EDISON

Global Fashion Group

Initiation of coverage

Refined and redefined

Retail

29 May 2025

Global Fashion Group (GFG) operates leading fashion and lifestyle platforms that enable brands to reach customers in a mix of developed and developing markets with high growth potential. Management has responded to industry-wide competitive and macroeconomic challenges by focusing its geographic coverage and refining its product offer and customer engagement, which is leading to more encouraging trends in customer numbers and spend per customer. This gives management confidence to guide to a significant increase in profitability in the medium term, to levels comparable with its peers. This is significant given GFG's low absolute enterprise value, with a market capitalisation broadly similar to its net cash position including leases and low multiples versus its peers.

Year end	Revenue (€m)	EBITDA (adj) (€m)	PBT (€m)	EPS (€)	EV/EBITDA (x)
12/23	801.5	(53.0)	(103.3)	(49.50)	N/A
12/24	722.6	(17.6)	(74.0)	(35.19)	N/A
12/25e	695.1	1.8	(56.5)	(27.06)	10.3
12/26e	691.3	23.4	(37.1)	(17.71)	0.8
12/27e	723.0	36.8	(25.3)	(12.04)	0.5

Note: EBITDA, PBT and EPS are normalised before share-based payments and exceptional items. EBITDA is GFG's adjusted EBITDA. FY23 and FY24 revenue and EBITDA are restated for exit from Chile, PBT and EPS are as reported.

More focused exposure and product offer

Systematically across its portfolio, GFG is making it easier for its customers to find and buy more of what they want. Put simply, GFG is moving away from too broad a product offer that lacked differentiation to a curated product offer that is more relevant to its customers. The direct results are increases in spend per customer of up to double digits and a higher gross margin, in part due to having an improved offer that sells better and requires less promotional activity, as well as the longstanding shift to higher-margin Marketplace revenue.

Higher profitability and cash generation

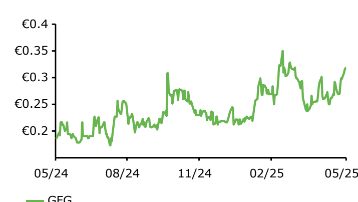
Management targets an adjusted EBITDA margin of 6% in the medium term (we forecast c 5% by FY27), as further gross margin improvements and increased volumes on a well-invested infrastructure with significant spare capacity (management estimates that it can support an almost doubling in scale of the business) provide the opportunity for high operating leverage. The higher profitability, limited working and fixed capital investment should lead to lower cash consumption and, ultimately, to normalised free cash generation when GFG achieves its margin target.

Delivery should help narrow valuation gap

The starting point is a company with a low enterprise value (ie net cash including lease liabilities similar to market value), which indicates the market is discounting that GFG will not generate meaningful free cash flow in the long term. Achieving peer levels of profitability should support a re-rating for GFG to their higher multiples. We estimate c 170–255% upside at current prices to €0.81–1.06 when applying a range of discounts, from 30% to 0%, to the peer median and our estimates for GFG, and further upside if GFG achieves its medium-term guidance.

Price	**€0.30**
Market cap	**€69m**
Net cash at 31 March 2025 (including IFRS 16 liabilities of €48.1m)	€49.9m
Shares in issue	228.4m
Free float	41.5%
Code	GFG
Primary exchange	FSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	10.7	10.5	22.0
52-week high/low		€0.4	€0.1

Business description

Global Fashion Group is a leading online fashion and lifestyle destination with three e-commerce platforms across nine countries in Latin America (Dafiti), South-East Asia (ZALORA) and Australia and New Zealand (THE ICONIC).

Next events

H125 results	14 August 2025
Q325 results	5 November 2025

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Global Fashion Group is a research client of Edison Investment Research Limited

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Investment summary

Leading e-commerce platform helps brands fulfil growth aspirations

GFG operates three e-commerce platforms in nine countries across Australia and New Zealand (ANZ), Latin America (LatAm) and South-East Asia (SEA), with a focus on fashion and lifestyle products. Its platforms enable global and local brands, complemented by GFG's own brands, to reach customers in markets with no capital investment. The individual complexities of these markets (population density, geography, distribution infrastructure and regulation) make GFG a valuable partner in one or more markets. It operates through two main business models: Retail, whereby it acts as principal, and Marketplace, whereby it leverages its e-commerce know-how and infrastructure to individual brands. Management has responded to the challenging demand environment of the last couple of years (ie since FY22) by making significant changes to its geographic portfolio and improving its competitive positioning. From a geographic perspective, management has identified the countries where it believes GFG can make the best financial returns and exited from a number of countries, where good financial returns were unlikely in the near term as they would require additional investment, which is not in line with the group's financial goals.

There are a number of key areas to improve its competitive positioning in each market, albeit the specifics will vary by country. First, GFG is providing an increasingly curated and more relevant product offer to its customers to become more differentiated and to improve the shopping experience, leading to a more focused product offer that is easier to navigate and purchase. Management admits to chasing sales in too many products in too many product adjacencies previously during rapid growth periods, which created a lack of differentiation in competitive markets and caused customer confusion. Second, marketing campaigns have evolved to focus on driving customer loyalty and shopping frequency through increased brand awareness and brand satisfaction. This template for change was first implemented in LatAm and management is in the early stages of implementing a similar strategy in SEA. The initial signs in LatAm are encouraging, with improving trends in the number of active customers and good to strong uplifts in spend per customer. Management is confident that SEA will see similar improvements. ANZ did not have a proposition problem but GFG has reacted to the demand downturn by implementing cost and efficiency measures to combat the reduced volumes.

Financials: Significant improvement in profitability and cash flow

We assume the gradual improvement across its three regions builds to c 5% revenue growth by FY27. Prior to the recent revenue downturn in FY22–24, GFG was building profitability or reducing losses in each of its regions as it enjoyed strong growth in customer numbers and spend per customer, indicating that the model works. Management has done a good job of protecting profitability while undertaking the above changes when the market background has been less than favourable. An increasing contribution from higher-margin Marketplace revenue and improvements in Retail gross margin (lower levels of more appropriate inventory require fewer markdowns) have led to a strong improvement in overall gross margin to 44.9% in FY24R (throughout this report R indicates restated figures; FY24R figures were restated for the exit from Chile) from 42.5% in FY22R. This has been complemented by close control of costs as operations were streamlined, partially helped by having fewer brands and products to manage. In the 'medium term' (timeframe unspecified), management expects more of the same with a c 2pp increase in gross margin to c 47% and greater improvement in the adjusted EBITDA margin from -2.4% in FY24R to 6%, as higher volumes leverage its spare capacity, which could handle an almost doubling in scale with limited investment. Our forecasts show steady progress to reach a margin of c 5% by FY27, slightly below management's guidance. Low working and fixed capital requirements should help improved profitability translate to 'normalised free cash flow' break-even (see Financials section) at the same time as GFG achieves its margin target. The company has consistently operated with a conservative balance sheet (ie net cash at the period end). We forecast lower cash consumption through FY27 as profitability improves, with a net cash position at each year-end.

Valuation: Share price discounting no growth in cash flow

The share prices of European e-commerce companies have been weak, with declines of more than 90% common from the peak, as trading deteriorated (post the COVID-19 boost, pressures on consumer spending and increased competition) and higher interest rates hurt companies whose valuations were dependent on long-dated cash generation. A current low enterprise value indicates that investors believe GFG will not generate meaningful free cash flow in the long term, which is contrary to management's expectations. A move towards similar levels of profitability to peers should be supportive of a re-rating for GFG. Our sensitivity analysis in Exhibit 31 shows current upside of c 170–255%

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to €0.81–1.06 per share when discounts of 0–30% to FY27e peer multiples (to allow for execution and liquidity risks) are applied to our estimates for GFG in the same year. As we factor in an adjusted EBITDA margin of c 5%, the upside would be even greater if management achieves its 6% margin target.

Risks and sensitivities

With operations spanning nine countries in developed and emerging markets, GFG's results are sensitive to changes in their macroeconomic environments, foreign exchange rates and geopolitical/regulatory changes. The e-commerce markets for fashion and lifestyle products are highly competitive, with relatively low barriers to entry and a lack of brand partner exclusivity. With a track record of continuous net losses and cash consumption, management is aiming to achieve levels of profitability and cash flow that have not been achieved previously. Having two majority shareholders with combined holdings of 58% of the shares presents potential conflicts with other shareholders and reduces liquidity.

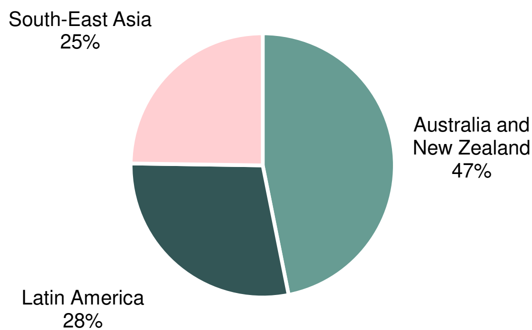
A leading online fashion and lifestyle destination

GFG is a leading online pure-play fashion and lifestyle retailer and platform operator in nine countries across three geographic regions and reported business segments: LatAm (Brazil and Colombia), SEA (Hong Kong, Indonesia, Malaysia, the Philippines and Singapore) and ANZ (Australia and New Zealand). The company owns 100% of the activities in each country, except the Philippines, where it is the majority 51% shareholder.

The customer base is typically female and aged between 15 and 45, to which the company provides an increasingly curated offer across the main fashion and lifestyle categories: apparel, footwear, sportswear, accessories, beauty, homeware and kids. Although the customer base is skewed towards females, not untypical for e-commerce platforms, GFG's product offer also serves males, children and babies.

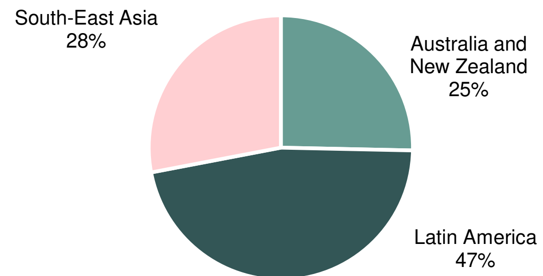
In FY24R (ie excluding Chile), GFG had 7.6 million active customers who placed 17.5m orders to give a net merchandise value (NMV, the value of goods sold through its platforms) of €1.1bn and revenue of €723m.

Exhibit 1: GFG's FY24R net merchandise value



Source: Global Fashion Group

Exhibit 2: GFG's FY24R active customers



Source: Global Fashion Group

GFG's registered office is in Luxembourg and it has decentralised group facilities across London and SEA. The shares were admitted to the Frankfurt Stock Exchange at a price of €4.5 in July 2019 versus an initial targeted price range of €6–8.

In the following interview, GFG's CEO, Christoph Barchewitz, provides an overview of the group and its markets. He covers GFG's business models, opportunity, competitive positioning, the three regions it serves and medium-term financial guidance. While we focus mostly on GFG's longer-term positioning, it is a great opportunity to hear Christoph's thoughts on the potential effects of the recently announced tariffs and trade war.

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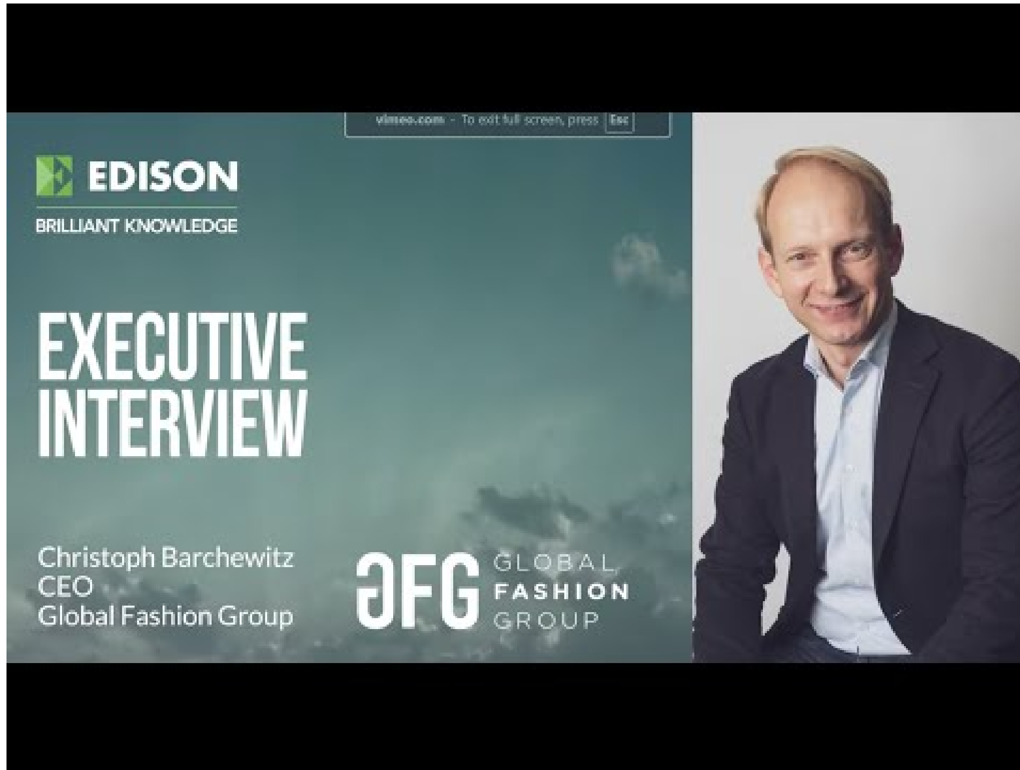
Interview with CEO Christoph Barchewitz



Source: Edison Investment Research

Different brands with different product offers for different customers

GFG's e-commerce platforms in each region have distinct brands: Dafiti in LatAm, ZALORA in SEA and THE ICONIC in ANZ. The front end for each brand is different and, naturally, reflects the different products offered, prices, languages and currencies of each country. The three platforms operate independently of each other, with central functions of global brand relationship management and group finance largely in London and technology in Vietnam. Central technology handles the tools and platforms that serve all regions, including the Marketplace platform for brands, pricing tools, business intelligence tools and Platform Services tools. These are designed to be scalable across all regions. Regional technology develops tools to address specific market needs, regulatory requirements and customer preferences. Each region has its own tech stack from front-end customer experience and back-end operations, such as local payment operations, fulfilment automation and returns management.

The company's geographic exposure means it operates in markets at varying stages of online development with different customer profiles (wealth, culture and price preferences), spending habits (brand and category preferences and products bought), population densities and topography, providing individual fulfilment opportunities and challenges. Putting these differences to one side, management believes the key structural growth drivers are increasing online adoption in the fashion and lifestyle retail markets, and rising income levels.

In its less developed and less wealthy markets (ie LatAm and some of SEA), the market growth opportunity appears greater due to a combination of potential for incomes and spend on fashion (offline and online) to increase more significantly than its more developed markets. In its more developed markets, where management still expects increasing online adoption in its product categories, chiefly Australia, the growth opportunity appears to be more from market share gains through increasing its customer base, as well as its share of wallet.

Management quantifies online penetration of fashion lifestyle markets at c 10% in LatAm, c 20% in SEA and c 30% in ANZ. These have already increased quickly in a short space of time, boosted by the COVID-19 pandemic, growing by at least half or even doubling from 5%, 7% and 20% in 2019, respectively. If the US is a good benchmark at c 35% penetration, there remains plenty of growth potential. Management's quantified annual per capita spend on fashion and lifestyle of c €200 in SEA, €400 in LatAm and €1,300 in ANZ also suggests plenty of opportunity for growth in the long term.

The differing wealth and spending profiles of GFG's customers in the three regions are apparent in Exhibits 1 and 2, with ANZ providing a lower proportion of active customers (those who have purchased at least one item after cancellations,

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rejections or returns in the last 12 months), but whose higher average spend translates to a greater proportion of group NMV. GFG's positioning and differing customer preferences for product categories and types of brands across the three regions (Exhibit 3) demonstrate the opportunities and challenges of operating across these different markets.

Exhibit 3: GFG's product categories and brands

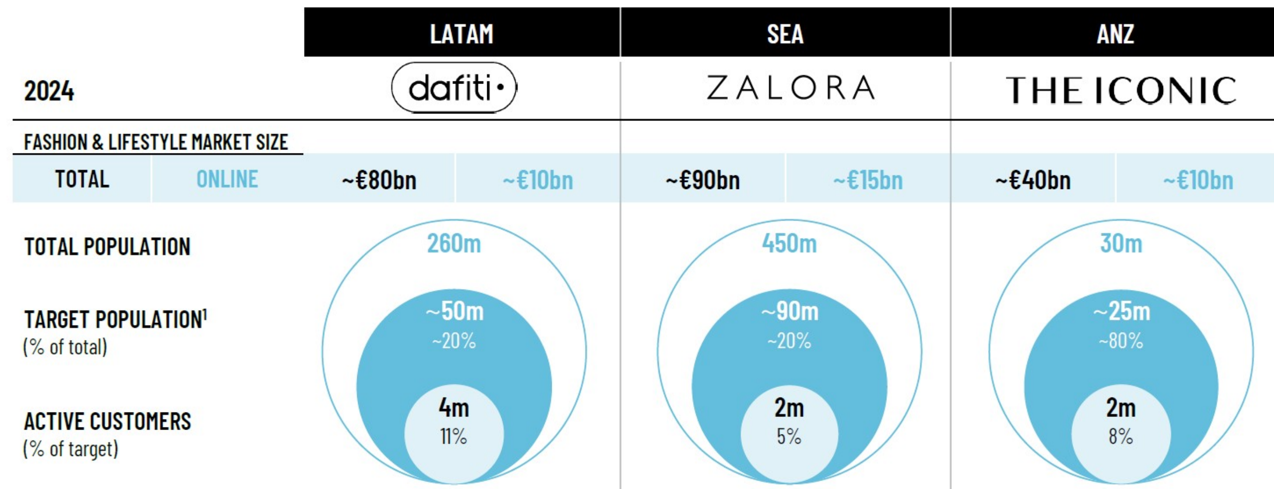
FY24R NMV	Group	Latin America	South-East Asia	Australia and New Zealand
Category:				
Apparel	35%	23%	29%	45%
Footwear	13%	20%	9%	11%
Sport	26%	35%	28%	18%
Accessories	13%	9%	20%	13%
Other	13%	13%	14%	13%
Brand segment:				
Mainstream	27%	47%	21%	17%
Premium	18%	5%	17%	27%
Lifestyle	17%	15%	21%	17%
Trend	16%	10%	14%	20%
Sport	22%	23%	27%	19%
Brand type:				
Global	55%	41%	77%	52%
Local	38%	59%	21%	34%
Own	7%	0%	2%	14%

Source: Global Fashion Group

Growth potential is high as is the level of competition

GFG is undoubtedly exposed to markets with plenty of growth potential in the long term. The markets are highly fragmented and highly competitive, as we will see when looking at the recent declines in GFG's active customers.

Exhibit 4: Market sizes and share



Source: Global Fashion Group, May 2025

GFG's differentiation

Given the high level of competition in its markets and relatively low barriers to entry, including the ability to enter a market without a significant physical presence, it is important to understand what management believes are GFG's main points of differentiation.

First, management believes GFG provides a best-in-class customer experience, which derives from a broad and relevant assortment of products (global, local and own brands), a seamless digital experience and fast and convenient delivery from its local scalable infrastructure supported by proprietary technology. Second, GFG enjoys strong relationships with multiple global and local brands, albeit these are unlikely to be exclusive. The relationship between the brands and GFG is symbiotic.

The brand owners benefit from GFG's local presence in a number of markets with varying levels of complexity and its provision of flexible business models (see below) makes it an ideal partner for the brands to access the markets

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with limited capital investment. Some developing markets in which GFG operates are considered to be more complex to operate in than developed markets, due to underdeveloped e-commerce infrastructure and solution providers, populations that may be located across vast and remote areas, regulation and tax and a relative lack of retail space versus developed markets.

GFG benefits from the strong brand relationships as it is able to provide a wider and more curated offer to its customers, which should engender loyalty and increased spend.

Leveraging its e-commerce skills and infrastructure with different models

In each market GFG operates two different business models for product sourcing with its suppliers, Retail and Marketplace, and one (Platform Services) to help brands develop their own e-commerce capabilities. As we demonstrate below, changes in mix between the models has implications for GFG's financials including absolute levels of revenue and profit recognised, margins and working capital intensity.

Before discussing the different business models, we should clarify the definition of NMV. It represents the value of goods sold through GFG's platforms and is a non-GAAP measure typically disclosed by e-commerce players to demonstrate the scale of their platforms. GFG defines NMV as the value of goods sold including value-added tax (VAT) or goods and service tax (GST) and delivery fees after actual or provisioned rejections and returns. Other e-commerce companies disclose a variant of NMV such as gross merchandise value/volume (GMV). GMV does not make a provision for returns and rejections, which are typically high in e-commerce given the propensity for customers to order more items (eg sizes or colours) before deciding which to return.

Revenue is lower than NMV as it excludes VAT/GST and is influenced by the relative levels of Retail and Marketplace revenue, as discussed in the next section. Here we should highlight that VAT/GST rates vary widely across the countries in which GFG operates, from 0% in Hong Kong to 17–19% in Brazil and Colombia, and therefore changes in country mix can affect the ratio of revenue to NMV at group level between periods.

Exhibit 5: Financials by business model

€	Retail	Marketplace
NMV	**100**	**100**
Net of sales tax (13%)	87	87
GFG's revenue	**87**	**21**
As % of NMV	87%	21%
Cost of sales	(57)	0
Gross profit	**30**	**21**
Gross margin as % of revenue	34%	100%
Gross margin as % of NMV	30%	21%

Source: Global Fashion Group, Edison Investment Research

Retail: GFG acts as principal

In Retail, GFG trades products on its own behalf, acquiring and selling inventory and thus taking on all the risks of working capital investment and selling the products as profitably as possible. GFG recognises all the NMV, revenue, associated cost of goods sold and working capital investment, making it easy to compare with, say, offline and online retailers.

Marketplace: GFG acts as agent to support brands

Launched in 2014, Marketplace enables brand owners to expand into new markets and access difficult-to-reach customers by listing their products on GFG's websites while retaining full ownership of the products and control over sales and pricing. GFG benefits by accessing a deeper assortment of products, enhancing its appeal to customers, with no inventory and markdown risk. The corporate centre manages the relationships with the global brands (ie marketing and selling its different capabilities and services in different markets), while GFG's local representatives handle the in-country relationships with respect to merchandising and pricing. The strength of these relationships and GFG's success in operating Retail and Marketplace models is evidenced by c 80% of its top 30 global and local brand partners working across both models.

For Marketplace, GFG recognises all the NMV but only commission on revenue earned by the brand owner, and there is no associated cost of goods, effectively giving GFG a 100% gross margin but lower absolute gross and operating profit and with the benefit of no working capital investment. Therefore, as Marketplace grows, as management expects, GFG's revenue capture (ratio of revenue to NMV) and working capital intensity will reduce, but gross margin should increase, all other things being equal.

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For Marketplace, there are three fulfilment options. First is ‘Fulfilled by’ in which GFG holds the stock in its warehouses and delivers the order to customers on behalf of the brand owners. ‘Fulfilled by’, which has been active in SEA since the group’s inception, was launched in ANZ in Q123 and LatAm in Q224. Second is ‘cross-docking’ in which the brands hold the inventory but GFG collects, packs and delivers the orders to customers. Third is ‘drop shipment’ in which the brands hold the inventory, and pack and deliver orders to customers directly. Commission rates vary with the fulfilment option used and a higher level of involvement by GFG generates higher commission, which is helpful in generating incremental revenue and leveraging its relatively high fixed-cost base. Therefore, a greater contribution from ’Fulfilled by’ is more helpful to GFG’s profitability than cross-docking, which in turn is more profitable than drop shipment. An increasing contribution of ‘Fulfilled by’ and cross-docking in the medium term, to c 50% of Marketplace shipped items, is a central plank of management’s business plan and path to greater profitability.

Platform Services: GFG leverages its e-commerce skills

In addition to Retail and Marketplace, since 2015 GFG has been building a third, service-based revenue stream, Platform Services, by which it leverages its skills in data analytics, marketing services and physical infrastructure for its single stock solution for brand partner multi-channel fulfilment. These help brands develop their own e-commerce capabilities in specific markets. Management believes these services deepen its relationships with the brands and create opportunities to generate incremental revenue. Platform Services income is recognised in revenue, not in NMV.

Marketplace and Platform Services growing

GFG has made good progress in developing both Marketplace and Platform Services. In FY24R, Marketplace had grown to 38% of NMV and 13% of revenue, and Platform Services to c 3% of revenue. From a geographic perspective, Marketplace and Platform Services have seen relatively greater take-up with partner brands in SEA versus other regions. Marketplace is already higher in SEA at 53% of NMV than management's medium-term 45% target for the group and Platform Services at 9% is higher than the 5% target for the group.

Exhibit 6: GFG’s business model mix

FY24R	Group	Latin America	South East Asia	Australia and New Zealand
Marketplace (% of NMV)	38%	33%	53%	33%
Retail (% of NMV)	62%	67%	47%	67%
Platform services (% of revenue)	3%	1%	9%	2%

Source: Global Fashion Group

Well-invested infrastructure

GFG operates six leased regional fulfilment centres in LatAm (Brazil and Colombia), SEA (Indonesia, Malaysia and the Philippines) and ANZ (Australia), therefore sales to Hong Kong, Singapore and New Zealand are handled through these facilities. Management states that the infrastructure is well-invested, with all distribution centres opened or last expanded in FY20–22, and therefore capital requirements are currently limited.

There is undoubtedly significant scope for growth from the current footprint. Management estimates that it is capable of supporting €2bn in NMV, almost double FY24R’s NMV of €1.1bn, which should enable operating leverage and improving returns as volumes grow. The level of automation between the sites varies, with emerging markets typically having lower rates of automation due to the lower costs of labour.

Delivery fees vary based on location and order values, which is fulfilled mainly by local courier/postal services as well as a small amount by GFG’s own delivery fleet. Product returns are made either directly to GFG or to local pick-up points. The level of product returns varies widely between the geographies, which in part reflects consumers’ differing levels of confidence in shopping online.

Refocusing to improve competitive positioning and profitability

Before focusing on management’s strategy and its operations in the three regions, we look at GFG’s development to provide some perspective on its positioning and financial guidance.

Geographic exposure evolved

The history of the group dates back to 2010 when the holding entity for Dafiti, lamoda, Jabong and Namshi was founded. Another predecessor entity, which held THE ICONIC and ZALORA brands, as well as other assets, was founded in 2012. GFG was incorporated on 1 October 2014 to bring these fashion brands under a single holding company.

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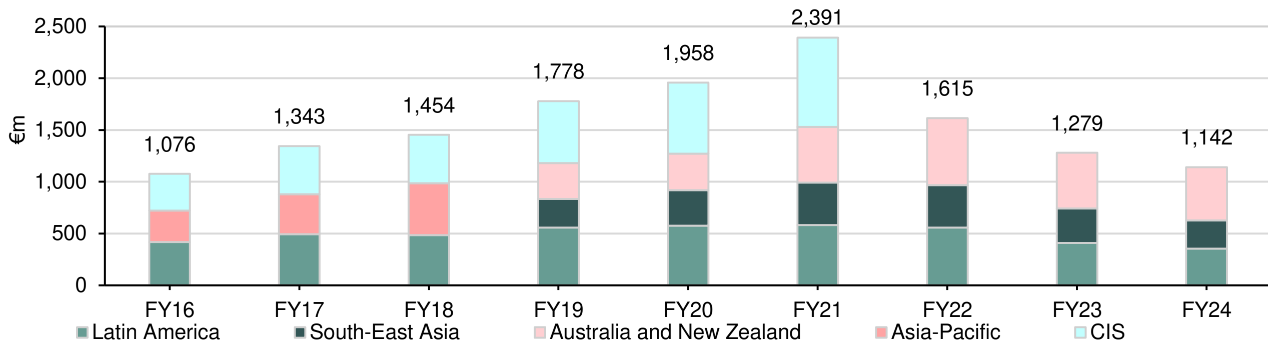
From a brand perspective, GFG's current portfolio was launched in 2011 (Dafiti in Brazil and THE ICONIC in Australia) and 2012 (ZALORA in SEA). Ahead of GFG's IPO, its Indian business, Jabong, was sold in August 2016 and the gradual disposal of Namshi in the Middle East began in 2017. Following the IPO in 2019, GFG sold lamoda, which operated in the Commonwealth of Independent States (CIS; ie Russia, Belarus and Kazakhstan), in FY22 due to the conflict with Ukraine. lamoda's operations in Ukraine were not included as part of the transaction and closed down. The disposal of lamoda was quite a blow to GFG's financials as it was a significant part of the group, c 36% of total NMV in FY21, had provided strong growth following the IPO with a constant currency revenue CAGR for FY19 to FY21 of c 17% and was the most profitable region with an adjusted EBITDA margin of 6%.

As well as the above refinement of the brand portfolio to the current three from the prior six brands, GFG has progressively rationalised its geographic footprint, having had a presence in 17 countries at the time of the IPO. In addition to the three countries exited with the disposal of lamoda, GFG wound down its operations in Argentina in 2023 and, with the FY24 results, announced the wind down of its activities in Chile beginning in 2025, given the post-COVID-19 macroeconomic challenges, competitive pressures and required investment to improve performance. Towards the end of Q125, GFG also exited Taiwan, a country where it had minimal presence and revenue. From a financial perspective, the country withdrawals were not significant: the exit from Argentina reduced group revenue by €33m and helped adjusted EBITDA by €1.5m; Chile reduced revenue by €21m and helped adjusted EBITDA by €2.9m. In addition to these more recent withdrawals, GFG exited Thailand and Vietnam before the IPO, in 2016. So, it is fair to say that GFG attempted to spread its wings into a good deal of countries and is now more focused on countries where it believes it can make a more meaningful profit than historically.

Historically, GFG's geographic exposure led it to be considered as an emerging market e-commerce play, but the above changes to the portfolio mean it is more exposed to developed markets, with ANZ representing 47% of FY24R NMV, before we consider its exposure in markets such as Hong Kong and Singapore. At the IPO, ANZ and SEA were reported as Asia-Pacific.

Strong growth through FY22

Exhibit 7: GFG's NMV by region (as originally reported for each financial year)



Source: Global Fashion Group

GFG demonstrated strong growth ahead of and following its IPO through the majority of FY22, excluding M&A, specifically the exit from the CIS in FY22. The NMV figures we show in Exhibit 7 and key performance indicators (KPIs) we show below in Exhibit 8 are as reported for each financial year without any subsequent restatement for discontinued items when GFG has exited any countries and therefore restated prior year figures.

GFG made good progress with most of its KPIs, including number of active customers, order frequency and number of orders. Other KPIs such as average order value and NMV per active customer (no longer disclosed since FY22, but can be calculated with a reasonable degree of accuracy, subject to rounding in the number of active customers, as can be seen in Exhibit 8) were a bit more variable, as they are influenced by mix changes between the regions, which have varying levels of spend per customer.

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Exhibit 8: GFG's KPIs (as reported, including discontinued activities)

GFG's KPIs	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
NMV per active customer € (GFG)	**121.4**	**136.7**	**130.2**	**136.1**	**120.3**	**140.5**	**144.3**	**N/A**	**N/A**
Constant currency growth	N/A	8.6%	7.8%	5.1%	0.9%	18.5%	18.8%	N/A	N/A
NMV per active customer € (Edison)	**120.9**	**137.1**	**129.8**	**135.7**	**120.1**	**140.6**	**144.2**	**145.4**	**142.8**
Number of orders	**19.8**	**23.2**	**28.2**	**34.6**	**42.0**	**47.8**	**27.9**	**20.8**	**18.3**
Growth y-o-y	N/A	17.2%	21.6%	22.7%	21.4%	13.8%	(14.4%)	(23.7%)	(12.2%)
Average order value (€)	**54.2**	**58.0**	**51.6**	**51.3**	**46.6**	**50.0**	**57.8**	**61.5**	**62.5**
Constant currency growth	N/A	2.4%	0.8%	0.0%	3.5%	8.9%	15.9%	11.6%	4.9%
Active customers (m)	**8.9**	**9.8**	**11.2**	**13.1**	**16.3**	**17.0**	**11.2**	**8.8**	**8.0**
Growth y-o-y%	N/A	10.1%	14.3%	17.0%	24.6%	4.5%	(16.5%)	(18.6%)	(9.2%)
Order frequency (x)	**2.2**	**2.4**	**2.5**	**2.6**	**2.6**	**2.8**	**2.5**	**2.4**	**2.3**
Growth y-o-y%	N/A	9.1%	4.2%	4.0%	(2.5%)	8.8%	2.5%	(5.5%)	(3.9%)

Source: Global Fashion Group, Edison Investment Research

The strong revenue growth translated into improving trends in profitability, with positive adjusted EBITDA for the group in FY20 and FY21, including CIS, and all but one region, SEA, being profitable in FY19–21. This is evidence that the model works when GFG gets the product offer right and the environment is favourable.

Changes to long-term guidance

The post-IPO growth gave management confidence in its long-term ambition, which, as recently as the start of FY21, was to scale GFG to €10bn in NMV in the next seven to nine years, with implied revenue of €6–6.3bn and an adjusted EBITDA margin of 10%+. These would have represented spectacular rates of growth from FY21's reported NMV of c €2.4bn, revenue of €1.6bn and adjusted EBITDA margin of 1.2%.

We discuss the varying levels of performance and different drivers of GFG's three regions in the next section. Broadly, GFG's growth has been lower than expected from FY22 due to: a weaker macroeconomic environment and the cost of living pressures from higher inflation and interest rates following the pandemic have affected discretionary incomes; normalisation of trading between distribution channels as consumers partially returned to offline retailing, having been denied the opportunity during the pandemic; and increased competition from large global e-commerce retailers such as Shein and Temu, as well as other offline retailers that were forced to improve their own online capabilities by the pandemic.

These have led management to reappraise not only its geographic exposure, as evidenced by the recent withdrawals from Argentina, Chile and Taiwan, but also how to improve its competitive positioning. Providing a more curated and differentiated offer is a key element to improving its competitiveness and appeal to customers. This is evidenced by a significant reduction in the products offered to 6,000 today versus 10,000 previously. A good proportion of this reduction was due to the exit from CIS, but, through its restructuring, GFG has reduced a long tail of low sellers and products where it did not have brand authority or differentiation.

At the company's capital markets day presentation in March 2023, following the sale of the CIS business, the company's long-term growth aspirations were more modest, with a targeted NMV of €2.2–2.5bn by FY26 (ie a CAGR of 10%), implied revenue of c €1.5bn towards the midpoint of the NMV range, with a gross margin of c 47% and an adjusted EBITDA margin of c 6%, and break-even in FY24.

Current guidance focused on profitability and cash generation

Following a challenging couple of years in FY23 and FY24, GFG no longer has explicit absolute financial targets with anticipated delivery dates, but has provided guidance for levels of profitability and cash flow drivers. The medium term (which we typically infer as meaning three to five years) guidance points to a significant improvement in profitability to an adjusted EBITDA margin of 6% from FY24R's -2.4%, pro forma for the wind down of operations in Chile.

We believe management expects all regions to achieve above targeted profitability, albeit likely at different stages given the phasing of the changes being undertaken in each. The 6% adjusted EBITDA margin target takes into account central costs (predominantly technology costs to support the regional operations) that amounted to €25m in FY24R, equivalent to 3.4 margin points, therefore it implies higher levels of profitability at the divisional level. In FY24R, ANZ was profitable at the adjusted EBITDA level to the tune of c €16m, while SEA and LatAm were marginally loss making at c €3m and c €7m, respectively.

The building blocks to the expected higher profitability are for Marketplace to grow to c 45% of NMV (from 38% in FY24R) and Platform Services to more than 5% of revenue. The predicted greater contribution from higher-margin Marketplace NMV should support an increase in the overall group gross margin to c 47% (from c 45% in FY24R), which, along with ongoing cost efficiencies, should lead to a greater increase in the adjusted EBITDA margin, from -2.7% in FY24R.

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From a cash flow perspective, management indicates a relatively low level of capital investment (3% of sales vs a historical range of 3–6% in FY16–24) as GFG's infrastructure is well invested and no significant new projects are planned, and neutral working capital so that normalised free cash flow break-even (see Financials section) should be achieved at the same time.

Ownership structure

GFG has two significant shareholders: Kinnevik (35.1%) and Rocket Internet (23.4%). They have been long-term shareholders with holdings of 36.8% and 25.7% before the IPO. The CEO of GFG held roles at Kinnevik where he oversaw its e-commerce portfolio, which included Zalando, Home24 and Westwing, some of which are shown in our peer valuation table.

Overview of GFG's three geographic operations

Latin America (LatAm)

Although LatAm is GFG's second largest region from a revenue perspective, it is a sensible place to start with our review of operations as the changes made in the last couple of years are the template for changes made or to be made in SEA, and management sees the more positive underlying results as indicators of potential improvement elsewhere.

GFG's LatAm platform, Dafiti, was launched in 2011 and is present in Brazil and Colombia following a decision to wind down operations in Argentina (in FY23) and Chile (in FY25). In FY24R, LatAm represented 28% of group NMV, 27% of revenue, 26% of gross profit and was loss making at the adjusted EBITDA level.

The relative populations of Brazil (211 million) and Colombia (52 million) suggest the former represents the greatest revenue opportunity for GFG. The relative scales of the geographies are confirmed with Brazil generating €163m revenue in FY24, equivalent to more than 80% of GFG's LatAm revenue.

Relative to the group, Exhibit 3 shows that LatAm's NMV is more geared to sportswear and footwear versus other product categories, and more local brands (59% of NMV vs 38% for the group) that are more mainstream (47% of NMV vs 27% for the group). It also has a greater focus on Retail at 67% of NMV versus 62% for the group, as shown in Exhibit 6.

We show the region's financial history in Exhibit 9, with FY22–24 figures restated with the release of the Q125 results for the exits from Argentina in FY23 and Chile in FY25.

Exhibit 9: LatAm financials

€m	FY19	FY20	FY21	FY22R	FY23R	FY24R	Q124R	Q224R	H124R	Q324R	Q424R	H224R	Q125
Net merchandise value	**557.8**	**575.3**	**583.2**	**402.9**	**338.6**	**312.0**	**61.8**	**78.8**	**140.7**	**69.9**	**101.5**	**171.4**	**62.7**
Constant currency growth	21.9%	30.9%	3.9%	(10.2%)	0.0%	(1.8%)	(16.0%)	(6.9%)	(11.1%)	3.4%	8.5%	6.4%	14.0%
Active customers (m)	5.9	7.7	7.8	5.0	3.8	3.5	3.6	3.5	3.5	3.4	3.5	3.5	3.5
Growth y-o-y	17.8%	31.2%	0.4%	(20.1%)	(24.2%)	(8.6%)	(23.6%)	(19.8%)	(19.8%)	(15.5%)	(8.6%)	(8.6%)	(4.3%)
Revenue	**401.4**	**372.7**	**352.1**	**264.9**	**214.0**	**196.8**	**38.4**	**49.3**	**87.7**	**44.3**	**64.7**	**109.0**	**38.7**
Constant currency growth	18.4%	20.8%	(0.4%)	(8.7%)	(19.3%)	(1.8%)	(16.5%)	(5.9%)	(10.8%)	2.9%	8.1%	6.0%	13.2%
As % of NMV	72.0%	64.8%	60.4%	65.7%	63.2%	63.1%	62.1%	62.6%	62.3%	63.4%	63.7%	63.6%	61.7%
Gross profit	**164.6**	**164.7**	**158.8**	**113.3**	**90.8**	**85.5**	**16.2**	**22.4**	**38.6**	**19.2**	**27.6**	**46.8**	**16.9**
Gross margin	41.0%	44.2%	45.1%	42.8%	42.4%	43.5%	42.2%	45.4%	44.1%	43.4%	42.7%	42.9%	43.7%
Adjusted EBITDA	**6.1**	**11.9**	**(12.0)**	**(17.8)**	**(22.0)**	**(6.9)**	**N/A**	**N/A**	**(6.3)**	**N/A**	**N/A**	**(0.5)**	**N/A**
Margin	1.5%	3.2%	(3.4%)	(6.7%)	(10.3%)	(3.5%)	N/A	N/A	(7.2%)	N/A	N/A	(0.5%)	N/A
Operating profit	**0.6**	**(4.8)**	**(54.8)**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Margin	0.1%	(1.3%)	(15.6%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Global Fashion Group, Edison Investment Research. Note: FY22–24 restated for exits from Argentina and Chile.

The LatAm region provided strong underlying financial returns in FY19 and FY20 as the number of active customers grew (to 5.9 million and 7.7 million, respectively, from 4.4 million in FY17 and 5.0 million in FY18) and spend or NMV per active customer increased. The top-line success enabled it to deliver improving profit trends, achieving an adjusted EBITDA margin of c 3% in FY20. As will become clear when we review the performance of GFG's other regions, LatAm fared less well during and at an earlier stage of the COVID-19 pandemic, with relatively low constant currency growth in FY21 of c 4% versus the significant growth rates prior to that. Local currencies have mainly been weak relative to the euro, and therefore presented a translational headwind for the group.

Since reaching a peak in FY22, not shown in Exhibit 9 as we only include the restated figures that exclude Argentina, active customers have more than halved, declining from 7.8 million to 3.5 million at the end of FY24R, with the closures of Argentina and Chile accounting for 0.5 million and 0.4 million customers, respectively. The decline in customer

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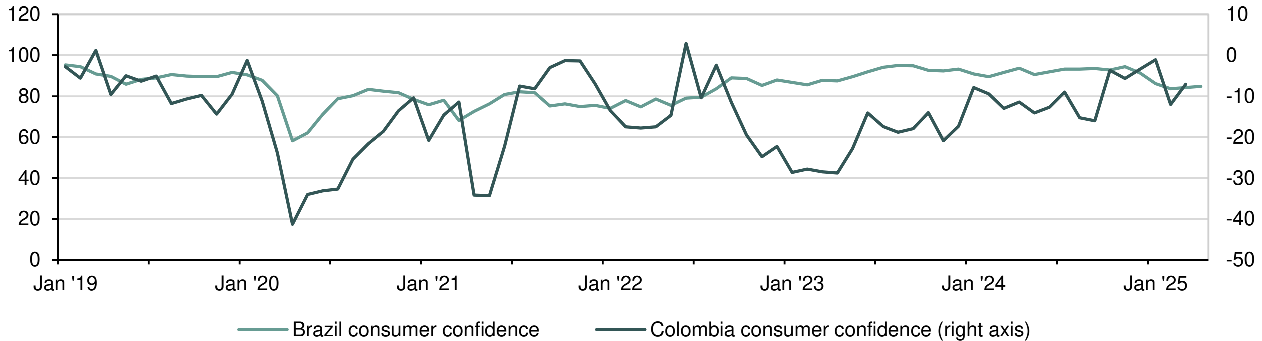
numbers, excluding these closures, reflects the macroeconomic weakness and pressures on discretionary incomes, increasing challenges from online competitors and a deliberate focus by management on controlling marketing spend in a tough environment as it recognised that customer acquisition would be challenging.

Consumer confidence in Brazil has improved in recent months following a general deterioration since its recent peak in Q224, whereas in Colombia it has been volatile, with a negative reading indicating pessimistic consumers.

Exhibit 10: Consumer confidence in Brazil and Colombia



Source: LSEG Data & Analytics

Over the long term, an increasing contribution from Marketplace has been helpful to LatAm's gross margin, mainly offset by weakness in Retail margin through the 'demand downturn. In Q125, the region reported a higher Retail margin.

Before we turn to the changes undertaken by management to improve the performance of the region, it is worth highlighting the success management has had in protecting profitability as revenue has declined in recent years. On a cumulative basis from FY21 through FY24R, which includes the exits from both Argentina and Chile, NMV, revenue and gross profit have declined by €271m, €155m and €73m, respectively. The lost gross profit has been offset by cumulative cost savings of €78m, so that LatAm's adjusted EBITDA loss was €5m better in FY24R than FY21 despite the lower revenue.

Beginning in FY23, from a product perspective, GFG consolidated its offer from its own specialist websites in Brazil to the main Dafiti platform. It also began to create a more curated and differentiated offer focused on the most relevant local and global brands after careful assessment of its range and the competitive environment. Overall, GFG reduced its inventory by 30% in FY23 and enjoyed a significant 45% y-o-y improvement in NMV per stock keeping unit (SKU). For a retailer, it does not get much better. From a technology perspective, the launch of a new app enabled lower-cost customer acquisitions and better customer retention. Generally, the company finds loyalty increases as the use of apps increases in a country. Moving into FY24, the focus shifted to improved customer relationship management, including a marketing focus on customer engagement instead of price promotion and the launch of the 'Fulfilled by' model, which strengthens the appeal of the Marketplace model to brand partners and enhances the delivery experience to customers. The priorities for FY25 are more of the same: continuous development of the range to drive exclusivity, relevance and efficiency, optimising the 'Fulfilled by' model and further evolving marketing and enhancing customer relationship management.

Although the backdrop has continued to be challenging, management's initiatives to attract and retain customers with an improved product offer is delivering results. Generally, there has been a continuous quarter-on-quarter improvement in active customer declines since Q124, and higher spend per customer (as indicated by the gaps between NMV and revenue and active customers in Exhibit 11) since the start of FY23. The improving revenue and profit trends support management's confidence in its strategy in LatAm, as well as in its other regions.

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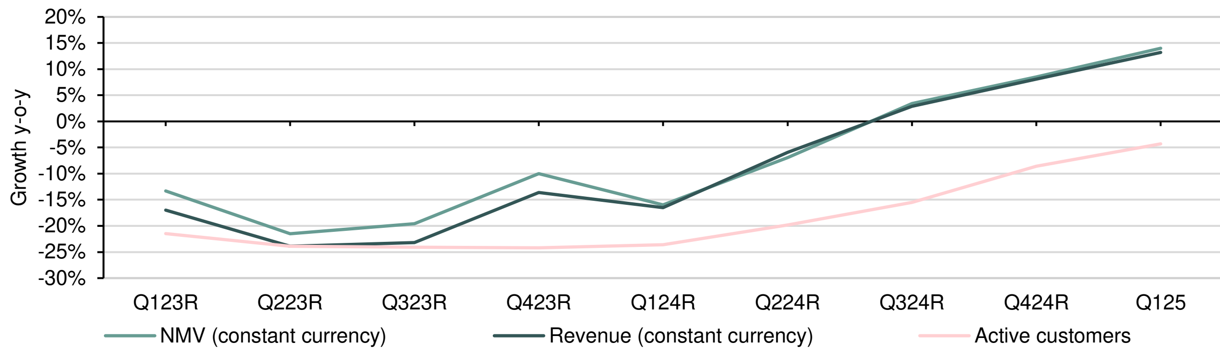
Exhibit 11: GFG's NMV, revenue and active customer trends in LatAm (excluding Chile)



Source: Global Fashion Group, Edison Investment Research

Australia and New Zealand (ANZ)

GFG's activities in ANZ are conducted through THE ICONIC, which was launched in late 2011. Australia represents the majority of GFG's customers and revenue in the region, given the relative scale of the populations, Australia at c 27 million and New Zealand at c five million. With a predominantly urban population close to the major cities, the logistical challenges are limited compared to GFG's other countries.

As a result of better relative performance, particularly in recent years, and changes in group structure, over the longer term ANZ has become GFG's most important business. It was GFG's only profitable division in FY24R. In FY24R, ANZ represented 47% of group NMV, 50% of group revenue and 52% of gross profit.

In Exhibit 3, we see that, relative to the group, ANZ's NMV is more weighted towards apparel (45% of NMV vs 35% for the group) with a greater share of own brands (14% vs 7% for the group). With a much higher annual per capita spend on fashion and lifestyle, it enjoys a much higher NMV per active customer: €271 according to our estimate versus SEA at €130 and LatAm at €89. Exhibit 6 shows that ANZ is more reliant on Retail (67% of NMV vs 62% for the group) than Marketplace.

In Exhibit 12 we show ANZ's long-term financial performance since FY19, prior to which its financials were included in Asia-Pacific along with GFG's businesses in SEA.

Exhibit 12: ANZ financials

€m	FY19	FY20	FY21	FY22	FY23	FY24	Q124	Q224	H124	Q324	Q424	H224	Q125
Net merchandise value	**345.1**	**353.8**	**538.2**	**646.4**	**535.7**	**515.2**	**96.3**	**126.6**	**223.0**	**124.7**	**167.5**	**292.3**	**101.0**
Constant currency growth	16.5%	4.8%	45.3%	15.5%	(10.8%)	(3.3%)	(16.4%)	(8.4%)	(12.1%)	(0.9%)	9.4%	4.7%	6.6%
Active customers (m)	1.6	1.6	2.0	2.1	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Growth y-o-y	N/A	3.6%	3.6%	7.9%	(6.3%)	(3.1%)	(9.3%)	(10.6%)	(10.6%)	(7.5%)	(3.1%)	(3.1%)	0.2%
Revenue	**263.8**	**259.2**	**394.8**	**474.7**	**378.0**	**357.9**	**66.2**	**88.8**	**155.0**	**86.8**	**116.1**	**202.9**	**67.2**
Constant currency growth	N/A	0.5%	45.5%	15.7%	(14.3%)	(4.8%)	(18.9%)	(9.3%)	(13.7%)	(1.7%)	7.6%	N/A	3.2%
As % of NMV	76.4%	73.3%	73.4%	73.4%	70.6%	69.5%	68.7%	70.1%	69.5%	69.6%	69.3%	69.4%	66.5%
Gross profit	**120.2**	**121.2**	**180.2**	**211.8**	**163.2**	**167.1**	**30.0**	**39.5**	**69.5**	**40.9**	**56.7**	**97.6**	**32.7**
Gross margin	45.6%	46.8%	45.6%	44.6%	43.2%	46.7%	45.4%	44.5%	44.8%	47.1%	48.8%	48.1%	48.7%
Adjusted EBITDA	**1.9**	**13.2**	**15.6**	**11.3**	**(2.9)**	**16.4**	**N/A**	**N/A**	**(0.8)**	**N/A**	**N/A**	**17.1**	**N/A**
Margin	0.7%	5.1%	4.0%	2.4%	(0.8%)	4.6%	N/A	N/A	(0.5%)	N/A	N/A	8.4%	N/A
Operating profit	**(9.1)**	**0.6**	**(2.9)**	**(6.8)**	**(24.3)**	**(8.9)**	**N/A**	**N/A**	**(12.4)**	**N/A**	**N/A**	**3.5**	**N/A**
Margin	(3.4%)	0.2%	(0.7%)	(1.4%)	(6.4%)	(2.5%)	N/A	N/A	(8.0%)	N/A	N/A	1.7%	N/A

Source: Global Fashion Group, Edison Investment Research

Prior to the COVID-19 pandemic, ANZ enjoyed strong growth in the number of active customers, from 1.6 million at end FY19 to 2.1 million at end FY22, and spend per customer so that NMV and revenue grew at CAGRs of 23% and 22% respectively in FY19–22. This included a notable positive performance through the first few years of the COVID-19 pandemic, unlike a number of other consumer-facing businesses. The company began to see the first signs of weaker growth at the end of FY22, which then deteriorated to significant declines in NMV, revenue and profitability that lasted until Q424, when ANZ reported c 9% growth in NMV and c 8% growth in revenue, both at constant currency. The declines are due to the weaker macroeconomic environment, increased competition following the entrance of global online retailers with a value focus, as well as department stores improving their online offer and fulfilment capabilities.

Consumer sentiment in Australia has been relatively low following the COVID-19 pandemic and was on a broadly improving trend through 2024 and into the first few months of 2025, albeit with some month-to-month volatility. While April 2025 saw a significant reduction in all constituents of consumer sentiment, in response to the announcement of tariffs in the United States, they remained higher than a year ago.

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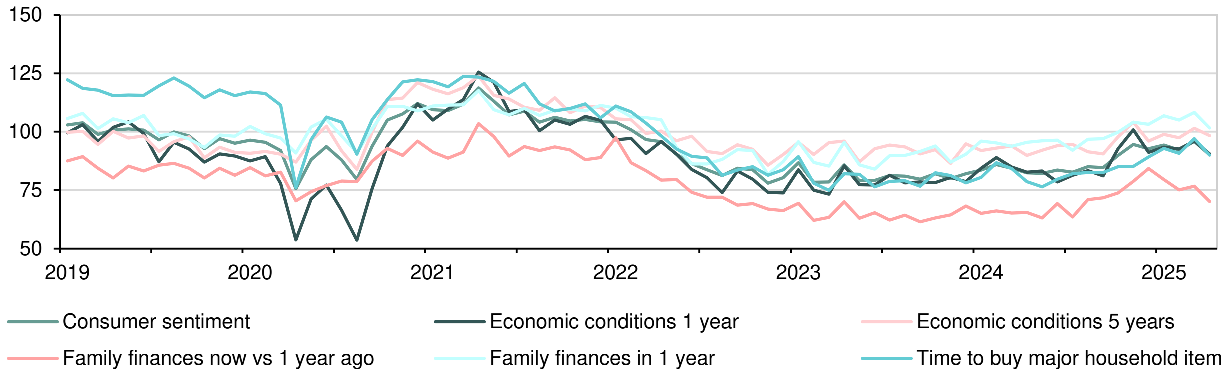
Exhibit 13: Australian consumer sentiment



Source: LSEG Data & Analytics

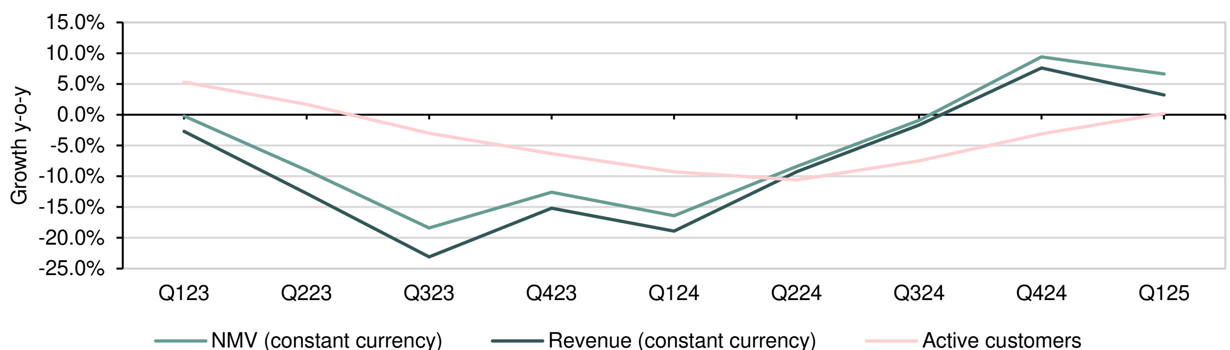
Management has done a stellar job of protecting profitability during the revenue downturn and even returning the region to adjusted EBITDA profitability in FY24. On a cumulative €117m (c 24%) drop in revenue since FY22 from 10% fewer active customers, ANZ's gross profit has declined by €45m over this period. However, the lower gross profit has been offset by €50m in operating cost savings to give a higher adjusted EBITDA in FY24 than FY22, comparable with much more prosperous times before that. The cost savings include a c 15% reduction in average headcount in ANZ from FY22 to FY24.

In FY23, the company began to refresh its marketing to focus on brand awareness instead of paid performance marketing in a market with high price competition. The introduction of AI has helped to improve search and product recommendations, as well as the targeting of customers. GFG has also reduced the number of SKUs available to curate a more focused and differentiated product range including the addition of those from the stables of H&M and Inditex, as well as removing low-selling items.

From an operational perspective, ANZ has reviewed all its operations and made cuts where possible, for example fewer products on offer and supplier relationships that facilitate some relatively easy cost reductions. Its legacy warehousing management system was overhauled with the integration of SEA's new order and warehouse management system, which will help to accelerate the 'Fulfilled by' model and improve operating efficiencies.

ANZ was still experiencing declines in the number of customers through Q424 due to the challenging macroeconomic environment, with declines of c 6% in FY23 and a further c 3% to 1.9 million by the end of FY24. In Q324, management provided the welcome news that the number of reactivated and new customers exceeded the churn of old customers for the first time since the downturn began and in Q125 saw a move to year-on-year growth in active customers for the first time since H123. Exhibit 14 shows the same improving quarter-on-quarter trends in the number of active customer declines and underlying spend per customer that we saw in LatAm, albeit with a delay as the macroeconomic environment was weaker in LatAm earlier. Again, the improving results are testimony to the effectiveness of management's strategy.

Exhibit 14: ANZ's NMV, revenue and active customer growth



Source: Global Fashion Group, Edison Investment Research

From a profitability perspective, the refinement of the product range has led to a strong rebound in gross margin in FY24, improving by 3.5pp to 46.7%, back towards its FY20 peak. The improvement in gross margin was complemented by further savings in operating costs, which fed through to an even greater 5.3pp improvement in the adjusted EBITDA

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margin to 4.6% (from -0.8% in FY23), which continued into Q125.

South-East Asia (SEA)

GFG operates localised versions of its website, Zalora, in five countries: Hong Kong, Indonesia, Malaysia, the Philippines and Singapore. It has had a presence in the region since 2012 and over time has narrowed its focus, exiting Thailand and Vietnam in 2016 and Taiwan in Q125.

Although SEA is currently GFG's third-largest division (25% of FY24R NMV, 23% of revenue and 24% of gross profit), it has the greatest opportunity for growth from a population perspective. (see Exhibit 4). We believe that following the exit from Taiwan, Hong Kong (with a population of eight million) is a relatively small source of revenue and the remaining four countries contribute broadly equal revenue despite their differing population sizes: Indonesia 281 million, Malaysia 35 million, the Philippines 115 million and Singapore six million. We believe that customer loyalty is relatively low and pricing is a key focus.

Improving SEA's performance, which is currently GFG's weakest region, is management's top priority for FY25 and beyond, following the changes already made in LatAm and ANZ. Achieving a similar turnaround in SEA as LatAm would be helpful in improving investor sentiment and valuation. On the one hand, management believes the operating environment is more favourable than it was while turning around the performance of LatAm. On the other hand, a presence in more individual countries in SEA suggests more complications than the other regions.

Relative to GFG's other regions, SEA has been more successful at growing Marketplace as it represented 53% of NMV in FY24, well above 38% for the whole of GFG. As a consequence, SEA's gross margin (c 44% in FY24) compared favourably with LatAm's c 43% but was lower than ANZ's c 47% margin. From a product perspective (Exhibit 3), SEA's NMV is more weighted to accessories (20% of NMV vs 13% for the group), with a much greater contribution from global brands (77% of NMV vs 55% for the group).

Exhibit 15: SEA financials

€m	FY19	FY20	FY21	FY22	FY23	FY24	Q124	Q224	H124	Q324	Q424	H224	Q125
Net merchandise value	**276.3**	**342.2**	**407.2**	**411.9**	**335.8**	**272.3**	**71.7**	**65.1**	**136.8**	**61.0**	**74.5**	**135.5**	**62.7**
Constant currency growth	31.6%	27.0%	21.0%	(4.8%)	(15.0%)	(17.2%)	(15.0%)	(20.4%)	(17.7%)	(12.1%)	(20.3%)	(16.8%)	(14.4%)
Active customers (m)	2.6	3.3	3.6	2.9	2.4	2.1	2.3	2.2	2.2	2.2	2.1	2.1	2.1
Growth y-o-y	N/A	26.7%	10.5%	(20.9%)	(16.6%)	(11.1%)	(15.8%)	(14.3%)	(14.3%)	(12.4%)	(11.1%)	(11.1%)	(11.1%)
Revenue	**237.6**	**274.9**	**289.0**	**279.6**	**212.4**	**172.9**	**44.5**	**41.4**	**85.9**	**39.6**	**47.4**	**87.0**	**41.5**
Constant currency growth	29.3%	21.2%	7.1%	(9.2%)	(20.9%)	(17.1%)	(17.5%)	(20.9%)	(19.2%)	(4.5%)	(22.2%)	(14.9%)	(10.1%)
Gross profit	**74.9**	**88.8**	**109.6**	**108.7**	**88.2**	**76.8**	**19.8**	**19.2**	**39.0**	**17.0**	**20.8**	**37.8**	**19.0**
Gross margin	31.5%	32.3%	37.9%	38.9%	41.5%	44.4%	44.6%	46.3%	45.4%	42.8%	43.8%	43.4%	45.7%
Adjusted EBITDA	**(23.7)**	**(6.9)**	**0.0**	**2.1**	**(1.4)**	**(2.6)**	**N/A**	**N/A**	**(1.7)**	**N/A**	**N/A**	**(1.0)**	**N/A**
Margin	(10.0%)	(2.5%)	0.0%	0.8%	(0.7%)	(1.5%)	N/A	N/A	(2.0%)	N/A	N/A	(1.1%)	N/A
Operating profit	**(44.5)**	**(20.7)**	**(12.8)**	**(10.8)**	**(16.5)**	**(14.0)**	**N/A**	**N/A**	**(9.3)**	**N/A**	**N/A**	**(4.7)**	**N/A**
Margin	(18.7%)	(7.5%)	(4.4%)	(3.9%)	(7.8%)	(8.1%)	N/A	N/A	(10.8%)	N/A	N/A	(5.4%)	N/A

Source: Global Fashion Group, Edison Investment Research

In common with the other divisions, SEA demonstrated strong growth ahead of and during the early stages of the pandemic, typically with good growth in the number of active customers and spend per active customer from FY19 to FY21. This revenue growth translated into lower adjusted EBITDA losses.

As in GFG's other divisions, management has protected SEA's profitability well during the revenue downturn, albeit the region has mainly been loss making at the adjusted EBITDA level. In FY22–24, SEA saw a cumulative reduction in NMV of c €140m (34%), revenue of €107m (38%) and gross profit of €32m (29%). Cumulative savings in operating costs of €27m partially offset the lost gross profit so that the division has moved back to a smaller adjusted EBITDA loss. The significant and gradual improvement in gross margin over the long term has mainly been due to the increasing contribution from Marketplace revenue. During this time, SEA's average headcount reduced by more than 20%. Here we should mention that GFG's revenue disclosure for SEA and commentary on gross margin is with reference to revenue that includes a small amount of inter-segment revenue.

The subsequent weak growth is mainly due to the weaker macro environment post COVID-19, the normalisation of trade back towards offline retailing as lockdowns eased and the expansion of other international operators and 'brand.com' operators into the region. With a more challenging and competitive backdrop, management has responded by focusing marketing investment on the best and most loyal customers, with the relaunch of the loyalty programme ZALORA VIP proving successful in retaining customers and driving the frequency and size of orders, while shifting away from lower-priced products.

Consumer confidence in the region is mixed; it appears more to be more positive in Indonesia than in Malaysia and the Philippines. In Indonesia, an index above 100 indicates an improving outlook but did weaken in March 2025 ahead of the news of US tariffs in April. For Malaysia and the Philippines, readings that are below 100 or are negative, respectively, indicate weak sentiment.

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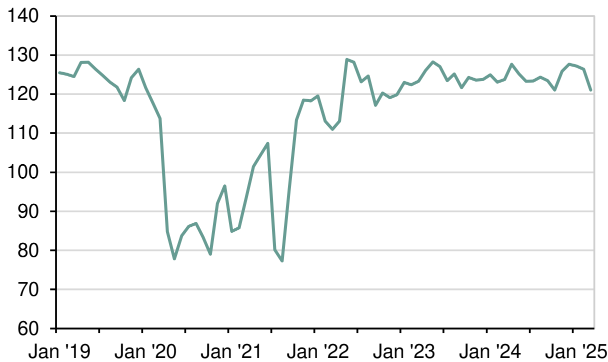
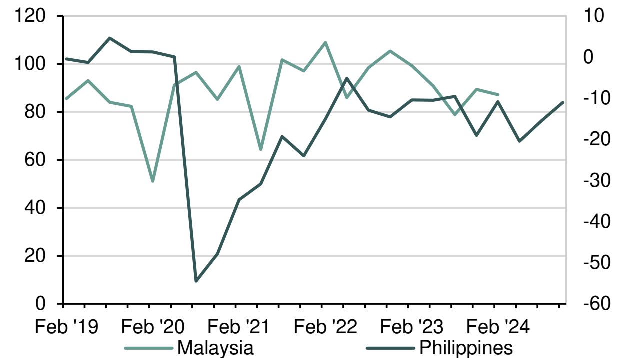
Exhibit 16: Indonesian consumer confidence



Source: LSEG Data & Analytics

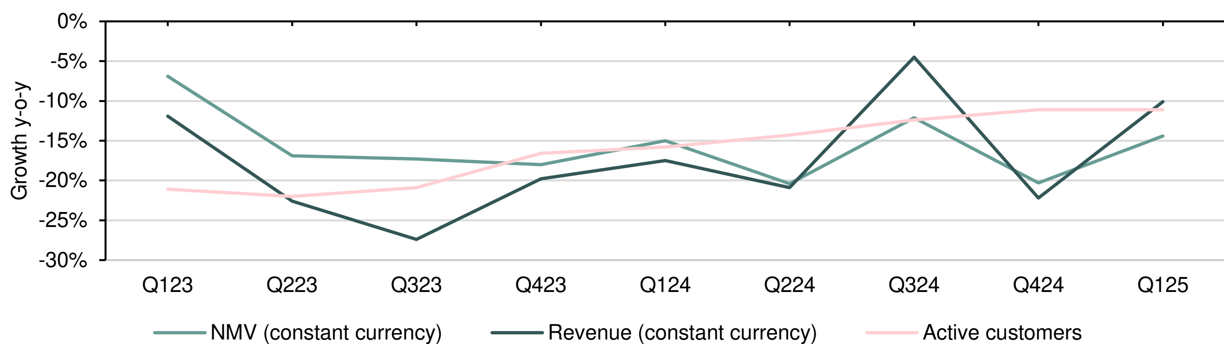
Exhibit 17: Malaysia & Philippines consumer confidence



Source: LSEG Data & Analytics

Management is in the early stages of implementing similar changes in SEA that have proved effective in LatAm. From a product perspective, this includes strengthening its fashion and lifestyle position in each market by curating the offer with a focus on the best international and local brands and removing a long tail of non-core product categories and brands. Management believes there is potential to streamline operations, such as reviewing returns policies and cutting low-impact processes, and increased automation provides opportunities for further savings and efficiencies.

Exhibit 18: SEA NMV, revenue and active customers



Source: Global Fashion Group, Edison Investment Research

Relative to GFG's other divisions, it is clear that trends in underlying spend per active customer are weaker in SEA than we saw in LatAm and ANZ. As management incorporates the changes to products, it is hopeful of seeing higher spend per customer. The region was already quite close to adjusted EBITDA profitability in FY24 with a loss of c €3m, so will not require much of a revenue uplift to move to profitability.

Financials

In the previous sections we learned how management's actions to refine and improve the product offer, along with more effective marketing, has provided gradual improvements in customer numbers and spend per customer on a constant currency basis in ANZ and LatAm, which management believes is a good indicator for potential improved financial returns in SEA.

NMV constant currency growth has been positive in the last two financial quarters, Q424 and Q125, as has revenue (although not shown in Exhibit 19). Along with an increasing contribution of Marketplace and cost controls, this has led to a higher gross margin (46% in Q125 vs 43.9% in Q124 and 41.5% in Q123) and lower adjusted EBITDA losses (-7.3% in Q125 vs -11.2% in Q124). In the seasonally most important quarter, Q424, the adjusted EBITDA margin of 4.1% also compared very favourably with 0.6% in Q423.

There is some seasonality to GFG's financials, with H2 typically being more important from a revenue, profit and cash flow perspective. From a fashion perspective, Q2 and Q4 are the most important quarters and are GFG's most significant quarters in the financial year.

GFG has to date not published full restated figures for FY24, which incorporate the exit from Chile. Restated figures

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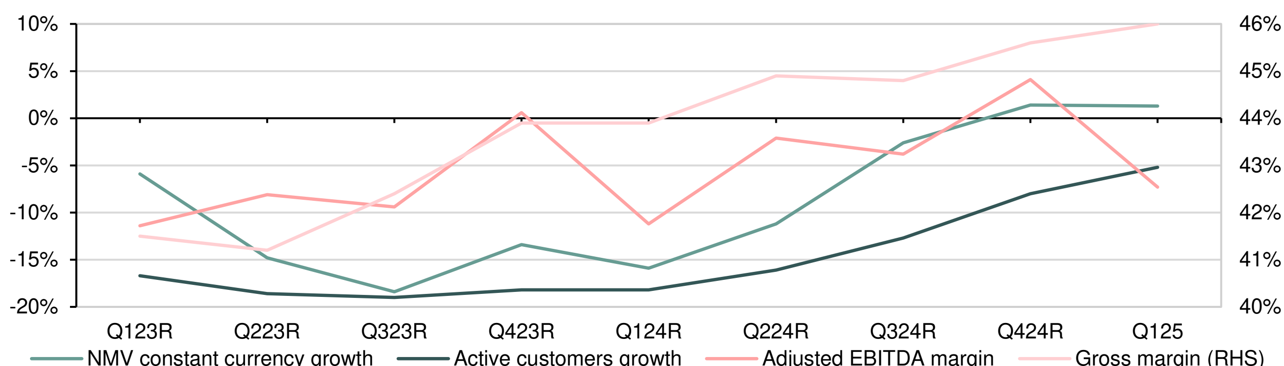
have been provided for the group from revenue to operating profit and for the three geographic divisions from revenue to adjusted EBITDA. The financial summary (Exhibit 32) therefore shows FY24 as originally reported.

Exhibit 19: Improving financials



Source: Global Fashion Group

Income statement: Move to greater profitability

Our estimates for FY25–27 include a gradual improvement in the number of active customers on an underlying basis for each region. They also include continued growth for NMV per active customer in ANZ and LatAm and no growth for SEA until FY27 on a conservative view.

The reported figures are negatively affected by the recent weakness of all the currencies versus the euro in response to the recent news about US trade tariffs, which restricts FY26's reported growth as we use the average year to date exchange rate for FY25 estimates and spot exchange rates for future years. Our FY25 estimate for broadly flat constant currency growth in NMV compares with management's guidance of -5% to +5%, a relatively wide range, with the performance of SEA being an important swing factor, we believe.

Exhibit 20: NMV growth drivers

€m	FY24R	FY25e	FY26e	FY27e	Q124R	Q125
GROUP:						
NMV	**1,099.6**	**1,070.0**	**1,080.3**	**1,163.8**	**229.8**	**226.3**
Growth y-o-y	(9.1%)	(2.7%)	1.0%	7.7%	(17.5%)	(1.5%)
Constant currency growth	(6.6%)	0.2%	4.5%	7.7%	(15.9%)	1.3%
NMV per active customer (€) (Edison)	**144.7**	**147.2**	**148.4**	**154.8**	**116.4**	**120.7**
Active customers	**7.6**	**7.3**	**7.3**	**7.5**	**7.9**	**7.5**
Growth y-o-y	(8.0%)	(4.4%)	0.2%	3.3%	(18.2%)	(5.2%)
AUSTRALIA & NEW ZEALAND:						
NMV	**515.2**	**516.9**	**532.8**	**565.2**	**96.3**	**101.0**
Growth y-o-y	(3.8%)	0.3%	3.1%	6.1%	(20.6%)	4.9%
Constant currency growth	(3.3%)	4.0%	6.0%	6.1%	(16.4%)	6.6%
NMV per active customer (€) (Edison)	**271.2**	**269.4**	**272.2**	**283.1**	**268.8**	**273.6**
Constant currency growth	1.8%	3.0%	4.0%	4.0%	12.1%	3.5%
Active customers	**1.9**	**1.9**	**2.0**	**2.0**	**1.9**	**1.9**
Growth y-o-y	(3.1%)	1.0%	2.0%	2.0%	(9.3%)	0.2%
LATIN AMERICA:						
NMV	**312.0**	**303.0**	**312.7**	**344.6**	**61.8**	**62.7**
Growth y-o-y	(7.9%)	(2.9%)	3.2%	10.2%	(11.0%)	1.5%
Constant currency growth	(1.8%)	2.0%	8.0%	10.2%	(16.0%)	14.0%
NMV per active customer (€) (Edison)	**89.1**	**89.3**	**91.2**	**97.6**	**107.0**	**89.4**
Constant currency growth	4.2%	5.0%	7.0%	7.0%	40.4%	(3.9%)
Active customers	**3.5**	**3.4**	**3.4**	**3.5**	**3.6**	**3.5**
Growth y-o-y	(8.6%)	(3.0%)	1.0%	3.0%	(23.6%)	(4.3%)
SOUTH-EAST ASIA:						
NMV	**272.3**	**250.1**	**234.8**	**254.0**	**71.7**	**62.7**
Growth y-o-y	(18.9%)	(8.2%)	(6.1%)	8.2%	(18.3%)	(12.6%)
Constant currency growth	(17.2%)	(8.9%)	(2.9%)	8.2%	(15.0%)	(14.4%)
NMV per active customer (€) (Edison)	**129.7**	**128.1**	**124.0**	**127.7**	**139.0**	**125.4**
Constant currency growth	(5.6%)	(2.0%)	0.0%	3.0%	25.8%	(11.6%)
Active customers	**2.1**	**2.0**	**1.9**	**2.0**	**2.3**	**2.1**
Growth y-o-y	(11.1%)	(7.0%)	(3.0%)	5.0%	(15.8%)	(11.1%)

Source: Global Fashion Group, Edison Investment Research

Further down the income statement, we assume a gradual increase in the contribution by Marketplace versus Retail, which leads to a gradual reduction in GFG's revenue take (ie revenue relative to NMV) and an improvement in the gross margin to 47.5% in FY27 from 44.9% in FY24R.

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For both Marketplace and Retail, we keep gross margins flat in our estimates. We note that in addition to an increasing proportion of NMV coming from a growing number of partners, management expects GFG to benefit from improvements in commission rates for Marketplace as its utility to its partners increases (eg with greater use of 'Fulfilled by').

The company is already demonstrating encouraging trends, with an improved Retail margin from fewer discounts and stronger Marketplace commissions in Q125, which helped to drive the gross margin to 46%, an all-time high for the company, including improvements across all three regions.

Our estimated adjusted EBITDA margin of c 5% in FY27 shows a good improvement towards management's medium-term target of 6%. As an aside, GFG also discloses EBITDA, which takes account of share-based payments and one-off items.

Exhibit 21: Summary income statement

€m	FY24R	FY25e	FY26e	FY27e	Q124R	Q125
Revenue	**722.6**	**695.1**	**691.3**	**723.0**	**148.1**	**145.9**
Growth y-o-y	(9.8%)	(3.8%)	(0.5%)	4.6%	(20.2%)	(1.5%)
Constant currency growth	(7.4%)	(1.5%)	3.0%	4.6%	(18.2%)	0.9%
As % of NMV	65.7%	65.0%	64.0%	62.1%	64.4%	64.5%
Gross profit	**324.4**	**320.0**	**323.1**	**343.5**	**65.1**	**67.2**
Gross margin	44.9%	46.0%	46.7%	47.5%	43.9%	46.0%
Fulfilment costs	**(166.7)**	**(151.9)**	**(142.6)**	**(145.5)**	**N/A**	**N/A**
% of NMV	15.2%	14.2%	13.2%	12.5%	N/A	N/A
Marketing costs	**(73.5)**	**(74.9)**	**(75.6)**	**(81.5)**	**N/A**	**N/A**
% of NMV	6.7%	7.0%	7.0%	7.0%	N/A	N/A
Tech and admin costs	**(161.9)**	**(153.0)**	**(145.8)**	**(145.8)**	**N/A**	**N/A**
% of NMV	14.7%	14.3%	13.5%	12.5%	N/A	N/A
Adjusted EBITDA	**(17.6)**	**1.8**	**23.4**	**36.8**	**(16.6)**	**(10.7)**
Margin	(2.4%)	0.3%	3.4%	5.1%	(11.2%)	(7.3%)

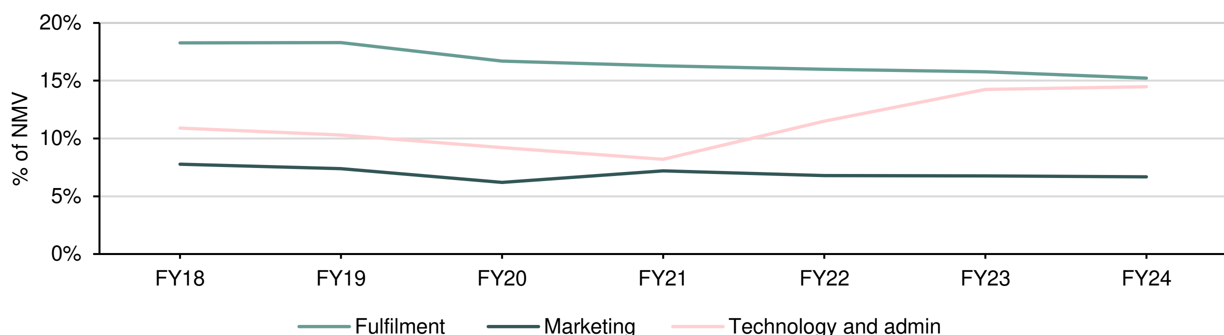
Source: Global Fashion Group, Edison Investment Research

Below gross margin, we assume a gradual deleveraging of fulfilment costs and technology and admin costs as revenue grows and keep marketing flat relative to NMV. On the plus side, fulfilment costs should be helped by ongoing efficiencies, as well as leveraging the fixed elements of the cost base, while the variable elements will increase as volumes build. Much of GFG's infrastructure is underutilised, as evidenced by management's belief that it can support a doubling of NMV.

GFG has demonstrated good relative control of these costs over the long term, more so in years of volume and revenue growth, as shown in Exhibit 21. The relative increase in technology and admin expenses stands out, so it is worth highlighting that these have fallen in absolute terms since FY22.

GFG has a natural hedge in the majority of its operating costs due its local presence in the markets. The one place where there is no natural hedge is the central costs. However, these are relatively minor at c 6% or c €24m of the total operating cost base of €416m in FY24.

Exhibit 22: GFG's operating expenses relative to NMV



Source: Global Fashion Group

Cash flow: Improvement expected towards break-even

GFG has generated negative operating and free cash flow in every year since the IPO in FY19, except for FY22 when it recognised a profit on the sale of its CIS operations.

We show the historical drivers of free cash generation and our estimates relative to revenue in Exhibit 23 to demonstrate how incremental changes in revenue translate into cash flow. We reiterate that the figures are as originally reported for

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each financial year before any subsequent restatement for discontinued activities in order to get the best long-term view of GFG's performance.

Exhibit 23: GFG's cash generation relative to revenue

Relative to revenue %	FY19	FY20	FY21	FY22	FY23	FY24	FY25e	FY26e	FY27e
Operating cash flow	**(4.4%)**	**3.0%**	**(2.1%)**	**10.0%**	**(5.2%)**	**(2.2%)**	**(0.5%)**	**2.9%**	**4.7%**
- Loss before tax	(8.7%)	(7.9%)	(8.6%)	(15.6%)	(20.0%)	(10.6%)	(8.3%)	(5.7%)	(3.8%)
- Depreciation, amortisation and impairments	4.6%	4.9%	6.0%	10.9%	13.5%	8.5%	8.7%	9.0%	8.9%
- Profit on sale of assets and M&A	(0.4%)	0.0%	(0.0%)	10.3%	0.4%	0.3%	0.0%	0.0%	0.0%
- Net finance	0.7%	0.9%	1.9%	3.7%	1.9%	0.5%	(0.3%)	(0.3%)	(0.3%)
- Working capital	(0.9%)	2.8%	(1.6%)	4.2%	3.6%	3.1%	0.0%	0.0%	0.0%
- Tax paid	(0.2%)	(0.2%)	(0.6%)	(1.4%)	(0.8%)	(1.5%)	(0.7%)	(0.5%)	(0.3%)
Investing cash flows	**5.1%**	**(2.3%)**	**(18.7%)**	**(3.2%)**	**6.0%**	**18.7%**	**(1.9%)**	**(2.0%)**	**(2.2%)**
- Net capex	(4.9%)	(3.5%)	(3.6%)	(6.1%)	(3.4%)	(4.0%)	(2.9%)	(2.9%)	(3.0%)
- M&A	8.5%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Net interest	(0.8%)	(0.8%)	(1.1%)	(1.6%)	(0.5%)	0.2%	0.3%	0.3%	0.3%
Lease payments	(1.5%)	(1.7%)	(1.5%)	(2.8%)	(2.1%)	(2.2%)	(2.3%)	(2.3%)	(2.2%)
Free cash flow after interest	**(11.5%)**	**(2.9%)**	**(8.3%)**	**(0.5%)**	**(11.2%)**	**(8.2%)**	**(5.3%)**	**(2.0%)**	**(0.2%)**

Source: Global Fashion Group, Edison Investment Research

Management's narrative and guidance with respect to cash flow (Exhibit 24) focuses on normalised free cash flow, which differs slightly from our definition of free cash flow (shown above). Management defines normalised free cash flow as operating cash flow excluding discontinued operations, exceptional items, changes in factoring principal, interest and tax on investment income and convertible bond interest. Some of these items are not separately disclosed, such as changes in factoring principal, so we are not able to forecast the company's definition of normalised free cash flow with accuracy.

Management guides to break-even normalised free cash flow in the medium term, when it achieves an adjusted EBITDA margin of 6%. Beyond that, we believe management expects to generate positive and sustainable free cash flow.

Working capital has been a particular focus for management in recent years as it has reduced the absolute level and age of inventory. In its medium-term cash flow guidance, management has been clear that the easy wins in improving working capital have been made and that working capital will be neutral going forward.

GFG's cash flow is seasonal, with Q1 typically representing its highest outflow and Q4 generating the highest inflow. In Q125, the working capital outflow was higher than usual due to year-on-year differences in inventory intake timing and because some Marketplace payments moved from Q424 due to the phasing of Cyber Monday.

Exhibit 24: GFG's normalised free cash flow

€m	FY23	FY24	FY25e	FY26e	FY27e	Q124R	Q125
Adjusted EBITDA	(58)	(21)	2	23	37	(17)	(11)
Cash lease costs	(20)	(19)	(20)	(20)	(20)	(5)	(4)
Working capital	48	38	0	0	0	(25)	(39)
Total funding operations	**(30)**	**(2)**	**(18)**	**4**	**17**	**(47)**	**(54)**
Intangible capex	(24)	(26)	(17)	(17)	(19)	(5)	(3)
Tangible capex	(4)	(4)	(3)	(3)	(3)	(1)	(1)
Total capex	**(29)**	**(30)**	**(20)**	**(20)**	**(22)**	**(6)**	**(4)**
Other	(9)	(14)	(14)	(14)	(14)	(3)	(3)
Normalised free cash flow	**(68)**	**(45)**	**(52)**	**(31)**	**(19)**	**(56)**	**(61)**

Source: Global Fashion Group, Edison Investment Research

Balance sheet: Consistent net cash position, high accumulated losses

GFG typically has a conservative balance sheet, with a net cash position at the financial year-end. At the end of FY24, GFG had a gross cash position of c €211m and restricted cash of c €12m to give pro forma cash of c €222m. It had minimal external debt of c €4m, gross lease liabilities of c €48m and convertible debt of c €55m. Its pro forma net cash was therefore c €164m if we exclude IFRS 16 liabilities or €116m if we include those liabilities.

The typical seasonal Q1 cash outflow meant GFG's pro forma cash position had reduced to c €158m by the end of March 2025 from c €222m and its pro forma net cash position excluding IFRS 16 liabilities was c € 98m versus €164m at the end of FY24. Including the same level of IFRS 16 liabilities as the year-end (they were undisclosed at the end of Q125), the net cash position was c €50m versus €116m at the end of FY24.

GFG issued a seven-year convertible bond in March 2021, raising net proceeds of c €369m, most of which has since been redeemed through a combination of tenders and bilateral agreements. The next bondholder put date is 15 March 2026, with a conversion price of €17.955. Management is open to opportunities to further reduce the outstanding liability while considering overall cash needs. We assume the convertible is redeemed in FY26.

GFG has reported net losses in every year for which we have seen financials, which have accumulated to significant retained losses of c €2.1bn at the end of FY24. This has led to a continuous reduction in net assets from more than €800m in FY16 to €211m at the end of FY24. Our estimate of continuing but smaller net losses through FY27 will lead to

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further reductions in net assets.

To complement the accounting losses, GFG has significant group tax loss carry forwards of c €4bn at end FY24. The majority of the tax losses relate to the holding entities in Luxembourg (c €3.26bn) and Germany (€65m) with c €650m of accumulated tax losses in the operating entities.

The Luxembourg tax losses were accumulated by the Luxembourg parent company before the IPO. The Luxembourg tax authorities have no obligation to assess the usability of the tax losses until they are used and any plans to use the tax losses would require third-party tax advice given the anti-avoidance legislation in place. As the parent company has no operational business and limited income in Luxembourg, GFG is unlikely to be able to utilise these losses.

The tax losses in the operating entities can be carried forward against future taxable income subject to local taxes and regulations, although in Brazil that they can only be offset against 30% of taxable income per year. Management has advised that the tax loss carry forwards could be challenged by the countries in which GFG operates and therefore may have a lower apparent value.

Sensitivities

We see the main sensitivities for GFG as:

- Competition: the markets for fashion and lifestyle products are highly competitive and fragmented. GFG competes with a range of local and global players, with a high level of price competition. The intense competition is evidenced by declines in active customer numbers in recent years. GFG must retain a strong brand and customer proposition to grow the business, which may require changes to its marketing investment and products offered.
- GFG's business model depends on its ability to sustain existing relationships and build new ones with brand partners to differentiate its platforms so that it can attract and retain customers. GFG's own brands represent 7% of NMV and exclusive assortments contribute further NMV.
- Macroeconomic sensitivity: consumer spending is vulnerable to changes in the macroeconomic environment such as higher inflation and interest rates that may affect consumer confidence and disposable incomes. The introduction of tariffs by the US government has recently elevated macroeconomic risk and has the potential to lead to significant changes (ie create opportunities and risk) in the availability and prices of products.
- Country risk: GFG's operations are in a range of developed and emerging markets, each with a unique geopolitical, socioeconomic and legislative environment. These result in varying levels of customer spend and profitability across the regions. The group's geographic exposure has evolved dramatically as it appraises its ability to operate successfully and generate financial returns in its markets.
- Mix changes between GFG's regions can affect its overall financial results as a result of varying levels of spend per customer within the regions and profitability.
- Foreign exchange: GFG operates across multiple geographies with all of its revenue earned in currencies other than its reporting currency, the euro. Since listing in FY19, foreign exchange translation has restricted reported financials in all years except one, FY22. The foreign exchange translation risk at the top line is mitigated by the majority of operating costs being in local markets, acting as a natural hedge.
- GFG's financial results are influenced by changes in mix between its business models, Marketplace and Retail, which have implications for its reported revenue, profitability and working capital investment requirements.
- GFG has consistently reported net losses, leading to significant accumulated retained losses that have also reduced net assets, as well as significant tax loss carry forwards. We forecast that GFG will continue to report net losses through FY27.
- GFG has consistently consumed cash through a combination of operating losses and capital investment. It has consistently operated with a conservative balance sheet (ie year-end net cash balance), albeit one that has been reducing as cash is consumed. Management targets 'normalised free cash flow' (see Financials section) break-even in the medium term, when it achieves an adjusted EBITDA margin of 6%.
- Operational disruptions: disruptions to fulfilment centres and critical technologies can interrupt business processes, which can affect customer orders. ANZ has one fulfilment centre, LatAm has two fulfilment centres and SEA has three fulfilment centres.
- Majority shareholder: the two largest shareholders of the group are Kinnevik and Rocket Internet, with combined holdings of c 58% of the shares. This introduces a risk where their interests may conflict with those of other shareholders and reduces liquidity.

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Valuation and peer comparison

Before we compare GFG's valuation relative to a wide range of global e-commerce peers, we look at how its historical results and our forecast financials compare with consensus estimates for a smaller sample of the most relevant e-commerce peers.

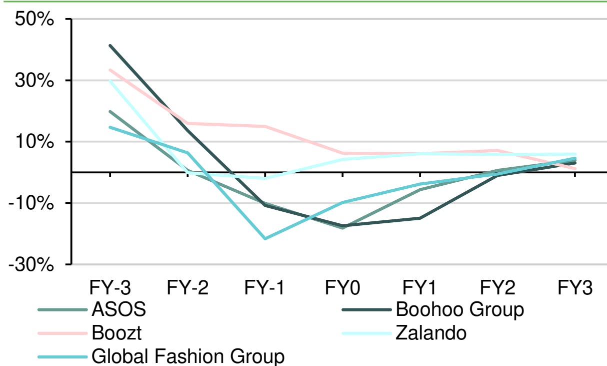
Financial performance and expectations

In Exhibits 25–28, we show how GFG's revenue growth rates and profitability compare with a range of European-quoted e-commerce peers that focus on fashion and lifestyle accessories. The comparison is not perfect given the companies are exposed to different geographies and product categories, with varying levels of own-brand versus branded products, etc. The exhibits cover the last four financial years, FY-3 to FY0, with FY0 being the most recent financial year-end, and three forecast years, FY1 to FY3. As the financial year-ends vary for the companies, the timelines for each year are not a direct match.

Exhibit 25 shows a relatively consistent trend of high revenue growth rates during the pandemic (FY-3) that faded thereafter as consumers switched back towards offline retailing, as well as the weaker macroeconomic environment taking a toll on consumer spending on discretionary items. There is a wide range of growth expectations for FY1, with revenue declines expected for ASOS, Boohoo and GFG versus growth for Boozt and Zalando. Thereafter, expected growth rates are relatively modest versus historical growth rates at low- to mid-single digits rates for all companies in FY3, with Zalando and GFG (our estimate) at the higher end.

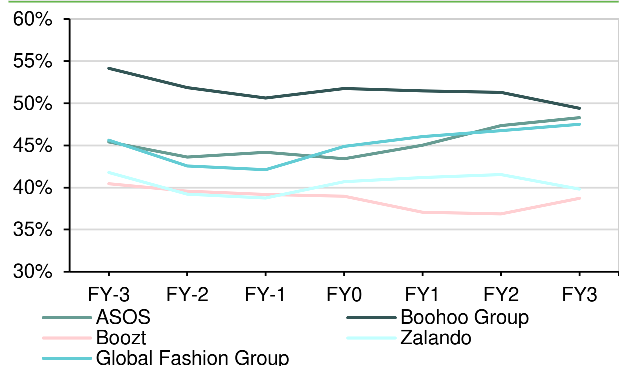
The range of gross margins for the group in Exhibit 26 is relatively wide, reflecting the aforementioned differences in geographic and product exposure, etc, with GFG comparing well towards the top end of the range.

Exhibit 25: Revenue growth rates



Source: LSEG Data & Analytics, Edison Investment Research

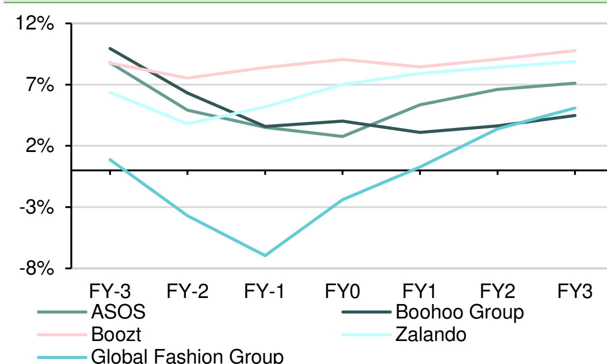
Exhibit 26: Gross margins



Source: LSEG Data & Analytics, Edison Investment Research

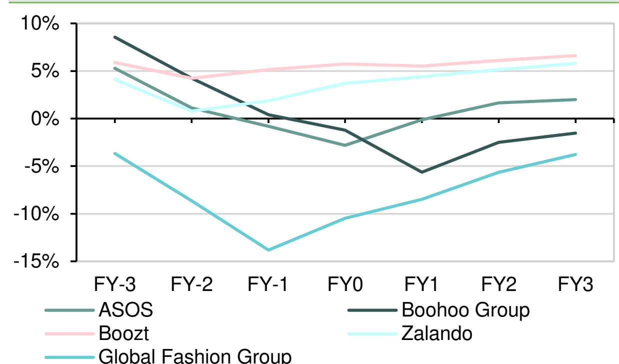
The key takeaways from Exhibits 27 and 28 are that profitability for e-commerce operators is relatively low and has been severely affected during the recent revenue downturn. GFG's profitability has been well below peers historically, but management is guiding to a good improvement in adjusted EBITDA margin so that it is more comparable with peers in FY3 (GFG's FY27), although it is expected to remain loss making at the operating level.

Exhibit 27: Adjusted EBITDA margins



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 28: Operating margins



Source: LSEG Data & Analytics, Edison Investment Research

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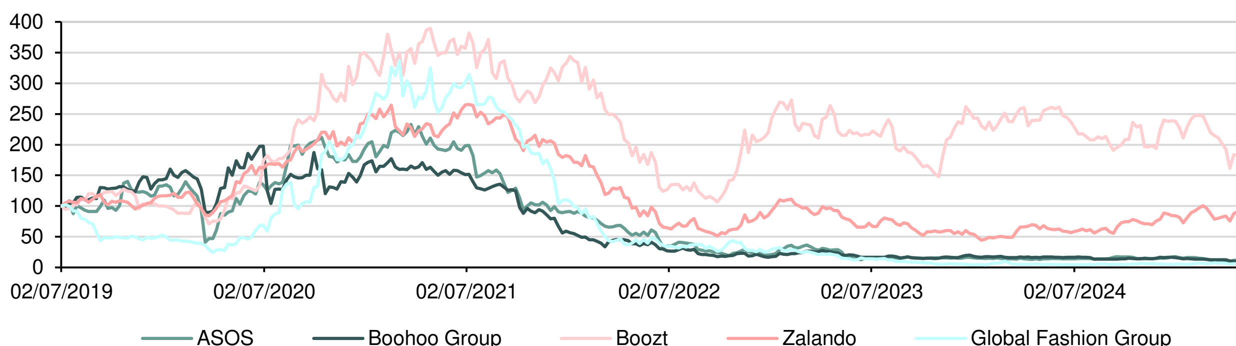
Peer valuations

In Exhibit 30 we show consensus growth estimates and valuation for a range of global e-commerce companies, along with our own estimates for GFG. All figures are annualised to GFG's December year-end to make them directly comparable.

The declining growth rates, low profitability and cash generation with a higher cost of capital have provided a significant shock to the valuations of the e-commerce companies in the last few years, with falls of 90% and more from the peak not uncommon.

Exhibit 29: Share price performance of European fashion e-commerce companies (indexed to 100)



Source: LSEG Data & Analytics

The first thing that stands out about GFG's valuation is its low absolute enterprise value as a result of the net cash position being comparable to its current market value. In the context of a market capitalisation of c €69m, it is a fine line between a negative and positive enterprise value depending on which net cash figure is used, as shown above with the Q125 cash outflow. In Exhibit 30, the enterprise values from LSEG Data and Analytics for the peers are inclusive of IFRS 16 liabilities, so we include them for comparability.

With a low enterprise value, it is easy to conclude that the share price is discounting limited future growth in cash flow beyond management's target for break-even. Progressing to break-even cash flow generation and even better levels thereafter would be beneficial to investor sentiment and GFG's relative valuation.

Exhibit 30: Peer valuations

	Share price (local)	Market value (local m)	Currency	Enterprise value (local)	Revenue growth (%)			EBITDA margin (%)			EV/EBITDA		
					FY25e	FY26e	FY27e	FY25e	FY26e	FY27e	FY25e	FY26e	FY27e
ASOS	312	372	GBp	883	(4)	1	N/A	5.9	6.8	N/A	5.5	4.7	N/A
Boohoo Group	23	317	GBp	575	(4)	1	N/A	3.3	4.1	N/A	14.0	11.2	N/A
Boozt	86	5,502	SEK	5,976	6	7	1	8.3	8.9	9.5	8.2	7.2	6.6
Calida Holding	17	126	CHF	142	1	4	4	9.5	10.9	12.2	6.4	5.4	4.6
LuxExperience	10	1,334	USD	1,251	64	23	N/A	2.8	2.4	N/A	27.9	26.1	N/A
Zalando	32	8,333	EUR	7,562	6	6	6	7.9	8.4	8.9	8.5	7.5	6.8
Average fashion e-commerce					**11**	**7**	**4**	**6.3**	**6.9**	**10.2**	**11.8**	**10.4**	**6.0**
Median fashion e-commerce					**3**	**5**	**4**	**6.9**	**7.6**	**9.5**	**8.4**	**7.3**	**6.6**
Amazon.com	206	2,187,181	USD	2,168,838	9	10	10	23.2	25.2	27.6	13.5	11.3	9.4
Bike24 Holding	2	102	EUR	133	6	7	7	3.9	6.7	7.7	14.1	7.7	6.3
Revolve Group	20	1,425	USD	1,123	6	8	9	4.4	5.1	7.3	21.4	17.0	10.9
Vente-unique.com	12	119	EUR	107	8	5	N/A	9.6	10.0	N/A	5.7	5.2	N/A
Westwing Group	8	167	EUR	145	2	7	7	5.9	6.5	7.0	5.4	4.6	4.0
Platform Group	12	247	EUR	351	32	17	11	8.1	7.9	8.1	6.2	5.5	4.8
Average other e-commerce					**10**	**9**	**9**	**9.2**	**10.2**	**11.5**	**11.0**	**8.5**	**7.1**
Alibaba Group Holding	120	285,175	USD	1,934,689	8	9	N/A	22.5	23.8	N/A	7.7	6.7	N/A
JD.com	127	402,229	HKD	309,883	11	6	6	4.3	4.8	5.1	5.6	4.7	4.2
Jumia Technologies	3	420	USD	321	8	7	13	(27.2)	(20.7)	(13.4)	N/A	N/A	N/A
MercadoLibre	2,555	129,540	USD	127,914	30	24	23	16.2	17.4	17.8	29.4	22.0	17.4
Average emerging e-commerce					**14**	**12**	**14**	**3.9**	**6.3**	**3.2**	**14.2**	**11.1**	**10.8**
Global Fashion Group	**0.30**	**69**	**EUR**	**18**	**(4)**	**(1)**	**5**	**0.3**	**3.4**	**5.1**	**10.1**	**0.8**	**0.5**

Source: LSEG Data & Analytics, Edison Investment Research. Note: Prices as at 28 May 2025.

We can now consider what would be a more appropriate valuation for GFG versus its peers given management's expectations for better relative growth rates and profitability than historically. On the plus side, GFG's revenue growth is expected to move towards the higher end of fashion e-commerce peers by FY27 and management expects the adjusted EBITDA margin to become more comparable with peers. On the negative side, we forecast that GFG will report an operating loss and consume cash in the next three financial years.

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In Exhibit 31, we look at the potential sensitivity of GFG's valuation when we apply a range of discounts, to reflect execution risk and low liquidity, to the median FY27e multiple of fashion e-commerce peers and to our adjusted EBITDA estimate for GFG in the same year. We then discount these back for two and half years at 10% to derive a present value. All scenarios support significant upside to the share price if GFG achieves its financial guidance.

Note that we have used our estimated FY27 adjusted EBITDA margin of c 5% in the sensitivity analysis. If management achieves its target of 6% in FY27, the valuation upside would be greater as it would benefit from a higher margin and deserved lower discount versus the peers.

Exhibit 31: Valuation sensitivity

Discount to FY27e fashion e-commerce median multiple	**0%**	**10%**	**20%**	**30%**
Fashion e-commerce median FY27e EV/EBITDA multiple (x)	6.6	6.6	6.6	6.6
Discounted multiple (x)	6.6	6.0	5.3	4.7
GFG FY27e adjusted EBITDA (€m)	36.8	36.8	36.8	36.8
Implied enterprise value FY27e (€m)	**244.6**	**220.1**	**195.7**	**171.2**
Discount back for 2.5 years at 10% (€m)	**192.7**	**173.5**	**154.2**	**134.9**
Current net cash including leases (€m)	50.2	50.2	50.2	50.2
Implied current market value (€m)	**242.9**	**223.7**	**204.4**	**185.1**
Current shares (m)	228.4	228.4	228.4	228.4
Implied current share price (€)	**1.06**	**0.98**	**0.90**	**0.81**
Current share price (€)	**0.30**	**0.30**	**0.30**	**0.30**
Upside	255%	226%	198%	170%

Source: Edison Investment Research

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Exhibit 32: Financial summary - reported figures (include discontinued activities) unless restated (R)

€m	2020	2021	2022R	2023	2024	2025e	2026e	2027e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT								
Net Merchandise Value	1,958.2	2,390.5	1,553.6	1,279.3	1,142.2	1,070.0	1,080.3	1,163.8
Revenue	1,359.7	1,559.5	1,069.2	838.0	743.5	695.1	691.3	723.0
Cost of Sales	(773.5)	(848.0)	(616.5)	(485.1)	(409.7)	(375.1)	(368.2)	(379.5)
Gross Profit	586.2	711.5	452.7	352.9	333.8	320.0	323.1	343.5
Adjusted EBITDA	16.4	13.6	(42.3)	(58.3)	(20.5)	1.8	23.4	36.8
EBITDA	1.5	(33.9)	(90.3)	(121.0)	(24.0)	0.8	21.4	34.8
Depreciation and amortisation	(66.3)	(70.8)	(53.2)	(57.5)	(58.1)	(60.7)	(62.3)	(64.1)
Normalised operating profit	(49.9)	(57.2)	(95.5)	(115.8)	(78.6)	(58.9)	(39.0)	(27.3)
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	(25.4)	(40.3)	(61.0)	(4.2)	0.0	0.0	0.0
Share-based payments	(14.9)	(22.1)	(7.7)	(1.7)	0.7	(1.0)	(2.0)	(2.0)
Reported operating profit	(64.8)	(104.7)	(143.5)	(178.5)	(82.1)	(59.9)	(41.0)	(29.3)
Net Interest	(44.2)	(32.8)	(32.9)	(5.8)	(7.7)	2.4	1.8	2.0
JVs and associates (post tax)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	1.2	3.2	9.3	18.3	12.3	0.0	0.0	0.0
Profit Before Tax (norm)	(93.0)	(86.8)	(119.1)	(103.3)	(74.0)	(56.5)	(37.1)	(25.3)
Profit Before Tax (reported)	(107.9)	(134.3)	(167.1)	(166.0)	(77.5)	(57.5)	(39.1)	(27.3)
Reported tax	(4.5)	9.5	(7.7)	(13.9)	(6.6)	(5.2)	(3.5)	(2.5)
Profit After Tax (norm)	(96.9)	(80.4)	(125.0)	(113.5)	(81.3)	(61.6)	(40.5)	(27.5)
Profit After Tax (reported)	(112.4)	(124.8)	(174.8)	(179.9)	(84.1)	(62.7)	(42.7)	(29.7)
Minority interests	5.2	0.6	0.3	3.1	2.6	0.0	0.0	0.0
Discontinued operations	0.0	0.0	(21.8)	(1.6)	(1.0)	0.0	0.0	0.0
Net income (normalised)	(91.7)	(79.8)	(124.7)	(110.4)	(78.7)	(61.6)	(40.5)	(27.5)
Net income (reported)	(107.2)	(124.2)	(196.3)	(178.4)	(82.5)	(62.7)	(42.7)	(29.7)
Basic average number of shares outstanding (m)	198.0	216.1	220.0	223.0	223.8	227.6	228.6	228.6
EPS - normalised (c)	(46.3)	(36.9)	(56.7)	(49.5)	(35.2)	(27.1)	(17.7)	(12.0)
EPS - normalised fully diluted (c)	(46.3)	(36.9)	(56.7)	(49.5)	(35.2)	(27.1)	(17.7)	(12.0)
EPS - basic reported (€)	(0.5)	(0.6)	(0.9)	(0.8)	(0.4)	(0.3)	(0.2)	(0.1)
Dividend (€)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue growth (%)	1	15	(31)	(22)	(11)	(7)	(1)	5
Gross Margin (%)	43.1	45.6	42.3	42.1	44.9	46.0	46.7	47.5
Adjusted EBITDA Margin (%)	1.2	0.9	(4.0)	(7.0)	(2.8)	0.3	3.4	5.1
Normalised Operating Margin	(3.7)	(3.7)	(8.9)	(13.8)	(10.6)	(8.5)	(5.6)	(3.8)
BALANCE SHEET								
Fixed Assets	468.5	506.5	365.9	284.2	237.8	212.9	186.4	159.8
Intangible assets	267.9	254.2	195.6	135.5	126.0	109.5	91.5	73.6
Tangible assets	89.1	100.2	65.1	57.4	42.0	33.7	25.1	16.4
Right of use assets	104.3	122.6	66.0	51.5	36.8	36.8	36.8	36.8
Investments & other	7.2	29.5	39.2	39.8	33.0	33.0	33.0	33.0
Current Assets	704.6	1,038.2	808.0	577.8	399.7	362.9	297.5	296.3
Stocks	195.9	283.7	170.2	110.5	96.4	96.4	96.4	96.4
Debtors	80.2	52.3	37.1	38.6	48.8	48.8	48.8	48.8
Cash & cash equivalents	366.1	400.5	323.5	225.9	210.6	173.8	108.4	107.2
Other	62.4	301.7	277.2	202.8	43.9	43.9	43.9	43.9
Current Liabilities	(448.9)	(523.0)	(386.6)	(316.8)	(303.9)	(303.9)	(301.2)	(301.2)
Creditors	(283.8)	(321.7)	(200.5)	(189.0)	(201.3)	(201.3)	(201.3)	(201.3)
Tax and social security	(31.1)	(21.3)	(18.3)	(20.8)	(15.2)	(15.2)	(15.2)	(15.2)
Short-term borrowings	(10.2)	(33.4)	(25.2)	(17.4)	(6.3)	(6.3)	(3.6)	(3.6)
Leases	(19.5)	(25.2)	(17.9)	(18.1)	(16.1)	(16.1)	(16.1)	(16.1)
Other	(104.3)	(121.4)	(124.7)	(71.5)	(65.0)	(65.0)	(65.0)	(65.0)
Long-Term Liabilities	(104.8)	(448.4)	(308.5)	(249.5)	(122.4)	(122.4)	(73.8)	(73.8)
Long-term borrowings	0.0	(330.6)	(243.8)	(160.3)	(48.6)	(48.6)	0.0	0.0
Leases	(94.2)	(108.0)	(56.1)	(43.6)	(32.0)	(32.0)	(32.0)	(32.0)
Other long-term liabilities	(10.6)	(9.8)	(8.6)	(45.6)	(41.8)	(41.8)	(41.8)	(41.8)
Net Assets	619.4	573.3	478.8	295.7	211.2	149.5	108.9	81.1
Minority interests	(4.2)	(3.6)	(3.3)	(0.3)	2.5	2.5	2.5	2.5
Shareholders' equity	615.2	569.7	475.5	295.4	213.7	152.0	111.4	83.6
CASH FLOW								
Op Cash Flow before WC and tax	(41.6)	(63.5)	(92.5)	(109.5)	(20.4)	3.2	23.2	36.8
Working capital	38.0	(24.8)	46.1	30.5	22.7	0.0	0.0	0.0
Exceptional & other	47.5	64.0	171.9	41.9	(8.0)	(1.4)	0.2	0.0
Tax	(2.7)	(9.2)	(15.2)	(6.6)	(10.9)	(5.2)	(3.5)	(2.5)
Net operating cash flow	41.2	(33.5)	110.3	(43.7)	(16.6)	(3.4)	19.8	34.3
Capex	(49.5)	(56.6)	(67.6)	(28.9)	(29.6)	(20.0)	(20.0)	(21.7)
Acquisitions/disposals	0.0	0.0	36.7	0.0	0.0	0.0	0.0	0.0
Net interest	(10.9)	(17.7)	(17.7)	(3.8)	1.6	2.4	1.8	2.0
Equity financing	119.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Leases	(22.5)	(22.8)	(30.5)	(17.4)	(16.5)	(15.8)	(15.8)	(15.8)
Other	25.6	156.3	(98.5)	(4.3)	45.6	0.0	(51.3)	0.0
Net cash flow	103.3	25.8	(67.3)	(98.1)	(15.5)	(36.8)	(65.4)	(1.1)
Opening net debt/(cash) excluding leases	(295.4)	(381.7)	(278.5)	(264.5)	(206.3)	(164.1)	(118.9)	(104.8)
FX	(14.5)	8.6	(9.7)	0.5	0.2	0.0	0.0	0.0
Other non-cash movements	(71.8)	94.6	23.7	57.7	42.0	45.2	14.1	1.1
Closing net debt/(cash) excluding leases	(381.7)	(278.5)	(264.5)	(206.3)	(164.1)	(118.9)	(104.8)	(103.6)

Source: Company accounts, Edison Investment Research. Note: R = restated. FY23 and FY24 not restated for exit from Chile.

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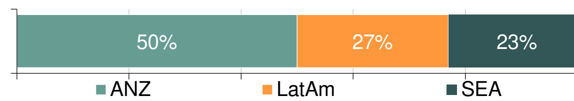

Management team

Chief executive officer: Christoph Barchewitz

Christoph has served as CEO of GFG since 2018 (he was co-CEO until 2023). His involvement with GFG dates back to 2012 and includes roles as advisor, investor and board member. He joined GFG as a non-executive director in 2015. In 2025, Christoph assumed the role of interim CEO of GFG's SEA business, ZALORA. He has previously served as interim CEO at other GFG business segments during leadership transitions including lamoda in 2020, THE ICONIC in 2023 and Dafiti in 2023.
Prior to GFG, Christoph was an investment director at Kinnevik (2014–18), where he oversaw the e-commerce investment portfolio (including Zalando, GFG, Home24, Westwing, Lazada and Linio). From 2007 to 2014, Christoph worked in TMT investment banking at Goldman Sachs in London and New York. He began his career as a TMT-focused consultant at Solon Management Consulting in Munich.
Christoph is also chairman of the Supervisory Board at Westwing Group, a listed European home and living e-commerce business, and a non-executive director of Gousto, a private UK meal kit business.

Chief financial officer: Helen Hickman

Helen has served as CFO of GFG since August 2023 and joined the Management Board in February 2025. Initially joining GFG in 2016 as director of group finance, she has been instrumental in building GFG's finance function, preparing for its IPO and the oversight of financial planning, control and reporting, internal audit, investor relations, treasury and tax.
Prior to GFG, Helen accumulated over 20 years of experience as a finance professional at UK supermarket companies Safeway then Tesco. Helen graduated from the University of Leeds with a degree in accounting & finance in 1995 and is a Fellow of the Chartered Institute of Management Accountants.

Chairman of supervisory board: Cynthia Gordon

Cynthia has been the non-executive chair of GFG since June 2019 and has extensive experience in operational and strategic matters which she gained from her roles in the digital and telecommunication sectors, including Millicom Africa (CEO 2015–18), Ooredoo Group (COO 2012–15), Orange Telecom (2009–12 and Kinnevik (2017–18).

Principal shareholders	%
Kinnevik	35.1
Rocket Internet	23.4
UBS Asset Management	4.1

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