income	6	8.4	0.2
Finance costs	6	(3.7)	(11.2)
Result from indexation of IAS 29 Hyperinflation	6	0.3	-
Loss before tax		**(43.3)**	**(56.9)**
Income taxes	7	(1.2)	(0.7)
Loss for the period		**(44.5)**	**(57.6)**
Loss for the period attributable to:			
Equity holders of the parent		(42.3)	(54.4)
Non-controlling interests		(2.2)	(3.2)
Loss for the period		**(44.5)**	**(57.6)**
Loss per share			
Basic and diluted, loss for the period attributable to ordinary equity holders of the parent (*EUR*)	9	(0.6)	(0.8)

1 Net impairment losses of financial assets are calculated by considering expected credit losses of financial assets and includes write-offs, additions to provisions, usage of provisions and income from the reversal of provisions and were included in Other operating expenses in Q1 2018 interim condensed consolidated financial statements.

2 EBIT is calculated as loss from the period before income taxes from continuing operations, finance income and expenses, result from indexation of IAS 29 as well as before results from investments in associates and from deconsolidation of subsidiaries.

Global Fashion Group

Interim condensed consolidated statement of comprehensive income

	For the three-month period ended 31 March	
	2019	2018
	In EUR m	
Loss for the period	**(44.5)**	**(57.6)**
Other comprehensive income/(expense)		
Items that will be subsequently reclassified to profit or loss		
Exchange differences on translation to presentation currency	6.9	(12.2)
Other comprehensive income/(expense) for the period, net of tax	**6.9**	**(12.2)**
Total comprehensive expense for the period, net of tax	**(37.6)**	**(69.8)**
Total comprehensive expense for the period attributable to:		
Equity holders of the parent	(35.5)	(66.6)
Non-controlling interests	(2.1)	(3.2)
Total	**(37.6)**	**(69.8)**

Global Fashion Group

Interim condensed consolidated statement of financial position

	Note	31 Mar 2019	31 Dec 2018
		In EUR m	
ASSETS			
Non-current assets			
Property, plant and equipment	11	153.7	70.1
Goodwill	12	188.7	185.6
Other intangible assets	12	139.5	136.2
Investments in associates	8	0.1	107.9
Other financial assets	14	74.2	38.7
Deferred tax assets		0.1	-
Income tax receivables		0.1	0.1
Other non-financial assets		1.2	0.7
Total non-current assets		557.6	539.3
Current assets			
Inventories	13	244.9	186.1
Trade and other receivables		37.6	55.2
Other financial assets	14	12.4	16.9
Income tax receivables		1.9	2.1
Other non-financial assets		64.5	50.8
Cash and cash equivalents	15	103.5	105.0
Total current assets		464.8	416.1
Total assets		**1,022.4**	**955.4**

Global Fashion Group

Interim condensed consolidated statement of financial position

	Note	31 Mar 2019	31 Dec 2018
		In EUR m	
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital		0.7	0.7
Convertible preference shares		0.8	0.8
Treasury shares		(7.5)	(7.5)
Capital reserves		2,102.2	2,102.2
Other reserves		0.3	0.3
Share-based payment reserves		116.6	111.3
Accumulated deficit		(1,622.7)	(1,581.0)
Other comprehensive (expense)/income reserve		(32.7)	(39.5)
Equity attributable to equity holders of the parent		**557.7**	**587.3**
Non-controlling interests		14.4	16.5
Total equity		**572.1**	**603.8**
Non-current liabilities			
Borrowings and lease liabilities		63.8	4.0
Other financial liabilities		19.9	17.5
Provisions		3.7	3.5
Deferred tax liabilities		10.5	9.3
Non-financial liabilities		0.4	0.4
Total non-current liabilities		98.3	34.7
Current liabilities			
Borrowings and lease liabilities		19.2	2.5
Trade payables and other financial liabilities		268.7	251.6
Provisions		8.9	9.1
Income tax liabilities		4.4	4.5
Non-financial liabilities		50.8	49.2
Total current liabilities		352.0	316.9
Total liabilities		**450.3**	**351.6**
Total equity and liabilities		**1,022.4**	**955.4**

Global Fashion Group

Interim condensed consolidated statement of changes in equity

	Attributable to shareholders of the Company										
	Ordinary share capital	Convertible preference shares	Treasury shares	Capital reserves	Other reserves	Share-based payments reserves	Accumulated deficit	Other comprehensive (expense)/ income reserve	Total	Non-controlling interest	Total equity
	In EUR m										
At 1 January 2019	0.7	0.8	(7.5)	2,102.2	0.3	111.3	(1,581.0)	(39.5)	**587.3**	16.5	603.8
Loss for the year	-	-	-	-	-	-	(42.3)	-	**(42.3)**	(2.2)	(44.5)
Other comprehensive income (including deferred taxes)	-	-	-	-	-	-	-	6.8	**6.8**	0.1	6.9
Total comprehensive (expense)/income for the year	-	-	-	-	-	-	(42.3)	6.8	**(35.5)**	(2.1)	(37.6)
Share-based payments	-	-	-	-	-	5.3	-	-	**5.3**	-	5.3
Adjustment for Hyperinflation	-	-	-	-	-	-	0.6	-	**0.6**	-	0.6
Balance at 31 March 2019	**0.7**	**0.8**	**(7.5)**	**2,102.2**	**0.3**	**116.6**	**(1,622.7)**	**(32.7)**	**557.7**	**14.4**	**572.1**

Global Fashion Group

Interim condensed consolidated statement of changes in equity

	Attributable to shareholders of the Company									
	Share capital	Convertible preference shares	Treasury shares	Capital reserve	Other reserves	Accumulated deficit	Other comprehensive expense reserve	Total	Non-controlling interest	Total equity
						In EUR m				
At 1 January 2018	0.7	0.8	(7.5)	2,102.2	74.7	(1,392.3)	(6.7)	**771.9**	21.5	**793.4**
Loss for the period	-	-	-	-	-	(54.4)	-	**(54.4)**	(3.2)	**(57.6)**
Other comprehensive income	-	-	-	-	-	-	(12.2)	**(12.2)**	-	**(12.2)**
Total comprehensive income/(expense) for the period	-	-	-	-	-	(54.4)	(12.2)	**(66.6)**	(3.2)	**(69.8)**
Share-based payments	-	-	-	-	4.0	-	-	**4.0**	-	**4.0**
Capital contribution from non-controlling shareholder	-	-	-	-	-	5.4	-	**5.4**	0.5	**5.9**
Balance at 31 March 2018	**0.7**	**0.8**	**(7.5)**	**2,102.2**	**78.7**	**(1,441.4)**	**(18.8)**	**714.7**	**18.8**	**733.5**

Global Fashion Group

Interim condensed consolidated statement of cash flows

	Note	For the three-month period ended 31 March 2019	2018
		In EUR m	
Cash flows from operating activities			
Loss before tax		**(43.3)**	**(56.9)**
Depreciation of property, plant and equipment		9.2	3.3
Amortisation of intangible assets		5.3	4.7
Share-based payment expenses		7.7	4.0
Interest income		(0.4)	(0.2)
Interest costs		3.7	1.8
Share of losses of investment accounted for using the equity method		1.7	-
Foreign currency losses/(gains)		(3.5)	2.5
Other non-cash transactions		0.5	9.3
(Gains)/losses from disposal of property, plant and equipment and intangible assets		(0.2)	-
Changes in provisions		(0.2)	(5.6)
Gains from disposal of associated entities		(4.9)	-
Cash effective operating loss before changes in working capital		(24.4)	(37.1)
Decrease in trade and other receivables		9.5	3.9
Increase in inventories		(50.0)	(50.0)
Increase in trade and other payables		2.2	15.9
Cash used in operations		**(62.7)**	**(67.3)**
Income taxes paid		(0.5)	(0.4)
Interest received		0.5	0.2
Interest paid		(3.6)	(1.4)
Net cash used in operating activities		**(66.3)**	**(68.9)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(7.3)	(4.0)
Proceeds from sale of property, plant and equipment		0.3	0.3
Acquisition of subsidiaries, associated companies and investments		-	(0.5)
Cash inflow from disposal of subsidiaries and associated companies		114.3	-
Acquisition of intangible assets		(3.9)	(1.6)
Cash outflow from other securities and deposits and transfer of restricted cash	14	(34.6)	(0.3)
Net cash from/(used in) investing activities		**68.8**	**(6.1)**
Cash flows from financing activities			
Proceeds from borrowings and other financial liabilities		-	0.2
Repayment of borrowings		(0.2)	(1.2)
Capital contributions from shareholders		-	5.9
Payments under finance lease		(5.4)	(0.4)
Net cash from financing activities		**(5.6)**	**4.5**
Cash and cash equivalents at the beginning of the period		105.0	251.4
Effect of exchange rate changes on cash and cash equivalents		1.6	(0.3)
Cash and cash equivalents at the end of the period	**15**	**103.5**	**180.6**

Global Fashion Group

Selected explanatory notes to the interim condensed consolidated financial statements

1. Corporate information

General information

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

GFG S.A. is a stock corporation (société anonyme) under the laws of the Grand Duchy of Luxembourg and is registered in the Luxembourg Trade and Companies Register: RCS B 190.907. GFG is domiciled in Luxembourg with its registered office located at 5, Heienhaff L-1736 Senningerberg.

The largest shareholders of the Group are Kinnevik AB ('Kinnevik') and Rocket Internet SE (formerly Rocket Internet AG, 'Rocket').

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 22 May 2019 and were signed on its behalf.

Business activities

The Group's principal business activity is fashion and lifestyle e-commerce 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 private label brands. The Group operates in growth markets through four e-commerce platforms across three regions in 17 countries under the following labels: Dafiti (LATAM), Lamoda (CIS), THE ICONIC and ZALORA (APAC).

On 18 February 2019, the Group entered into an agreement to sell its 46.93% share of Namshi Holding Limited to Emaar Malls. The transaction was completed on 25 February 2019 for total consideration of USD 129.5 million (EUR 114.3 million). See Note 8 for further details.

On 11 March 2019, management decided to close Lost Ink Limited ('Lost Ink'). Lost Ink is a private label fashion business based in the UK and is a wholly owned subsidiary of Global Fashion Group Middle East Holdings (UK) Limited. The impact on adjusted EBITDA for the period is EUR 2.9m.

The variance in revenue and margin over the course of the year reflects the seasonality of fashion sales. The Group's presence in the northern hemisphere (our CIS business); southern hemisphere (Australia, New Zealand and Brazil) and also countries that cross the equator including South East Asia and Colombia, 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 and stock clearance.

2. Basis of preparation

Statement of compliance

These interim condensed consolidated financial statements for the three-month period ended 31 March 2019 have been prepared in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union (EU).

These interim condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

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

3. Critical accounting estimates and judgements in applying accounting policies

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

In preparing these interim condensed financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were largely those as applied to the consolidated financial statements for the year ended 31 December 2018.

4. Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has adopted IFRS 16 *Leases* in these interim condensed consolidated financial statements. The effects from this first-time adoption is further explained below.

IFRS 16 *Leases* (issued on 13 January 2016). IFRS 16 represents a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by leases.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Policy applicable from 1 January 2019

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

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

As a lessee

The Group 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 right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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 an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that is reasonably certain to be exercised; and
- 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 amortized 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.

Impacts on financial statements

On transition to IFRS 16, the Group recognised an additional EUR 75.0 million of right-of-use assets and EUR 75.0 million of lease liabilities.

For the purposes of presentation in the interim condensed consolidated financial statements as at 31 March 2019, right-of-use assets of EUR 75.8 million are included within property, plant and equipment in the condensed consolidated statement of financial position. Non-current and current finance lease liabilities of EUR 63.8 million and EUR 19.3 million respectively are presented within borrowings and lease liabilities in the condensed consolidated statement of financial position as of 31 March 2019. Depreciation of right-of-use assets

of EUR 5.1 million and lease interest expenses of EUR 1.8 million are presented separately in selling and distribution, administrative expenses and finance costs respectively on the condensed consolidated statement of profit or loss.

When measuring lease liabilities, the Group discounted lease payments using an average incremental borrowing rate of 8.76% at 1 January 2019, applicable to each regions' financial structure.

Reconciliation of Lease Liabilities

	1 January 2019
	In EUR m
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	**92.8**
Discounted using the incremental borrowing rate at 1 January 2019	(14.5)
Finance lease liabilities recognized as at 31 December 2018	**78.3**
Future agreements, extensions and termination options reasonably certain to be exercised	(3.9)
Variable lease payments based on an index or a rate	0.6
Residual value guarantees	-
Lease liabilities recognised at 1 January 2019	**75.0**

5. Segment information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker ("CODM") and for which discrete financial information is available.

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

Segment results do not reflect any consequential effects from the purchase price allocation in connection with the formation of GFG. However, in order to arrive at the GFG consolidated accounts such consequential effects (depreciation, amortisation and impairment) are reflected in the 'reconciliation' column aside other consolidation adjustments.

Segmental reporting was changed as presented in year end 2018 financial statements and respective amounts for Q1 2019 have been adjusted accordingly.

Selected explanatory notes to the interim condensed consolidated financial statements

Reportable segment information for the three-month period ended 31 March 2019 is set out below:

	APAC	LATAM	CIS	Total Fashion Business	Other	Reconciliation[1]	Total
				In EUR m			
Revenues from external customers	92.2	80.1	86.1	**258.4**	2.3	-	**260.7**
Intersegment Revenue	0.2	-	-	**0.2**	4.7	(4.9)	**-**
Revenue	**92.4**	**80.1**	**86.1**	**258.6**	**7.0**	**(4.9)**	**260.7**
Cost of sales	(57.0)	(47.9)	(53.9)	**(158.8)**	(4.3)	0.5	**(162.6)**
Gross profit	35.4	32.2	32.2	**99.8**	2.7	(4.4)	**98.1**
Operating (expenses)/income							
Selling and other distribution expenses							**(95.0)**
Administrative expenses							**(52.2)**
Other operating income							**0.8**
Other operating expenses							**(3.1)**
Net impairment losses of financial assets							**(0.1)**
EBIT							**(51.5)**
Depreciation and amortisation							**14.5**
EBITDA							**(37.0)**
Share-based payment expenses							**7.7**
One-off fees							**0.9**
Wind down of Lost Ink Limited							**2.9**
Adjusted EBITDA							**(25.5)**
Reconciliation to loss before tax:							
Result from investment in associate							**(1.7)**
Gain from the disposal of associated entities							**4.9**
Finance income							**8.4**
Finance costs							**(3.7)**
Share-based payment expenses							**(7.7)**
Depreciation and amortisation							**(14.5)**
IAS 29 Hyperinflation result							**0.3**
One-off fees							**(0.9)**
Wind down of Lost Ink Limited							**(2.9)**
Loss before tax							**(43.3)**

[1] The reconciliation column includes besides consolidation adjustments also consequential effects from purchase price allocation adjustments in connection with the formation of GFG.

Reportable segment information for the three-month period ended 31 March 2018 is set out below:

	APAC	LATAM	CIS	Total Fashion Business	Other	Reconciliation[1]	Total
				In EUR m			
Revenues from external customers	76.7	75.2	81.3	**233.2**	3.7	-	**236.9**
Intersegment revenue	-	-	-	**-**	9.7	(9.7)	**-**
Revenue	**76.7**	**75.2**	**81.3**	**233.2**	**13.4**	**(9.7)**	**236.9**
Cost of sales	(48.2)	(44.5)	(53.6)	**(146.4)**	(6.3)	3.4	**(149.3)**
Gross profit	28.5	30.7	27.7	**86.8**	7.1	(6.3)	**87.6**
Operating (expenses)/income							
Selling and other distribution expenses							**(85.3)**
Administrative expenses							**(44.7)**
Other operating income							**0.7**
Other operating expenses							**(2.7)**
Impairment losses							**0.2**
EBIT							**(44.2)**
Depreciation and amortisation							**8.0**
EBITDA							**(36.2)**
Share-based payment expenses							**4.0**
Adjusted EBITDA							**(32.2)**
Reconciliation to loss before tax:							
Result from investment in associate							**(1.7)**
Finance income							**0.2**
Finance costs							**(11.2)**
Share-based payment expenses							**(4.0)**
Depreciation and amortisation							**(8.0)**
Loss before tax							**(56.9)**

[1] The reconciliation column includes besides consolidation adjustments also consequential effects from purchase price allocation adjustments in connection with the formation of GFG.

6. Financial result

The financial result is as follows:

	For three-month period ended 31 March	
	2019	2018
	In EUR m	
Result from investments - associate entities	**3.2**	**(1.7)**
Gain from disposal of associated entity	4.9	-
Equity result	(1.7)	(1.7)
Finance income	**8.4**	**0.2**
Interest income	0.4	0.2
Currency translation results	8.0	-
Result from indexation of IAS 29 Hyperinflation	**0.3**	-
Finance expense	**(3.7)**	**(11.2)**
Interest expense	(3.7)	(1.8)
Currency translation results	-	(1.9)
Fair value changes	-	(7.5)
Total financial result	**8.2**	**(12.7)**

7. Income taxes

The Group calculates the period income tax using the tax rate that would be applicable to the expected total annual earnings. Income tax expense comprises the following:

	For the three-month period ending 31 March	
	2019	2018
	In EUR m	
Current tax expense	0.1	(2.0)
Deferred tax (expense)/income	(1.3)	1.3
Income tax expense for the period	**(1.2)**	**(0.7)**

8. Interests in associates

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

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

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

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

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

9. Loss per share

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

The following table reflects the income and share data used in the basic EPS calculations:

	2019	2018
	In EUR m	
Loss attributable to ordinary equity holders of the parent:		
Continuing operations	(42.3)	(54.4)
Loss attributable to ordinary equity holders of the parent for basic earnings	**(42.3)**	**(54.4)**
Weighted average number of ordinary shares for basic EPS (m)	67.9	67.9
Basic and diluted EPS from continuing operations *(EUR)*	(0.6)	(0.8)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares that have satisfied the appropriate performance criteria at

31 March 2019. For the periods ended 31 March 2019 and 2018 there were no differences in the weighted average number of shares used for basic and diluted net loss per ordinary share because their inclusion would be anti-dilutive.

10. Share-based payments / share-based compensation

At 31 March 2019, the Group's share-based payment arrangements are composed of:

a) 2018 employee share option plan;

b) Q2 2015 employee stock option plan (cancelled in Q2 2018);

c) Q3 2015 call options;

d) 2014 share-based payment arrangements remaining from the formation of the Group;

e) Inherited share-based payment plans from the acquisition of Kanui and Tricae.

The total share-based payment expense of EUR 7.7 million (Q1 2018: EUR 4.0 million) is comprised of EUR 7.6 million (Q1 2018: EUR nil) relating to the 2018 employee share option plan and EUR 0.1 million (Q1 2018: EUR 4.0 million) relating to plans b)—e) mentioned above, which taken together had no material changes in the reporting quarter.

The liability including social charges related to cash-settled grant awards amounts to EUR 19.9 million (31 December 2018: EUR 17.5 million).

(a) 2018 Employee share option plan

As at 31 December 2018, the company was still finalising significant terms of the 2018 ESOP. Therefore, it was determined that a grant date of the equity-settled share-based payment awards had not yet been established for accounting purposes as of the reporting date. In Q1 2019, the terms have been finalised and for all signed contracts it has been deemed that a grant date has now been achieved. The main changes to the ESOP involve reducing the strike price for certain tranches vesting after 1 January 2018 from EUR 9.74 to values ranging from EUR 4.50 – EUR 8.50, subject to a further service condition, and taking away certain tranches vesting in 2021. In addition, for certain future performance-based portions the performance condition has been eliminated, again subject to an additional service condition. The estimated grant date fair value and the number of instruments were adjusted accordingly.

The grant date fair value of these equity-settled share-based payments was calculated using the inputs disclosed below. Some awards however are still in process of finalisation and their grant date fair is not yet established.

In Q1 2019, 1,284,788 share options were granted to participants of the 2018 Employee share option plan. The weighted average exercise price of the options granted was EUR 6.63.

The options granted vest quarterly covering a maximum period up until the end of 2020.

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 stock options were granted.

The stock options generally have a life of up to 10 years. Vested stock options will be exercisable only upon an exit event, including an IPO or trade sale.

The fair value of options granted during the quarter ended 31 March 2019 was estimated using the following assumptions:

Inputs	2019
	EUR
Weighted average fair values at measurement date	7.89
The expected life (years)	1.75
Risk Free Rate	0.75% – 7.45%
Expected Volatility (%)	40.78%
Expected Dividends	Nil

The weighted average fair value of options granted during the quarter ended 31 March 2019 was EUR 3.04.

As at 31 March 2019, the total amount of options outstanding was 9,033,913. All options outstanding vest quarterly up until the end of 2020.

In Q1 2019, the sale of NAMSHI meant that all participants with vested NAMSHI share options or cash awards were due a payment to reflect the value of their NAMSHI holdings. At the end of Q1 2019, there is a liability on the balance sheet of EUR 0.7 million that is expected to be paid to participants in Q2 2019.

11. Property, plant and equipment

During the three-month period ended 31 March 2019, the Group acquired property, plant and equipment with a total cost of EUR 7.7 million (31 March 2018: EUR 4.2 million). These investments primarily relate to warehouse construction and equipment.

The net book value of right-of-use assets in property, plant and equipment as at 31 March 2019 is EUR 75.8 million following the adoption of IFRS 16 at the beginning of the period.

12. Goodwill and other intangible assets

During the three-month period ended 31 March 2019, the Group's net book balance for Goodwill increased, from EUR 185.6 million to EUR 188.7 million due to the effect from the translation to presentation currency.

As of 31 March 2019, no impairment triggers were present, and no impairment losses were recognised.

During the three-month period ended 31 March 2019, the Group acquired intangible assets with a total cost of EUR 4.1 million (31 March 2018: EUR 1.6 million) of which EUR 3.4 million (31 March 2018: EUR 1.0 million) were capitalised internally developed intangible assets in accordance with the recognition criteria of IAS 38, Intangibles Assets.

13. Inventories

During the three-month period ended 31 March 2019, the expense from write downs of inventories to net realisable value of EUR 9.8 million (three-month period ended 31 March 2018: EUR 6.9 million) is included in the costs of sales.

The increase of inventories by EUR 58.8 million to EUR 244.9 million in the first three months of 2019 is primarily due to building up inventory levels after stock depletion following Black Friday and Christmas sales.

14. Other financial assets

As at 31 March 2019, other financial assets include restricted cash of EUR 70.0 million in relation to the Group's Revolving Credit Facility, that was established on 28 August 2018.

The increase in non-current other financial assets by EUR 35.5 million is driven largely by the portion of restricted cash from the Revolving Credit Facility increasing by EUR 40.0 million on 25 February 2019. The transfer from cash and cash equivalents to restricted cash is shown through investing activities in the interim condensed consolidated statement of cash flows.

This increase was agreed in the above-mentioned Group Revolving Credit Facility agreement as a result of the sale of Namshi Holding Limited (see Note 8 for more information).

15. Cash and cash equivalents

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

	For period ended	
	31 March 2019	31 December 2018
	In EUR m	
Short-term deposits	66.3	-
Cash at bank and in hand	37.2	105.0
Total cash and cash equivalents	**103.5**	**105.0**

16. Financial Risk Management and Fair Value Measurement

16.1 Financial Risk Management

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

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

Compared to year end, there was no material change in the interest rate risk, foreign currency risk and credit risk and there was no material change in the contractual undiscounted cash out flows for financial liabilities.

16.2 Fair Value Measurement

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

The fair values of other financial assets and financial liabilities measured at amortised cost as well as of finance lease liabilities approximate their carrying amount, as there were no significant changes in the applicable market rates since these instruments were recognised initially.

17. Balances and transactions with related parties

Related parties to whom the Group maintains business relationships include Rocket and Kinnevik as they have the ability to exercise significant influence as shareholders of the Group as well as their subsidiaries and joint ventures (referred to as 'Rocket Group' and 'Kinnevik Group').

During the period, the Group had sales to its equity accounted investee Namshi Holding Limited prior to its disposal of EUR 0.2 million (31 March 2018: EUR 0.2 million), purchases from Rocket Internet of EUR nil (31 March 2018: EUR 0.1 million), amounts owed by Namshi Holding Limited of EUR 0.2 million (2018: EUR 0.1 million) and amounts owed to Rocket Internet of EUR nil (2018: EUR 0.1 million).

18. Brazil warehouse commitment

In Brazil, we have signed a ten-year built-to-suit agreement for the construction of a new warehouse, scheduled to start in January 2020, at an estimated total cost of 150 million to 175 million Brazilian Real (corresponding to approximately EUR 34.2 million to EUR 37.9 million).

19. Revolving Credit Facility

On 28 August 2018, the Group closed a EUR 70.0 million facility ending in October 2020. The total facility amount is split between Facility A EUR 50 million and Facility B EUR 20 million. Facility A is a base currency revolving credit facility. Facility B is an off balance sheet letter of credit facility. As at 31 March 2019, draw down on Facility A was EUR nil (31 December 2018: EUR nil) and draw down on Facility B was EUR 17.3 million (31 December 2018: EUR 17.1 million).

Global Fashion Group S.A.

Audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016
(prepared in accordance with IFRS)

Global Fashion Group

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Global Fashion Group

Consolidated statement of profit and loss
for the year ended 31 December 2018

	Note	2018	2017	2016
			In EUR m	
Continuing Operations				
Revenue	26	1,155.9	1,095.0	886.9
Cost of sales	17, 27	(706.2)	(664.1)	(525.5)
Gross profit		**449.7**	**430.9**	**361.4**
Operating (expenses)/income				
Selling and distribution expenses		(378.6)	(373.2)	(328.5)
Administrative expenses		(214.3)	(184.4)	(203.9)
Other operating income	29	3.4	15.4	10.0
Other operating expenses	29	(17.1)	(19.2)	(25.4)
Impairment losses	14	-	-	(684.5)
Net impairment losses of financial assets		(0.8)	(2.2)	(2.9)
Loss before interest and tax (EBIT)[1]		**(157.7)**	**(132.7)**	**(873.8)**
Result from investment in associates	15, 30	(9.1)	(3.8)	-
Result from deconsolidation of subsidiaries	30	-	1.7	-
Finance income	30	1.2	8.5	16.8
Finance costs	30	(32.3)	(20.1)	(19.3)
Result from indexation of IAS 29 Hyperinflation	36	1.2	-	-
Loss before tax		**(196.7)**	**(146.4)**	**(876.3)**
Income taxes	31	(5.2)	2.5	79.1
Loss from continuing operations		**(201.9)**	**(143.9)**	**(797.2)**
Discontinued operations				
- Namshi[2]	9	-	137.4	(2.1)
- Jabong	10	-	-	(103.3)
Loss for the year		**(201.9)**	**(6.5)**	**(902.6)**
Loss for the year attributable to:				
Equity holders of the parent		(196.0)	(1.6)	(872.4)
Non-controlling interests		(5.9)	(4.9)	(30.2)
Loss for the year		**(201.9)**	**(6.5)**	**(902.6)**
Loss per share				
Basic and diluted, loss for the year attributable to ordinary equity holders of the parent (*EUR*)	12	**(2.9)**	(2.0)	(11.3)

[1] EBIT is calculated as loss from continuing operations before income taxes from continuing operations, finance income and expenses as well as before results from investments in associate and from deconsolidation of subsidiaries.

[2] Comprises gain from deconsolidation of Namshi of EUR 139.0m (Gain of EUR 147.1m net of transaction costs of EUR 8.1m.) in 2017 less loss from discontinued operations of EUR 1.6m.

Global Fashion Group

Consolidated statement of comprehensive income for the year ended 31 December 2018

	Note	2018	2017	2016
			In EUR m	
Loss for the year		**(201.9)**	**(6.5)**	**(902.6)**
Other comprehensive (expense)/income				
Items that will be subsequently reclassified to profit or loss				
Exchange differences on translation to presentation currency	20	(34.7)	(47.2)	67.0
Other changes		(0.4)	(0.3)	(0.3)
Other comprehensive (expense)/income for the year, net of tax		**(35.1)**	**(47.5)**	**66.7**
Total comprehensive expense for the year, net of tax		**(237.0)**	**(54.0)**	**(835.9)**
Total comprehensive expense for the year attributable to:				
Equity holders of the parent		(229.2)	(46.3)	(809.2)
Non-controlling interests		(7.8)	(7.7)	(26.7)
Total		**(237.0)**	**(54.0)**	**(835.9)**

Global Fashion Group

Consolidated statement of financial position as at 31 December 2018

	Note	31 Dec 2018	31 Dec 2017	31 Dec 2016
			In EUR m	
ASSETS				
Non-current assets				
Property, plant and equipment	13	70.1	66.5	59.9
Goodwill	14	185.6	203.5	301.9
Other intangible assets	14	136.2	149.6	210.1
Investments in associates	15	107.9	116.4	-
Other financial assets	18	38.7	24.7	3.1
Income tax receivables		0.1	0.3	0.1
Other non-financial assets	16	0.7	1.0	1.7
Total non-current assets		539.3	562.0	576.8
Current assets				
Inventories	17	186.1	172.0	180.2
Trade and other receivables	18	55.2	48.1	48.2
Other financial assets	18	16.9	19.0	25.8
Income tax receivables		2.1	1.6	1.9
Other non-financial assets	16	50.8	46.3	78.0
Cash and cash equivalents	19	105.0	251.4	244.2
Total current assets		416.1	538.4	578.3
Total assets		**955.4**	**1,100.4**	**1,155.1**

Global Fashion Group

Consolidated statement of financial position as at 31 December 2018

	Note	31 Dec 2018	31 Dec 2017	31 Dec 2016
			In EUR m	
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital	20	0.7	0.7	0.7
Convertible preference shares	20	0.8	0.8	0.7
Treasury shares	20	(7.5)	(7.5)	(7.5)
Capital reserves	20	2,102.2	2,102.2	2,101.6
Other reserves	20	0.3	-	-
Share-based payment reserves	20, 21	111.3	74.7	67.6
Accumulated deficit		(1,581.0)	(1,392.3)	(1,406.1)
Other comprehensive (expense)/ income reserve	20	(39.5)	(6.7)	38.2
Equity attributable to equity holders of the parent		**587.3**	**771.9**	**795.2**
Non-controlling interests	20	**16.5**	**21.5**	**29.2**
Total equity		**603.8**	**793.4**	**824.4**
Non-current liabilities				
Borrowings	22	4.0	4.1	0.7
Other financial liabilities	24	17.5	-	3.7
Provisions	23	3.5	3.2	2.0
Deferred tax liabilities	31	9.3	7.7	21.5
Non-financial liabilities	25	0.4	0.4	-
Total non-current liabilities		34.7	15.4	27.9
Current liabilities				
Borrowings	22	2.5	2.5	3.4
Trade payables and other financial liabilities	24	251.6	220.8	228.7
Provisions	23	9.1	12.9	20.5
Income tax liabilities	25, 31	4.5	4.2	2.6
Non-financial liabilities	25	49.2	51.2	47.6
Total current liabilities		316.9	291.6	302.8
Total Liabilities		**351.6**	**307.0**	**330.7**
Total equity and liabilities		**955.4**	**1,100.4**	**1,155.1**

Global Fashion Group

Consolidated statement of changes in equity for the year ended 31 December 2018

	Attributable to shareholders of the Company										
	Ordinary share capital	Convertible preference shares	Treasury shares	Capital reserves	Other reserves	Share-based payments reserves	Accumulated deficit	Other comprehensive expense reserve	Total	Non-controlling interest	Total equity
	In EUR m										
At 31 December 2017	**0.7**	**0.8**	**(7.5)**	**2,102.2**	**-**	**74.7**	**(1,392.3)**	**(6.7)**	**771.9**	**21.5**	**793.4**
Adjustments for Hyperinflation	-	-	-	-	-	-	2.2	-	**2.2**	-	2.2
At 1 January 2018 (As reported)	**0.7**	**0.8**	**(7.5)**	**2,102.2**	**-**	**74.7**	**(1,390.1)**	**(6.7)**	**774.1**	**21.5**	**795.6**
Loss for the year	-	-	-	-	-	-	(196.0)	-	**(196.0)**	(5.9)	(201.9)
Other comprehensive expense (including deferred taxes)	-	-	-	-	-	-	-	(32.8)	**(32.8)**	(2.3)	(35.1)
Total comprehensive expense for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(196.0)**	**(32.8)**	**(228.8)**	**(8.2)**	**(237.0)**
Share based payments	-	-	-	-	-	36.6	-	-	**36.6**	-	36.6
Other changes in equity	-	-	-	-	0.3	-	-	-	**0.3**	-	0.3
Change in scope in NCI without loss of control	-	-	-	-	-	-	5.1	-	**5.1**	3.2	8.3
Balance at 31 December 2018	**0.7**	**0.8**	**(7.5)**	**2,102.2**	**0.3**	**111.3**	**(1,581.0)**	**(39.5)**	**587.3**	**16.5**	**603.8**

Global Fashion Group

Consolidated statement of changes in equity for the year ended 31 December 2017

	Attributable to shareholders of the Company									
	Ordinary share capital	Convertible preference shares	Treasury shares	Capital reserves	Share-based payments reserve	Accumulated deficit	Other comprehensive income/ (expense) reserve	Total	Non-controlling interest	Total equity
	In EUR m									
At 1 January 2017	**0.7**	**0.7**	**(7.5)**	**2,101.6**	**67.6**	**(1,406.1)**	**38.2**	**795.2**	**29.2**	**824.4**
Loss for the year	-	-	-	-	-	(1.6)	-	**(1.6)**	(4.9)	**(6.5)**
Other comprehensive income	-	-	-	-	-	-	(44.8)	**(44.8)**	(2.8)	**(47.6)**
Total comprehensive expense for the year	**-**	**-**	**-**	**-**	**-**	**(1.6)**	**(44.8)**	**(46.4)**	**(7.7)**	**(54.0)**
Increase in share capital	-	0.1	-	-	-	-	-	**0.1**	-	**0.1**
Proceeds from capital contributions	-	-	-	0.6	-	-	-	**0.6**	-	**0.6**
Share-based payments	-	-	-	-	9.4	-	-	**9.4**	-	**9.4**
Changes in the scope of consolidation	-	-	-	-	(2.3)	2.3	-	**-**	(1.6)	**(1.6)**
Changes in NCI without loss of control	-	-	-	-	-	13.1	-	**13.1**	1.6	**14.7**
Balance at 31 December 2017	**0.7**	**0.8**	**(7.5)**	**2,102.2**	**74.7**	**(1,392.3)**	**(6.7)**	**771.9**	**21.5**	**793.4**

Global Fashion Group

Consolidated statement of changes in equity for the year ended 31 December 2016

	Attributable to shareholders of the Company									
	Ordinary share capital	Convertible preference shares	Treasury shares	Capital reserves	Share-based payments reserve	Accumulated deficit	Other comprehensive income/ (expense) reserve	Total	Non-controlling interest	Total equity
	In EUR m									
At 1 January 2016	**67.9**	**3.6**	**(1.0)**	**1,701.5**	**49.8**	**(533.6)**	**(25.0)**	**1,263.1**	**55.2**	**1,318.3**
Loss for the year	-	-	-	-	-	(872.5)	-	**(872.5)**	(30.2)	**(902.7)**
Other comprehensive income	-	-	-	-	-	-	63.2	**63.2**	3.5	**66.7**
Total comprehensive expense for the year	**-**	**-**	**-**	**-**	**-**	**(872.5)**	**63.2**	**(809.3)**	**(26.7)**	**(836.0)**
Increase in share capital	-	0.5	-	329.5	-	-	-	**330.0**	-	**330.0**
Proceeds from capital contributions	-	-	-	1.1	-	-	-	**1.1**	0.5	**1.6**
Transaction costs	-	-	-	(1.1)	-	-	-	**(1.1)**	-	**(1.1)**
Issuance of additional shares upon conversions	-	0.2	-	(0.2)	-	-	-	**-**	-	**-**
Reduction of share capital	(67.2)	(3.6)	-	70.8	-	-	-	**-**	-	**-**
Purchase of treasury shares	-	-	(6.5)	-	-	-	-	**(6.5)**	-	**(6.5)**
Share-based payments	-	-	-	-	17.9	-	-	**17.9**	(0.1)	**17.8**
Changes in the scope of consolidation	-	-	-	-	-	-	-	**-**	0.3	**0.3**
Balance at 31 December 2016	**0.7**	**0.7**	**(7.5)**	**2,101.6**	**67.6**	**(1,406.1)**	**38.2**	**795.2**	**29.2**	**824.4**

Global Fashion Group

Consolidated statement of cash flows for the year ended 31 December 2018

	Note	2018	2017	2016
			In EUR m	
Cash flows from operating activities				
Loss before tax from continuing operations		(196.7)	(146.4)	(876.3)
Depreciation of property, plant and equipment	13, 28	13.0	11.5	9.7
Amortisation of intangible assets	14, 28	19.5	20.9	30.7
Impairment losses of goodwill and intangible assets	14	-	-	684.5
Share-based payment expenses	21	55.2	9.4	18.1
Change in redemption value of puttable shares	30	-	-	0.1
Interest income	30	(1.2)	(8.5)	(2.7)
Interest costs	30	6.6	8.8	19.2
Result from deconsolidation of subsidiaries	6	-	(1.7)	-
Share of losses of investment accounted for using the equity method		9.1	3.8	-
Foreign currency losses/(gains)		6.8	9.1	(18.3)
Other non-cash transactions		15.5	11.2	(1.3)
(Gains)/losses from disposal of property, plant and equipment and intangible assets		(0.4)	0.2	1.2
Changes in provisions	23	(3.1)	(3.0)	7.5
Cash effective operating loss before changes in working capital		(75.7)	(84.7)	(127.6)
(Increase)/decrease in trade and other receivables	18	(16.5)	14.6	(28.1)
Increase in inventories	17	(39.2)	(28.4)	(25.7)
Increase in trade and other payables	24	54.5	29.6	49.7
Cash used in operations		**(76.9)**	**(68.9)**	**(131.7)**
Assets/liabilities held for sale (except Cash)	10	-	-	(0.5)
Cash flow from share-based payments arrangements	21	(1.2)	-	-
Income taxes paid	31	(2.5)	(0.5)	(0.8)
Interest received		1.0	6.0	2.7
Interest paid		(5.7)	(0.4)	(11.3)
Net cash used in operating activities from continuing operations		**(85.3)**	**(63.8)**	**(141.6)**
Discontinued operations (operating activities)	9	-	(9.8)	(22.3)
Net cash used in operating activities		**(85.3)**	**(73.6)**	**(163.8)**
Cash flows from investing activities				
Purchase of property, plant and equipment	13	(24.1)	(24.3)	(31.5)
Proceeds from sale of property, plant and equipment		1.0	0.5	1.6
Cash inflow from gaining control		0.6	0.5	-
Acquisition of subsidiaries, associated companies and investments		(1.1)	(0.8)	-
Cash (outflow)/inflow from disposal of subsidiaries and associated companies		-	(0.4)	4.5
Acquisition of intangible assets	14	(15.0)	(6.0)	(4.5)
Proceeds from sale of intangibles		-	-	0.2
Cash (outflow)/inflow from other securities and deposits		(27.0)	(2.2)	2.5
Net cash used in investing activities from continuing operations		**(65.6)**	**(32.7)**	**(27.2)**
Discontinued operations (investing activities)[1]	9,10	-	110.0	45.0
Net cash (used in)/from investing activities		**(65.6)**	**77.3**	**17.8**
Cash flows from financing activities				
Proceeds from borrowings and other financial liabilities[2]		0.4	0.4	155.0
Repayment of borrowings[2]	22	(1.5)	(2.3)	(166.4)
Purchase of treasury shares		-	-	(7.5)
Capital contributions from shareholders		8.6	15.3	330.3
Payments under finance lease		(2.3)	(1.8)	(1.4)
Net cash from financing activities from continuing operations		**5.2**	**11.6**	**310.0**
Net cash from financing activities		**5.2**	**11.6**	**310.0**
Cash and cash equivalents at the beginning of the year		251.4	244.2	76.7
Effect of exchange rate changes on cash and cash equivalents		(0.6)	(8.1)	3.5
Cash and cash equivalents at the end of the year	19	**105.0**	**251.4**	**244.2**

[1] Comprises EUR 98.5m inflow from Namshi (refer Note 9) and EUR 11.5m inflow from Jabong (refer note 10).

[2] Net cash outflow from borrowings in 2016 was EUR 11.4m. EUR 8.1m of this related to the interest repaid to shareholders on the bridge loan in 2016. The remaining EUR 3.3m relates to movements in bank borrowings as shown in Note 22.

Notes to the consolidated financial statements

1. Corporate information

General information

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

GFG S.A. is a stock corporation (société anonyme) under the laws of the Grand Duchy of Luxembourg and is registered in the Luxembourg Trade and Companies Register: RCS B 190.907. GFG is domiciled in Luxembourg with its registered office located at 5, Heienhaff L-1736 Senningerberg.

The largest shareholders of the Group are Kinnevik AB ('Kinnevik') and Rocket Internet SE (formerly Rocket Internet AG, 'Rocket').

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 February 2019 and were signed on its behalf.

Business activities

The Group's principal business activity is fashion and lifestyle e-commerce and associated ancillary services such as marketing, technology, payment, warehousing, and logistics services. The Company offers a wide assortment of leading international and local fashion brands, as well as a selection of private label brands. The Group operates in growth markets through four e-commerce platforms across three regions in 17 countries under the following labels: Dafiti (LATAM), Lamoda (CIS), THE ICONIC and ZALORA (APAC).

On 2 August 2016, the Group sold Jade eServices Private Limited to FK Myntra Holdings Private Limited for a consideration of USD 70 million (EUR 62.7 million), which represented the brand Jabong based in India (refer to Note 10).

In January 2017, the Group lost control over its UK-incorporated subsidiary, LFG Limited ('Finery') that operates a private label business in the United Kingdom, as a result of other investors acquiring equity participations, in the business. As a result of this transaction Finery became an investment in associate with GFG retaining 44.9% participation in it. On 4 October 2017, GFG sold its remaining interest in Finery for a consideration of €1.

On 16 August 2017, the Group entered into the Namshi partnership with Emaar Malls, whereby Emaar Malls has acquired 51% of Namshi with GFG retaining 47% (remaining 2% held by a management vehicle). This partnership will accelerate Namshi's development and allow it to continue to flourish as the region's pre-eminent fashion e-commerce destination. Emaar Malls will support the company to access additional fashion brands, further develop its logistics infrastructure and expand its geographical footprint in adjacent countries. Namshi will continue to benefit from GFG's global network, expertise in fashion e-commerce and shared resources, such as global brand acquisition. Following the 51% divestment, the net assets of Namshi have been deconsolidated (as shown in note 9) and GFG accounts for its remaining share in Namshi using the equity accounting method. The results of Namshi for the period prior to divestment on 16 August 2017 are presented within discontinued operations in the profit or loss statement.

In January 2018, GFG acquired Pick-Up.Ru for a total cash consideration of EUR 1.1 million. Pick-Up.Ru has a network of points for distributing orders within Moscow and St. Petersburg, Russia.

On 28 August 2018, the Group closed a EUR 70.0 million facility agreement with Deutsche Bank, Barclays AG Filiale Luxembourg Bank PLC and HSBC Bank PLC, with a tenure of 27 months from the date of closing.

2. Basis of preparation

Statement of compliance

In the context of the Initial Public Offering of the Group and the related prospectus for the offer to the public of newly issued shares of Global Fashion Group S.A. ("the Prospectus"), the Group prepared these special purpose consolidated financial statements ("the consolidated financial statements") for the years ended 31 December 2018, 2017 and 2016. These consolidated financial statements are prepared solely for the inclusion in the prospectus of the Group.

These special purpose consolidated financial statements include all the elements included in a normal IFRS set of financial statements with the only difference related to the comparative information that discloses 2 comparative years (2017 and 2016) rather than just one comparative (2017) for the year ended 31 December 2018.

Audit reports were issued on the consolidated financial statements as of 31 December 2018 (comparative 31 December 2017) and 31 December 2017 (comparative 31 December 2016) on 28 February 2019 and 28 March 2018 respectively.

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. 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. IFRS 15 and IFRS 9 have been applied for the first time in 2018. A number of other amendments to IFRS are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements. As Argentina became a hyperinflationary economy in 2018 IAS 29 was applied for the first time in the current reporting period.

The consolidated financial statements are prepared on a historical cost basis, unless otherwise stated.

The consolidated financial statements are presented in Euro ("EUR"), 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.

The income statement has been prepared using the cost-of-sales method.

3. Summary of significant accounting policies

Basis of consolidation. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2018, 2017 and 2016. Subsidiaries are those investees that the Company controls because (i) it has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns.

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

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

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

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

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

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

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

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

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

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

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

Investments in associates. An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

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

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

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

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

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

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

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

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

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate on the date of that statement of financial position;

- income and expenses for each income statement are translated at average exchange rates; and

- all resulting exchange differences are recognised in other comprehensive income (foreign currency translation reserve).

Application of IAS 29 Financial Reporting in Hyperinflationary Economies

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

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

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

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

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

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

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 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. The Group initially recognises financial assets on the date when they are originated.

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 (beginning on or after 1 January 2018)

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

Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized 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 amortized 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)

When a financial asset does not fall in any of the above-mentioned categories, a financial asset is classified as "at fair value through profit or loss" and measured at fair value with changes in fair value recognized in profit or loss as "finance gain" or "finance loss".

In the Group these instruments are represented by the put option on the investment in an associate.

Impairment of financial assets (beginning on or after 1 January 2018)

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 amortized 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 life time 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 impaired and written off. 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 recognizes credit losses which represent the life time 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.

All the financial assets of the Group to which the general approach applies are low credit risk.

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.

Initial classification and subsequent measurement (until 31 December 2017)

For purposes of subsequent measurement, financial assets in the Group were classified in two categories:

- Financial assets at fair value through profit and loss

- Loans and trade and other receivables

Financial assets at fair value through profit or loss included derivative financial assets. Financial assets at fair value through profit or loss were carried in the statement of financial position at fair value with net changes in fair value presented as finance expenses (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Derivatives embedded in host contracts were accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks were not closely related to those of the host contracts and the host contracts were not held for trading or designated at fair value through profit or loss. These embedded derivatives were measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurred if there was either a change in the terms of the contract that significantly modified the cash flows that would otherwise have been required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. After initial measurement, such financial assets were subsequently measured at amortised cost using the effective interest (“EIR”) method, less impairment. Amortised cost was 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 was included in finance income in the statement of profit or loss. The losses that arose from impairment were recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Impairment of financial assets (until 31 December 2017)

The Group assessed, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence that financial assets are impaired included:

- default by a debtor or indications that a debtor would enter bankruptcy; or

- adverse changes in the payment status of borrowers.

Loans and trade and other receivables. The Group assessed whether impairment existed individually for financial assets that were individually significant, or collectively for financial assets that were not individually significant.

The amount of any impairment loss identified was measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original

effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account depending on the estimated probability of the loss of receivables and the loss was recognised in the consolidated statement of profit or loss. Interest income (recorded as finance income in the consolidated statement of comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and trade and other receivables together with the associated allowance were written off when there was no realistic prospect of future recovery and all collateral had been realised or had been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increased or decreased because of an event occurring after the impairment was recognised, the previously recognised impairment loss was increased or reduced by adjusting the allowance account, but only up to the amortised costs. If a write-off was later recovered, the recovery was credited to finance expenses in the consolidated statement of profit or loss.

De-recognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred substantially all the risks and rewards 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, liabilities under puttable instruments, and loans and borrowings. All financial liabilities of the Group are classified at initial recognition as other financial liabilities.

If a financial instrument is convertible into ordinary shares of the Group, the Group analyses the terms and conditions of the financial instrument 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.

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.

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. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the EIR.

De-recognition

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

Cash and cash equivalents. 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.

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

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

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

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

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

Classes of tangible assets	Useful lives in years
Office/IT equipment	3-5
Warehouse	10
Motor Vehicles	5-8

Leases. The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether its fulfilment is dependent on the use of a specific asset or on conveyance of a right to use the asset, even if that right is not explicitly specified in the arrangement.

Operating lease

Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to profit or loss for the year on a straight-line basis over the term of the lease. When assets are leased out or subleased under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the term of the lease and included into other operating income.

Finance lease

Finance leases that transfer to the Group substantially all of the risks and rewards incidental to ownership of the leased asset, are capitalised at the commencement of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

The Company tests CGUs to which goodwill has been allocated for impairment at least annually and whenever there are indicators for an impairment. 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.

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.

Usually, internally generated intangible assets are not capitalised and expenditure is reflected in profit or loss for the period in which the expenditure is incurred. 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.

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

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

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

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

Classes of other intangible assets	Useful lives in years
Acquired software licenses	1-5
Internally developed software	3-5
Trademark	15
Customer relationships	6-16

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.

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. 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.

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, alternative valuation models are used. The market approach, using valuation multiples was used as the primary valuation method, and compared to valuations using the Discounted Cash Flow ("DCF") approach.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. To calculate the terminal value of the cash generating units, cash flows have been assumed to grow in perpetuity in line with long term forecasted GDP growth and inflation rates of the region in which the CGU operates. The discount rate is the cost of capital for each CGU.

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

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

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.

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.

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 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.

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

For awards with graded-vesting features, each instalment of the award is treated as a separate grant. This means that each instalment is separately expensed over the related vesting period. Some instalments vest only upon the occurrence of a specified exit event (e.g. IPO) or 12 months after such an event and under the condition the employee is still employed with the 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; therefore share-based expense would be reversed if no such event occurs by the time the awards elapse. No expense is recognised for awards that do not ultimately vest.

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

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense that would have resulted had the terms had 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. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to the cash-settled awards.

Revenue recognition *(beginning on or after 1 January 2018)*

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 good 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. Except for the presentation of the right of return asset and refund liability, there has been no material change in treatment to that applied under IAS 18 until December 2017 (see below).

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. Such amounts earned are determined using a fixed percentage of the transaction value, a fixed-payment schedule, or a combination of the two. There has been no change in treatment to that applied under IAS 18 until 31 December 2017 (see below).

Coupons and loyalty points, except as those explained below, and discounts are deducted from the transaction price both under the current and previously applied revenue recognition rules.

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 program (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.

In the comparative periods a similar accounting treatment was applied based on the requirements in IFRIC 13 Customer Loyalty Programmes (see below).

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

Revenue recognition (until 31 December 2017)

Under IAS 18 applied in comparative years, the Group recognised revenue when the significant risks and rewards of the ownership had passed to the customer, recovery of consideration was probable, the associated costs and possible returns of goods could be measured reliably, it was probable that future economic benefits would flow to the entity and the amount of revenue could be measured reliably, which generally occurred when the goods had been delivered to the customer.

Under IAS 18, if rights of returns had been agreed when the products are sold, revenue was only recognised when sufficient historical data on the likelihood of exercising those rights was available. The expected volume of returns was estimated based on historical information, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues and cost of goods sold had to be reduced in accordance with this estimated return rate (gross method).

Under previously applied IFRIC 13 Customer Loyalty Programmes, the loyalty programme resulted in the allocation of a portion of the transaction price to the loyalty points using the fair value of points issued and recognition of the deferred revenue in relation to points issued but not yet redeemed or expired.

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.

Selling and distribution expenses. Selling and distribution expenses include fulfilment and marketing costs.

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

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

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

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

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

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

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

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

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

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

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

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

4. Critical accounting estimates and judgements in applying accounting policies

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

Fair value determination of put options. The valuation of the Namshi put option is determined by using valuation techniques (option-pricing-model or "OPM"). The Company uses its judgement to make assumptions of peer companies (stock price volatility), of exit scenarios (allocation of exit proceeds to share classes), of dividend yields and of the risk free interest rate at the end of each reporting period [for further information we refer to Note 18 and Note 35].

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 Company, 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.

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

Inventory balance is categorised depending on the season to which it relates to. The inventory valuation allowance reflects management's estimate of losses expected to be incurred by the Group:

- as a result of sales of stock belonging to the particular season; and
- as a result of disposal of leftovers which have not been sold within 18 months from the season's start.

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 17.

Estimation of CGU recoverable amount. An impairment loss is recognised for the amount by which the carrying amount of cash-generating units exceed its recoverable amount. The recoverable amount is generally determined as the fair value less cost of disposal.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, management estimates recoverable amount based on using the DCF model.

The key assumptions used in the estimation of the recoverable amounts that require significant judgments include deriving the discount rate as well as estimation of the terminal value for further information we refer to Note 14.

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

Statutory tax and customs legislation, which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities for further information we refer to Note 31.

Fair value determination of share-based payment plans. Estimating the fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. 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 date in which the grant date is achieved. The options are then not remeasured at the end of each reporting period. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 21.

5. Changes in significant accounting policies

New and amended standards and interpretations

The Group has adopted IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* for the first time in these consolidated financial statements. The effects from these first-time

adoptions are further explained below. A number of other amendments are effective from 1 January 2018 onwards, but they do not have a material effect on the Group's financial statements.

Adoption of IFRS 15

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The new revenue standard has superseded all current revenue recognition requirements under IFRS.

When applying IFRS 15 for the first time, the Group followed a modified retrospective application approach and made use of an exemption not to apply IFRS 15 to the contracts that were completed at 1 January 2018. According to the modified retrospective application, the information presented for 2017 and 2016 is not restated – i.e. it is presented as previously reported under IAS 18, IAS 11 and related interpretations.

The details of the new significant accounting policies and the nature of the principal changes to previous accounting policies in relation to the Group's various goods and services are set out in the revenue recognition accounting policy in Note 3 to the consolidated financial statements.

On transition to IFRS 15, the Group recognised EUR 10.0 million as refund liabilities and EUR 5.9 million as rights to recover products from customers on return which was previously presented net at EUR (4.1) million.

In accordance with the previous requirements, the Group concluded that in certain arrangements the Group acted as an agent. IFRS 15 requires assessment of whether the Group acts as an agent or as a principal determining which party controls a specified good or service before it is transferred to the customer. The Group has determined that it does not control the goods before they are transferred to customers in these arrangements, and hence, is an agent rather than principal, as was the case previously.

When the Group provided services to its customers (such as marketing, technology, payment, logistics or warehousing services), it recognised revenue either at a point in time or over time. This pattern of revenue recognition was compared to the requirements in IFRS 15 and no deviations were identified. IFRS 15 further requires allocating the transaction price based on stand-alone selling prices. The Group has concluded that the allocation objective will be fulfilled if the revenue was recognised based on amounts invoiced to the customer.

The following tables summarise the impact of adopting IFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018. There was no material impact on either the consolidated statement of profit or loss and OCI for the twelve months then ended or the Group's consolidated statement of cash flows for the year ended 31 December 2018.

Impact on the consolidated statement of financial position

31 December 2018	As reported	Adjustments	Before adjustments
Assets			
Non-current assets	**539.3**	**-**	**539.3**
Inventories	186.1	-	186.1
Trade receivables	55.2	-	55.2
Other current assets	124.0	-	124.0
Other non-financial assets	50.8	5.9	44.9
Current assets	**416.1**	**5.9**	**410.2**
Total assets	**955.4**	**5.9**	**949.5**
Total equity	**603.8**	**-**	**603.8**
Non-current liabilities	**34.7**	**-**	**34.7**
Non-financial liabilities	49.2	-	49.2
Provisions	9.1	(4.1)	13.2
Other current liabilities	258.6	(10.0)	248.6
Total current liabilities	**316.9**	**5.9**	**311.0**
Total liabilities	**351.6**	**5.9**	**345.7**
Total liabilities and equity	**955.4**	**5.9**	**949.5**

Adoption of IFRS 9

The details of the new significant accounting policies and the nature of the principal changes to previous accounting policies in relation to the Group's classification, initial recognition and subsequent measurement of financial assets and liabilities and impairment of financial assets are set out in the financial instruments accounting policy in Note 3 to the consolidated financial statements.

Classification

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Applying the new classification requirements, the financial assets of the Group that were measured at amortized cost in accordance with IAS 39 are also measured at amortized cost in accordance with IFRS 9 and, the financial assets that were measured at fair value through profit or loss are also measured the same way in accordance with IFRS 9. This is because amortised cost financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of these instruments represent solely payments of principal and interest on the principal amount outstanding. The cash flows of the financial assets that were measured at fair value through profit do not represent solely payments of principal and interest on the principal amount outstanding.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The Group applies the new impairment model to financial assets measured at amortized cost. The Group applies a practical expedient and measure expected credit losses on its trade receivables using a provision matrix. The provision matrix is based on the historical credit loss experience adjusted where appropriate for effects of the current conditions and the forecasts of future developments. On the transition to the new impairment model requirements, no material changes of impairment were recognised compared to those provisions previously calculated under IAS 39. Historically, loss rates are low and the majority of financial assets are short-term trade receivables.

Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognized in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows: – the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and – the remaining amount of change in the fair value is presented in profit or loss. The Group has not designated any financial liabilities as at FVTPL and the Group has no current intention to do so. As a result there is no impact if IFRS 9 requirements on the classification of financial liabilities were applied to existing financial instruments.

Hedge accounting

The Group currently does not apply hedge accounting.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

The Group took the advantage of the exemption allowing it not to restate comparative information for prior periods. The determination of the business model within which a financial asset is held was made on the basis of the facts and circumstances that existed at the date of initial application.

Standards issued but not yet effective

The following new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2019. The Group has not adopted any of the new or amended standards early in preparing these consolidated financial statements.

Standard	To be applied from	Effects
IFRS 16: Leases	January 1, 2019	Refer to analysis below
Amendments to IFRS 9: Prepayment Features with Negative Compensation	January 1, 2019	No effect expected
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	January 1, 2019	No effect expected
IFRIC 23: Uncertainty over Income Tax Treatments	January 1, 2019	No significant effect expected
Annual improvements to IFRS cycle 2015 – 2017: Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	January 1, 2019	No significant effect expected
Amendment to IAS 19: Plan Amendment, Curtailment or Settlement	January 1, 2019	No effect expected
Amendments to references to the Conceptual Framework in IFRS Standards	January 1, 2020	No significant effect expected
Amendments to IFRS 3: Definition of Business	January 1, 2020	No significant effect expected
Amendments to IAS 1 and IAS 8: Definition of Material	January 1, 2020	No significant effect expected
IFRS 17: Insurance Contracts	January 1, 2021	No effect expected

IFRS 16 ***Leases*** was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Group plans to adopt IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised directly in equity as of January 1, 2019, without any change to the comparative figures. We will measure the right-of-use asset with an amount equal to the lease liability at the date of initial application. Note that the right-of-use asset is adjusted by the prepaid amount or accrued lease payments relating to that lease. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

Based on information currently available, the Group estimates that it will recognise additional right-of-use assets of EUR 75.0 million and lease liabilities of EUR 75.2 million as at 1 January 2019. The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the guarantor coverage loan covenant as described in Note 37.

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.

The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of the CODM are performed by the Co-CEOs and CFO of GFG. The CODM assesses the performance of the operating segments based on Revenue, Gross profit, EBIT, EBITDA and Adjusted EBITDA. Sales between segments are carried out at arm's length.

The amounts provided to the CODM are generally measured in a manner consistent with that of the financial statements.

The Group is organised on the basis of three main business segments represented by the following fashion ventures and geographical regions:

APAC . . . . . . is served by two retail platforms called ZALORA (South East Asia) and THE ICONIC (Australia and New Zealand) and offers among other products clothing, shoes and accessories.

LATAM . . . . is served by a retail platform called Dafiti and offers among other products clothing, shoes and accessories. Effective from 26 September 2015 the Latin America segment is extended for the two acquired Brazilian businesses, Kanui and Tricae.

CIS . . . . is served by a retail platform called Lamoda and offers among other products clothing, shoes and accessories.

Following the 51% divestment of Namshi General Trading LLC on 16 August 2017, Namshi is no longer a reportable segment. This led to the retrospective exclusion of Namshi to provide comparability of the segment report.

The column 'Other' includes headquarters and other business activities.

Segment results do not reflect any consequential effects from the purchase price allocation in connection with the formation of GFG. However, in order to arrive at the GFG consolidated accounts such consequential effects (depreciation, amortisation and impairment) are reflected in the 'reconciliation' column aside other consolidation adjustments.

On 7 December 2017, Lost Ink Ltd became a wholly owned subsidiary of Global Fashion Group Middle East Holdings (UK) Limited due to an internal restructuring. Previously, it was held by Kupishoes LLC. As a result, Lost Ink Ltd is now a part of 'Other' instead of 'CIS'.

Reportable segment information for the year ended 31 December 2018 is set out below:

	APAC	LATAM	CIS	Total Fashion Business	Other	Reconciliation[1]	Total
				In EUR m			
Continuing Operations							
Revenues from external customers	408.7	359.0	376.4	**1,144.1**	11.8	-	**1,155.9**
Intersegment Revenue	0.3	-	-	**0.3**	54.5	(54.8)	**-**
Revenue	**409.0**	**359.0**	**376.4**	**1,144.4**	**66.3**	**(54.8)**	**1,155.9**
Cost of sales	(256.9)	(210.0)	(230.6)	**(697.5)**	(14.4)	5.7	**(706.2)**
Gross profit	**152.1**	**149.0**	**145.8**	**446.9**	**51.9**	**(49.1)**	**449.7**
Operating (expenses)/income							
Selling and other distribution expenses							**(378.6)**
Administrative expenses							**(214.3)**
Other operating income							**3.4**
Other operating expenses							**(17.1)**
Net impairment losses of financial assets							**(0.8)**
EBIT							**(157.7)**
Depreciation and amortisation							**32.5**
EBITDA							**(125.2)**
Share-based payment expenses							**55.2**
Adjusted EBITDA							**(70.0)**
Reconciliation to loss before tax:							
Result from investment in associate							**(9.1)**
Finance income							**1.2**
Finance costs							**(32.3)**
Share-based payment expenses							**(55.2)**
Depreciation and amortisation							**(32.5)**
IAS 29 Hyperinflation result							**1.2**
Loss before tax							**(196.7)**

[1] The reconciliation column includes besides consolidation adjustments also consequential effects from purchase price allocation adjustments in connection with the formation of GFG.

Reportable segment information for the year ended 31 December 2017 is set out below:

	APAC	LATAM	CIS	Total Fashion Business	Other	Reconciliation[1]	Total
				In EUR m			
Continuing Operations							
Revenues from external customers	323.5	365.2	395.1	**1,083.8**	11.2	-	**1,095.0**
Intersegment Revenue	-	-	-	**-**	33.7	(33.7)	**-**
Revenue	**323.5**	**365.2**	**395.1**	**1,083.8**	**44.9**	**(33.7)**	**1,095.0**
Cost of sales	(198.3)	(209.8)	(247.3)	**(655.4)**	(16.9)	8.2	**(664.1)**
Gross profit	**125.2**	**155.4**	**147.8**	**428.4**	**28.0**	**(25.5)**	**430.9**
Operating (expenses)/income							
Selling and other distribution expenses							**(373.2)**
Administrative expenses							**(184.4)**
Other operating income							**15.4**
Other operating expenses							**(21.4)**
EBIT							**(132.7)**
Depreciation and amortisation							**32.4**
EBITDA							**(100.3)**
Share-based payment expenses							**9.4**
Adjusted EBITDA							**(90.9)**
Reconciliation to loss before tax:							
Result from investment in associate							**(3.8)**
Finance income							**8.5**
Finance costs							**(20.1)**
Share-based payment expenses							**(9.4)**
Depreciation and amortisation							**(32.4)**
Loss before tax							**(146.4)**

[1] The reconciliation column includes besides consolidation adjustments also consequential effects from purchase price allocation adjustments in connection with the formation of GFG.

Reportable segment information for the year ended 31 December 2016 is set out below:

	APAC	LATAM	CIS	Total Fashion Business	Other	Reconciliation[1]	Total
				In EUR m			
Continuing Operations							
Revenues from external customers	261.2	315.5	302.4	**879.1**	7.8	-	**886.9**
Intersegment Revenue	-	-	0.3	**0.3**	17.0	(17.3)	**-**
Revenue	**261.2**	**315.5**	**302.7**	**879.4**	**24.8**	**(17.3)**	**886.9**
Cost of sales	(158.0)	(178.7)	(182.8)	**(519.5)**	(11.0)	5.0	**(525.5)**
Gross profit	**103.2**	**136.8**	**119.9**	**359.9**	**13.8**	**(12.3)**	**361.4**
Operating (expenses)/income							
Selling and other distribution expenses							**(328.5)**
Administrative expenses							**(203.9)**
Other operating income							**10.0**
Other operating expenses							**(28.3)**
Impairment losses[2]							**(684.5)**
EBIT							**(873.8)**
Depreciation and amortisation							**40.4**
Impairment losses[2]							**684.5**
EBITDA							**(148.9)**
Share-based payment expenses							**18.1**
Adjusted EBITDA							**(130.8)**
Reconciliation to loss before tax:							
Finance income							**16.8**
Finance costs							**(19.3)**
Share-based payment expenses							**(18.1)**
Depreciation and amortisation							**(40.4)**
Impairment losses[2]							**(684.5)**
Loss before tax							**(876.3)**

1 The reconciliation column includes besides consolidation adjustments also consequential effects from purchase price allocation adjustments in connection with the formation of GFG.

2 Although impairment losses consequential to the purchase price allocation adjustments from the formation of GFG in 2014 are allocated to the individual GFG subgroups (Lamoda (EUR 377.3 million) and Zalora (EUR 306.9 million)), it is not part of the performance review of the individual subgroups by the CODM and therefore presented in aggregate in the reconciliation column.

Information about geographical areas

Revenues for each region for which the revenues are material are reported separately as follows:

Revenue by region	2018	2017	2016
		In EUR m	
APAC	408.7	323.5	261.2
LATAM	359.0	365.2	315.5
CIS	376.4	395.1	302.4
Other	11.8	11.2	7.8
Total	**1,155.9**	**1,095.0**	**886.9**

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

Revenues from external customers include EUR 284.0 million (2017: EUR 300.1 million, 2016: EUR 258.5 million) in Brazil, EUR 348.0 million (2017: EUR 366.2 million, 2016: EUR 257.4 million) in Russia and EUR 235.1 million (2017: EUR 181.4 million, 2016: EUR 128.0 million) in Australia.

During 2018, 2017 and 2016 no revenues from external customers were generated in Luxembourg, the domicile of Global Fashion Group S.A.

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

Non-current assets by region	2018	2017	2016
		In EUR m	
APAC	149.9	157.0	271.2
LATAM	171.4	194.4	228.0
CIS	69.1	68.8	74.1
Other	110.0	116.8	0.3
Total	**500.4**	**537.0**	**573.6**

No significant non-current assets are located in Luxembourg, the domicile of GFG S.A.

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. The changes in shareholdings primarily relate to the divestments of Namshi (Note 9), and Jabong (Note 10).

	Principal activity	Registered office	Ownership 31-Dec-18	31-Dec-17	31-Dec-16
Bigfoot GmbH, Berlin, Germany	Investment Holding	Berlin	100%	100%	100%
Juwel 198 VV UG (haftungsbeschränkt), Berlin, Germany	Trustee	Berlin	100%	100%	100%
Jade 1076. GmbH, Berlin, Germany	General Partner	Berlin	100%	100%	100%
Bambino 49. VV UG (haftungsbeschränkt), Berlin, Germany	Trustee	Berlin	100%	100%	100%
Global Fashion Group SGP Services PTE Limited, Singapore, Singapore	Consultancy Services	Singapore	100%	100%	100%
GFG eCommerce Technologies GmbH	IT Services	Berlin	100%	100%	N/A
GFG Deutschland Holdings GmbH (formally Jabong GmbH), Berlin, Germany	Holding	Berlin	96.96%	96.96%	98.11%
Capricon eServices Private Ltd, Haryana, Gurgaon, India	Online Retail	Haryana	N/A	N/A	100%
Jade eServices Private Ltd, Delhi, India	Online Retail	Delhi	N/A	N/A	100%
Global Fashion Group UK Finance Limited, London, UK	Finance Holding	London	100%	100%	100%
Global Fashion Group UK Services Limited, London, UK	Consultancy Services	London	100%	100%	100%
Global Fashion Group UK Holdings Limited (formerly Jabong Limited), London, UK	Holding	London	N/A	N/A	100%

	Principal activity	Registered office	Ownership 31-Dec-18	31-Dec-17	31-Dec-16
Global Fashion Group Ireland Finance Designated Activity Company, Dublin, Ireland	Finance Holding	Dublin	100%	100%	100%
GFG Luxembourg One SARL	Finance Holding	Senningerberg	100%	100%	N/A
Lost Ink Ltd, London, UK	Wholesale	London	100%	100%	100%
India Fashion Holdings Pte. Ltd., Singapore, Singapore	Dissolved	Singapore	N/A	100%	100%
Nevada Fashion Holdings Pte. Ltd., Singapore, Singapore	Dissolved	Singapore	N/A	100%	100%
Dafiti Latam GmbH & Co. Beteiligungs KG, Berlin, Germany	Holding	Berlin	99.14%	99.14%	99.65%
Dafiti Latam UG (haftungsbeschränkt), Berlin, Germany	Holding	Berlin	N/A	N/A	100%
VRB GmbH & Co. B-126 (Einhundertsechsundzwanzig) KG, Berlin, Germany	Holding	Berlin	96.74%	96.74%	98.37%
BFOOT S.R.L. (Arg), Buenos Aires, Argentina	Online Retail	Buenos Aires	99.86%	99.86%	100%
VRB GmbH & Co. B-127 (Einhundertsiebenundzwanzig) KG, Berlin, Germany	Holding	Berlin	96.41%	96.41%	98.21%
Bigfoot Chile SpA, Santiago, Chile	Online Retail	Santiago	100%	100%	100%
VRB GmbH & Co. B-128 (Einhundertachtundzwanzig) KG, Berlin, Germany	Holding	Berlin	97.63%	97.63%	98.81%
Bigfoot Colombia SAS, Bogota, Colombia	Online Retail	Bogota	100%	100%	100%
VRB GmbH & Co. B-182 KG, Berlin, Germany	Holding	Berlin	96.81%	96.81%	98.12%
GFG Comercio Digital Ltda (formerly Comercio Digital BF Ltda), Sao Paulo, Brazil	Online Retail	Sao Paulo	100%	100%	100%
Bay Advertising Agencia De Publicae Ltda, Sao Paulo, Brazil	Online & Offline Marketing	Sao Paulo	N/A	N/A	90.40%
Lamoda GmbH, (formerly Glamstyle Central + Eastern Europe GmbH & Co. KG), Berlin, Germany	Holding	Berlin	100%	100%	100%
Blanko 20 KG. GmbH & Co. KG, Berlin, Germany	Online retail	Berlin	100%	100%	100%
Fashion Delivered LLC, Ukraine, Kiev	Call centre	Kiev	100%	100%	100%
Kupishoes LLC, Moscow, Russia	Online Retail	Moscow	100%	100%	100%
Lamoda Service TOO, Almaty, Kazakhstan	Online Retail	Almaty	100%	100%	100%
OOO Fashion Delivered, Almaty, Kazakhstan	Online Retail	Almaty	100%	100%	100%
LLC Ecom Solution, Moscow, Russia	Online Retail	Moscow	100%	100%	100%
Fashion Delivered OOO, Moscow, Russia	Online Retail	Moscow	100%	100%	100%
LLC Fashion Delivered, Minsk, Belarus	Online Retail	Minsk	100%	100%	100%
LLC Pick-up	PUP	Moscow	99.49%	N/A	N/A

	Principal activity	Registered office	Ownership 31-Dec-18	31-Dec-17	31-Dec-16
Lamoda Management GmbH & Co KG, Berlin, Germany	Trustee	Berlin	100%	100%	100%
BGN Brilliant Services GmbH, Berlin, Germany	Holding	Berlin	100%	100%	100%
Juwel 145 V V UG (haftungsbeschränkt), Berlin, Germany	Trustee	Berlin	100%	100%	100%
New BGN Zalora GmbH, Berlin Germany	Holding	Berlin	100%	100%	100%
Zalora Group GmbH, Berlin, Germany	Holding	Berlin	100%	100%	100%
Brillant 1257 GmbH, Berlin, Germany	General Partner	Berlin	100%	100%	100%
VRB GmbH & Co. B-136. KG, Berlin, Germany	Holding	Berlin	92.53%	92.53%	97.07%
Brillant 1257 GmbH & Co. Verwaltungs KG, Berlin, Germany	Holding	Berlin	87.75%	87.75%	91.48%
Brillant 1257. GmbH & Co. Zweite Verwaltungs KG, Berlin, Germany	Holding	Berlin	88.87%	88.87%	90.22%
Brillant Vietnam Co., Ltd, Ho Chi Minh City, Vietnam	Holding	Ho Chi Minh City	100%	100%	100%
R-SC Vietnam Co., Ltd., Ho Chi Minh City, Vietnam	Consultancy Services	Berlin	100%	100%	100%
Brillant 1257. GmbH & Co. Dritte Verwaltungs KG, Berlin, Germany	Holding	Berlin	91.90%	91.90%	94.05%
Brillant 1257. GmbH & Co. Zehnte Verwaltungs KG, Berlin, Germany	Holding	Berlin	100%	100%	100%
PT Fashion Eservices, Jakarta, Indonesia	Online Retail	Jakarta	99.99%	99.99%	100%
PT Fashion Marketplace, Jakarta, Indonesia	Online Retail	Jakarta	99.90%	99.90%	100%
Brillant 1257. GmbH & Co. Vierte Verwaltungs KG, Berlin, Germany, Berlin, Germany	Holding	Berlin	87.21%	87.21%	89.55%
BF Jade E-Services Philippines Inc., Makati City, Philippines	Online Retail	Makati City	50.99%	50.99%	100%
Brillant 1257. GmbH & Co. Fünfte Verwaltungs KG, Berlin, Germany	Holding	Berlin	89.35%	89.35%	91.71%
Jade E-Services Malaysia Sdn Bhd, Kuala Lumpur, Malaysia	Online Retail	Kuala Lumpur	99%	99%	100%
Brillant 1257. GmbH & Co. Sechste Verwaltungs KG, Berlin, Germany	Holding	Berlin	91.29%	91.29%	93.53%
Jade E-Services Singapore Pte Ltd, Singapore, Singapore	Online Retail	Singapore	100%	100%	100%
Brillant 1257. GmbH & Co. Achte Verwaltungs KG, Berlin, Germany	Holding	Berlin	90%	90%	100%
Zalora South East Asia Pte Ltd, Singapore, Singapore	Online Retail	Singapore	100%	100%	100%
RPL Fashion Trading Gungzhou Co., Ltd (China), Guangzhou, China	Online Retail	Guangzhou	100%	100%	100%
Brillant 1257. GmbH & Co. Neunte Verwaltungs KG, Berlin, Germany, Berlin, Germany	Holding	Berlin	90%	90%	100%
Zalora Hong Kong Ltd, Hong Kong, China	Online Retail	Hong Kong	100%	100%	100%

	Principal activity	Registered office	Ownership 31-Dec-18	31-Dec-17	31-Dec-16
ZSEA Technology Services Company Limited	Consultancy Services	Vietnam	100%	N/A	N/A
VRB GmbH & Co. B-129. KG, Berlin, Germany	Holding	Berlin	91.50%	91.50%	93.29%
Jade 1249 GmbH, Berlin, Germany	General Partner	Berlin	100%	100%	100%
Jade 1250. GmbH, Berlin, Germany	General Partner	Berlin	100%	100%	100%
Internet Services Australia 1 Pty Ltd, Sydney, Australia	Online Retail	Sydney	100%	100%	100%
VRB GmbH & Co. B-130. KG, Berlin, Germany	Holding	Berlin	N/A	N/A	100%
Internet Services Australia 2 Pty Ltd, Sydney, Australia	Online Retail	Sydney	N/A	N/A	100%
New Middle East eCommerce II GmbH, Berlin, Germany	Holding	Berlin	100%	100%	100%
New Middle East eCommerce I GmbH, Berlin, Germany	Holding	Berlin	100%	100%	100%
Middle East eCommerce Holding GmbH, Berlin, Germany	Holding	Berlin	100%	100%	100%
Mena Style Fashion GmbH & Co. KG, Berlin, Germany	Holding	Berlin	91.94%	91.94%	97.61%
Namshi General Trading LLC, Dubai, United Arab Emirates	General Trading	Dubai	N/A	N/A	100%
GFG UK 1 Limited	Holding	London	100%	100%	N/A
GFG Deutschland 1 GmbH	Holding	Berlin	100%	100%	N/A
Global Fashion Group Middle East Holdings (UK) Limited, London, UK	Holding	London	100%	100%	N/A
Digital Services Holding X S.à.r.l., Sennigerberg, Luxembourg	Holding	Senningerberg	N/A	N/A	100%
LFG Lux S.C.Sp, Sennigerberg, Luxembourg	Holding	Senningerberg	N/A	N/A	73.05%
LFG Limited, London, UK	Online Retail and Wholesale	London	N/A	N/A	73.05%
LFG Lux (GP) S.à.r.l., Sennigerberg, Luxembourg	General Partner	Senningerberg	N/A	N/A	100%
Jade 1218. GmbH, Berlin, Germany	Holding	Berlin	94.81%	94.81%	94.81%
Jade 1411. GmbH (Komplementär), Berlin, Germany	General Partner	Berlin	100%	100%	100%
Bambino 77. V V UG (haftungsbeschränkt), Berlin, Germany	Trustee	Berlin	100%	100%	100%
VRB GmbH & Co. B-196 KG, Berlin, Germany	Holding	Berlin	91.01%	91.01%	93.16%
Tricae Comercio Varejista Ltda, Sao Paulo, Brazil	Online Retail	Sao Paulo	99.90%	99.90%	100%
Jade 1159. GmbH, Berlin, Germany	Holding	Berlin	94.71%	94.71%	94.71%
Jade 1410. GmbH (Komplementär), Berlin, Germany	General Partner	Berlin	100%	100%	100%
Juwel 196. VV UG (haftungsbeschränkt) , Berlin, Germany	Trustee	Berlin	100%	100%	100%
VRB GmbH & Co. B-195 KG, Berlin, Germany	Holding	Berlin	91.36%	91.36%	89.75%
Kanui Comercio Varejista Ltda, Sao Paulo, Brazil	Online Retail	Sao Paulo	99.90%	99.90%	100%

At 31 December 2016, 2017 and 2018 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. As of 31 December 2016, 2017 and 2018 no subsidiaries with material non-controlling interests existed.

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.

Related parties to whom the Group maintains business relationships include Rocket and Kinnevik as they have the ability to exercise significant influence as shareholders of the Group as well as their subsidiaries and joint ventures (referred to as 'Rocket Group' and 'Kinnevik Group').

During the year ended 31 December 2016, Kinnevik and Rocket provided bridge loans to the Group in the total amount of EUR 95.2 million and EUR 54.8 million respectively. The Group fully repaid these loans including the accumulated interest during the same period. Cumulated interest expense related to the bridge loans during year ended 31 December 2016 amounted to EUR 5.8 million and EUR 2.6 million respectively. The loan was provided as part of an agreement where a further shareholder was involved.

In the year ended 31 December 2016, Kinnevik and Rocket acquired preferred convertible shares (refer to Note 20 for further details) in the total amount of EUR 160.7 million and EUR 94.4 million respectively. Other existing shareholders of GFG also participated in the 2016 financing round.

The following table provides the total amount of other transactions that have been entered into with related parties during the twelve months ended 31 December 2018, 2017 and 2016 respectively.

		Sales to related parties	Purchases from related parties	Interest expense on bridge loan	Amounts owed by related parties	Amounts owed to related parties
				In EUR m		
Entities with significant influence over the group:						
Rocket Internet	2018	-	(0.3)	-	-	-
	2017	0.1	(0.7)	-	-	(0.1)
	2016	0.1	(2.2)	(8.5)	-	(0.1)
Associates:						
Wadi International	2018	-	-	-	-	-
	2017	-	-	-	-	-
	2016	-	-	-	0.1	(0.2)
		-	-	-	-	-
Namshi Holding Limited	2018	0.5	-	-	-	-
	2017	0.4	-	-	0.2	-
	2016	-	-	-	-	-
Key management personnel of the Group:						
Other directors' interests	2018	-	-	-	-	-
	2017	-	-	-	0.3	-
	2016	-	-	-	-	-

At 31 December 2018, 2017 and 2016 receivables from related parties primarily relate to shared services provided. The liabilities to related parties arise mainly from service charges and are due 12 months after the date of purchase. The payables bear no interest.

Key management personnel

Key management of the Group includes the Co-Chief Executive Officers and Chief Financial Officer. Expenses related to the Group's key management personnel amounted to EUR 12.5 million in 2018 (2017: EUR 1.2 million, 2016: EUR 0.6 million). Of this amount, the share-based payment awards resulted in an expense of EUR 10.3 million (2017: nil, 2016: reversal of share-based payment expenses of EUR 0.7 million) (refer to Note 21). All other remuneration is classified as short-term benefits.

9. Discontinued operations - Namshi

On 16 August 2017, the Group divested 51% of Namshi. Up to the disposal date, Namshi generated the following results:

Net loss from discontinued operation

	For the period 1 January 2017 – 16 August 2017	2016
	In EUR m	
Revenue	105.6	136.2
Cost of sales	(52.0)	(64.1)
Gross profit	**53.6**	**72.1**
Operating (expenses)/income		
Selling and distribution expenses	(46.3)	(61.8)
Administrative expenses	(8.1)	(11.8)
Other operating income	0.1	0.5
Other operating expenses	(0.1)	(0.5)
Earnings before interest and tax (EBIT)	**(0.8)**	**(1.5)**
Finance income	-	-
Finance expense	(1.0)	(0.9)
Loss before tax	**(1.8)**	**(2.4)**
Gain on sale of discontinued operation	139.0	-
Income taxes	0.2	0.3
Net profit for the period from discontinued operations	**137.4**	**(2.1)**

The net loss from discontinued operations is attributable entirely to the shareholders of the Company.

Result from deconsolidation of subsidiaries

	As at 16 August 2017
	In EUR m
Cash and cash equivalents	13.0
Trade and other receivables	8.8
Inventories	24.7
Other Assets	3.4
Goodwill	64.0
Other intangible Assets	31.1
Property plant and equipment	1.0
Trade payables	(23.3)
Other liabilities	(9.6)
Non-current liabilities	(8.2)
Net assets disposed of	**(104.9)**
Consideration	
Consideration satisfied by cash	111.5
Consideration satisfied in form of a put option (Note 35)	21.1
Total consideration	**132.6**
Non-controlling interests	1.7
Foreign currency translation gain	(0.7)
Other effects	(0.1)
Investment in Namshi	118.5
	147.1
Less: transaction costs[1]	(8.1)
Gain on disposal	**139.0**

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

Cash inflow from investing activities

	As at 16 August 2017
	In EUR m
Consideration received, satisfied in cash	111.5
Cash and cash equivalents disposed of	(13.0)
Net cash inflows	**98.5**

10. Discontinued operations – Jabong

On 2 August 2016, the Group completed the disposal of Jade eServices Private Limited (operating entity of the Jabong segment) to FK Myntra Holdings Private Limited for a consideration of USD 70 million (EUR 62.7 million), which was classified as a discontinued operation.

In accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, the results and cash flows of this disposal group are reported separately from the performance of the continuing operations at each reporting date.

Net loss from discontinued operation

	For the period 1 January 2016 – 2 August 2016
	In EUR m
Revenue	72.9
Cost of sales	(70.8)
Gross profit	**2.1**
Operating (expenses)/income	
Selling and distribution expenses	(15.8)
Administrative expenses	(16.9)
Other operating income	0.4
Impairment losses	(73.6)
Other operating expenses	(5.4)
Losses before interest and tax (EBIT)	**(109.2)**
Finance income	0.3
Finance expense	(0.2)
Loss before tax	**(109.1)**
Gain on sale of discontinued operation	7.0
Income taxes	(1.2)
Net loss for the period from discontinued operations	**(103.3)**

The net loss from discontinued operations is attributable entirely to the shareholders of the Company.

Effect of disposal on the financial position of the Group

	At 2 August 2016
	In EUR m
Intangible assets	69.3
Property, plant and equipment	6.6
Other non current assets	2.9
Inventories	29.2
Trade and other receivables	15.2
Other current financial assets	11.5
Current non-financial assets	3.4
Cash and cash equivalents	6.6
Assets classified as held for sale	144.7
Trade and other financial liabilities	(46.5)
Deferred tax liabilities	(20.0)
Borrowings	(1.9)
Other non-financial liabilities	(3.9)
Provisions	(0.8)
Liabilities directly associated with assets classified as held for sale	(73.1)
Net assets directly associated with disposal group	**71.6**
Consideration received, satisfied by cash and other receivables	**62.7**
Non-controlling interests	1.1
Foreign currency translation gain recycled out of OCI	14.8
Gain on disposal	**7.0**

Cash flow proceeds from discontinued operations

	2016
	In EUR m
Consideration received, satisfied in cash[1]	51.9
Cash and cash equivalents disposed of	(6.6)
Net cash inflows	45.3

[1] From the total consideration of USD 70 million (EUR 62.7 million), EUR 51.9 million was satisfied in cash during the year ended 31 December 2016. The remaining balance of EUR 10.8 million was held in an escrow account pending completion of post-divestment deliverables with EUR 11.5 million received during 2017. The difference of EUR 0.7 million represents currency translation differences and is reflected within financial result.

11. Business combinations

On 16 January 2018, the Group acquired Pick-Up.Ru for a total cash consideration of EUR 1.1 million.

The provisionally determined fair values of the identifiable assets and liabilities of Pick-Up.Ru as of the date of acquisition were:

	Fair value at acquisition
	In EUR m
Assets	
Intangible assets	1.3
Cash and cash equivalents	0.6
Trade receivables	0.5
Other non-financial current assets	0.1
Liabilities	
Deferred tax liabilities	0.1
Short term borrowings	0.9
Income tax liability	0.1
Non-financial current liabilities	1.0
Total identifiable net assets at fair value	**0.4**
Preliminary goodwill arising on acquisition	**0.7**
Purchase consideration transferred	1.1

For the 12 months ended 31 December 2018, Pick-Up.Ru contributed revenue of EUR 3.7 million and a loss of EUR 0.8 million to the Group's results.

12. 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 ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic EPS calculations:

	2018	2017	2016
		In EUR m	
Loss attributable to ordinary equity holders of the parent:			
Continuing operations	(196.0)	(139.0)	(767.0)
Discontinued operations	-	137.4	(105.4)
Loss attributable to ordinary equity holders of the parent for basic earnings	**(196.0)**	**(1.6)**	**(872.4)**
Weighted average number of ordinary shares for basic EPS (m)	67.9	67.9	67.9
Basic and diluted EPS from continuing operations *(EUR)*	(2.9)	(2.0)	(11.3)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares that have satisfied the appropriate performance criteria at 31 December 2018. For the years ended 31 December 2018, 2017 and 2016 there were no differences in the weighted average number of shares used for basic and diluted net loss per ordinary share because their inclusion would be anti-dilutive.

13. Property, plant and equipment

	Office / IT equipment / Leasehold improvements	Warehouse / Motor vehicles	Assets in the course of construction	Total
		In EUR m		
Cost				
At 1 January 2016	25.2	22.8	2.3	50.3
Additions	10.3	13.7	9.5	33.5
- due from business combinations	0.1	-	-	0.1
Reclassifications	0.9	5.5	(6.4)	-
Disposals	(6.5)	(3.0)	-	(9.5)
- due to disposals of subsidiaries	(8.4)	(0.1)	-	(8.5)
Currency translation differences	1.8	8.3	0.6	10.7
At 31 December 2016	**23.4**	**47.2**	**6.0**	**76.6**
Additions	6.1	9.1	11.7	26.9
Reclassifications	1.1	2.9	(5.1)	(1.1)
Disposals	(0.3)	(1.5)	(0.1)	(1.9)
- due to disposals of subsidiaries	(0.9)	(1.8)	-	(2.7)
Currency translation differences	(2.4)	(4.8)	(0.7)	(7.9)
At 31 December 2017	**27.0**	**51.1**	**11.8**	**89.9**
Additions	5.7	10.2	11.0	26.9
Reclassifications	0.4	13.4	(15.5)	(1.7)
Disposals	(0.4)	(1.2)	(0.4)	(2.0)
Currency translation differences	(2.5)	(7.2)	(0.7)	(10.4)
At 31 December 2018	**30.2**	**66.3**	**6.2**	**102.7**
Depreciation and impairment				
At 1 January 2016	(6.5)	(3.4)	-	(9.9)
Depreciation charge for the year	(6.5)	(5.3)	-	(11.8)
Reclassifications	0.1	-	-	0.1
Disposals	4.2	1.0	-	5.2
- due to disposals of subsidiaries	1.9	-	-	1.9
Currency translation differences	(0.7)	(1.2)	-	(1.9)
Impairment	-	(0.3)	-	(0.3)
At 31 December 2016	**(7.5)**	**(9.2)**	**-**	**(16.7)**
Depreciation charge for the year	(5.2)	(6.8)	-	(12.0)
Reclassifications	0.2	0.2	-	0.4
Disposals	0.2	0.9	-	1.1
- due to disposals of subsidiaries	0.6	1.1	-	1.7
Currency translation differences	1.0	1.1	-	2.1
At 31 December 2017	**(10.7)**	**(12.7)**	**-**	**(23.4)**
Depreciation charge for the year	(5.3)	(7.5)	(0.2)	(13.0)
Disposals	0.2	1.1	-	1.3
Currency translation differences	1.0	1.8	0.1	2.9
Merger	-	-	(0.4)	(0.4)
At 31 December 2018	**(14.8)**	**(17.3)**	**(0.5)**	**(32.6)**
Net book amount				
At 31 December 2018	**15.4**	**49.0**	**5.7**	**70.1**
At 31 December 2017	16.3	38.4	11.8	66.5
At 31 December 2016	15.9	38.0	6.0	59.9

During the year ended 31 December 2017, the Group deconsolidated the PP&E assets related to LFG and Namshi (for further details refer to Note 9). Depreciation expense of EUR 0.5 million related to Namshi is included in the depreciation charge line above but is presented within the discontinued operations line as shown in Note 9.

The disposals in 2016 primarily relate to the disposal of Jade eServices Private Limited (operating entity of Jabong, for further details refer to Note 10). Depreciation expense of EUR 1.5 million related to Jabong and EUR 0.9 million related to Namshi is included in the depreciation charge for 2016 above but is presented within the discontinued operations line as shown in Notes 9 and 10.

As of 31 December 2016, 2017 and 2018, there were no assets held for sale.

Finance leases

The carrying value of plant and machinery held under finance leases and hire purchase contracts at 31 December 2018 was EUR 5.8 million, (2017: EUR 5.9 million, 2016: EUR 2.0 million). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

14. Goodwill and other intangible assets

		Intangible assets					
	Goodwill	Internally developed intangible assets / Website costs	Software / Licenses / Rights	Trademark	Customer Relationships	Other	Total other intangible assets
			In EUR m				
Cost							
At 1 January 2016	1,125.4	3.1	18.2	584.9	160.7	-	766.9
Additions	-	1.2	3.5	-	-	-	4.7
Reclassifications	4.0	(0.1)	0.1	-	4.6	-	4.6
Disposals	-	-	(0.8)	-	(4.6)	-	(5.4)
- due to disposals of subsidiaries	(282.4)	-	(0.7)	(153.9)	-	-	(154.6)
Currency translation differences	130.9	0.8	3.7	52.6	26.7	-	83.8
At 31 December 2016	**977.9**	**5.0**	**24.0**	**483.6**	**187.4**	**-**	**700.0**
Additions	-	2.8	3.4	-	-	-	6.2
Reclassifications	-	(0.4)	0.4	-	-	-	-
Reclassifications to held for sale	(4.4)	-	-	-	(0.3)	-	(0.3)
Disposals	-	(0.1)	(1.6)	-	-	-	(1.7)
- due to disposals of subsidiaries	(64.1)	(0.5)	(1.0)	(31.1)	(8.3)	-	(40.9)
Currency translation differences	(82.5)	(0.7)	(2.6)	(26.4)	(14.1)	-	(43.8)
At 31 December 2017	**826.9**	**6.1**	**22.6**	**426.1**	**164.7**	**-**	**619.5**
Additions	-	11.5	3.5	-	-	-	15.0
- due from business combinations	0.7	-	-	0.4	0.1	0.8	1.3
Reclassifications	-	0.3	0.6	-	-	-	0.9
Currency translation differences	(70.2)	(1.0)	(2.6)	(37.6)	(15.2)	(0.2)	(56.6)
At 31 December 2018	**757.4**	**16.9**	**24.1**	**388.9**	**149.6**	**0.6**	**580.1**

	Goodwill	Internally developed intangible assets / Website costs	Software / Licenses / Rights	Trademark	Customer Relationships	Other	Total other intangible assets
	In EUR m						
Amortisation and impairment							
At 1 January 2016	(552.0)	(0.7)	(5.0)	(42.8)	(11.8)	-	(60.3)
Amortisation charge for the year	-	(1.3)	(6.3)	(23.0)	(9.3)	-	(39.9)
Reclassifications	-	-	-	-	(0.5)	-	(0.5)
Disposals	-	-	0.6	-	-	-	0.6
- due to disposals of subsidiaries	278.4	-	0.5	92.3	0.5	-	93.3
Currency translation differences	(83.9)	(0.3)	(1.4)	(31.2)	(10.6)	-	(43.5)
Impairment[1]	(318.6)	-	-	(355.5)	(84.1)	-	(439.6)
At 31 December 2016	**(676.1)**	**(2.3)**	**(11.6)**	**(360.2)**	**(115.8)**	**-**	**(489.9)**
Amortisation charge for the year	-	(1.6)	(6.7)	(8.2)	(6.3)	-	(22.8)
Reclassifications	-	0.3	(0.3)	-	-	-	-
Disposals	-	0.1	1.7	-	-	-	1.8
- due to disposals of subsidiaries	-	0.3	0.6	5.2	3.4	-	9.5
Currency translation differences	52.7	0.4	1.5	20.6	9.0	-	31.5
At 31 December 2017	**(623.4)**	**(2.8)**	**(14.8)**	**(342.6)**	**(109.7)**	**-**	**(469.9)**
Amortisation charge for the year	-	(2.5)	(5.1)	(6.6)	(5.0)	-	(19.2)
- due from business combinations	-	-	-	-	-	(0.3)	(0.3)
Reclassifications	-	(0.1)	0.1	-	-	-	-
Currency translation differences	51.6	0.3	1.8	33.0	10.3	0.1	45.5
At 31 December 2018	**(571.8)**	**(5.1)**	**(18.0)**	**(316.2)**	**(104.4)**	**(0.2)**	**(443.9)**
Net book amount							
At 31 December 2018	**185.6**	**11.8**	**6.1**	**72.7**	**45.2**	**0.4**	**136.2**
At 31 December 2017	**203.5**	**3.3**	**7.8**	**83.5**	**55.0**	**-**	**149.6**
At 31 December 2016	**301.9**	**2.7**	**12.4**	**123.4**	**71.6**	**-**	**210.1**

[1] Includes impairment of trademark (EUR 73.6 million) relating to Jabong, which is classified as discontinued operations.

During the year ended 31 December 2017, the Group deconsolidated the intangible assets related to LFG and Namshi. Amortisation expense of EUR 1.9 million related to Namshi is included in the amortisation charge line above but is presented within the discontinued operations line as shown in Note 9.

The disposals in 2016 primarily relate to the disposal of Jade eServices Private Limited (operating entity of Jabong, for further details refer to Note 10). Amortisation expense of EUR 5.4 million related to Jabong and EUR 3.8 million related to Namshi is included in the amortisation charge for 2016 above but is presented within the discontinued operations line as shown in Notes 9 and 10.

As of 31 December 2018, as well as in 2017 and 2016, there were no intangible assets in which title was restricted.

As of 31 December 2018, as well as in 2017 and 2016, there were no assets held for sale.

Impairment testing of CGUs containing goodwill

During the year ended 31 December 2018 and 31 December 2017, the Group tested for impairment in its CGUs and recognised no impairment losses.

	Goodwill			Trademark			Customer Relationship		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
					In EUR m				
APAC	-	-	214.0	-	-	68.8	-	-	24.1
CIS	-	-	104.3	-	-	213.1	-	-	60.0
Other	-	-	0.3	-	-	-	-	-	-
Total	**-**	**-**	**318.6**	**-**	**-**	**281.9**	**-**	**-**	**84.1**

For the purposes of impairment testing, goodwill was allocated to the Group's cash-generating units (CGUs) based on the Group's regional operating segments.

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

	31-Dec-18	31-Dec-17	31-Dec-16
		In EUR m	
APAC	56.0	59.1	62.2
CIS	0.6	-	-
LATAM	129.0	144.4	167.2
Namshi	n/a	n/a	72.5
Total	**185.6**	**203.5**	**301.9**

In 2018 and 2017, the recoverable amount of each CGU was calculated based on fair value less costs of disposal using the Market Approach, and more specifically the guideline public company method. In particular, the recoverable amount of each CGU was determined by applying enterprise value (EV) to last twelve months (LTM) revenue multiples. To select a reasonable EV/LTM revenue multiple for each CGU in each period, Management developed a peer group of three guideline public companies operating in the online fashion retail industry. For each guideline public company in the peer group, multiples of EV to LTM revenues were calculated and the median peer group multiple was derived. Management then assessed the strengths and weaknesses of each CGU relative to the peer group companies in order to select an appropriate valuation discount. Such assessment included analysing the CGU's size, growth, profitability, position in the market and overall risk profile relative to the peer group companies. To the extent a CGU's growth and risk profile in relation to the peer group changes, The Group expects the implied discount (or premium) to the median peer group multiple to either widen or narrow. Inputs to the fair value measurements under the Market Approach were categorised as Level 3.

The Group's move from the DCF Method in 2016 to the Market Approach in 2017 and 2018 was intended to align with common practices of investors transacting in GFG's market and give greater priority to observable market data points (i.e. valuation multiples) in accordance with the hierarchy of fair value measurement inputs as outlined under IFRS 13.

The Group believes that any reasonably possible change in the underlying key assumptions would not cause the carrying amount of the CGUs to exceed their recoverable amounts.

Impairment approach for the year ended 31 December 2018

Management calculated a median peer group EV/LTM revenue multiple of 0.9x. Management noted that the significant decline in the peer group's median multiple compared to the prior year (2.4x median multiple in 2017) was in part driven by a general stock market decline at the end of 2018, but also driven by a number of company specific issues and profit warnings affecting the stock prices of the selected guideline public companies in the second half of 2018. Based on Management's assessment of the strengths and weaknesses of each CGU

relative to the peer group companies, Management selected discounts to the peer group median ranging between -18% and +29% These discounts/premiums were applied to the median peer group multiple of 0.9x to arrive at a selected 2018 (LTM) revenue multiple for each CGU, individually, as outlined below:

31 December 2018	**Sensitivity Analysis**			
	Peer's median Q4 2018	**Premium/ (Discount)**	**Multiple**	**Minimum multiple to pass impairment test**
Dafiti (LATAM)	0.9x	6%	0.9x	0.4x
Lamoda (CIS)	0.9x	(18%)	0.7x	0.3x
Zalora (APAC)	0.9x	(6%)	0.8x	0.4x
The Iconic (APAC)	0.9x	29%	1.1x	0.5x

The table above also shows the threshold EV/LTM revenue multiple that would have triggered an impairment for each CGU at year ended 31 December 2018.

Impairment approach for the year ended 31 December 2017

Management calculated a median peer group EV/LTM revenue multiple of 2.4x. Based on Management's assessment of the strengths and weaknesses of each CGU relative to the peer group companies, Management selected discounts to the peer group median ranging between 18% and 55%. These discounts were applied to the median peer group multiple of 2.4x to arrive at a selected 2017 (LTM) revenue multiple for each CGU, individually, as outlined below:

31 December 2017	**Sensitivity Analysis**			
	Peer's median Q4 2017	**Premium/ (Discount)**	**Multiple**	**Minimum multiple to pass impairment test**
Dafiti (LATAM)	2.4x	(42%)	1.4x	0.5x
Lamoda (CIS)	2.4x	(46%)	1.3x	0.3x
Zalora (APAC)	2.4x	(55%)	1.1x	0.6x
The Iconic (APAC)	2.4x	(18%)	2.0x	0.7x

The table above also shows the threshold EV/LTM revenue multiple that would have triggered an impairment for each CGU at year ended 31 December 2017.

Impairment approach for the year ended 31 December 2016

In 2016, the Group recognised the below impairment losses as a result of the following impairment events:

- at 31 March 2016 triggered by lower long term profitability expectations for comparable companies and higher risk premiums resulting from a drop in overall market valuations between 31 December 2015 and 31 March 2016 as well as the difficulty to raise new investor capital; and

- at 30 June 2016 triggered by the funding round approved by the board resulting in a pre-money valuation of EUR 700 million.

In 2016, the recoverable amounts of each CGU were based on fair value less costs of disposal, estimated using discounted cashflow (DCF) models.

The key assumptions used in the estimation of the recoverable amounts were as follows:

Discount rate The discount rate was derived as the sum of the cost of capital, small capital risk premium and additional risk premium:

- **Cost of capital**: the cost of capital has been calculated using the capital asset pricing model ("CAPM") and takes into account capital market data for peer groups, country risk premiums, inflation rates and risk free rates.
- **Small capital risk premium ("SCRP")**: SCRP is designed to capture the higher expected return for businesses with low capitalisation and is estimated by reference to existing capital market data.
- **Additional risk premium ("ARP")**: The ARP accounts for start-up and CGU-specific risks. ARP, if applied, is calculated by considering historical and expected future conditions specific to the CGU that are not captured within the CAPM build-up of the cost of capital as well as risk inherent within the CGU business plans.

Cash flow projections Five-year cash flow projections prepared by management have been used within the DCF models.

Terminal Value To calculate the terminal value of the cash generating units, cash flows have been assumed to grow in perpetuity in line with long term forecasted GDP growth and inflation rates of the region in which the CGUs operate.

The recoverable amounts of the CGUs for which the impairment loss was recognised in connection with the 2016 impairment events were as follows:

	2016
	In EUR m
Lamoda	66.7
Zalora	27.6

The discount rates used in deriving the above recoverable amounts were as follows: Zalora (61.7)% and Lamoda (63.8)% in 2016.

In addition, the Group performed an annual impairment test for all CGUs with allocated goodwill at 31 December 2016 (including Namshi, The Iconic and Dafiti). Since the recoverable amounts of these CGUs exceeded their carrying amount, no further impairment was recognised. The discount rates used in estimation of the recoverable amounts of these CGUs were as follows: Namshi – 14.1%, The Iconic – 12.4% and Dafiti – 16.8%.

15. Investments in associates

The Group has a 47% investment in Namshi, which is a fashion e-commerce platform operating in the Middle East. Namshi is a private entity that is not currently listed on any public exchange. Since 16 August 2017, the Group's interest in Namshi is accounted for using the equity method in the consolidated financial statements. Prior to this, the results were consolidated in the Group's financial statements. The following table illustrates the summarised financial information of the Group's investment in Namshi:

Summarised Profit or Loss for 2018

	1 Jan - 31 Dec 2018	16 Aug - 31 Dec 2017
	In EUR m	
Revenue	196.4	70.2
Cost of sales	(148.8)	(37.2)
Administrative expenses	(57.6)	(33.7)
Finance expense	(1.5)	(0.8)
Loss before tax	**(11.5)**	**(1.5)**
Income tax expense	-	-
Loss for the year (continuing operations)	**(11.5)**	**(1.5)**
Group's share of loss for the year at 46.93%	(5.4)	(0.7)
Group's share of OCI for the year at 46.93%	0.7	-
Purchase price allocation effects	(3.8)	(1.4)
Group's share of loss for the year	**(8.5)**	**(2.1)**

Summarised Balance Sheet as at 31 December

	2018	2017
	In EUR m	
Current assets	47.0	43.1
Non-current assets	225.7	233.3
Current liabilities	(41.2)	(27.6)
Non-current liabilities	(1.5)	(0.8)
Equity	**230.0**	**248.0**
Group's share in equity - 46.93%	107.9	116.4

The associate requires the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at 31 December 2016, 2017 or 2018.

As at 31 December 2018, no indicators for impairment were identified for the Namshi investment in accordance with IAS 36.

16. Other non-financial assets

Other non-financial assets are as follows:

	31 Dec 2018	31 Dec 2017	31 Dec 2016
		In EUR m	
Non-current			
Prepayments	0.4	1.4	0.7
VAT and Tax refunds	0.3	-	1.0
Less: Provision for impairment	-	(0.4)	-
Other non-financial assets (non-current)	**0.7**	**1.0**	**1.7**
Current			
Prepayments	13.7	11.3	31.3
VAT and Tax refunds	30.9	34.8	46.2
Other non-financial assets	0.3	0.6	0.9
Right to recover returned goods	5.9	-	-
Less: Provision for impairment	-	(0.4)	(0.4)
Other non-financial assets (current)	**50.8**	**46.3**	**78.0**

17. Inventories

Inventories net of provision are as follows:

	31 Dec 2018	31 Dec 2017	31 Dec 2016
		In EUR m	
Raw materials and supplies	1.7	1.7	1.7
Finished goods and merchandise	184.4	170.3	178.5
Total inventories	**186.1**	**172.0**	**180.2**

In 2018 the amount of inventories recognised as expense and included in cost of sales amounted to EUR 696.0 million (2017: EUR 654.6 million, 2016: EUR 518.3 million). It includes expenses of EUR 8.4 million (2017: EUR 15.8 million, 2016: EUR 19.4 million) from write downs of inventories to net realisable value.

On adoption of IFRS 15, an asset for a right to recover returned goods is recognised (refer to Note 5 on further details on the effects of transition to IFRS 15).

18. Trade receivables and other financial assets

Trade receivables and other financial assets are as follows:

	31 Dec 2018	31 Dec 2017	31 Dec 2016
		In EUR m	
Non-current			
Receivables from deposits / restricted cash	34.9	5.1	3.0
Other financial receivables	3.8	19.6	0.1
Other financial assets (non-current)	**38.7**	**24.7**	**3.1**
Current			
Trade and other receivables	55.4	48.3	51.1
Less: loss allowance (see note 33)	(0.2)	(0.2)	(2.9)
Trade and other receivables (current)	**55.2**	**48.1**	**48.2**
Other financial assets			
Receivables from deposits / restricted cash	8.7	11.6	14.0
Receivables from loans	2.5	0.7	0.4
Receivables from employees	0.1	0.2	0.3
Receivables from accrued income	1.4	0.2	-
Other financial receivables	4.6	8.5	11.9
Less: provision for impairment of other financial receivables	(0.4)	(2.2)	(0.8)
Other financial assets (current)	**16.9**	**19.0**	**25.8**

As of 31 December 2018 non-current and current receivables from deposits, restricted cash and term deposits include EUR 34.9 million (2017: EUR 7.9 million, 2016: EUR 6.3 million) restricted cash that provides guarantees to banks, suppliers and leasing partners. Of these, EUR nil (2017: EUR 0.5 million, 2016: EUR 2.2 million) are receivables from credit card sales that are pledged as collaterals for bank loans.

The decrease in non-current other financial receivables by EUR 15.8 million is driven by GFG's put-option and associated right to sell the remaining 47% stake to Emaar Malls at a future point in time. It has been accounted for as a derivative in accordance with IFRS 9 at fair value through profit and loss.

Note 5 explains principals of recognition for impairment losses on financial assets applicable as of 1 January 2018 under IFRS 9. In 2017 and 2016 the impairment losses were recognised in accordance with previously applied IAS 39.

The additions to the provision for impaired receivables have been included in other operating expenses in the income statement. 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 33.

19. Cash and cash equivalents

Cash and cash equivalents of EUR 105.0 million (31 December 2017: EUR 251.4 million, 31 December 2016: EUR 244.2 million) comprise cash at banks, cash on hand, short-term deposits at banks and money market fund shares due within three months.

20. Equity

Share capital

	2018			2017			2016		
	No.	Par Value	EUR m	No.	Par Value	EUR m	No.	Par Value	EUR m
Authorised									
Ordinary shares	97,566,870	0.01	1.0	97,566,870	0.01	1.0	95,566,870	0.01	1.0
Issued									
Ordinary shares	67,861,754	0.01	0.7	67,861,754	0.01	0.7	67,861,754	0.01	0.7

Convertible preference shares

	2018			2017			2016		
	No.	Par Value	EUR m	No.	Par Value	EUR m	No.	Par Value	EUR m
Authorised									
Convertible preference shares	86,478,792	0.01	0.9	86,478,792	0.01	0.9	87,254,173	0.01	0.9
Issued									
Convertible preference shares	84,828,235	0.01	0.8	84,828,235	0.01	0.8	73,522,634	0.01	0.7

The Company has issued convertible preference shares ("CPS") to a number of its shareholders. The CPS provide for a preferred and annual compounding return of 20% on their subscription price. Upon either an initial public offering or a trade sale of the Company, the CPS will convert into common shares and will entitle their holders to subscribe for such additional number of common shares to ensure the return component is satisfied.

Treasury shares

The reserve for the Group's treasury shares comprises the cost of the Company's shares held by the Group. As at 31 December 2018, the Group held 182,378 treasury shares (2017: 182,378, 2016: 182,378).

Capital reserves

On 23 May 2017, GFG issued 80,982 preferred convertible shares for EUR 0.6 million, which resulted in an increase in share capital of nil and capital reserves of EUR 0.6 million.

Share-based payment reserves

Other reserves relate to IFRS 2 reserves and amounted to EUR 111.3 million as at 31 December 2018 (2017: EUR 74.7 million, as at 2016: EUR 67.6 million). The share-based payment reserve is used to recognise the value of equity settled share-based payments provided to employees.

Other comprehensive income reserve

Other comprehensive income reserve comprises primarily the foreign currency differences arising from the translation of the financial statements of foreign operations. The reserve decreased by EUR (32.8) million in 2018 (2017: EUR (44.9) million, 2016: increased by EUR 63.2 million), mostly as a result of foreign currency translation losses primarily attributable to the depreciation of the BRL and RUB against the EUR.

Non-controlling interest

As of 31 December 2018, 2017 and 2016 non-controlling interests mainly consisted of management participations.

During the year ended 31 December 2017, the Group sold a part of its existing shareholding in BF Jade eServices Philippines Inc to external investors. As a result, GFG's ownership decreased to 51% which did not result in a change of control.

	2017
	In EUR m
Consideration received from NCI	14.7
Carrying amount disposed to NCI	(1.6)
An increase in retained earnings attributable to owners of the Group	**13.1**

21. Share-based payments / share-based compensation

At 31 December 2018, the Group's share-based payment arrangements are composed of:

a) 2018 employee share option plan;

b) Q2 2015 employee stock option plan (cancelled);

c) Q3 2015 call options;

d) 2014 share-based payment arrangements remaining from the formation of the Group;

e) Inherited share-based payment plans from the acquisition of Kanui and Tricae.

The total share-based payment expense of EUR 55.2 million (2017: EUR 9.4 million, 2016: EUR 18.1 million) is comprised of EUR 29.6 million relating to the new employee stock option plan introduced during the current period, EUR 24.7 million (2017: EUR 8.1 million, 2016: EUR 16.2 million) relating to the Q2 2015 equity-settled employee stock option plan, EUR 0.5 million (2017: EUR 1.0 million, 2016: EUR 1.9 million) relating to the Q3 2015 call option plan, and EUR 0.4 million (2017: EUR 0.3 million, 2016: EUR 0.01 million) relating to the 2014 share-based payment arrangements remaining from the formation of the group.

(a) 2018 Employee share option plan

In 2018 the Group cancelled the Q2 2015 equity-settled employee stock option plan (see the description below) and issued the new employee stock option plan (2018 ESOP) that the Group implemented during the reporting period. The 2018 ESOP was first accounted for in Q3 2018.

The 2018 ESOP consists of different types of awards depending on the Group's businesses that the awards relate to. Some awards of which are classified as cash-settled or equity-settled under IFRS, and some are long-term employee benefits falling under the scope of IAS 19: Employee Benefits.

Cash-settled awards are awards where the Company has to settle in cash or the employee has a choice to settle in cash and equity-settled awards are those where the Company has a choice to settle and intends to settle in its own equity instruments.

There are two types of awards granted that fall under the scope of IAS 19. The first relate to awards granted in the equity accounted associate Namshi. The terms and conditions, and vesting requirements of these awards, are substantially similar to the share-based payment awards however they are accounted for under IAS 19 as Namshi is an associate.

The second type of awards accounted for under IAS 19 relate to cash units, each with a nominal amount of EUR 1.00, issued to employees of The Iconic. As the number and value of such awards ultimately paid out to participants does not depend on the value generated upon exit of that business, these awards are not considered share-based and are therefore accounted for under IAS 19. The vesting conditions of these cash units are substantially similar to the vesting conditions of the other awards described above.

The fair values for all options have been valued using the Black-Scholes model for option pricing, taking into account the terms and conditions on which the stock 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 stock options generally have a life of up to 10 years. Vested stock options will be exercisable only upon an exit event, including an IPO or trade sale.

As part of the transition to the new ESOP, the Group provides an opportunity to some participants to sell a portion of their vested awards for cash, either in 2018 or in 2019. This put option can be exercised irrespective of an exit event occurring and is subject to a maximum amount. Those put rights are accounted for as cash-settled.

The Company is still finalising some significant terms of the 2018 ESOP. Therefore, it has been determined that a grant date for accounting purposes has not yet been established as of the reporting date. Accordingly, the expense is recognised based on an estimate of the fair value as of the reporting date, based on the existing terms. The fair value of the awards will be re-estimated until the grant date has been established. When the grant date fair value is finally determined it will remain unchanged for the life of the award for all equity-settled share-based payments.

If the awards are classified as cash-settled, the fair value will be remeasured each quarter. Remeasurements during the vesting period are recognised immediately to the extent that they relate to past services (relating to the applicable vesting period under IFRS 2) and the expense is spread over the remaining vesting period to the extent it relates to future services. Remeasurements are recognised in profit or loss.

The terms of the new ESOP 2018 require the use of a graded-vesting approach to expense recognition in accounting for the various tranches of each award resulting in front loaded expense recognition.

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 should an exit event occur.

The share-based payments expense in any given period therefore represents the value of all vested awards (remeasured at the latest applicable value for cash-settled instruments), the value of the graded portion of each award due to vest in the future and recognised in current accounting periods, and the applicable social charges attached to those awards.

The following table lists the inputs to the models used to value the options during the period:

Inputs	**2018**
	EUR
Weighted average fair values at measurement date	6.77
The expected life (years)	2.00
Risk Free Rate	0.75% – 7.88%
Expected Volatility (%)	38.77%
Expected Dividends	Nil

The expected life of the share options is based on the weighted average number of periods to exercise. The expected volatility has been calculated by observing a range of publicly listed peer companies and looking at the standard deviation of a range of historic share prices for a length of time equal to the number of periods to exercise. The risk-free rate is approximately based on the yield of approximately 2-year government bonds in the region in which the subsidiaries and the associates are operated.

The balance of the number of options outstanding and their related weighted average exercise prices are as follows:

Share option awards	Weighted Average Exercise Price	Number of Options
	2018	2018
Outstanding at the beginning of the period	-	-
Granted during the period	7.98	10,769,715
Cancelled during the period	-	-
Forfeited during the period	9.52	(1,949,049)
Exercised during the period	9.39	(655,856)
Outstanding at 31 December	**8.26**	**8,164,810**

For options outstanding at the end of the period, the range of exercise prices is EUR 0.01 - EUR 9.74 per share.

The weighted average fair value of options granted during the year was EUR 1.98.

The expenses broken down for employee services in relation to the new ESOP is shown on the below table:

	2018
	In EUR m
Expense arising from equity-settled share-based payment transactions	11.0
Expense arising from cash-settled share-based payment transactions	14.3
Expenses arising from long-term employee benefits (IAS 19)	1.8
Expenses arising from applicable employer social charges	2.5
Liability arising from cash-settled portion of share-based payments	13.1
Liability arising from long-term employee benefits (IAS 19)	1.8
Liability arising from applicable employer social charges	2.5

(b) Q2 2015 employee stock option plan

In 2018 the Group cancelled the Q2 2015 equity-settled employee stock option plan and issued the new employee stock option plan (see above). This is accounted for as a cancellation of the previous equity-settled employee stock option plan and the issuance of an entirely new employee stock option plan.

In accordance with IFRS 2 Share Based Payments, the Group accelerated recognition of the remaining expenses attributed to the cancelled awards resulting in the total additional expense of EUR 18.5 million, included in the total share based payment expense below.

The remaining awards relate to participants who have not yet been offered the new awards and those not eligible for the new awards and hence will eventually be settled under the terms of the old awards. Employee service is required up to the exit date since 'vested options' will forfeit if a participant leaves prior to a corporate transaction or the trading date. Therefore the corresponding costs are allocated up to the expected time to such vesting event.

The movements in the number of options outstanding and their related weighted average exercise prices are as follows:

Share option awards	2018	2017	2016	2018	2017	2016
	Weighted Average Exercise price (in EUR)			Number of Options		
Outstanding at the beginning of the period	**33.65**	**33.57**	**33.84**	**3,543,135**	**4,230,027**	**4,390,100**
Granted during the period	-	-	1.00	-	-	25,750
Forfeited during the period	32.90	33.16	35.48	(39,234)	(686,892)	(185,823)
Cancelled during the period	33.43	-	-	(3,275,977)	-	-
Outstanding at 31 December	**36.92**	**33.65**	**33.57**	**227,924**	**3,543,135**	**4,230,027**

In 2018, the total share-based payment expense under this ESOP recognised as personnel expenses amounted to EUR 24.5 million (2017: EUR 8.1 million, 2016: EUR 16.3 million).

22. Borrowings

The Group has the following borrowings:

	31 Dec 2018	31 Dec 2017	31 Dec 2016
		In EUR m	
Non-current			
Bank borrowings	-	-	0.3
Finance lease liabilities	4.0	4.1	0.4
Total	**4.0**	**4.1**	**0.7**
Current			
Bank borrowings	0.6	0.9	2.8
Finance lease liabilities	1.9	1.6	0.6
Total	**2.5**	**2.5**	**3.4**
Total borrowings	**6.5**	**6.6**	**4.1**

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

	1 January 2016	Cash flows	Fx movement	New leases	Other	31 December 2016
			In EUR m			
Interest bearing bank borrowings (non-current)	1.5	(1.6)	0.4	-	-	0.3
Finance lease liabilities (non-current)	0.3	-	-	0.1	-	0.4
Interest bearing bank borrowings (current)	3.8	(1.7)	0.7	-	-	2.8
Finance lease liabilities (current)	1.0	(1.4)	-	1.0	-	0.6

	1 January 2017	Cash flows	Fx movement	New leases	Other	31 December 2017
			In EUR m			
Interest bearing bank borrowings (non-current)	0.3	(0.3)	-	-	-	-
Finance lease liabilities (non-current)	0.4	-	0.2	0.3	3.2	4.1
Interest bearing bank borrowings (current)	2.8	(1.6)	(0.3)	-	-	0.9
Finance lease liabilities (current)	0.6	(1.8)	-	1.8	1.0	1.6

	1 January 2018	Cash flows	FX movement	New leases	Other	31 December 2018
			In EUR m			
Finance lease liabilities (non-current)	4.1	(0.4)	-	0.3	-	4.0
Interest bearing bank borrowings (current)	0.9	(1.1)	0.8	-	-	0.6
Finance lease liabilities (current)	1.6	(1.9)	(0.2)	2.4	-	1.9

For information relating to credit facilities available to the Group please refer to note 37.

23. Provisions

Movements in provisions for liabilities and charges are as follows:

	Provisions for sales returns	Tax risks	Litigation risks	Other	Total
	In EUR m				
Carrying amount at 1 January 2016	**4.4**	**4.9**	**1.2**	**2.8**	**13.3**
Additions	11.2	8.2	0.6	1.1	21.1
Reversals	(0.1)	-	-	(1.0)	(1.1)
Used	(10.5)	-	(0.7)	(1.2)	(12.4)
Currency	0.3	0.6	0.3	0.4	1.6
Carrying amount at 31 December 2016	**5.3**	**13.7**	**1.4**	**2.1**	**22.5**
Carrying amount at 1 January 2017	**5.3**	**13.7**	**1.4**	**2.1**	**22.5**
Additions	4.9	2.6	2.3	2.7	12.5
Reversals	(0.4)	(7.1)	(0.5)	(0.4)	(8.4)
Used	(3.3)	(1.3)	(0.8)	(0.4)	(5.8)
Changes in scope of consolidation	(2.3)	-	-	(0.8)	(3.1)
Currency	(0.4)	(0.8)	(0.2)	(0.2)	(1.6)
Carrying amount at 31 December 2017	**3.8**	**7.1**	**2.2**	**3.0**	**16.1**
Carrying amount at 1 January 2018	**3.8**	**7.1**	**2.2**	**3.0**	**16.1**
Additions	0.1	5.8	0.2	1.3	7.4
Reversals	(0.4)	(0.5)	-	(0.5)	(1.4)
Used	-	(2.8)	-	(2.9)	(5.7)
Reclassifications	(3.3)	-	-	-	(3.3)
Currency	(0.1)	(0.3)	(0.2)	0.1	(0.5)
Carrying amount at 31 December 2018	**0.1**	**9.3**	**2.2**	**1.0**	**12.6**

Provisions amounted to EUR 12.6 as of 31 December 2018 (31 December 2017: EUR 16.1 million, 31 December 2016: EUR 22.5 million) where of EUR 3.5 million are classified as non-current (2017: EUR 3.2 million, 2016: EUR 2.0 million) mostly relating to restoration obligations and provision for gratuity and anniversary, and EUR 9.1 million as current (2017: EUR 12.9 million, 2016: EUR 20.5 million).

In 2017 and 2016 the provisions included provisions for sale returns. Refer to note 5 and note 26 for treatment of sales returns in accordance with IFRS 15 adopted as of 1 January 2018.

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.

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 2018.

24. Trade payables and other financial liabilities

	31 Dec 2018	31 Dec 2017	31 Dec 2016
		In EUR m	
Non-Current			
Other financial liabilities	17.5	-	3.7
Total	**17.5**	**-**	**3.7**
Current			
Trade payables	237.6	219.0	225.3
Other financial liabilities	14.0	1.8	3.4
Total	**251.6**	**220.8**	**228.7**
Total trade and other financial liabilities	**269.1**	**220.8**	**232.4**

Refund liability reflects the group's obligation to refund its customers for returned goods. In the previous periods this liability net of the right to receive the goods was presented as a provision (refer to note 23). Refer to Note 5 for explanations of the transition effect to the new revenue recognition requirements as of 1 January 2018.

25. Other non-financial liabilities

	31 Dec 2018	31 Dec 2017	31 Dec 2016
		In EUR m	
Non-current			
Accruals for personnel related expenses	0.4	0.1	-
Other	-	0.3	-
Other non-financial liabilities (non-current)	**0.4**	**0.4**	**-**
Current			
Advance payments received	-	0.4	1.1
Liabilities from taxes	6.5	7.4	8.8
Liabilities to employees / Accruals for personnel related expenses	16.2	17.2	16.2
Liabilities from social security	3.1	3.3	3.5
Deferred income	22.7	21.8	17.2
Other non-financial liabilities	0.7	1.1	0.8
Other non-financial liabilities (current)	**49.2**	**51.2**	**47.6**
Income tax liabilities	4.5	4.2	2.6
Total non-financial liabilities	**54.1**	**55.8**	**50.2**

As of 31 December 2018, liabilities from taxes relate primarily to VAT obligations and amounted to EUR 6.5 million (2017: EUR 7.4 million, 2016: EUR 8.8 million).

Liabilities to employees/accruals for personnel related expenses comprise bonus obligations, accrued vacation and salaries.

Deferred income represents advance payments for orders received but not shipped, liabilities from store credit balances and unredeemed customer loyalty points.

26. Revenue

Revenues for the year are as follows:

	2018	2017	2016
		In EUR m	
Continuing Operations			
Sale of goods	1,074.0	1,044.5	831.2
Other	81.9	50.5	55.7
Total Revenue	**1,155.9**	**1,095.0**	**886.9**

Other revenues include marketplace revenue, advertising and supply chain services and wholesale revenue. Breakdowns of revenues by each segment and by geographical areas are disclosed in the tables in Note 6.

27. Employee benefit expenses

Employee benefit expenses for the year are as follows:

	2018	2017	2016
		In EUR m	
Wages and salaries[1]	163.7	166.6	150.6
Social security costs[2]	29.8	28.2	24.7
Share-based payment expense	55.2	9.4	18.1
Total	**248.7**	**204.2**	**193.4**

[1] Wages and salaries included in Cost of sales amounts to 3.7m (2017: 4.9m, 2016: 2.7m).

[2] Social security contributions included in Cost of sales amounts to 0.4m (2017: 0.6m, 2016: 0.2m).

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 2018 was:

	APAC	LATAM	CIS	Other[1]	Total
Average number of employees	2,125	2,589	5,044	162	**9,920**

The average monthly number of employees in 2017 was:

	APAC	LATAM	CIS	Other[1]	Total
Average number of employees	1,857	2,689	4,653	103	**9,302**

The average monthly number of employees in 2016 was:

	APAC	LATAM	CIS	Namshi	Other[1]	Total
Average number of employees	2,158	2,885	3,967	308	66	**9,384**

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

28. Depreciation and amortisation expenses

Depreciation and amortisation expenses for the year are as follows:

	2018	2017	2016
		In EUR m	
Depreciation	13.0	11.5	9.7
Amortisation	19.5	20.9	30.7
Total	**32.5**	**32.4**	**40.4**

Depreciation and amortisation expenses incurred during the financial year were included in expenses per function as follows:

	2018	2017	2016
		In EUR m	
Included in selling and distribution expenses			
Depreciation	10.2	8.7	6.0
Amortisation	6.6	6.1	0.4
Included in general and administrative expenses			
Depreciation	2.8	2.8	3.7
Amortisation	12.9	14.8	30.3
Total	**32.5**	**32.4**	**40.4**

29. Other operating income and expenses

Other operating income for the year is as follows:

	2018	2017	2016
		In EUR m	
Income from credit vouchers expired	-	-	1.2
Income from sublease / rent	-	-	0.1
Other income	3.4	15.4	8.7
Total other operating income	**3.4**	**15.4**	**10.0**

Other operating expenses for the year are as follows:

	2018	2017	2016
		In EUR m	
Write-off of receivables	1.0	0.6	0.4
Other taxes	7.7	5.3	8.6
Currency translation losses - from operational activities	-	0.3	-
Loss from disposal of property, plant and equipment	-	0.2	1.5
Other expenses	8.4	12.8	14.9
Total other operating expenses	**17.1**	**19.2**	**25.4**

30. Financial result

The financial result is as follows:

	2018	2017	2016
		In EUR m	
Financial Result			
Interest income	1.2	8.5	2.6
Interest expenses	(6.6)	(8.8)	(19.2)
Currency translation effects	(10.0)	(9.7)	14.2
Result from investments - associated companies	(9.1)	(3.8)	-
Income from deconsolidation	-	1.7	-
Reclass IAS 32	-	-	(0.1)
Fair Value Changes	(15.7)	(1.6)	-
Result from indexation of IAS 29 Hyperinflation	1.2	-	-
Total financial result	**(39.0)**	**(13.7)**	**(2.5)**

31. Income taxes

Income tax expense is as follows:

	2018	2017	2016
	In EUR m		
Current tax	(3.2)	(2.8)	(2.0)
Thereof prior year	*(0.2)*	*(0.8)*	-
Deferred tax	(2.0)	5.3	81.1
Thereof deferred tax related to tax losses	*(1.1)*	*(1.0)*	*(0.4)*
Thereof deferred tax related to temporary differences	*(0.8)*	*6.3*	*81.5*
Income tax credit/(expense) for the year	**(5.2)**	**2.5**	**79.1**

Income tax paid in 2018 amounts to EUR 2.5 million (2017: EUR 0.5 million, 2016: EUR 0.8 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:

	2018	2017	2016
	In EUR m		
Profit/(loss) before tax	**(196.7)**	**(146.4)**	**(876.3)**
Weighted average applicable tax rate (in %)	19.9%	25.8%	29.0%
Tax calculated at domestic tax rates applicable to profits in the respective countries	39.1	37.8	254.1
Tax effect of items which are not deductible or assessable for taxation purposes:			
Share-based payment expenses	(2.4)	(2.4)	(6.5)
Other permanent differences	(0.1)	14.0	(133.1)
Income which is exempt from taxation	(0.9)	0.3	1.1
Expenses not deductible for tax purposes	(22.3)	(7.1)	(19.2)
Utilisation of previous unrecognised tax losses	2.1	-	2.2
Unrecognised tax loss carry forwards for the year	(21.6)	(42.0)	(22.5)
Other	1.0	1.9	3.0
Income tax credit/(expense) for the year	**(5.2)**	**2.5**	**79.1**

Deferred tax effects relating to each component of other comprehensive income

In 2018 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. EUR 3,238.8 million (2017: EUR 2,132.0 million, 2016: EUR 1,841.2 million). The tax loss carry forwards expire as follows:

	2018	2017	2016
	In EUR m		
Tax loss carry forward expiring by the end of:			
Within one year	4.9	10.4	-
After one year but not more than five years	85.9	65.0	72.0
More than five years	31.7	16.1	86.6
Indefinite	3,116.3	2,040.5	1,682.6
Total tax loss carry forwards	**3,238.8**	**2,132.0**	**1,841.2**

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.

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.

	1 Jan 2018	Exchange differences	Transferred to Disposals	Charged / (credited) to profit or loss	31 Dec 2018
			In EUR m		
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards					
Difference between tax and accounting value of:					
Trade name	(25.9)	-	-	3.4	(22.5)
Customer relationship	(13.2)	-	-	2.4	(10.8)
Technology	(0.3)	-	-	(0.3)	(0.7)
Tax loss carryforwards	21.5	-	-	(2.4)	19.2
Other	10.2	-	-	(4.7)	5.5
Net deferred tax asset/(liability)	**(7.7)**	**-**	**-**	**(1.6)**	**(9.3)**
Recognised deferred tax asset	31.7		-	(7.1)	24.6
Recognised deferred tax liability	(39.4)		-	5.5	(33.9)

	1 Jan 2017	Exchange differences	Transferred to Disposals	Charged / (credited) to profit or loss	31 Dec 2017
			n EUR m		
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards					
Difference between tax and accounting value of:					
Trade name	(38.2)	1.8	8.1	2.4	(25.9)
Customer relationship	(15.8)	1.2	-	1.4	(13.2)
Technology	(0.8)	-	-	0.5	(0.3)
Tax loss carryforwards	27.0	(4.4)	-	(1.1)	21.5
Other	6.3	1.8	-	2.1	10.2
Net deferred tax asset/(liability)	**(21.5)**	**0.4**	**8.1**	**5.3**	**(7.7)**
Recognised deferred tax asset	33.3	(2.6)	-	1.0	31.7
Recognised deferred tax liability	(54.8)	3.0	8.1	4.3	(39.4)

	1 Jan 2016	Exchange differences	Transferred to Disposals	Charged / (credited) to profit or loss	31 Dec 2016
			In EUR m		
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards					
Difference between tax and accounting value of:					
Trade name	(146.2)	(0.2)	20.0	88.2	(38.2)
Customer relationship	(31.8)	(0.1)		16.1	(15.8)
Technology	(1.2)	-	-	0.4	(0.8)
Tax loss carryforwards	55.4	(2.3)	-	(26.1)	27.0
Other	4.0	(1.0)	-	3.3	6.3
Net deferred tax asset/(liability)	**(119.8)**	**(3.6)**	**20.0**	**81.9**	**(21.5)**
Recognised deferred tax asset	59.5	(3.6)	-	(22.6)	33.3
Recognised deferred tax liability	(179.3)	-	20.0	104.5	(54.8)

In the context of the Company'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 EUR 113.2 million (2017: EUR 0.1 million, 2016: EUR 11.8 million) of unremitted earnings of subsidiaries for which no deferred tax liabilities were recognized.

32. 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 EUR 12.5 million, however, the ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of any potential litigation proceedings, investigations and/or possible settlement negotiations. There are also a number of charges registered over the assets of Group companies in favour of third parties in connection with the Group's revolving credit facility.

Tax contingencies. Several of the Group's German entities rendered services 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 agreed to the VAT position of the Group's German entities assuming the costs are recharged out within a reasonable time. The Group is reviewing the execution of this proposal. The potential undiscounted amount of all future tax payments the tax authorities may require GFG to make as of 31 December 2018 is estimated to be between zero and EUR 17.8 million.

Operating lease commitments – the Group as lessee

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to EUR 25.2 million (2017: EUR 22.0 million, 2016: EUR 20.2 million).

Future minimum lease rentals under non-cancellable operating lease commitments as of 31 December 2018 are as follows:

	2018	2017	2016
	In EUR m		
Within one year	20.9	16.7	21.3
After one year but not more than five years	66.6	42.3	65.6
More than five years	5.3	6.5	12.4
Total	**92.8**	**65.5**	**99.3**

33. 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 which 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. Refer to Note 35 for further information regarding price risk.

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 remote due to the limited debt financing operations of GFG. The Group does not measure any debt instruments at fair value.

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.

In respect of currency risk, management sets limits on the level of exposure by currency and in total. The positions are monitored monthly. The Group does not use derivatives as hedging instruments to limit its exposure from foreign currency risks.

At 31 December 2018, 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 EUR 3.4 million (2017: EUR 0.8 million, 2016: EUR 0.5 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of trade and other receivables, cash as well as trade and other payables and loan liabilities denominated in EUR.

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.

Customer credit risk is managed by each fashion venture subject to the Group's established policy, procedures and control relating to customer credit risk management. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review. The Group's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances.

An impairment analysis is performed at each reporting date based on groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

At 31 December 2018, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	Gross carrying amount	Loss Allowance
	In EUR m	
Type		
From online payment providers	40.0	0.1
Logistics companies	6.3	0.1
Large corporate clients	6.5	-
Individual customers	1.3	-
Other	1.3	-
Total	**55.4**	**0.2**

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 bad debts. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customer to settle the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

	Loss rate (%)	Gross carrying amount	Loss allowance
		In EUR m	
Current (not past due)	0.4%	48.0	0.2
1-30 days past due	0.4%	5.1	-
31-60 days past due	0.4%	0.5	-
61-90 days past due	0.4%	0.1	-
More than 90 days past due	0.4%	1.7	-
Total		**55.4**	**0.2**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2018
	In EUR m
Balance at 1 January under IAS 39	0.2
Adjustment on initial application of IFRS 9	-
Balance at 1 January under IFRS 9	**0.2**
Amounts written off	-
Net remeasurement of loss allowance (as per P&L)	-
Balance at 31 December 2018	**0.2**

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, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

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 2018 and 2017 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 maturity analysis of financial liabilities at 31 December 2018 is as follows:

	Demand and less than 1 year	From 1 to 5 years	Over 5 years	Total
		In EUR m		
Liabilities				
Borrowings	2.5	4.0	-	6.5
Trade payables and other financial liabilities	251.6	-	-	251.6
Total future payments, including future principal and interest payments	**254.1**	**4.0**	**-**	**258.1**

The maturity analysis of financial liabilities at 31 December 2017 is as follows:

	Demand and less than 1 year	From 1 to 5 years	Over 5 years	Total
		In EUR m		
Liabilities				
Borrowings	2.5	4.1	-	6.6
Trade payables and other financial liabilities	220.8	-	-	220.8
Total future payments, including future principal and interest payments	**223.3**	**4.1**	**-**	**227.4**

The maturity analysis of financial liabilities at 31 December 2016 is as follows:

	Demand and less than 1 year	From 1 to 5 years	Over 5 years	Total
		In EUR m		
Liabilities				
Borrowings	3.4	0.7	-	4.1
Trade payables and other financial liabilities	228.7	3.7	-	232.4
Total future payments, including future principal and interest payments	**232.1**	**4.4**	**-**	**236.5**

The financial liabilities with maturities over 5 years are represented by the puttable instruments in 2016.

34. 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.

The Group's capital is regularly monitored with the use of equity ratios. The equity ratio is total shareholders equity expressed as a percentage of total assets. The equity ratio at the reporting date amounts to 63.2% (2017: 72.1%, 2016: 71.4%).

	31 Dec 2018	31 Dec 2017	31 Dec 2016
		In EUR m	
Equity attributable to equity holders of the parent	**587.3**	771.9	795.2

There were no changes made to the objectives, policies or processes during the period from incorporation up to 31 December 2018.

35. Fair value measurement

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

The Group uses measurement techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In the measurement of financial assets and liabilities, the credit default risk is taken into account.

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

- Level 1: Fair values based on quoted prices in active markets.
- Level 2: Fair values that are determined on the basis of valuation techniques which use inputs that are substantially based on observable market data.
- Level 3: Fair values that are determined on the basis of valuation techniques which use inputs that are not based on observable market data.

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

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

The fair values of other financial assets and financial liabilities measured at amortised cost as well as of finance lease liabilities approximate their carrying amount, as there were no significant changes in the applicable market rates since these instruments were recognised initially.

As at 31 December 2018, the Group's only financial instrument measured at fair value is the financial asset arising from the Namshi put option (see note 9 and note 18). In the period from inception to 31 December 2018, the value of the put option moved as follows:

	Fair value of put option
	In EUR m
Fair value at inception (16 August 2017)	21.1
Fair value loss recognised through profit or loss	(1.6)
Fair value of put option as at 31 December 2017	**19.5**
Fair value loss recognised through profit or loss	(15.7)
Fair value of put option as at 31 December 2018	**3.8**

When measuring the fair value of the financial asset, the Group uses an option pricing model with Level 3 inputs that are not based on observable market data (unobservable outputs). Significant unobservable outputs include:

Volatility: 38.77%
Risk free rate: 3.5%

Sensitivity analysis

Volatility is the key unobservable output used in the option pricing model. As at 31 December 2018, an increase in volatility of 10% would lead to a 486% increase in the fair value of the financial asset.

Below is a comparison of the carrying amounts and fair value of GFG's financial instruments:

	Carrying amount			Fair value			Category under IAS 39	Category under IFRS 9
	2018	2017	2016	2018	2017	2016		
						In EUR m		
Current financial assets								
Cash and cash equivalents	105.0	251.4	244.2	105.0	251.4	244.2	Loans and receivables	Financial assets at amortised costs
Trade and other receivables	55.2	48.1	48.2	55.2	48.1	48.2	Loans and receivables	Financial assets at amortised costs
Other financial assets	16.9	19.0	25.8	16.9	19.0	25.8	Loans and receivables	Financial assets at amortised costs
Total current financial assets	**177.1**	**318.5**	**318.2**	**177.1**	**318.5**	**318.2**		
Non-current financial assets								
Receivables from deposits/ restricted cash	34.9	5.1	3.0	34.9	5.1	3.0	Loans and receivables	Financial assets at amortised costs
Other financial assets	0.1	0.1	0.1	0.1	0.1	0.1	Loans and receivables	Financial assets at amortised costs
Namshi put option	3.8	19.5	-	3.8	19.5	-	Fair value through profit and loss	Fair value through profit of loss
Total non-current financial assets	**38.8**	**24.7**	**3.1**	**38.8**	**24.7**	**3.1**		

	Carrying amount			Fair value			Category IAS 39 and IFRS 9
	2018	2017	2016	2018	2017	2016	
						In EUR m	
Current financial liabilities							
Trade payables	237.6	219.0	225.3	237.6	219.0	225.3	Other financial liabilities at amortised cost
Other financial liabilities	14.0	1.8	3.4	14.0	1.8	3.4	Other financial liabilities at amortised cost
Bank borrowings	0.6	0.9	2.8	0.6	0.9	2.8	Other financial liabilities at amortised cost
Total current financial liabilities	**252.2**	**221.7**	**231.5**	**252.2**	**221.7**	**231.5**	
Non-current financial liabilities							
Bank borrowings	-	-	0.3	-	-	0.3	Other financial liabilities at amortised cost
Other financial liabilities	17.5	-	3.7	17.5	-	3.7	Other financial liabilities at amortised cost
Total non-current financial liabilities	**17.5**	**-**	**4.0**	**17.5**	**-**	**4.0**	

The fair value of the non-current financial assets and liabilities did not deviate materially from the fair value of these instruments on initial recognition. Therefore, the carrying amount approximates the fair value of these instruments.

All fair values are Level 3.

36. Hyperinflationary economies

IAS 29 Financial Reporting in Hyperinflationary Economies has been adopted during the second half of 2018 in Argentina, where the three-year cumulative inflation rate for consumer prices and wholesale prices reached levels of 123% and 119% respectively. The gain on the net monetary position in the Income statement is EUR 1.2 million. There has been no restatement of prior periods. The 2018 financial statements are based on the historic cost approach. The price index used at the reporting date was Instituto de Capacitación Profesional (ICP).

37. Revolving Credit Facility

On 28 August 2018, the Group closed a EUR 70.0 million facility ending in October 2020. The total facility amount is split between Facility A EUR 50.0 million and Facility B EUR 20.0 million. Facility A is a base currency revolving credit facility. Facility B is an off balance sheet letter of credit facility. As at 31 December 2018, draw down on Facility A was EUR nil and draw down on Facility B was EUR 17.1 million.

38. Events after the reporting period

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

On 13 February 2019, the Group made a draw down on the Facility A portion of the Revolving Credit Facility of EUR 20.0 million.

Independent auditor's report

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

Opinion

We have audited the consolidated financial statements of Global Fashion Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, 31 December 2017 and 31 December 2016 and the statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, 31 December 2017 and 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the years 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 International Standards on Auditing (ISAs), as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those standards are further described in the Responsibilities of the "reviseur d'entreprises agree" 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 requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements of the Group have been solely prepared for inclusion in the prospectus for the offer to the public of newly issued shares of Global Fashion Group S.A. As a result, these consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

We already issued unqualified independent auditor's reports on the consolidated financial statements as of 31 December 2018 on 28 February 2019, as of 31 December 2017 on 28 March 2018 and as of 31 December 2016 on 4 April 2017.

Responsibilities of the Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Board of Directors 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 "reviseur d'entreprises agree" for the Audit of the Consolidated Financial Statements

Our objectives 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("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 ISAs as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("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 Group's internal control.

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

- Conclude on the appropriateness of Board of Directors'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 "reviseur d'entreprises agree" 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 auditor's report. 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.

- 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.

Ernst & Young
Socété anonyme
Cabinet de révision agrée

Michel Feider

Luxembourg, 28 February 2019

23. GLOSSARY

Active customers	The number of customers who have purchased at least one item after cancellations, rejections and returns in the last twelve months.
Adjusted EBITDA	Adjusted EBITDA shows our loss before interest and tax (EBIT) adjusted for depreciation and amortization and impairment losses (EBITDA) and adjusted for share-based payment (income)/expenses as well as one-off fees related to the IPO and expenses related to the wind-down of Lost Ink Limited.
APAC	One of the Group's reportable segments and refers to its operations in Asia Pacific. APAC includes the following countries: Australia, New Zealand, Hong Kong, Indonesia, the Philippines, Malaysia, Singapore, Taiwan and Brunei.
Berenberg	Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany.
B2B	Business to business.
CAGR	Compound annual growth rate.
CIS	One of the Group's reportable segments and refers to its operations in the Commonwealth of Independent States (a regional intergovernmental organization of post-Soviet republics). CIS includes the following countries: Russia, Belarus, Kazakhstan and Ukraine.
Company	Global Fashion Group S.A. with its registered office at 5, Heienhaff, L-1736 Senningerberg, Luxembourg, and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 190907.
EBITDA	Earnings (loss) before interest and tax (EBIT) before depreciation, amortization and impairment losses.
ECB	The European Central Bank.
EEA	The European Economic Area.
EURIBOR	The Euro Interbank Offered Rate.
Euro or €	The single European currency adopted by certain participating member states of the European Union, including Germany and Luxembourg.
Euromonitor	Euromonitor International Ltd., www.euromonitor.com.
GDP	Gross domestic product.
Goldman Sachs	Goldman Sachs International, London, United Kingdom.
Group	Global Fashion Group S.A. together with its consolidated subsidiaries.
GST	Goods and services tax.
HSBC	HSBC Trinkaus & Burkhardt AG, Dusseldorf, Germany.
IFRS	International Financial Reporting Standards as adopted by the European Union.
Joint Bookrunners	HSBC together with the Joint Global Coordinators.
Joint Global Coordinators	Goldman Sachs, Morgan Stanley and Berenberg.

LATAM...	One of the Group's reportable segments and refers to its operations in Latin America. LATAM includes the following countries: Brazil, Argentina, Chile and Colombia.
Morgan Stanley................................	Morgan Stanley & Co. International plc, London, United Kingdom.
NMV..	Net merchandise value. The value of goods sold including VAT/GST and delivery fees, after actual or provisioned rejections and returns.
Orders..	The number of orders placed by customers after cancellations, rejections and returns.
SKUs..	Stock keeping units.
Stabilization Manager......................	Joh. Berenberg, Gossler & Co. KG is acting as the stabilization manager for the account of the Joint Bookrunners.
VAT..	Value-added tax.

24. RECENT DEVELOPMENTS AND TREND INFORMATION

24.1 Recent Developments

In April 2019, Matthew Price joined GFG as Chief Financial Officer. On May 31, 2019, the general shareholders' meeting of the Company resolved on the replacement of the then existing Board of Directors by a two-tier governance structure consisting of the Management Board and the Supervisory Board, subject to the condition precedent and effective from approval of this Prospectus by the CSSF (such approval, for the avoidance of doubt, relating solely to this Prospectus and not to the validity or legality of the two-tier governance structure or any element thereof). At the same time, Carol Shen and Laura Weil, who had not previously served on the Board of Directors of the Company, were appointed as members of the Supervisory Board. Matthew Price became a member of the Management Board.

Except as described above, between March 31, 2019 and the date of this Prospectus, there have been no significant changes to our financial or trading position.

24.2 Trend Information

In 2019, we currently expect NMV to increase to €1.7 billion to €1.8 billion in 2019, corresponding to an increase of 20% to 23% on an organic basis compared to the level of €1.45 billion in 2018. We expect reported revenue for 2019 to be, based upon our current expectation concerning the relative share of retail versus marketplace sales, above €1.3 billion. Shifts in the relative proportion of sales from retail to marketplace may affect our revenue. Our goal in 2019 with respect to Adjusted EBITDA (post IFRS 16) is to make further progress towards break-even.

Based on actual foreign exchange rates, we expect to spend approximately €90 million to €95 million on capital expenditure in 2019, mainly related to investments in automation as well as a new fulfillment center in Brazil and expansion of our fulfillment center in Australia.

In the long term, we expect NMV to grow on an organic basis on average by 20% annually, driven by an expected increase in the active customer base and an increase in NMV per active customer. We expect that revenue will increase at slightly lower growth rates than NMV, reflecting an increase in the share of Marketplace and Fashion Services. In turn, we expect the increase in the share of Marketplace and Fashion Services to position us to increase our gross profit margin. With respect to expenses as a percentage of revenue, we currently expect fulfillment expenses to remain at approximately the same level, marketing expenses to decrease moderately as the share of orders from returning customers increases and technology and administrative expenses to decrease driven by economies of scale. For Adjusted EBITDA (post IFRS 16), our strategic goal is to reach a high single digit Adjusted EBITDA margin in the long term. We currently expect that reported capital expenditure in 2020 will be similar to 2019. Thereafter, we expect that capital expenditure will significantly decrease, but remain above the 2018 level. We assume that our expected tax rate will remain low for a number of years. Once the tax losses are fully utilized, the blended tax rate should be around 25% subject to revenue and profitability mix by country.

Certain statements in this section, including, in particular, the expectations and strategic targets described above, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance, and our actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under *"2.3 Forward-Looking Statements"* and *"1. Risk Factors"*. Investors are urged not to place undue reliance on any of the statements set forth above.