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PRESENTATION

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board

Hello, and welcome to the Capital Markets Day at Global Fashion Group. I'm Christoph Barchewitz, and I'm joined by Patrick Schmidt. Together, we are co-CEOs at GFG. We also have our CFO, Matthew Price, and other members of our leadership team with us today. Patrick will introduce a team shortly when he takes you through the agenda.

We hosted our first Capital Markets Day in London about a year ago. Those early days of the pandemic were incredibly difficult, and we have to remain agile. But as time went by, we saw an opportunity to accelerate our strategy.

A key component of this, even before the pandemic was marketplace.

Thanks to marketplace being a very flexible business model, we were able to pivot into new in-demand categories very quickly. This had a positive effect on selection and delivered a strong improvement in gross margin and working capital.

We also gained almost 8 million new customers over the year, more than any other year. And we beat the targets we set out for NMV growth, profitability and cash flow.

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Today, we would like to take you through our plans to build on that momentum, bolstered by the capital raise we made in November. But first, we would like to say how incredibly proud we are of all of our colleagues, especially our frontline teams and the COVID task force.

The pandemic meant that every single job at GFG is different today than before COVID. Our colleagues have done an amazing job throughout these extraordinary times, so we both want to say thank you.

As we look forward, and we've said this before, but it still holds true, we've never felt more confident in the business. So let me take you through the agenda for today.

We want to share with you an update on our markets, our opportunities and how we plan to accelerate growth. I will talk about our customer proposition before handing over to Karthik, our CTO.

Christoph will tell you why our operations are a source of competitive advantage, before looking at our brand relationships. Our regional CEOs, Jere, Gunjan and Erica will talk about certain aspects of their region.

Jaana will talk about our sustainability initiatives, and Matthew will cover our financial performance before we throw it open for questions. Please feel free to post questions during the presentation. We will take a short break after the presentation before responding to them.

So, to kick off today's presentation, let's have a look at who we are. We aspire to be the #1 fashion and lifestyle destination in our markets. We already have a leading position in online fashion and lifestyle across our regions, but we want to be the #1 overall, including bricks and mortar.

Being #1 is important because scale enables us to attract the leading fashion brands globally, offer the best selection and create an outstanding experience for our customers. Our purpose is to enable our customers to find true self-expression while providing a safe and inclusive environment for our teams.

In our first section today, we discuss our large and diverse markets and show the significant growth potential. It is our ambition to grow GFG into a EUR 10 billion business in the next 7 to 9 years. Let me break down the key drivers to achieve this.

As you know, we are operating in a large and growing fashion and lifestyle market worth EUR 300 billion, with an additional EUR 130 billion in adjacent and opportunistic categories. Most importantly, this market has a lot of upside when it comes to e-commerce penetration. If you combine this with our internal growth levers, such as increasing the number of customers we serve, growing order frequency and expanding categories, we believe we can continue to take market share in our regions to become the #1 for our customers, the #1 for our brand partners and the #1 in the market overall.

Let's take a closer look at our markets. The size of our opportunity becomes clear when we break down our market by region and examine the underlying demographics and trends.

One billion people live in our regions. And in 2020, consumers in our market spend around EUR 300 billion on fashion and lifestyle products. Our customers represent just 1.6% of the total population. In contrast to developed markets, fashion and lifestyle in our market is growing anywhere between 5% to 15% per annum, driven by increasing purchasing power and urbanization.

So, let's zoom in on e-commerce penetration. In 2020, we saw a significant acceleration of online adoption. Online penetration in our markets was just over 7% in 2019, 3x lower than in China. This accelerated to 13% in 2020, driven by the impact of COVID. But despite penetration almost doubling, the gap between our markets and Europe, China and the U.S. remained vast.

Even if e-commerce doubled again this year, we would still be significantly behind more developed e-commerce markets. And let's not forget that even countries with more than 30% penetration are still growing fast. In fact, we don't think it's unreasonable to assume that penetration will reach 50% of total retail spend in the long run.

Two main growth drivers are to increase the active customer base and to increase orders per customer.

Let me illustrate this, starting with the active customer base. Today, just 1.6% of the total population in our markets are our customers. Zalando is at 8.4%. It is a similar picture, looking at orders per active customer. In 2020, our customers ordered on average 2.6x. Zalando achieved 4.8 orders. In summary, if we achieve similar levels, our NMV would increase by more than 7x to EUR 15 billion.

Now let's get into how we will capture this opportunity. We are the leading online fashion and lifestyle destination in our markets for 3 reasons: we combine a global platform with real local expertise on the ground, we offer a best-in-class customer experience and we are the strategic partner of choice for leading brands in our markets.

Our platform fuses together the skills of buyers and merchandisers with a cutting-edge technology, and we combine this with a responsible approach to people and environment around us.

Let's now look at the customer experience in more detail. Our customers are at the heart of everything we do. So we pay close attention to the quality of their experience in 3 different ways. First, assortment. We focus on customers looking for inspiration and offer the most relevant assortment of global and local brands to cater for their needs and tastes. We continually curate this assortment to create a catalogue that is broad, relevant and increasingly filled with sustainable brands.

Second, when it comes to how we present our assortment to customers, our digital experience is seamless, personalized and helps to increase engagement and spend per customer.

And third, our fulfilment is fast, efficient and convenient. The result of our investment in the customer experience is a highly valuable customer base, for which frequency and spend has grown year after year.

So let me talk in more detail about each of these 3 areas, starting with our assortment and our customers. Almost 70% of our customers are female and 18 to 45 years old. Naturally, they are digitally savvy, and they range from cool kids to professionals to style icons. What they all have in common is a love of fashion. Thanks to our local teams, we understand our customers' need for self-expression, while respecting social and cultural norms. The most important part of our business is our brand selection, and we're very proud to have made further progress here in 2020.

First, we have increased the coverage within the world's leading brands. We are now working with 41 of the top 50 global brands. Secondly, we have continued to make progress to build our premium and luxury selection. I'll come back to this later.

But of course, it's not just about premium and top brands, our customers want a wide collection of brands across a large range of price points in styles, and we fulfil this need by working with not only the leading global brands, but also with all relevant local brands and, of course, up and coming labels.

Our range is also well diversified. So we don't have any specific brand risk. In 2020, our top 20 brands accounted for just 30% of NMV. Our assortment is the foundation of our business, and we're very proud of both the quality and the quantity we have built over the last 10 years.

As I said earlier, we started GFG in Brazil with just apparel and footwear. These categories are still important and account for almost 60% of NMV, but other categories such as accessories, sports, premium and kids are expanding quickly, and we expect these to be growth drivers in the years to come.

Let me mention just two examples. First, sports, given that we now work with all the top global and local sports brands, this category is a key focus. In 2020, the trend towards casualization as people worked from home was a real boost for this category. We saw a steep acceleration in growth rates throughout the year, and NMV grew 42% despite significant inventory shortages.

Second, we are equally excited about the potential adjacent categories like beauty, kids and home, for which we accelerated the rollout across all our markets in 2020. We see these categories as really big opportunities, especially in Latin America and Southeast Asia.
We started to enter the premium and luxury segment 5 years ago. Because for fashion, it provides a lot of aspiration and differentiation, traffic and brand building. We accelerated the onboarding of premium and luxury in 2020. So this segment grew 46% last year and is

now approaching 10% of sales. This was mainly driven by the launch of 30 new premium and luxury brands like Kenzo, Laperla and Balmain. So in summary, we believe we are just at the beginning. By increasing our customer base, growing orders per customer and entering into adjacent and opportunistic categories, we believe we can build a EUR 10 billion business over the next 7 to 9 years.

With that, I will hand over to our CTO, Kartik.

Karthik Subramanian – Global Fashion Group S.A. – Chief Technology Officer
Thank you, Patrick. My name is Kartik. I'm the Chief Technology Officer at Global Fashion Group, and I want to show you how our customer experience is mobile-first. Our apps are optimized for customer engagement through a personalized duration that offers inspiration. Personalized catalogues, newsletters and recommendations are the bedrock of our customer experience.

We use AI-driven personalization to enhance customer engagement, improve loyalty and drive higher repurchase rates. In 2020, our mobile apps drove over half our visits, which is up 25% on 2019, and they delivered nearly 60% of our NMV. In order to showcase our modern app experience, here is a video of Lamoda's Premier brand store on the app.

(Video plays)

Let me hand over to Christoph.

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Thank you, Karthik. I'm now going to talk about our operations and, in particular, fulfilment and delivery.

We shipped more than 80 million items last year from nine local fulfilment centres, which enable us to provide a compelling delivery proposition across all our regions. We built five new centres in 2020 and upgraded 1one, so we now have a sufficient capacity to fulfil orders generating over EUR 4 billion in NMV per year.

The centres in Sydney, Moscow and São Paulo are all automated. São Paulo is our newest facility. With floor space of over 50,000 square meters, it's the largest fashion fulfilment centre in Latin America and also the largest AutoStore-powered warehouse in the world, so let's see what that looks like in reality.

(Video plays)

Truly impressive. I last visited the site over a year ago and cannot wait to see it in operation.

We are currently building a second fulfilment centre in Moscow, which is expected to go live in the second half of '22. It is a large project with a high degree of automation and an overall investment of about EUR 50 million.

Matthew will tell you more about this later. Our other fulfilment centres in SEA and LATAM are not fully automated, as we operate with less scale and labour costs are low in those countries.

All our fulfilment facilities are leased, but the operations are run by GFG to maintain consistently high standards. So, let me now turn to a critical part of our customer experience, delivery and returns.

From a customer perspective, speed and convenience of delivery is a key element of a seamless experience. We offer three main delivery services.

Courier delivery to the door is considered a must-have for customer convenience in all regions. Another key element of customer service is a convenient and efficient return process. Ease of return is an important driver of customer satisfaction, order frequency and customer lifetime value.

Our return rates remain well below European or U.S. levels as a result of the tailored approach we take in each market. We provide return rates by region only as the delivery models vary so much.

In LATAM, return rates are consistently low at 8% as there is a lack of convenient return options. We are working on making returns easier and expect this to drive adoption of categories like women's apparel, enabling active customer and order frequency growth.

In CIS, our real return rates are minimal at 2%, due to the fact that 80% of orders involve a try-on service, which I'll talk about in a moment.

Return rates in SEA and ANZ were lower in 2020 as a result of a shift in category mix to more casual clothing. We expect this to reverse as customers go back to categories with historically higher return rates.

When marketplace orders are delivered from a brand fulfilment centre, it can result in additional time, split orders and inconsistent customer experience and higher costs. Our solution is cross-docking, which we have operated in some smaller markets for a number of years and launched in Brazil last year.

Each day, we send a courier to the brand's warehouse to collect the items sold. They are then brought back to our fulfilment centre where they are consolidated into one single package and sent to the customer.

This results in an improved customer experience with cheaper, faster delivery, leading to a significant increase in Net Promoter Scores. This also improves customer lifetime value and reduces costs substantially for GFG. Participating brands have experienced an increase in orders of more than 50% since launch. Being able to try products on before paying is an important enabler of fashion e-commerce in CIS, and our customers select this option for over 80% of orders.

It increases trust and customer loyalty and significantly improves the customer experience, whether product is brought to the door by our team of sales advisers, or it's collected from one of our branded pick-up points. Either way, this is a significant differentiator that supports our profitable growth in CIS. For many customers, pick-up point delivery is the most convenient and gives them the confidence to place larger orders more frequently.

The cost of pick-up point orders is also around 40% lower than courier delivery, and this option is gaining popularity with our CIS customer base. To illustrate how these two try-on services work, we've asked Jere Calmes, our Chief Executive in CIS, to show you around wintery Moscow.

Jere Calmes – Global Fashion Group S.A. – CEO lamoda

(Video plays)

Good afternoon, or good morning. I'm Jere Calmes, and I'm the CEO of Lamoda. Today, we're going to give you a preview about our fashion logistics services here in Moscow.

And I'm standing in front of one of our 400 pick-up points, where customers come to pick up their orders. Let's go on inside and learn a bit more about our services.

Lamoda is the leading online fashion and lifestyle platform in Russia, and we're actively developing our logistics services. Today, I'm in one of our more than 400 pick-up points in the centre of Moscow, and a pick-up point is where a customer can come to pick up their order.

On Sunday night, I made an order, and I looked up on my app where I can pick it up. I'm currently in the centre of Moscow, not very far from a meeting I'm going to have. I've come here to pick up my order, and let's see how it works.

(Conversation in Russian)

So this is Marina. She asked me the last four digits of my telephone number to locate my order, and she's going to the back to get it for me. More than a few hundred orders come to our pick-up points every day. They're stored here. And from these centres, we also have sales representatives that can walk the order if it's very close to a certain -- a person's home or person's office.

(Conversation in Russian)

We accept all forms of payment, cash, credit cards, Apple Pay. The only thing we don't accept is Bitcoin coin. Yet.

(Conversation in Russian)

So in addition to pick-up points, Lamoda has its own courier services. We're going to ride with one of them to another delivery. Let's go take a look.

So I'm here with Andre. Andre is one our more than 3,000 sales representatives in Lamoda Express. Lamoda Express is our internal delivery service, most e-com players use an external service provider. The majority of our deliveries are done by our own personnel as the quality of service is a critical portion of our value proposition.

With our delivery service, it works much like the pick-up points. A customer can try on and reject those items that he or she doesn't wish to buy for an instant refund and keep the rest.

During the pandemic, our delivery service has also grown dramatically as especially as many of the pick-up points were closed and some of the retail points.

So this is Maria (customer). She's going to try on the items that we brought here. So we're going to wait here for a few minutes while she tries them on and anything that she likes, hopefully she'll buy. So on our delivery, you can say no to the items that don't fit or for some reason you don't like. And in this case, Maria has -- as I've said before, we accept cash, credit cards, Apple Pay, anything.

It's also an interesting unique element of Russia is that you can pay cash on delivery. That surprises a lot of people.

So Lamoda will continue to develop its pick-up points and it's Lamoda Express Delivery Service. Thank you for your time today. It's a pleasure to be able to share with you a very important part of our value proposition. Take care.

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board

Convenient payment methods are just as important as delivery options, both enable more customers to shop on our platform. Not all customers in our markets have credit cards or bank accounts. Mobile wallets, digital payments or cash on delivery, allow us to serve these customers.

In SEA, we launched a cash back programme last year. This rewards customers with a credit of up to 30% of their purchases, which is placed in their online account and can then be used for further purchases within a certain time frame. This is proving to be an effective means of customer retention and reactivation. Cashback attached to 20% of orders led to a 13% increase in frequency in December.

Patrick and Karthik covered our inspiring brands, assortment and app, and I have spoken about our seamless fulfilment, delivery and payment propositions. Together, these give us a leading differentiated position in all our markets with significant barriers to entry.

In 2020, we had an 8% share of the EUR 25 billion fashion and lifestyle e-commerce market. We compete with multiple players, but what makes our proposition distinctive both for customers and brands is our great assortment, localized delivery and strong tech capabilities.

Unlike general merchants, we offer a curation of current season aspirational fashion and lifestyle products presented in an inspirational and personalised manner. Investing in the customer experience has created great brand equity for us.

More than 80% of the population in our markets know our trading brands. This translates into a huge amount of traffic. Last year, we sold 2.6 billion visits to our platforms. And apps are a vital means of interaction. Our apps were downloaded almost 50 million times last year, around 50% more than the prior year, and almost 60% of our NMV came from apps.

It's also worth highlighting that 47 million people follow everything we do on social media. Being top of mind reduces our dependency on paid marketing. 66% of our visits came from unpaid channels in 2020, while we more than doubled the rate of new customers acquired.

We've done this while continuing to manage customer acquisition costs within a narrow range over the past four years with 2020, the exception, due to the pandemic. Each of our cohorts from 2017 to 2019 achieved full payback within 12 months, so while our marketing content is art driven, our marketing spend is science driven.

To fully understand the benefits of our offering, it is important to take a closer look at our most frequent customers. The top quintile, which is more than 3 million people, shop on average 7.5 times a year with us and spend over 3x more than the average customer. This demonstrates the valuable customer assets we have built over the last decade by delivering a superior customer experience. We believe we can widen this group by focusing on a large and varied assortment by engaging our customers with inspiring content and by ensuring fast, convenient delivery and easy payment.

So let's now look at the second element of our proposition, being the partner of choice for brands.

We believe we are the most valued online partner of brands in our markets. We approach every brand relationship with a long-term view, focused on growth and mutual value creation, by helping in three significant ways.

First, we unlock access to large and complex markets that are difficult for brands to reach themselves.

Second, we tailor our business models to suit their needs and capabilities, enabling both them and us to grow.

And third, we offer them additional platform services across operations, data and marketing, leveraging our expertise in e-commerce. In short, the idea is to offer a platform on which they can build their brand while we create deeper relationships and new income streams.

The result, as you heard from Patrick, is a comprehensive portfolio of both global and local brands. So let me talk in detail about each of these three areas, starting with access to our markets.

Unlike mature markets, our markets offer brands a significant long-term growth opportunity. However, they are difficult to access. Firstly, local infrastructure is underdeveloped and turnkey ecommerce solutions for fashion brands are scarce.

Second, the population of 1 billion people is spread over four huge continents. Russia has eleven time zones, Brazil four, the Philippines has more than 2,000 inhabited islands. So our fulfilment capabilities offer a unique solution for brands.

Third, import processes and regulation are not straightforward significant taxes, for example, in Brazil. But we have learned how to operate at scale in these markets and can offer brands an end-to-end solution.

Lastly, there is simply much less bricks-and-mortar retail across our regions. This means that brands have less of their own infrastructure to rely on, so ecommerce is the most attractive channel to reach new customers.

Let's look at how we enable our brand partners to overcome these challenges.

For global brands, we offer end-to-end seamless access to large, but fragmented markets. We enable them to significantly reduce investment risk, control their brand narratives and positioning and more easily run their own online brand initiatives.

For local brands, we offer access to a best-in-class e-commerce platform and easy expansion internationally with limited investment and risk. In each case, we offer access to a large audience and growing customer base, increasingly wanting to shop online in markets that are still underserved.

So how do we work with these brands? As I said earlier, our ability to offer flexible partnership models is key to our strong relationships. Retail is our first and oldest business model. Here, we take ownership of the product, we control pricing, and we manage the entire fulfilment process, from storage to delivery. This model allows us to benefit from the high margins of fashion, but of course, we carry the inventory risk. It is particularly suited to our core inventory, where we can predict sell-through with confidence. We continually work to optimise and derisk this model using historic data and technology solutions.

In order to expand and enrich our assortment, we launched another business model, marketplace in 2014. This allows us to list product on our platform without having to buy it upfront. Product ownership and inventory risk remains with the brand. Within marketplace, we then offer 3 different fulfilment models.

The highest service level we offer is fulfilled by GFG. As its name suggests, under this model, we store the product in our fulfilment centres and manage fulfilment from there, just as we do for retail. We typically do this in markets with weak third-party infrastructure such as CIS and some parts of Southeast Asia.

At the other end of the spectrum, we offer drop shipment, where we take a light touch approach. Here, the brand manages a fulfilment process. We ensure brands meet our high customer experience standards through strict performance management via our *Seller Centre* tech platform. This is the best model for markets with sophisticated delivery networks such as Australia.

In the middle, we offer a hybrid of these two options, which we call cross-docking, as I mentioned earlier. Marketplace is a great business model as it drives incremental sales for the brand beyond what we buy in retail. However, as I said earlier, it can also create issues such as slow delivery, split orders and unwieldy returns.

Our fulfilled by GFG and cross-docking offers solve these issues and strengthen our ability to scale marketplace. In 2020, almost one third of NMV was generated from marketplace, and we now believe it will reach around 50%.

To highlight the benefits of marketplace, let's look at a couple of case studies. The first one is a global sports brand that expanded on marketplace in LATAM in 2020. Marketplace was a very small part of the brand's NMV in 2019. But as we expanded the range, there was an exponential growth. At the end of 2020, 18% of the brand's NMV came via marketplace, and the brand's NMV has increased by 90%. In the second half of the year, we also launched the brand on marketplace in four countries in Southeast Asia and saw a strong increase in sales.

So when marketplace is deployed strategically, it can deliver significant mutual benefits.

As Patrick said earlier, we're having great success on-boarding premium brands to expand our choice for customers across retail, marketplace and platform services. A good example is Tapestry, which has successfully scaled from a limited presence in one region with a retail-only model to launching on retail and marketplace across two further regions.

The power of the marketplace platform really accelerated their growth, seeing a threefold increase in sales, the majority of which came from marketplace.

The natural extension of this business model is to leverage our strong ecommerce capabilities via our platform services business. This offers local end-to-end operation solutions, technology-driven data services and targeted marketing services. We see this as a great opportunity to increase the value of our offering to brands, deepen relationships and at the same time, grow revenue and profitability.

So let me talk in more detail about operations by GFG, where we leverage all of our capabilities on behalf of brands. Fulfilment is one area where brands increasingly want to tap into our expertise, either for their marketplace orders or to enable their own ecommerce channels.

As a result, we fulfilled 71% of marketplace items in 2020. We have also doubled the number of brands for whom we fulfil orders from their own website since 2018, including now Mango and Puma in Southeast Asia.

So that covers our operations by GFG. Here's the CEO of our SEA business, Gunjan Soni, to talk about our data and marketing services by GFG.

Gunjan Soni – Global Fashion Group S.A. – CEO Dafiti
Thank you, Christoph. Hi, everyone. I'm Gunjan Soni, CEO of Zalora, the Southeast Asia region for GFG.

On a daily basis, we collect significant amounts of customer behaviour data, which in combination with our strong internal machine learning base tools, helps us develop very actionable and powerful insights.

However, today, we've leveraged these insights to enable our internal decision-making, like assortment planning and personalisation, which does allow us to create a highly inspiring and personalised customer experience.

We recently decided to productise these capabilities and launched it in Southeast Asia in spring of 2020 as a subscription service for our brand partners. As a testament to the power of the offering, since launch, in just a short span of time, we already have more than 1,000 paying subscribers with whom we share these insights that are powered by data and technology.

Our brand partners deeply appreciate this as they're looking for customer insights in regions where this knowledge is hard to get by. The insights cover a range of topics, not stopping at behaviour and purchasing, but also pattern recognition. In fact, we added a COVID dashboard recently on popular demand from our partners, allowing them to look at trends of customer behaviour, pre and post COVID, helping them make even better informed decisions.

We now intend to roll out this capability in other regions as well through 2021.

Next, let me take a look at our digital marketing services. Our offering here is, first and foremost, for our brand partners to leverage our strong brand equity and to make the most of their access to our user base, which is a highly customer audience pool of mass affluent, tech savvy, fashion and lifestyle levels.

Our brand partners greatly appreciate the fact that our reach and user base far exceed the number of customers who actually transact on the platform currently. And therefore, together, we have a great opportunity in shaping the behaviour of these customers and educating them about the brand's offerings in this region.

We allow our brand partners access to both our platform, but also we do off-line marketing for them, allow them to use our own social media assets and also access to our large local influencer base that we work with.

In terms of solution space, this can range from inspiration to education to helping drive engagement as well. We offer these solutions with the help of our creating and brand marketing team, often creating bespoke solutions. The last majority of our offerings are tech-driven solutions, which makes them very scalable, but difficult to replicate.

We combine this with bespoke joint campaign designs to help brands leverage our local knowledge and influencer base. It's worth noting that even in a year when many brands cut back on their brand marketing spends, we were able to increase the number of campaigns we ran for brands in 2020.

Let me now share an example of one such Bespoke 360 campaign to bring the live this offering. Nike approached GFG to create an inspiring and credible campaign with strong content and educational information to inspire and equip customers to be able to make informed purchase of Nike Sports Bras and tights items where fit has been a major concern for off-line customers historically.

We started with the first step being a deeper understanding of customers' needs and then created a branded space for these products with integrated tech tools to enable customers to find their perfect fit. Our banner and studios had a great response from customers, which converted into a strong performance across all countries in the region and significant uplift in sales, not just for these products but for brand Nike overall as well.

Beyond individual brand activations, our marketing services also encompass multi-brand campaigns. Let me hand over to Erica to share a renowned campaign from Australia.

Erica Berchtold – Global Fashion Group S.A. – CEO THE ICONIC
Hello. My name is Erica Berchtold, and I'm the CEO of GFG's ANZ business, THE ICONIC.

Over the past four years, we've been known for producing the world's most body positive, inclusive and boundary pushing runway shows. And with COVID-19 cancelling live events globally we knew we needed to create something extra special to transform our annual summer show into a digital learning campaign, to remind us all that every moment in life, lockdown or not, can be your own fashion runway.

Starring two of ANZ's most engaging comedy megastars alongside an incredible list of local models, Paralympic champions and even international super models, *Runway Everywhere* is a joyous celebration of inclusiveness, togetherness, self-expression and body positivity.

Nineteen brand partners joined with us for the campaign, covering over 75% of the cost, a testament to just how much brands want to be involved in the content we produce. Within 24 hours of release, we have received almost 1 million views and thousands of comments across all platforms. This is clearly our most engaging runway show to date with an organic social rate of 7 million and 16 million paid impressions, and sparking glowing brand feedback, a surge in campaign traffic and evoking the joyous feeling we wanted to give our customers ahead of summer. Please now enjoy the show.

(Video plays)

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board

Our Australian summer show is a tough act to follow, but to sum up, over 2020, we have seen a strengthening of our combined retail and marketplace models, enabling us to be agile and responsive to changes in customer demand. Our platform services remained small in a group context, but we are scaling them at a pace. Our strong brand proposition has resulted in a large, diverse portfolio in which our top strategic brand partners are a cornerstone. These are our top-20 partners by NMV, who have outperformed in 2020, driven by sports and casual. They make up around 29% of our NMV, and we work with nearly all of them across retail, marketplace and platform services.

Let me now invite Jaana to discuss how sustainability is at the core of our business.

Jaana Quaintance-James – Global Fashion Group S.A. – Chief Sustainability Officer

Hello, my name is Jaana Quaintance-James, and I'm Chief Sustainability Officer for Global Fashion Group. And I've been with GFG since 2017, mostly with THE ICONIC.

At GFG, we believe that sustainability is a driver of long-term business value. It is critical to delivering our vision to be the number one fashion and lifestyle destination in our markets. That's why we've retained our commitment to integrating our people and planet positive agenda into all aspects of our operations. For GFG, the business imperative is clear, the moral imperative is clear. Climate change is not a future state, but a current reality, and we intend to be a live example of how the fashion industry can transform.

So how do we set about this?

Our commitment to be people and planet positive focuses on four key areas. Firstly, our people. We seek to provide a safe and inclusive environment, which allows people to express their true selves at work.

Second, our operations, where we want to reduce the environmental impact of our direct operations in respect of carbon, electricity, waste, packaging and transport.

Third, our community. We seek to make a positive contribution to all of the communities in which we operate.

And finally, our supply chain - we are committed to being fair to the people making our products and to nature, and we work in collaboration with our supply chain to drive improvement.

Our activity in all four areas is underpinned by strong governance and risk controls. So let me talk you through each area in turn, starting with our people.

Naturally, the well-being of our people has been central focused during 2020, with emphasis on maintaining the highest standards to mitigate risk of COVID-19 in our workplace and enabling working from home, with support to set up ergonomically.

More broadly, we have over 13,000 employees globally, working in 19 countries, so we bring local employment, learning and career opportunities to a highly diverse workforce.

As a significant employer of women in all our markets, we are proud to have a gender balance of all levels of leadership, including our Supervisory Board, which has an equal number of men and women. Building on this strong basis, we formalized our diversity and inclusion strategy during 2020 and launched clear targets for 2025.

Turning to our operations. Packaging was a key focus in 2020. Australia and New Zealand, Southeast Asia and Brazil all transitioned to packages made from at least 80% recycled plastic. This means that where outer packaging is purchased by GFG, two thirds of it is now either compostable or made from recycled plastic or cardboard. We plan for this to be 100% by the end of 2021.

We are also taking other actions to improve circularity. We have exceeded our 2022 recycling target a year ahead of schedule, diverting 75% of waste from landfill. This is no mean feat given the weak infrastructure for waste management in some of our markets. We will continue to increase this during 2021.

We launched a resale channel in Southeast Asia in 2019, which now has 4,000 items available to customers. And we also introduced end-of-life initiatives in ANZ and CIS, supporting customers to pass on their clothing responsibly, resulting in more than 50,000 kilos of clothing going to charities or being recycled.

Looking at carbon mitigation. We have analysed our footprint across all our markets, which has given us greater insights into the areas we need to tackle. Our key focus is on transforming our materials, renewable energy and low emissions transport. In 2020, last mile delivery of more than 100,000 orders was by electric vehicles, cycling or walking...and we intend to increase this significantly in 2021.

Moving on to how we contribute to our communities.

While we have continued to advance our plan to develop community partnerships in all regions this year, we also leveraged our operations to provide immediate responses to the pandemic.

In Southeast Asia, we gathered donations from customers via our platforms to support twelve charities involved in COVID-related outreach.

In Russia, we launched the charity marketplace, enabling stores closed down as a result of lockdown restrictions to transition online and sell their merchandise through our extensive customer base.

In Colombia, customers could buy food donations on our platform, which we then transported to the local food bank using our delivery network.

Employee volunteering was not what we expected in 2020 given the need to observe physical distancing, so it did transition online where possible. Once it was safe to do so, accelerating employee volunteering opportunities will be an important focus for GFG.

Last, but not least, I'd like to share our approach to the supply chain sustainability.

We want to influence the fashion industry from within and leverage our role as an intermediary to drive both supply and demand for more sustainable fashion.

On the one hand, we empower consumers to make more mindful purchasing decisions through credible information, a wide assortment and improved accessibility. We essentially create demand by showing customers that more sustainable fashion is within reach.

On the other hand, we encourage suppliers and brands to develop a more sustainable assortment by elevating sustainability credentials at the point of sale and use data to demonstrate that sustainability is an attractive customer proposition.

That's why we have accelerated the rollout of sustainable shopping edits across all our markets, offering curated products that are less impactful on humans, animals or the environment, and introduce a new target for sustainable items to account for 10% of NMV by the end of 2021. To lead from the front, we are also focused on our own brands, increasing the assortment made from more sustainable materials and demonstrating transparency by releasing our own brand factory lists online.

So in summary, GFG has significantly matured its people and planet positive agenda in 2020, focusing on the safety and well-being of our people; delivering change in respect of circularity, carbon and packaging; and driving supply and demand of more sustainable product. 2021 will be another important year in our journey to mitigate our impacts. Focus on targets and carbon mitigation, sustainable products and packaging and continued emphasis on increasing transparency.

Matthew Price – Global Fashion Group S.A. – CFO & Member of Management Board

I'm Matthew Price, the group CFO. I joined Global Fashion Group about two years ago, just before the IPO.

I talked this morning about our 2020 results, and so now I'm going to focus on how the business strategy, that Patrick and Christoph just set out, translates into an exciting financial future for the group.

2020 was a year of transformation, the group accelerated its growth rate, delivered its first profitable year and is now operating cash flow positive, so it only needs to use cash for the CapEx that supports our growth. All of this puts us in a much stronger position to pursue the opportunities in our markets.
Just as a reminder, we earn virtually no revenues in our reporting currency, so our results are impacted by currency translation. This means I will focus on constant currency growth rates today. Also, as marketplace is now such a significant part of our business, our focus on

cost trends as a proportion of NMV instead of revenue to better explain the underlying drivers.

I'll start with an overview of our financial progress to date.

We've delivered strong NMV growth of 24% per annum since 2017 with NMV of almost EUR 2 billion in 2020. NMV represents the checkout value of our customers, including VAT and shipping fees and is net of all returns, so it's the figure our customers have paid in total.

We are turning this growth into profitability.

Our gross margins improved almost 4 percentage points since 2017 to 43.1%. This is the result of growing our higher-margin marketplace business whilst maintaining stable retail margins. This improved gross margin, together with leveraging our cost base as we grow, translated into a 10 percentage point increase in adjusted EBITDA margin. This makes 2020 our first profitable year.

This pattern of growth and profit improvement is true for all of our regions. LATAM, CIS and ANZ are delivering significant levels of profit. SEA made a small loss in 2020 but is on track to move into profitability. Over the last three years, all regions delivered annual NMV growth of 20% to 29%, and at the same time, grew their adjusted EBITDA margins between 7 and 13 percentage points.

I've talked before about the straightforward financial model that delivers these results. First, we invest in building and developing a valuable asset of customer relationships. These are the people who engage with our brands and give us an increasing share of their fashion spend… at a profitable order value.

Second, we are improving our gross margins over time.

Third, as the business scales, we are delivering operational leverage on our overheads and infrastructure.

And fourth, we are consistently investing in the technology fulfilment and customer service that support this growth. I will talk more about each of these in turn, starting with our customer base.

We have a defined process and consistent set of metrics for developing our customer base across all regions. Marketing channels and acquisition costs vary between countries, but the process is the same. We start with profitable customer acquisition, where we consistently acquire new customer cohorts at a 12-month payback.

Our focus on customer acquisition cost and lifetime value allows us to reduce our marketing cost to income ratio over time. 69% of our NMV came from existing customers in 2020. And as the chart on the right shows, we have a clear track record of retaining our customer cohorts.

Then we work to grow the value of these customer relationships through frequency of purchase.

The number of times our customers buy formals has grown consistently over the last four years to 2.6x a year. ASOS are at around 3.4x and Zalando 4.8%. So we have plenty of headroom here as our markets gain maturity. Christoph showed you that our top 20% of customers shop with us 7.5x a year, almost three times more than the average, so by increasing frequency, we can see a clear route to ongoing growth.

This means that we have a very disciplined approach to marketing.

Our customers shop across both the retail and marketplace ranges, so as I said earlier, we think about marketing costs compared to NMV rather than revenue. We continue to reduce these costs as a percentage of NMV. We can see that over the past four years, they've decreased by 3 percentage points to 6.2%.

These costs were unusually low in 2020, and we expect them to increase a little in 2021, but to decline thereafter to around 6% of NMV as we benefit from ongoing leverage.

Turning now to the second aspect of our financial model, improving our gross margins. There are 3 key components to our margin: retail, marketplace and platform services.

Over the last three years, we've delivered stable retail gross margins, around 34.5% despite the complexities of foreign exchange and regional mix.

Price is always important in our markets, so we continually optimise the way we manage our retail margins. Strong retail disciplines are critical. These include using data for pricing and promotions, adding premium brand in markets where this is appropriate, optimising the trade-off between price and marketing and agreeing scale benefits with brands as we grow.

We intend to keep delivering stable retail margins and see some future upside. The development of our marketplace business has expanded our overall gross margin.

Let me remind you that we record just the commission in our revenue, so marketplace is effectively 100% gross margin. This added between 1 and 1.5 percentage points a year to our gross margin up until 2019. In 2020, the scale of marketplace accelerated from 21% to 31% of NMV. This delivered an uplift in gross margin of 2.6 percentage points. Over the long term, we believe that marketplace can grow to around 50% of NMV.

Platform services have historically been small and were reported as part of retail. As we continue to develop the marketplace business and invest in platform services. We plan to grow this profitable income stream. Like marketplace, platform services are 100% gross margin as the costs are below gross margin in the income statement. We believe that over time, we can grow platform services from 1.5% of revenue to between 5% to 10%. This would add substantially to the group gross margin.

On the right-hand side of the slide, we can see a chart showing how marketplace and platform services are accretive to the group's gross margin. This chart illustrates how by achieving stable retail margins, growing marketplace to 50% of NMV and developing platform services to just 5% of revenues, we can deliver a gross margin of over 50%.

Turning now to the underlying economics of marketplace and retail.

Marketplace enhances reported margins and is also at least as profitable as retail. But the way it is reported under IFRS can make it difficult to see this. The charts give a simplified version of our income statement, split between retail and marketplace.

The pie charts on the left show a breakdown by NMV and by revenue. In 2020, retail represented 69% of NMV whilst marketplace was 31%. Platform services does not form part of NMV.

Turning to revenue. We record just the marketplace take rate, not the whole selling price, so retail represented 87% of revenue, marketplace 11% and platform services 2%. The top row of bar charts looks at profitability as a percentage of product price, showing the underlying economics of the business. The retail margin is 35% whilst the take rate on marketplace was slightly lower at 31%.

We then provide fulfilment services for all retail items sold but only 71% of marketplace items. This means after the cost of fulfilment, the profit contribution on retail is 14% of product price, whilst on marketplace it is 15%.

The bottom row shows how the IFRS revenue accounting presents these underlying economics in a markedly different way. Platform services are a small part of our revenue in 2020, so I've not included the margins here as they are not a useful benchmark.

Both marketplace and platform services are relatively capital light, so they enhance the group's return on capital employed. The charts illustrated a marketplace compared to retail. The retail business needs working capital to grow. This varies across the year with the seasonality and is generally funded by supplier payment terms.

However, if we grow retail sales by EUR 100 million, we need to buy around EUR 21 million of additional inventory. By contrast, EUR 100 million of additional marketplace sales does not require us to commit additional capital. We are not taking the retail risk on these products, though we do use capital to support fulfilment of marketplace.

In addition, because marketplace draws on a much broader pool of stock than retail, we're able to react to customer demand shifts much more quickly. This means that the marketplace business will allow us to deliver a faster growth rate than we could with just from retail alone.

Now let's turn to the third leg of our financial strategy, leveraging the efficiency of our overheads and infrastructure, starting with fulfilment costs.

We continue to reduce fulfilment cost per item through scale benefits, operational expertise and automation. We then reinvest these gains into customer service. Ease of delivery and returns is important to our customers and removes barriers to purchase - allowing us to keep growing frequency.

Our fulfilment costs as a proportion of NMV have remained stable at 17% to 18% since 2017 as a result of this reinvestment. In 2020, fulfilment costs benefited from lower returns by EUR 5 million to EUR 6 million, but this was offset by the additional costs of operating fulfilment in a COVID secure manner. In the long term, we expect to deliver fulfilment costs of around 14% of NMV.

Turning now to our tech and admin costs.

Our cost base is already at scale and has improved significantly from 13% of NMV in 2017 to 9% in 2020. Nevertheless, there are good opportunities to improve this to 6% of NMV in the long term, largely through further scale benefits.

Turning now to the fourth leg of our financial strategy, investing in our technology and fulfilment to support growth.

We intend to keep investing in technology as it is a key part of how we engage customers and build our business. Over the last four years, we have invested around 4% of NMV in technology across CapEx and operating costs. We see this as the right level of investment for the business going forward.

Over the last four years, we have invested between EUR 25 million and EUR 49 million a year in fulfilment. 2019 included most of our new automated facility in Brazil. We now have a well-invested fulfilment centre footprint with the capacity to support EUR 4 billion plus of NMV on an annual basis.

A second automated facility to support the growth of our CIS business is now underway. We are taking an asset-light approach to this project. The landlord provides the land and an appropriate building. The group's CapEx is then in the region of EUR 50 million across three years from 2020 to 2022. We are financing more than half of this with inexpensive asset-backed financing, including a layer denominated in rubles to match the cash flows that will be generated from the investment.

We then have a programme of regular expansion and development of our other fulfilment centres. These are generally landlord-funded as there's much less automation compared to our large facilities in Russia, Brazil and Australia.

We are increasing our guidance for total annual CapEx to around EUR 60 million in a normal year, with some years seeing higher investment when we need to expand major fulfilment centres.
So we've shown how the development of our marketplace and platform services will allow us to acquire customers faster within the payback period, generate 50% gross margins over

time, deliver meaningful leverage on our overheads and use a capital-light approach to investments. Together, these will move the group to a new level of value creation.

As you know, we significantly improved the group's capital position last year, both through the development of the asset-light marketplace business and the capital raise in November. So how are we thinking about the use of cash to accelerate the business?

This slide shows three sets of investment opportunities.

We've talked about core growth investments before and shown our established track record of creating value from them. These include customer acquisition within our 12-month payback, development of our fulfilment network, creating great apps for our customers and developing our people.

We are now adding acceleration investments using a test and learn approach. These include building out our technology to accelerate platform services, innovating our delivery and return service, rolling our growth categories more assertively and selective customer acquisition on slightly longer payback periods.

We will also explore expansion options, which cover infill market entries inside our existing regions, bolt-on M&A opportunities and partnerships that allow us to expand faster.

There are then some growth options that we do not intend to pursue. These include the development of a new region or expanding outside the broad fashion and lifestyle category.

So turning now to the financial outlook.

At IPO, we set out our ambition for NMV growth of at least 20% per annum. But recent acceleration of online adoption means we are now targeting growth of 25% per annum or more. We believe that our fast-growing marketplace business will help accelerate the overall growth of the group. And now that marketplace is operating at scale, we have the opportunity to develop platform services to become 5% to 10% of revenue. With continued data-led trading in retail, this means we can see gross margin expanding to around 50% over time.

In terms of CapEx, we expect to deliver the technology and fulfilment to support this growth at around EUR 60 million in a normal year with higher spend when we need to expand a major fulfilment centre. We also expect to deliver ongoing leverage on our costs as a percentage of NMV.

These together, in three to four years, we plan to generate a 6% adjusted EBITDA margin, and over seven to nine years, our ambition is to build a EUR 10 billion NMV business with a margin of 10% or more. In long term, we believe profitability will be higher than this.

We'll now take a short break before opening up for Q&A. Thank you.

Operator - -
Thank you. As Matthew said, that now concludes the formal presentation. We're now going to take a short 5-minute break before starting the Q&A, so we'll see you back here at about 3:22 GMT or 4:22 CET. Thank you very much.

(Break)

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Thank you. To conclude, let's go back to the beginning. We've never felt more confident in the business than today. And as we look back to basically the last decade because GFG was started 10 years ago, we are very proud of what we've built, and we're even more excited of the opportunity ahead. We believe we have what it takes to build a EUR 10 billion NMV business in the next seven to nine years. We have the market leadership, we have the fire power and most importantly, we have the team. Thank you very much, and we're looking forward to your questions.

Question and Answers

Operator - -
So we'll take our first question from Geoff from Morgan Stanley.

Geoffrey Frith Ruddell – Morgan Stanley, Research Division – MD
Can I just ask for a little bit more detail about the plan to get to 5% to 10% of revenues coming from platform services -- or sorry, NMV coming from platform services. Because obviously, that's potentially, you're suggesting that could be $1 billion -- sorry, EUR 1 billion of revenues in seven to nine years' time at nearly 100% gross margin. So that sounds a pretty exciting opportunity. So perhaps you could talk to us about how that sort of revenue stream might build up into some of the component parts of it.

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Sure. Geoff, let me address that question, and I'm sure that Matthew and Christoph will also chip in, given that it's obviously a really important priority for us.

So currently, platform services are about 1.5% of revenue. Looking at other e-commerce players, their revenue stream, if they have developed platform services earlier than we have, is between 5% and 10%. Only looking at marketing for some players, it actually goes up to more than 5% just for marketing, just to give you a sense for that opportunity alone, and obviously, we're talking about other services here as well.

The underlying growth driver for our -- especially for filled service but also to some degree marketing really is marketplace. That's where the service really comes in. And as you know, marketplace is going to -- is growing and also is going to forecast to grow significantly, so we have a good underlying growth driver. I also want to add that we've really not prioritised platform services that much in 2020, we're obviously very busy with COVID and the category shift. We're only really rolling out new technology, which we mostly built in-house this year. We have a bit of that in Southeast Asia with *Data by GFG*, but it's really in its infancy, and we believe that growing it from 1.5% to 5% minimum is something very doable.

Matthew Price – Global Fashion Group S.A. – CFO & Member of Management Board
Yes. Just to clarify on that, in the appendix of the deck which isn't on website yet and you won't have seen it, the 5% to 10% is of revenue, not of NMV. Therefore, on our illustration, EUR 10 billion of NMV actually equates EUR 6 billion to EUR 6.3 billion of revenue at current exchange rates, and so the services component would be EUR 300 million to EUR 600 million, still a very significant business, but not EUR 1 billion.

Geoffrey Frith Ruddell – Morgan Stanley, Research Division – MD

And of that of platform services, how much of that is marketing? And how much of that is -- what else is there other than marketing and selling data back to the brands? Is there anything else there?

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board

So it's really three things at the moment. It's marketing, it's data and it's fulfilled by where we effectively take the marketplace product, and we, for example, we cross dock them and send them to the customer or we actually have them in our fulfilment centre, and we essentially enable *Operations by GFG* to essentially power marketplace of a brand. We haven't detailed exactly how that looks like. I would imagine that data is probably not going to be the biggest model, but marketing is something which has further developed and also in overall -- in the overall budget of the brand, probably a bigger insight than, for example, data.

Geoffrey Frith Ruddell – Morgan Stanley, Research Division – MD

And can I assume that most of the 1.5% at the moment is the fulfilment part of that.

Matthew Price – Global Fashion Group S.A. – CFO & Member of Management Board

Yes. That's the biggest component. I mean, with our existing marketplace business, because we've scaled it so rapidly in a lot of -- with a lot of brand partners, we've got a relatively unsophisticated rate card way, they simply -- there's a take rate that includes all the services. We're, obviously, now that we've got scale in this business move much more towards their own rate card for services to allow them to optimise on our platform.

Operator - -
We'll now take our next question from Rocco Strauss. Apologies, actually, it's going to be Clara and I will not pronounce that, surname incorrectly. Go ahead.

Clara Kamenicek – Stifel Europe, Research Division – Analyst

I'm just wondering about your future scenario where you assume your gross margin will grow to 50%. You said that actually, you expect a stable retail margin. How confident are you? I mean, is in the online space, competition growth, isn't that a little bit of an optimistic scenario to assume that margins will remain stable here?

Matthew Price – Global Fashion Group S.A. – CFO & Member of Management Board
Sure. Let me start off with that. So our retail margin, we've kept a stable retail margin for the last four years. There's a huge amount that goes on inside our retail margin, everything

from foreign currency to country mix to different growth rates, so it's a lot to manage. We actually see that the level of promotion and competition in our markets over the last couple of years has actually been broadly stable, so our promotional mix has been pretty level. We have developed and used a lot of data-driven tools around pricing, promotion, et cetera, so we've got pretty good handle on this and control of it. On top of that, as Christoph talked about, we've got quite a lot of excitement around premium products and indeed actually sort of entry-level luxury products, et cetera, which can go into that mix as well as well as just scale, where as we get greater scale, we can get better terms and brands.

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Yes. And Matthew, maybe I'll quickly add. One aspect we haven't covered in great detail today is our vertical product. It's not a huge percentage of sales. But obviously, it's something which we will probably grow in line with company maybe even a little bit bigger. And obviously, the gross margin there is significantly higher. And again, we're only at the very beginning here.

Operator - -
So our next question will indeed now come from Rocco. Please go ahead.

Rocco Strauss – Arete Research – Analyst
Two questions for me, please. I mean, the first one, could you share some thoughts on private label as a percentage of retail or wholesale? And how you're kind of like instrumentalising it with regards to the product mix? And I guess the second question I have is in terms of personalisation on the platform, especially when thinking about like the vast approach of age groups or like categories, everything from like fast fashion to premium, how are you thinking about like discovery or servicing, like the right product given that the number of SKUs, especially with more marketplace is kind of like ever rising from here?

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Sure. Thanks, Rocco. I'll take the first one, and I'll hand over to Christoph for the second question.

On own brand, as I said, it's relatively small for us at the moment, I think in 2020, Matthew, correct me if I'm wrong, I think it was around 5% of our NMV. The biggest share we have in terms of regional is in Southeast Asia and in Australia. We have a bit of private label also in Brazil and in the other LATAM countries and basically none in CIS. What we're doing in own brand effectively is to cover white spots, so that's essentially where we don't find a lot of brand supply or supply from brands. We're trying to fill it through our in-house brands. To give you an example, we didn't find a lot of sustainable brands in Southeast Asia or Australia, so we basically created our own. And we actually had great success with that, that brand actually has much higher price points than the average owned brand product, and it's actually still flying and actually has above-average sell-throughs. The same is true for the sort of very fast fashion, younger customer segment in Australia. We also created our own brand there. So it's relatively small, and we know that there's risk involved, given that, obviously, the commitment is to some degree upfront and it's kind of the opposite of marketplace in terms of having inventory which is much more committed. That's why we don't want to scale it too quickly, but where we see brands being successful like the sustainable brand, I mentioned AERE in Australia, we definitely want to grow it further, so the 5% in Australia, for example, is much higher than overall share is obviously being dragged down, particularly by CIS. So not a strategic priority, but something which we believe we want to grow steadily and potentially make it more of a strategic priority when it's proven. Moving over to personalisation. Christoph, do you want to start and maybe I'll also chip later.

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Sure. So it's one of the key focus areas for us. The key is certainly the app, where now 60% of the sales are going through the app. And clearly, the ability to personalise in the app where the customers generally logged in. We have the purchase history. We have the browsing history. We have features that are just much easier to use for personalisation is much more powerful, so we're very focused on that. The specific features that we're developing and some of them are rolled out, some of them are in development. are all around basically giving the customer control about what they like, so it's about following the brands, it's about wish listing, it's about purchase history, browsing history. We're not trying to basically take a big brother type of approach of suggesting to the customer something that she may have never come across on our platform and may not be relevant just because we've created a Facebook profile or something like that. We're really trying to give the customer a lot of control around their kind of online fashion and lifestyle shop on our platform. And if we fast forward a couple of years, our hope is that we can build a proposition where these different customer segments that we're serving and some of them we highlighted in the presentation across the different markets can each create their own shop on the platform. And so the male, young surfer in Australia versus the mother in Sydney versus someone living in a small town in Russia, they all will have very, very different personalised fashion and lifestyle stores that feel relevant to them. And obviously, as we're doing that, and we're creating more engagement points beyond the purchases in terms of wish listing, in terms of following brands, we also are gathering a lot of relevant data that then can feed into the marketing and the data by GFG services to the brands. And so what we're trying to do is create a flywheel where personalisation becomes more relevant to the customer, but also it can create revenue streams for us because we can be more targeted and leverage that as a capability towards the brands.

Operator - -
We'll now take our next question from Mike Benedict.

Michael Benedict – Joh. Berenberg, Gossler & Co. KG, Research Division – Analyst
Just a few from me, please. Firstly, I wondered if you could give a bit of colour around the competitive environment since the COVID outbreak. Have you seen sort of a shakeout like we've seen here in the U.K., particularly of brick-and-mortar type stores? And I guess you mentioned in one of the final slides the potential for M&A activity. Is, for example, M&A of a struggling brand like we've seen here in the U.K., something you would consider? And then a couple of financial questions, if I may. On the medium-term EBITDA margin target, is that three to four years from today or is it three to four years from when it was set last year? And then lastly from me, if you got any colour around free cash flow breakeven, please?

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board

Great. Thank you for the questions. So I'll maybe start with the first one on the competitive environment and let Patrick comment on Southeast Asia and Australia and New Zealand while I'll cover the other regions. M&A, I can cover as well, and then Matthew will cover the question on EBITDA and cash flow. So on a competitive environment, what we have generally seen over the last year in our markets is obviously very similar to what has happened everywhere in the world, which is fundamentally, everyone was predominantly off-line has been affected by store closures. In a lot of our markets, the store closures have not been as long as they have been in Europe, so that's a really important distinction that when you look at our markets, Australia had fewer cases, Southeast Asia had some pretty strict lockdowns but then also reopened, Russia and Brazil reopened pretty quickly. And so the time span of store closure has been much, much shorter on average in our markets than, let's say, the U.K. or Western Europe in general. So that's very important. All of the off-line players have, however, significantly ramped up their online activities. So this is true for the multi-brand department stores but also true for the brands. And we've seen that across markets, and we believe that, that's a key driver why the penetration has actually jumped from the 7% we saw in 2019 to the 13% in 2020 because these players have now suddenly had exponential growth in their online business from a very, very low base. And so that is what happened, and we've seen that, for example, in Brazil with a lot of the larger fashion, vertically integrated players who have really stepped up a lot in their online offering. We've also seen that general merchandise players grow very rapidly, mainly in the non-fashion categories. In essentials and groceries and those types of product categories, they did really well during this lockdown period. But certainly, they have also somewhat grown in apparel during this time. And so from a competitive perspective, I would say there's been evolution, but it's not dramatically changed, and we also expect that it was somewhat normalised. I'll quickly cover M&A, and then I'll hand over to Patrick if he wants to add a few things on competition.

On M&A, we're not foreseeing to do anything significant or major on that front. However, when there are smaller add-on opportunities, we've just bought a brand that -- in Australia that didn't really have a stand-alone future, but we thought it had some really interesting brand equity as a fashion brand and so we're just plugging that into our stable of own brands. But it's that kind of bolt-on that we're thinking about versus anything that is more transformational.

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board

Thank you, Christoph. I think there's nothing to add. I think the dynamics are very similar in Southeast Asia and in Australia, the regions are very different, but I think you've covered it very well. Matthew?

Matthew Price – Global Fashion Group S.A. – CFO & Member of Management Board

Thanks. Yes. So the medium-term EBITDA target for 6% is three to four years from today rather than from last year. The reason for that is, as we set out with our guidance, we've stepped up our one-year and medium-term NMV guidance to 25% plus from the 20% plus that we were talking about before. I think that's the most important thing for us to be doing. As you know, and we talked about on the call this morning, we're confident about this year and we feel really well set up, but there is still a lot of uncertainty on our customers and brand partners around with COVID. And therefore, we just want to be a bit careful about how we're setting that profit aspiration up for the current year to give us the flexibility because our number one priority is that growth, and that drives that piece.

In terms of medium-term cash flow getting to a free cash flow breakeven, I'm really delighted that this year, A, we've reduced the amount of cash use in the business to about EUR 50 million from a number 2 to 3x size of that the previous year. But importantly, within that, we've kind of hit that point where our operating cash is now positive. So we're only -- the only money that's going out the door is to fund our CapEx, which feels like a very sustainable position to be in, and we're in a very -- we've got a very strong balance sheet to support that. Clearly, as we move towards that 6% margin, we become free cash flow positive as well, so I think that part of the equation works quite nicely.

Operator - -
OK, We're now going to take our next question from the telephone line, this is Volker Bosse.

Volker Bosse – Baader-Helvea Equity Research – Co-Head of Equity Research
It's Volker Bosse from Baader Bank. Thanks for the presentation and all the provided details, a lot of questions are answered. However, two short ones for clarification. What was the share of returning NMV in 2020 corresponding to the 71% you released for 2019? The second question would be of the number of website visits in 2020 corresponding to the 2.3 billion which you reported for 2019? And the third one is regarding connected retail.
I know brick-and-mortar stores are underpenetrated in your region, however, how do you look at connected retail? Have you looked into it? And is it on the agenda to be introduced once a day? Is it an option, especially for big cities, of course?

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Thanks, Volker. I'll start with the third question, connected retail, and hand it over to Christoph and Matthew. So we are looking at connected retail at the moment, it is a very exciting idea. And obviously, we're always keen to learn from our friends in Berlin. But we didn't move straight to the implementation phase because as you said, physical retail looks very different. Fewer shops, different inventory management systems. And as a result, we probably believe that there is potential, but probably less potential than in Europe. We also want to maybe mention quickly that we are still working on a solution called size refill for marketplace, where effectively we are refilling a product which we bought on retail via marketplace. That solution, as far as we understand, is already live with Zalando. It's going to go live this year with -- in GFG, and we believe that features like this probably have more potential, and that's why we're prioritising that. But great question. Thank you. I'll hand over to Matthew for the first question, share returning NMV.

Matthew Price – Global Fashion Group S.A. – CFO & Member of Management Board
Yes. Hi Volker, the share of return of NMV from returning customers was 69% last year, which is down a tiny bit on the previous year. But that's really because we recruited so many -- such a record size, new customer cohort that drove that. In terms of the number of visits, I don't have that piece of data to hand. unless one of my colleagues does. So I think we might think we might be to come back on that.

Volker Bosse – Baader-Helvea Equity Research – Co-Head of Equity Research
Yes. Perhaps can I add another one, just a follow-up on your gross expansion priorities. How do you look at introducing new product categories beyond fashion? And how do you look at

international expansion, of course, adjacent neighborhood countries, but is there anything on the agenda for '21?

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board

So on the categories, Volker, I think the way we really think about it is what is relevant to the customer within the Fashion & Lifestyle spectrum, so for example, when it comes to tech devices, we would say a wearable watch -- or any type of wearables, basically, headsets, those types of things, they fall within Fashion & Lifestyle, but we're not going to start selling TVs or those types of electronics -- consumer electronics. So we're really looking at this quite deliberately in category by category, what falls under the broader Fashion & Lifestyle, wearable, trend-driven, brand-driven assortment that is relevant to our customer and is directly related to the activities that they are going through. And one other direction that we're looking at here, for example, is we've had a lot of success with people working out at home, so equipment basically for the home gym. And that also is then relevant when we think about other things for the home that are more trend-driven like bed linens, like decorative items, those types of things. So we're really thinking about this. What is about trend, what is about self-expression, fashion trends, those types of things, we're not going to look beyond that. And so that's really the spectrum that we're looking at in terms of category expansion. In terms of international expansion, we have nothing near-term planned when it comes to that. But certainly, some of the adjacent markets in Latin America, in Southeast Asia and also in CIS are currently not served by us. And so there's some directly adjacent opportunities, none of which are huge in terms of the scale of the opportunity. So again, there would be more incremental things. But certainly, as we think about the journey to the EUR 10 billion in the next seven to nine years, these are likely to be part of that journey.

Matthew Price – Global Fashion Group S.A. – CFO & Member of Management Board

Volker, sorry, I got the visits number as well now. It was 2.6 billion customer visits, so up from the 2.3 billion that we've talked about before.

Operator - -
OK. We've got a follow-up question now from Geoff Ruddell.

Geoffrey Frith Ruddell – Morgan Stanley, Research Division – MD

If you can -- yes. So there's a slight delay. Yes. So I just wanted -- on one of the slides where you talked about having a 35% EBITDA margin and a 31% take rate. That doesn't strike me it's very different numbers, especially when being that 35% margin includes your vertically -- your own label sales which would be presumably higher and the 31% take rate, you're not getting -- we're not doing fulfilment for all of those. I think it's 71%, I think, you said you were fulfilling. So on a sort of comparable basis, it would suggest that the take rate is probably at least as high as the retail margin, which leads to the question, why aren't you going to 100% marketplace, if you can make as much money without taking any inventory risk?

Matthew Price – Global Fashion Group S.A. – CFO & Member of Management Board

I think -- I mean, the immediate -- Geoff. I mean, from a pure financial point of view, I think, you probably hit a good bit there. I think from the reality of what we do is retail is a great business for us and we are good retailers. And it lets you do a whole lot of different things with the rest with the promotion with bringing brands on, et cetera, that puts you much more in control of destiny, and we've built the infrastructure. So I think I'd almost point to the very stable retail margin over the last four years as a proof point that actually, we've got the tools and we've got the systems needed to be good at this, and it does allow you a lot of flexibility. But I'll hand over to Christoph or Patrick, who can put a lot more colour on it.

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Yes. I mean, I think, Geoff, it's a very fair question. And the way we look at it is we look at it market-by-market, brand-by-brand and category-by-category. And so within the same category, within the same country and within similar price points, generally, we will generate much better margins in the retail business than the marketplace business. It's just when you look at the aggregated peg picture where all this comes together in blended numbers that normalise for different shares of marketplace in different markets and all those types of things, you get this picture that you're describing. But the reality is when we look at this in a more granular level, there is a distinction. And the thing that is also really important is that there is a lot of -- there are a lot of brands that still have a very clear preference towards the retail model, and so we don't really have this perfect choice with every brand where we could say, look, this is the retail margin we can generate, this is the take rate we could generate and then we just choose the better option. It's unfortunately not as straightforward as that. There's a lot of preferences from the brand side, but also capabilities of some brands of pure wholesale brands, they don't have the capabilities today to serve marketplace, and other brands have made a decision to only enable marketplace. For example, some of the vertically integrated brands have a strong preference for that model, and they're very comfortable with the inventory risk because they carry that in most of their business historically or in even all of their business. And so there's a lot of distinction between the brands as well.

Geoffrey Frith Ruddell – Morgan Stanley, Research Division – MD
And I shouldn't get concerned that the 31% take rate is going to come under pressure because it's too high because it's too close to the retail rate. Is that a -- I mean, are you seeing any pressure on the take rate?

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board
I think to Matthew's earlier point, and we -- this is one of the areas that we're very focused on it, we're moving, I would say, into a more sophisticated setup in terms of how we are pricing our services related to marketplace. So at the simplest spectrum, it's a simple take rate with nothing else around it. And then at the more sophisticated spectrum -- end of the spectrum, it is a take rate, but there's also marketing services, there's fulfilment services, there's storage fees for slow-moving inventory, there's listing fees, there's production fees, there's lots of other things that are related to this that ultimately make our business more aligned with the underlying intentions of the brands so that we create the right and healthy

dynamics in that relationship. And we're really working towards making our agreements with all of the brands really more sophisticated around this and bringing in these other services. So I would say, overall, we don't see a change in the take rate as likely, but the composition of it and the drivers behind this are likely going to evolve quite a bit.

Operator - -
OK. That concludes the questions from the analysts, I'll now hand it back for any questions from the webcast.

Adam Kay – Global Fashion Group S.A. – IR Director
Thanks, Julian. Following on from the discussion we just had between retail and marketplace, we have a question from Neeraj Khosla from Invesco in Canada. Could you talk about how you manage the cannibalisation of sales between retail and marketplace models? How different or the same is the assortment in both of these models? And why would brands choose one model over the other?

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board
I'm happy to take that, Adam. So it's important to remember that effectively, there's no cannibalisation on a product level, meaning a product either exists on the marketplace or the retail model. It doesn't exist in both, so there's effectively no competition. In other words, our buyers choose very deliberately whether a product is retail or marketplace. And they do that based on essentially the brand's preference, that's one criteria. And the most important criteria for us really is, do we believe in the product? Can we forecast the sell-through or not? If we can, then retail price is a great model. If we can't because it's a very expensive product or a high priced -- or higher trend product, then marketplace is usually the better model.

Operator - -
OK. And we've now got another analyst question, coming from Paul Rossington.

Paul Rossington – HSBC, Research Division – Analyst
One question really, just on the uncertainty around COVID-19. Can you just outline perhaps a little bit more where you see the greatest risk on COVID-19 impacting this year's trading performance? Because I appreciate this seems to be a big area of caution that you're building into your three to four year guidance on EBITDA margins. So what are the triggers that we should be looking at here in terms of does the key markets from that regard please?

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Thanks, Paul. I'll give it a start. It's obviously the million dollar question for the whole industry, not just for us. The -- I think the way we look at it and the way we try to position ourselves is we are not making a particularly strong bet on one or the other scenario in our markets in terms of how quickly we get out of the pandemic, how quickly we can get to people going back to work, events coming back on, travel resuming, et cetera. We are relatively cautious on how long this is going to take, especially relative to some of the optimism that we're seeing in the U.S. or in the U.K. currently, given that most of our markets are still in a pretty bad situation in terms of the number of cases and the vaccine

rollout is far less progressed than it is in, for example, the U.K. or the U.S. And so from that perspective, we do generally assume that we're going to continue to operate in a relatively similar environment to the last couple of months for at least the first half of this year. We do, however, see that there's a bit of normalisation, as Patrick also pointed out in the results call this morning, for example, in Australia, around the category. So we're not having this huge separation into the lockdown categories and the not-lockdown categories anymore. And that normalisation is happening across our markets. We're still going stronger in sports and kids in some of the categories that were particularly successful last year, Q2, Q3, in particular, but we have a more balanced mix today. And we're positioned from an inventory perspective and from a marketplace assortment perspective, assuming that we have a relatively broad base of demand. What is very hard for us to forecast are two things. One is how do the consumers react when things get back to more normal gradually? Will they continue to shop online? We assume they will, but is there a temporary period in which that long-term trend is not holding and there's a bit of a reversal that could happen? And the second thing that is difficult to forecast is what is really happening with the supply chain. We've had a number of disruptions in the supply chain. Logistics and transport costs have gone up in the global supply chain. And we've had, in some cases, in Australia, the most pronounced, some real challenges in getting the right products from the brands for our customers. That is looking relatively under control right now. If there is no disruptions from that coming, that certainly would be very, very helpful.

Paul Rossington – HSBC, Research Division – Analyst
And one follow-up to that was just on Australia. Obviously, Australia started to perform better into Q4, but over the course of the year had a pretty challenging year as a whole. Would it be reasonable, does your expectations of a recovery in Australia shape the way you think the business will perform over the course of the year as a whole? Is it possible that continued acceleration in Australia could actually see your rate of progress in terms of NMV go up as the year progresses, for example, or otherwise?

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board
So we have certainly high expectations for growth in Australia, given that Australia has ultimately a much easier base effect effectively for this year, so we baked that into the plan. We believe that the plan for them is realistic. Obviously, if they outperform and they continue to simply have the effect of COVID winners continuing to be COVID winners even after COVID and also the categories like dresses coming back that might lead to outperformance, but let's hope to forget that Australia, for us, is not a huge share of NMV. It is our third biggest country, but significantly smaller than Brazil and Russia.

Operator - -
OK Adam, back to you.

Adam Kay – Global Fashion Group S.A. – IR Director
Thanks, Julian. Next one comes from Peter Henninger from Akaris Global. With the increased CapEx guide to 2021, can we shed any more light on where the capital will go beyond CIS fulfilment centre?

Matthew Price – Global Fashion Group S.A. – CFO & Member of Management Board

Yes. Sure. Thanks, Adam. So really, with the CapEx, the CIS performance enters EUR 50 million spread over the next two years. There is some investment into other pieces you mentioned the sort of LATAM customer service and returns capability. The bit I'm really excited about actually is what we're putting into technology. So to support the ambition we've got around the marketing and data services businesses, we're making some significant investment into really making what's already a very, very good global seller centre product, something that really flies. So I think that's going to be a big piece of where we spend.

Adam Kay – Global Fashion Group S.A. – IR Director
Thanks, Matthew. I've got a few coming in from private investors here. Firstly, what is the status of talks with big global labels like H&M and Inditex? And the second one here, Lamoda TV in Russia is quite a success regarding the recent development of audience launch. Do we plan to roll out such a TV format to other regions?

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Thanks, Adam. So on specific status with brands, we obviously can't comment and don't comment on future partnership opportunities with specific brands. We're very pleased with our H&M partnership in the Philippines, which is correct, has been extended. More broadly, we're really focused on bringing all of the relevant best local and global brands to our customers, and we're working towards that goal without any exception. So any of the key brands that we know our customers would love to have, we're obviously trying our best to bring those brands onto the platform to support those brands in reaching our 16 million active customers. Lamoda TV, indeed, has been a very successful format to engage the customer. Goes back to my point earlier about engaging the customer beyond the purchase itself but providing them opportunities to learn about fashion, learn about beauty trends, learn about styling advice, et cetera, et cetera. And so Lamoda TV has been an example of that, and we're looking at all forms of engagement to identify opportunities and go further, be it on live streaming or be it in other formats that we can roll out, and obviously, the trends and consumer expectations are different between different markets, so we're looking for the right solutions in each and every market where we operate.

Adam Kay – Global Fashion Group S.A. – IR Director
Thanks, Christoph. Next question, how deeply can we integrate our IT platform, especially data architecture over the different regions to leverage any synergies and insights. One for Patrick, perhaps.

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Sure. Thank you, Adam. I'll try to summarise this in a lot more than two hours because it's obviously a very complex topic. So effectively, we have two different types of stacks. Stack number one is the central stack where we have services we provide to the regions, such as seller centre which powers our marketplace, 30% of our sales, such as personalisation, that's a platform called Datajet such as BI Solutions. Then we also have regional stacks, which are, as the name suggests, different by region. And why are they different because the requirements, especially when it comes to payments, when it comes to delivery, even when it comes to data governance are quite different by region. So effectively, we have

decided that by having regional platforms we can quicker develop onto these requirements. So the central stack essentially provides services to the regions and where the regions have competence or requirement to do what is required only for their region. They do so in a regional and not in a global fashion.

Adam Kay – Global Fashion Group S.A. – IR Director
Thanks, Patrick. One last question here. What cooperation do we have with Zalando?

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board
It's a good question. Certainly, Zalando is an inspiration for us as one of the leaders in the industry and a business that's operating in a market that is a bit more developed, so we're obviously following closely what they're doing and trying to learn from that where it's relevant, but we don't have any formal cooperation with Zalando as a company.

Adam Kay – Global Fashion Group S.A. – IR Director
Thanks, Christoph. Back to Patrick for some concluding remarks.

Patrick Schmidt – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Thank you, Adam. Well, thank you very much for joining today's Capital Markets Day. We would have loved to put in person like we did a bit more than a year ago in London. Hopefully, we can do this at some point again in person. Hopefully, you enjoyed this webcast. It was the first time for us to do this as well so thank you very much for the team for organising this. Thank you for attendance. Thank you for your questions. And as we said, we're very excited about the future, and we look forward to connecting with you soon again. Thank you.

Christoph Barchewitz – Global Fashion Group S.A. – Co-CEO & Member of Management Board
Thank you.