

GLOBAL FASHION GROUP REPORTS Q3 2022 RESULTS

Luxembourg, 8 November 2022 - Global Fashion Group S.A. (“**GFG**”), the leading online fashion and lifestyle destination in growth markets, reports stable Adj. EBITDA margin and 2% NMV growth despite challenging market conditions. Following the Group’s decision to sell its CIS business, this business is now classified as an Asset Held for Sale and Discontinued Operation under IFRS 5. In line with this reporting, GFG’s Q3 results are presented excluding CIS.

	Q3 2021	Q3 2022	YTD 2021	YTD 2022
Revenue ¹ (€m)	235.8	276.2	708.3	793.8
<i>% Constant Currency Growth</i>	<i>1.8%</i>	<i>6.7%</i>	<i>18.4%</i>	<i>4.1%</i>
<i>% € Growth</i>	<i>2.1%</i>	<i>17.2%</i>	<i>14.4%</i>	<i>12.1%</i>
NMV ¹ (€m)	356.5	399.0	1,055.0	1,162.4
<i>% Constant Currency Growth</i>	<i>3.8%</i>	<i>1.7%</i>	<i>23.6%</i>	<i>2.0%</i>
<i>% € Growth</i>	<i>5.4%</i>	<i>11.9%</i>	<i>20.6%</i>	<i>10.2%</i>
Gross Profit (€m)	101.1	113.6	306.6	336.9
<i>% Margin of Revenue</i>	<i>42.9%</i>	<i>41.1%</i>	<i>43.3%</i>	<i>42.4%</i>
EBIT (€m)	(28.2)	(34.0)	(80.4)	(127.5)
Adjusted EBITDA (€m)	(14.0)	(16.0)	(27.5)	(36.9)
<i>% Margin of Revenue</i>	<i>(5.9)%</i>	<i>(5.8)%</i>	<i>(3.9)%</i>	<i>(4.7)%</i>

Q3 2022 Highlights (growth rates at constant currency)

- **Net Merchandise Value¹ growth of 1.7% (Q3/21: 3.8%)**
- **Revenue¹ growth of 6.7% (Q3/21: 1.8%)**
- **Marketplace NMV achieved 32.5% share of total NMV (Q3/21: 36.2%)**
- **Gross Margin 41.1% (Q3/21: 42.9%) and Adj. EBITDA Margin (5.8)% (Q3/21: (5.9)%)**
- **Active Customers down (11.1)%, Order Frequency increasing 0.9% and NMV per Active Customer up 19.4% to €137.5**
- **Pro Forma cash² of €455.4m and Pro Forma net cash² of €157.1m**

¹ NMV is the value of both Retail and Marketplace merchandise being sold through our platforms. Revenue is the Retail value plus the commission earned on a Marketplace transaction and is therefore disconnected from true volume.

² Pro-forma cash is defined as cash & cash equivalents at the end of the period, short term duration bonds and securitised funds plus restricted cash and cash on deposits. Pro-forma cash includes CIS cash & cash equivalents. Pro-forma net cash is pro-forma cash excluding third party borrowings and convertible bond debt.

Christoph Barchewitz and Patrick Schmidt, Co-CEOs of GFG, said:

“GFG has achieved NMV growth and a stable Adj. EBITDA margin despite a challenging market and trade environment for our industry. Given our presence in growth markets, we are experienced at adapting to macro issues and volatility. We have increased our focus on improving efficiency and managing our costs, while strengthening our platform proposition and assortment to continue inspiring our customers. With over 800 million consumers projected to spend around €230 billion on fashion and lifestyle products in GFG’s markets this year, we remain confident in the significant opportunity ahead.”

Outlook

GFG’s outlook is impacted by the macroeconomic backdrop dampening consumer spend and elevated levels of uncertainty over the Group’s peak trading period. In ANZ, consumer demand trended downwards through the quarter and we expect this alongside elevated levels of promotional activity to continue into Q4. To reflect the change in demand environment, the Group is actively managing its cost base and maintains its focus on finishing the year strongly and efficiently.

Business Review

In Q3, GFG delivered NMV of €399.0 million, up by 1.7% yoy despite the challenging market conditions. The Group adapted to the subdued levels of demand with a focus on inventory levels and actions on costs to preserve profitability. The Group has 11.9 million Active Customers, down 11.1% yoy reflecting deliberate reduction in marketing investments. NMV per Active Customer was up by 19.4% as a result of higher Average Order Value, also up 19.4%. AOV was driven by a higher number of items per order with product and country mix shifts also increasing this metric.

This quarter, Revenue grew ahead of NMV. GFG’s Marketplace share has trended down from last year to 32.5% of NMV, reflecting some curation of the Marketplace sellers in LATAM alongside customers’ preference to shop our Retail promotions.

In LATAM, NMV declined 13%. LATAM continues to rationalise marketing to focus on stronger returns, at the expense of bringing in fewer new customers in the short term. SEA’s NMV declined 8% reflecting a continued focus on premium and less so on our lower price point assortment which has impacted sales over the short term. ANZ grew strongly with 25% NMV growth. This was driven by customers choosing to buy higher priced fashion items more frequently.

Gross Margin has been impacted by (1.8) ppts related to discounting in preparation of the new season. GFG’s inventory position is healthy, 9% higher than last year (on an FX neutral basis) and is also relatively fresh with just over 20% of stock over 180 days. Cost actions meant that the Group was able to ensure the Adj. EBITDA margin remained stable through this period.

GFG has a strong funding position with Pro Forma cash² of €455.4m and Pro Forma net cash² of €157.1m (excluding the Convertible Bond and other third party debt) at the end of the Quarter. These cash balances include the value of the cash held in the CIS business but do not include the additional c.€100m of proceeds to be received on completion.

Key Performance Indicators

	Q3 2021	Q3 2022	YTD 2021	YTD 2022
Active Customers (m)	13.4	11.9	13.4	11.9
<i>% Constant Currency Growth</i>	<i>12.3%</i>	<i>(11.1)%</i>	<i>12.3%</i>	<i>(11.1)%</i>
NMV / Active Customer (€)	108.5	137.5	108.5	137.5
<i>% Constant Currency Growth</i>	<i>11.2%</i>	<i>19.4%</i>	<i>11.2%</i>	<i>19.4%</i>
<i>% € Growth</i>	<i>4.8%</i>	<i>26.8%</i>	<i>4.8%</i>	<i>26.8%</i>
Number of Orders (m)	7.6	6.4	23.3	20.3
<i>% Growth</i>	<i>1.7%</i>	<i>(14.8)%</i>	<i>19.6%</i>	<i>(12.8)%</i>
Order Frequency	2.5	2.5	2.5	2.5
<i>% Growth</i>	<i>9.7%</i>	<i>0.9%</i>	<i>9.7%</i>	<i>0.9%</i>
Average Order Value (€)	47.1	61.9	45.3	57.2
<i>% Constant Currency Growth</i>	<i>2.1%</i>	<i>19.4%</i>	<i>3.3%</i>	<i>17.0%</i>
<i>% € Growth</i>	<i>3.7%</i>	<i>31.4%</i>	<i>0.8%</i>	<i>26.4%</i>

FURTHER INFORMATION

KPI and financial definitions, including alternative performance measures are available in the [2021 Annual Financial Report](#).

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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 destination in growth markets across LATAM, SEA and ANZ. From our people to our customers and partners, we exist to empower everyone to express their true selves through fashion. Our three e-commerce platforms: Dafiti, ZALORA and THE ICONIC connect an assortment of international, local and own brands to over 800 million consumers from diverse cultures and lifestyles. GFG's platforms provide seamless and inspiring customer experiences from discovery to delivery, powered by art & science that is infused with unparalleled local knowledge. Our vision is to be the #1 online destination for fashion & lifestyle in growth markets, and we are committed to doing this responsibly by being people and planet positive across everything we do.

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