

GLOBAL FASHION GROUP DELIVERS GOOD Q1 RESULTS AND IS SEEING VERY STRONG CURRENT TRADING

Luxembourg, 14 May 2020 - Global Fashion Group S.A. (GFG), the leading online fashion and lifestyle destination in growth markets, delivers its results for the three-month period ended 31 March 2020 and provides an update on the business impact of the COVID-19 pandemic.

Q1 2020 Highlights

- **Net Merchandise Value (NMV) increased by 13.1% on a constant currency basis to €372.1m. Revenue growth was 8.1% on a constant currency basis reflecting a growing proportion of transactions coming through the Marketplace, which accounted for 25% of Q1 NMV.**
- **Active Customers increased by 15.5% to 13.3m, with NMV per Active Customer up by 3.9% to €136.3.**
- **Orders grew by 7.5% to 7.4m, with a 5.2% increase in the average order value. Customers purchased 2.7% more frequently at 2.6 times per year, the 10th consecutive quarter in which we have increased frequency.**
- **Gross margin for the quarter was 40.6%, up 300bps YoY.**
- **Adjusted EBITDA margin was (8.3)%, an improvement of 150bps YoY, continuing our path to profitability.**
- **Pro-forma cash balance at 31 March of €210m.**

Christoph Barchewitz and Patrick Schmidt, Co-CEOs of GFG said: *“GFG has had a good start to the year, trading in line with our expectations until mid-March. We have continued to deliver against our strategic priorities, with strong growth across NMV, Revenue, Frequency, Active Customers and Order, while improving profitability.*

Our priority has always been the safety and well-being of our people and customers, and we adapted our business quickly to the COVID-19 pandemic. As a result, we have been prepared for the strong growth we have seen in the last three weeks and continue to build on the accelerating demand for ecommerce consumption in our markets.”

While the Group was trading in line with management expectations until mid-March, GFG’s Q1 results were negatively impacted across each of the regions at different times by the COVID-19 pandemic, and by currency headwinds that resulted in a drag on NMV of around €20 million.

The 300bps improvement in Gross Margin was driven by higher Marketplace penetration, stable Retail gross margin, and a one-off inventory provision in Q1 2019 relating to a business discontinued pre-IPO.

The improved Adjusted EBITDA performance was driven primarily by a higher Gross Margin, partially offset by an increased fulfilment cost income ratio, reflecting the accounting treatment of Marketplace revenue.

The Group had a Pro-Forma Cash¹ balance of €210 million on 31 March 2020, and €219 million at 12 May 2020. GFG intends to cancel its existing Revolving Credit Facility, which consists of an undrawn working capital facility and a utilised bank guarantee facility, and replace it with simpler and more

¹ Includes restricted cash of €20.0m related to the RCF facility.

cost-effective financing arrangements. The discussions are ongoing and the formal cancellation of the Revolving Credit Facility is expected in the near future.

COVID-19 Business Impact

The pandemic has had a similar impact on demand across all GFG markets, albeit at slightly different times and with different severity. While reported NMV is based on delivery, GFG measures customer demand by the Order Intake, the total value of customer orders (including VAT and sales taxes) and net of provisioned returns and rejections at the date of a customer order. The weekly Order Intake declined for three weeks in late March and early April, started to recover in the second week of April and then accelerated strongly in the second half of April and early May, with growth around 40% compared to last year for the last three weeks to May 10th .

Once the initial shock of lockdown passed, customers returned to GFG platforms but with different needs, and an increased demand for categories like sport, wellness and loungewear – while categories like dresses or formal wear saw significant declines. At the same time, GFG experienced a significant increase in new customers trying its services for the first time. In April, the Group acquired more than 650,000 new customers, almost 50% more than in that month last year.

GFG's major fulfillment centres in Australia, Malaysia, Brazil and Russia have operated without interruptions. Only two of the smaller fulfillment centers in Argentina and the Philippines were closed, for around 30 and 40 days respectively, resulting in a minor impact on NMV as order delivery had to be delayed until the re-opening in late April.

Further to the trading update on 31 March, GFG has taken action to reduce budgeted costs and investment as a result of this period of uncertainty:

- €40 million year-on-year reduction in marketing, tech and general & administrative costs;
- Capex investment for FY 2020 has been reduced to no more than €45 million; and
- Q2 Inventory intake reduction of c.€90 million.

GFG's adaptability delivers continued progress against strategic priorities

By working collaboratively with brand partners through these industry-changing times, GFG has been providing innovative solutions to enable brands to continue selling when much of bricks & mortar retail is closed. Through an acceleration to its Marketplace model during Q1 and into Q2, GFG's brand partners have been able to build their online presence and reach GFG's 13 million Active Customers with an increased proportion of their range. This shift has also enabled GFG to offer a wider, more flexible assortment and avoid greater inventory risk.

As demand for athleisure, sportswear and loungewear has increased, GFG continues to deliver inspiring customer experiences by adjusting its assortment accordingly to bring the most relevant products to customers. This includes accelerating roll-outs of planned new product ranges and introducing new essentials categories to support their well-being and lifestyle needs at home.

With the accelerated consumer shift from offline to online, innovations in technology have never been more important. GFG continues to strengthen its app-first approach by adapting communications to inspire and support customers who are spending significantly more time at home. In Q1, GFG apps

generated 58% of NMV (Q1 19: 46%) and customer purchase frequency was up by 2.7%, with a 5.2% increase in average order value.

Outlook

GFG removed its previous financial guidance for FY 2020 on 31 March 2020. While the Group made good progress through the First Quarter across all published KPIs, and is seeing very strong growth of orders placed in late April and early May, the macro backdrop in which the Group operates remains uncertain. The further development of the COVID-19 pandemic and its impact on both the consumer and the Group's business cannot currently be predicted.

Key Performance Indicators

	Q1 2019	Q1 2020
NMV €m	340.8	372.1
<i>% Constant Currency Growth</i>	22.0%	13.1%
<i>% € Growth</i>	15.9%	9.2%
Active Customers m	11.5	13.3
<i>% Growth</i>	14.5%	15.5%
NMV / Active Customer €	130.6	136.3
<i>% Constant Currency Growth</i>	7.5%	3.9%
<i>% € Growth</i>	(3.4%)	4.4%
Number of Orders m	6.9	7.4
<i>% Growth</i>	26.8%	7.5%
Order Frequency	2.6	2.6
<i>% Growth</i>	8.3%	2.7%
Average Order Value €	49.7	50.5
<i>% Constant Currency Growth</i>	(3.8%)	5.2%
<i>% € Growth</i>	(8.6%)	1.5%

Key Financials

	Q1 2019	Q1 2020
Revenue €m	260.7	271.4
<i>% Constant Currency Growth</i>	15.1%	8.1%
<i>% € Growth</i>	10.1%	4.1%
Gross Profit €m	98.1	110.1
<i>% Margin of Revenue</i>	37.6%	40.6%
Adjusted EBITDA €m	(25.5)	(22.7)
<i>% Margin of Revenue</i>	(9.8%)	(8.3%)
Capex €m	11.8	17.1

FURTHER INFORMATION

KPI and financial definitions are available in the FY 2019 annual report, available at <https://ir.global-fashion-group.com/websites/globalfashion/English/1030/publications.html>

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Forward looking information

This announcement contains forward-looking statements. Forward-looking statements should not be construed as a promise of future results and developments and involve known and unknown risks and uncertainties. Various factors could cause actual future results, performance or events to differ materially from those described in this announcement, and neither the Company nor any other person accepts any responsibility for the accuracy of the opinions expressed in this announcement or the underlying assumptions.

About Global Fashion Group

Global Fashion Group is the leading fashion and lifestyle retail destination in Asia Pacific, Latin America and CIS. We connect over 10,000 global, local and own brands to a market of more than one billion consumers through four established e-commerce platforms: THE ICONIC, ZALORA, dafiti and lamoda. Through an inspiring and seamless customer experience enabled by our own technology ecosystem and operational infrastructure, we are dedicated to being the #1 fashion and lifestyle destination in our markets. With 17 offices and 10 fulfilment centres across four continents, GFG proudly employs a dynamic and diverse team with deep local knowledge and expertise. In 2019, GFG delivered over 34.6 million orders to 13.1 million Active Customers. (ISIN: LU2010095458)

For more information visit: www.global-fashion-group.com