

Global Fashion Group

The reset is delivering

Global Fashion Group (GFG) operates online fashion and lifestyle platforms in Australia and New Zealand, Latin America and South-East Asia. Over the last three years, management has substantially reshaped the businesses following the post-pandemic downturn. Geographic exposure has been narrowed, product ranges have been curated, inventory has been reduced and marketing has moved away from chasing volume towards attracting and retaining customers that are likely to generate an acceptable return. Although the three regions are now at different stages of recovery, most importantly they are all now profitable based on adjusted EBITDA. Management is therefore increasingly moving from restructuring the businesses to demonstrating the profitability and cash generation the revised model can deliver. A rating more in line with peers indicates the current share price should be worth more than double its current level, and even higher if profitability improves.

Year end	Revenue (€m)	EBITDA (adj) (€m)	PBT (€m)	EPS (Eu¢)EV/Adj EBITDA (x)	
12/24	722.6	(17.6)	(70.9)	(30.52)	N/A
12/25	679.8	9.3	(52.6)	(22.73)	5.2
12/26e	692.9	21.4	(24.5)	(11.72)	2.3
12/27e	700.6	33.7	(12.7)	(6.15)	1.4

Note: EBITDA, PBT and EPS are normalised before share-based payments and exceptional items.

The group's underlying economics have improved

The changes made over the last three years have resulted in a much more resilient business that is showing through in the underlying economics. GFG has a more focused product offer, a healthier inventory and a leaner cost base, and marketing spend is directed towards customers that management believes will generate an acceptable return. Gross margins have improved as the product mix has become more differentiated and Marketplace has increased its contribution. For its customers, delivery is faster and more reliable, while fulfilment costs have fallen despite inflationary pressures. The result is GFG is generating materially more profit from each customer and order than three years ago. Technology should provide further benefits, with AI already reducing content production costs and helping to automate pricing and other commercial decisions selectively in the regions.

South-East Asia and cash flow are the next tests

All three regions have moved into positive adjusted EBITDA; however, there is still plenty to prove. While management recently narrowed upwards its FY26 adjusted EBITDA guidance, South-East Asia has yet to demonstrate an improvement in revenue, and management has lowered the upper end of its top-line guidance for the year, partially reflecting the weaker operating environment. Normalised free cash flow, although still negative, is moving steadily towards break-even, and the balance sheet, with net cash (c €89m excluding lease liabilities), remains supportive.

Valuation: Peer multiples support a doubling at least

Our correlation analysis (see Exhibit 27) of peer prospective FY27 EV/sales multiples and EBITDA margins suggests GFG should trade at more than twice its current multiple, at €0.96 per share.

Company outlook

Retail

6 October 2026

Price €0.41
Market cap €92m

Net cash at 30 June 2026 €43.2m
(including IFRS 16 liabilities €45.3m)

Shares in issue (excluding treasury and employee benefit trust shares) 223.6m

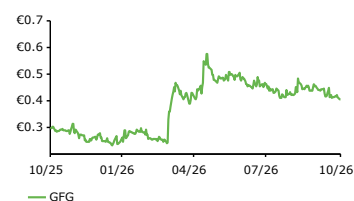
Free float 42.3%

Code GFG

Primary exchange FSE

Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	(10.7)	(9.9)	39.0
52-week high/low		€0.6	€0.2

Business description

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

Next events

Q326 results 4 November 2026

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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 GFG's 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.

GFG has focused on a number of key areas to improve its competitive positioning in each market, albeit the specifics 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 previously having chased sales in too many product adjacencies 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 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. Note that throughout this report 'active customers' refers to those who have purchased at least one item after cancellations, rejections and returns in the last 12 months. Management is confident that SEA will see similar improvements. ANZ did not have the same proposition problem but GFG has reacted to the demand downturn by implementing cost and efficiency measures to combat the reduced volumes. The key aim in all regions is to generate a greater profit from each customer and order.

Financials: Aiming for better profitability and cash generation

Management's focus on improving the economics of each order and customer is evident, with significantly more progress on profitability than the top-line. Between FY23 and FY25, adjusted EBITDA improved by €62m despite net merchandise value (NMV, the value of goods sold through its platforms) declining by €168m, helped by a better gross margin, tighter inventory management and a €106m reduction in the cost base. All three regions and the group were adjusted EBITDA profitable in FY25 and H126 marked GFG's first profitable first half within its current footprint. The gross margin of 47.2% in H126 has already reached the c 47% level that management previously viewed as a medium-term building block, while further cost efficiencies continue to come through. The focus is therefore increasingly on converting the improved operating model into sustainable cash generation. Normalised free cash flow improved by €36m between FY23 and FY25 and by a further €28m year-on-year on a last-12-months basis to June 2026, although it remains negative. Management still sees an adjusted EBITDA margin of c 5–6% as broadly consistent with normalised free cash flow break-even, but it now talks more about the underlying building blocks of higher absolute EBITDA, broadly stable leases and capex and, over time, neutral working capital, rather than providing specific margin guidance. In FY25 the gap between adjusted EBITDA and normalised free cash flow was c €41m. For FY26, management expects adjusted EBITDA of €18–25m versus FY25's c €9m despite a more challenging top-line outlook. The remaining opportunity is clear: return the business to growth and leverage a much leaner cost base and well-invested infrastructure, with relatively limited additional capital required.

Valuation: Current projections support a more than doubling of the rating

With our estimates for negative net income in FY26–28, comparing GFG's valuation versus its peers using post-tax earnings is not possible. Therefore, we have to compare valuation multiples further up the income statement. We find the highest correlation (R-squared 0.79) for the peers when we compare FY27e EV/sales multiples with our FY27e EBITDA margin. This analysis suggests GFG should currently trade at an FY27 EV/sales multiple of 0.24x, more than

double its current multiple of 0.1x, which equates to a current share price of €0.96. GFG's net cash position at the end of June 2026 of c €89m excluding lease liabilities and c €43m including lease liabilities is significant in the context of its market value. We highlight the June 2026 cash position reflects the typical H1 outflow of the group and therefore likely understates GFG's financial position and warranted share price valuation. We estimate FY26-end net cash position of c €135m excluding lease liabilities and c €85m including lease liabilities.

Risks and sensitivities

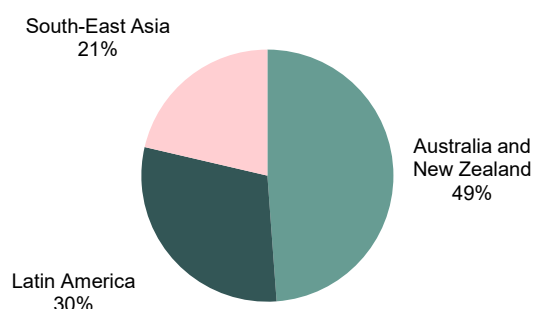
With operations spanning nine countries in developed and emerging markets, GFG's results are sensitive to changes in macroeconomic environments and foreign exchange rates, and geopolitical/regulatory changes. The e-commerce markets for fashion and lifestyle products are highly competitive, with relatively 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 for 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: ANZ (Australia and New Zealand), LatAm (Brazil and Colombia), SEA (Hong Kong, Indonesia, Malaysia, the Philippines and Singapore). The company owns 100% of the activities in each country. 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 and children.

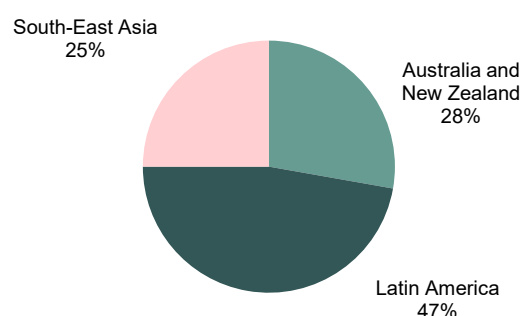
In FY25, GFG had 7.3 million active customers who placed 17.2m orders to give an NMV of c €1,042m and revenue of c €680m.

Exhibit 1: GFG's FY25 net merchandise value



Source: Global Fashion Group

Exhibit 2: GFG's FY25 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.

Different brands with different product offers for different customers

GFG's e-commerce platforms in each region have distinct brands: THE ICONIC in ANZ, Dafiti in LatAm and ZALORA in SEA. 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 one another, 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 spanning 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 given the 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 30% in ANZ, c 10% in LatAm and c 20% in SEA.. These rates 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. These compare with penetration rates of more than 35% in the US and China.

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, 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 in FY25

FY25 NMV	Group	Australia and New Zealand	Latin America	South-East Asia
Category:				
Apparel	35%	45%	21%	29%
Footwear	13%	10%	20%	9%
Sport	26%	18%	37%	30%
Accessories	13%	13%	9%	20%
Other	14%	14%	13%	12%
Brand type:				
Global	53%	50%	39%	79%
Local	40%	37%	61%	19%
Own	7%	13%	0%	2%

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.

From a total population of 740 million in the countries it serves, management estimates 165 million of those customers should be considered its target population. Management estimates its total addressable market at over €220bn.

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 the majority are not exclusive; roughly 20% of THE ICONIC's assortment is 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 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 the group level between periods.

Exhibit 4: Financials by business model

€	Retail	Marketplace
NMV	100	100
Net of sales tax	(14)	N/A
GFG's revenue	86	22
As % of NMV	86%	22%
Cost of sales	(55)	0
Gross profit	31	22
Gross margin as % of revenue	36%	100%
Gross margin as % of NMV	31%	22%

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. GFG's relationships with the brands are managed in a number of ways depending on the scale and length of the brands. New brands or those that could add meaningful NMV are typically managed at the group level, while some of the more established brand relationships may be managed by the individual regions. In addition, management of the relationships may depend on how the brands are structured themselves with some operating with regional team structures. 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.

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 2019 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 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 multichannel 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 FY25, Marketplace had grown to 39% of NMV and 13% of revenue, and Platform Services to c 4% 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 already accounts for 53% of NMV in SEA, above management's medium-term group target of 45%, and Platform Services, at 10%, is higher than the group target of 5%.

Exhibit 5: GFG's business model mix in FY25

FY25	Group	Latin America	South East Asia	Australia and New Zealand
Marketplace (% of NMV)	39%	35%	53%	36%
Retail (% of NMV)	61%	65%	47%	64%
Platform services (% of revenue)	4%	2%	10%	2%

Source: Global Fashion Group

Well-invested infrastructure

GFG operates six leased regional fulfilment centres in ANZ (Australia), LatAm (Brazil and Colombia) and SEA (Indonesia, Malaysia and the Philippines), 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 €2.0bn in NMV, double FY25's NMV of €1.0bn, 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. Brazil has a high level of automation following investment in Autostore robotic storage and more than a third of ANZ's volume is fulfilled by automated systems.

Delivery fees vary based on location and order values. Deliveries are fulfilled mainly through local courier and postal services, with a small proportion handled 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 current positioning and financial guidance.

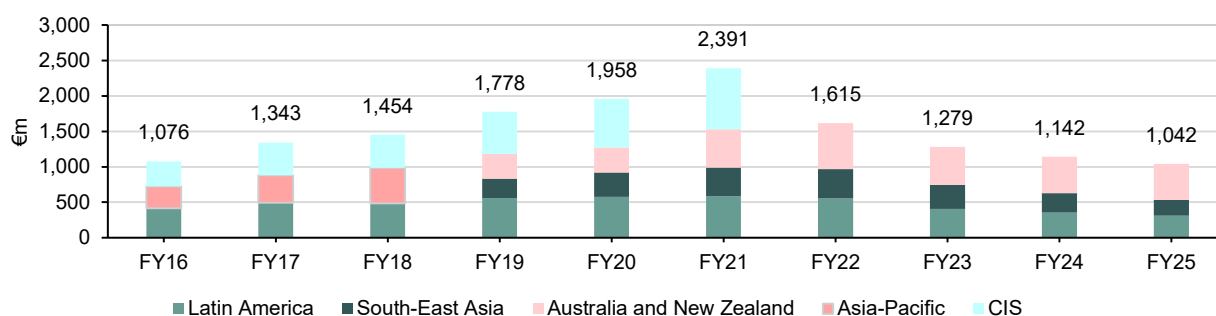
GFG's historical operational and financial development was outlined in our May 2025 [initiation](#).

To summarise, the group's history dates back to 2010, with GFG incorporated on 1 October 2014 following the combination of two entities that held operations in the regions. At the time of its IPO in 2019, GFG had a presence in 17 countries. In addition to its current geographic exposure, GFG had a presence in the Commonwealth of Independent States (CIS, ie Russia, Belarus, Kazakhstan and Ukraine), which was important in terms of both scale and profitability but the operations in the individual countries were either sold or closed (Ukraine) in FY22 due to the conflict in the region.

GFG demonstrated strong growth ahead of and following its IPO through most of FY22. Broadly, GFG's growth was lower than expected from FY22 onwards due to the combination of: the weaker macroeconomic environment and the cost of living pressures from higher inflation and interest rates following the COVID-19 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 by the pandemic to improve or launch their own online capabilities.

These factors led management to reappraise not only its geographic exposure, as evidenced by withdrawals from a number of countries including 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 the 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. Exhibit 6 shows how GFG's scale and geographic exposure have evolved over time. For each year we include NMV as originally reported, without reflecting any subsequent restatement for discontinued activities following GFG's exit from any countries.

Exhibit 6: GFG's NMV by region (as originally reported for each year)



Source: Global Fashion Group

Historically, GFG's geographic exposure led it to be considered as an emerging market e-commerce play, but the changes to the portfolio mean it has high exposure to developed markets, with ANZ representing 49% of FY25 NMV, before we consider its exposure in markets such as Hong Kong and Singapore. At the IPO, ANZ and SEA were reported as one region, Asia-Pacific.

Prior to FY22, GFG made good progress with most of its key performance indicators (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) were a bit more variable as they are influenced by mix changes between the regions, which have varying levels of spend per customer.

Exhibit 7: GFG's KPIs (as reported, including discontinued activities)

GFG's KPIs	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
NMV per active customer € (GFG)	121.4	136.7	130.2	136.1	120.3	140.5	144.3	N/A	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	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	142.7
Number of orders	19.8	23.2	28.2	34.6	42.0	47.8	27.9	20.8	18.3	17.2
Growth y-o-y	N/A	17.2%	21.6%	22.7%	21.4%	13.8%	(14.4%)	(23.7%)	(12.2%)	(1.4%)
Average order value (€)	54.2	58.0	51.6	51.3	46.6	50.0	57.8	61.5	62.5	60.5
Constant currency growth	N/A	2.4%	0.8%	0.0%	3.5%	8.9%	15.9%	11.6%	4.9%	2.1%
Active customers (m)	8.9	9.8	11.2	13.1	16.3	17.0	11.2	8.8	8.0	7.3
Growth y-o-y	N/A	10.1%	14.3%	17.0%	24.6%	4.5%	(16.5%)	(18.6%)	(9.2%)	(4.0%)
Order frequency (x)	2.2	2.4	2.5	2.6	2.6	2.8	2.5	2.4	2.3	2.4
Growth y-o-y	N/A	9.1%	4.2%	4.0%	(2.5%)	8.8%	2.5%	(5.5%)	(3.9%)	2.3%

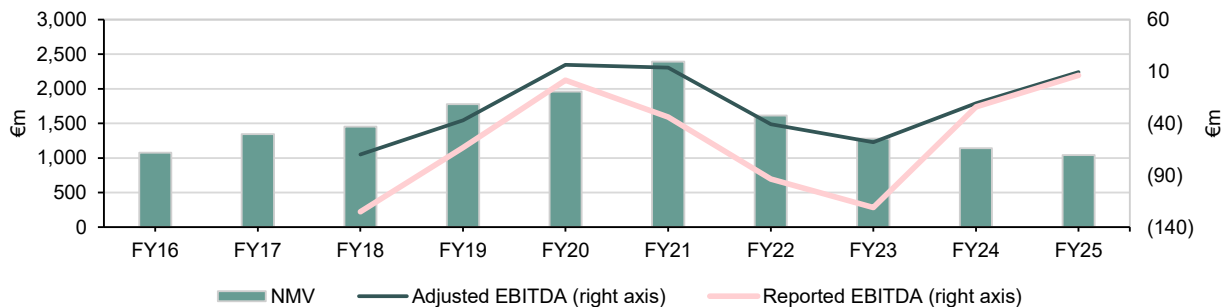
Source: Global Fashion Group, Edison Investment Research

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.

In FY25, not only did GFG deliver better-than-expected adjusted EBITDA of €9.3m (1.4% margin), but the results represent an important milestone as it is the first full financial year adjusted EBITDA profit for the current group structure, with all three regions positive at the same time. The performance was broad based with year-on-year improvements in gross margin for all three regions, helped by the expected continuing increase in Marketplace revenue (39% of

NMV in FY25, up from 38% in FY24). The higher gross margin of 46.4% (up 1.5 percentage points year-on-year) was complemented by leveraging fulfilment and technology and administration costs while keeping marketing constant on a relative basis, with the total cost base reduced by a further €59m in FY25.

Exhibit 8: GFG's NMV and profitability



Source: Global Fashion Group

Focus on profitability and cash generation

As detailed in our initiation note, management used to provide long-term financial guidance with absolute targets. Through the restructuring and refocusing management's guidance moved to a focus on levels of profitability and cash flow drivers. In FY25 the key headline figures for this guidance were a 'medium-term' adjusted EBITDA margin of 6.0%, which with neutral working capital and lower levels of capital investment would lead to normalised free cash flow break-even at the same time. With the FY25 results, management's medium-term outlook was reframed to a balanced financial strategy to deliver NMV growth, adjusted EBITDA margin expansion and normalised free cash flow break-even. In FY25, the gap between adjusted EBITDA and normalised free cash flow break-even was c €41m.

Exhibit 9: GFG's financial strategy



Source: Global Fashion Group FY25 results presentation

The key building blocks for management's expected improvement in profitability are a continuation of the trends that drove FY25's performance, including further growth in Marketplace towards the medium-term target of c 45% of NMV 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 more than 47% (from c 46.4% in FY25), which, along with ongoing cost efficiencies, should lead to a greater increase in the adjusted EBITDA margin, from 1.4% in FY25. Management indicates that neutral working capital and broadly stable capex and leases should enable the operating leverage in the income statement to flow to improved free cash flow.

In the interview below, GFG CEO Christoph Barchewitz and CFO Helen Hickman provide an overview of the H126 results, the outlook for FY26, the path to normalised free cash flow break-even and what investors should watch as they continue to balance growth, profitability and disciplined execution.

Executive interview with GFG CEO Christoph Barchewitz and CFO Helen Hickman



Source: Edison Investment Research

Ownership structure

GFG has three significant shareholders: Kinnevik (34.6%) and Rocket Internet (23.1%), which is invested through two entities, Zerena and Crestbridge Management Company. 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.

Australia and New Zealand

GFG's activities in ANZ are conducted through THE ICONIC, which was launched in late 2011. 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. Having been GFG's only profitable division in FY24R, it remained GFG's most profitable region in FY25 as the other two regions moved into profit. In FY25, ANZ represented c 48% of group NMV, 51% of group revenue and 53% of gross profit. Australia represents the majority of GFG's customers and revenue in the region. With a predominantly urban population close to the major cities, the logistical challenges are limited compared to GFG's other countries.

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 (13% vs 7% for the group). With a greater annual per capita spend on fashion and lifestyle, ANZ enjoys a much higher NMV per active customer: €254 according to our estimate versus SEA at €124 and LatAm at €91. Exhibit 5 shows ANZ is more reliant on Retail (64% of NMV vs 61% for the group) than Marketplace.

ANZ did not suffer from the same underlying proposition issues as LatAm, but the post-COVID downturn exposed a number of areas for improvement. Weaker consumer spending from late FY22, combined with greater competition from global value-focused online retailers and improving domestic omnichannel competitors, led to significant declines in customers and volumes and a more promotional market. Lower volumes put pressure on both Retail margins and the relatively fixed operating cost base, while the legacy warehouse management system provided an opportunity for greater efficiency. Management responded by tightening inventory and reducing lower-selling products, recalibrating marketing towards rebuilding THE ICONIC's brand and customer engagement, reducing costs and modernising fulfilment infrastructure. At the same time, it accelerated Marketplace and 'Fulfilled by' to improve the brand proposition and make greater use of its existing infrastructure with less inventory risk. The subsequent recovery in customers, gross

margin and profitability suggests these actions have addressed many of the issues exposed by the downturn. The success of the turnaround is reflected in FY25's adjusted EBITDA being at an all-time high, since FY19, in both absolute terms and percentage terms.

Refreshing the proposition

Beginning in FY23, management focused on reducing costs and tightening inventory while refreshing how THE ICONIC marketed itself. The emphasis of marketing moved from a greater reliance on paid performance activity towards building brand awareness and long-term customer engagement through the 'Got You Looking' masterbrand campaign. GFG also reduced the number of SKUs to provide a more focused and differentiated assortment while adding new and more attractive international brands such as those of Cos, Arket and & Other Stories from Hennes & Mauritz. The increased use of AI supported better search, product recommendations and customer targeting. The combination of a healthier inventory position and less discounting subsequently helped Retail margins recover from FY23's promotional environment, which moved the division into an adjusted EBITDA loss following a consistent track record of profitability.

Rebuilding the operating platform and customer momentum

Moving into FY24, the focus broadened to operating efficiency and the development of GFG's platform capabilities. From an operational perspective, the most important change was the migration of the region's legacy order and warehouse management system to the system developed in SEA. The migration simplified technology complexity and improved warehouse efficiency while providing the infrastructure required to scale services such as 'Fulfilled by'.

Management also continued to remove costs from the operations where lower volumes allowed, including through a simpler product range and smaller supplier base. The customer proposition also continued to develop. The 'Got You Looking' campaign was intended to rebuild the strength and distinctiveness of the brand. An improvement in customer trends followed, with new and reactivated customers beginning to exceed churn in FY24 and active customers returning to growth in FY25, and represented an important milestone.

The customer proposition also began to show signs of recovery during FY24. New and re-activated customers exceeded churn for the first time since the downturn in Q324, and the rate of decline in active customers continued to moderate.

Scaling the platform and brand proposition

In FY25, management's emphasis shifted from protecting the business against lower volumes to leveraging the improved operational base. From a product perspective, THE ICONIC continued to combine a more curated Retail offer with an expanding Marketplace proposition.

'Fulfilled by' became an increasingly important part of the transition and had grown to 115 brands by the end of the year, and Marketing Services was 36% higher than in FY23.

There was also a meaningful improvement in fulfilment and delivery during FY25. The benefits of the new warehouse management system were complemented by an expanded relationship with Australia Post and greater use of flexible delivery partners. By the end of the year, around half of orders across the regions were delivered within 48 hours and delivery speeds in the major cities were 10% faster year-on-year. THE ICONIC introduced standard Saturday delivery across the main east coast metropolitan areas of Australia, while delivery times in New Zealand improved by 15% and next-day express delivery was introduced in selected metropolitan areas.

Customer engagement has continued to evolve. The 'Got You Looking' campaign appears to have improved measures of brand awareness and trust, and has been complemented by the October 2025 launch of 'Front Row', its first loyalty programme. Under the loyalty programme, customers earn a currency, ICONS, with higher spend unlocking greater rewards and benefits. The programme is consistent with GFG's broader shift towards attracting and retaining higher-value customers.

Optimising the model in FY26

The positive customer and revenue trends have continued into H126 despite a more difficult environment for discretionary spending, as higher living costs and interest rates have weighed on consumer confidence. Management believes the differentiated brand and assortment have continued to resonate with customers. In H126 NMV increased by 3.2% at constant currency and revenue by 2.6%. The gross margin was relatively stable at 48.4% (48.3% in H125) with a greater mix of higher-margin categories, including own brand and apparel, and increased Marketplace contribution offsetting continued investment in Front Row.

Management has continued to improve the economics of fulfilment; delivery times in ANZ are more than 20% faster than

in FY23, and these were an important contributor to ANZ's H126 improvement in profitability.

Technology is playing a broader role in the day-to-day commercial operation. By the end of H126, automated pricing covered 100% of the Retail assortment, using demand, conversion and competitor signals to provide faster pricing recommendations and help balance competitiveness, sell-through and margin. Management is also applying AI across product and brand descriptions, campaign SKU selection, buying optimisation and planning.

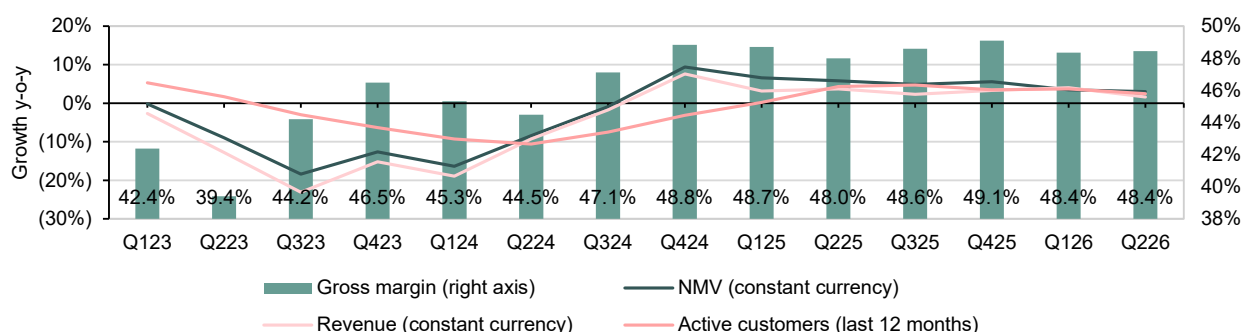
ANZ is GFG's most advanced region in preparing for changes in online product discovery. THE ICONIC is one of five Australian launch partners participating in Google's Universal Commerce Protocol pilot, which enables selected products to be discovered through Google Search and Gemini and purchased through an integrated checkout, while THE ICONIC remains the merchant of record and manages fulfilment.

Management is also prioritising Answer Engine Optimisation to improve the visibility of the product assortment in AI-generated search results.

Turnaround has driven improved KPIs and higher profitability

The improvement in active customers, NMV and revenue trends in the ANZ region since the start of FY23 are apparent. The gross margin has improved year-on-year in every quarter except Q126, which was attributed to investment in Front Row.

Exhibit 10: Australia and New Zealand summary financials and KPIs since Q123



Source: Global Fashion Group

The success of management's strategy is reflected in FY25's profitability at the adjusted EBITDA level being higher in absolute terms and percentage terms than in any year since FY19. This has been achieved with a greater gross margin of 48.6% in FY25, versus a trough of 43.2% in FY23 and the previous high of 46.8% in FY20. In absolute terms, operating costs were c 29% lower in FY25 than FY22. The year-on-year improvement in profitability, again in both absolute and percentage terms, continued in H126.

Exhibit 11: Australia and New Zealand summary financials and KPIs

€m	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Q125	Q225	H125	Q126	Q226	H126
Net merchandise value (NMV)	345.1	353.8	538.2	646.4	535.7	515.2	508.7	101.0	123.9	224.9	104.3	137.7	242.0
Constant currency growth	16.5%	4.8%	45.3%	15.5%	(10.8%)	(3.3%)	5.7%	6.6%	5.8%	6.2%	3.5%	3.0%	3.2%
Active customers (m)	1.6	1.6	2.0	2.1	2.0	1.9	2.0	1.9	2.0	2.0	2.0	2.0	2.0
Growth y-o-y	N/A	3.6%	3.6%	7.9%	(6.3%)	(3.1%)	3.5%	0.2%	4.3%	4.3%	3.7%	2.5%	2.5%
NMV per active customer (€) (Edison)	215.7	221.1	269.1	307.8	267.9	271.2	254.4	273.6	258.6	258.6	256.0	262.9	262.9
Growth y-o-y	N/A	2.5%	21.7%	14.4%	(13.0%)	1.2%	(6.2%)	1.8%	(1.5%)	(1.5%)	(6.4%)	1.7%	1.7%
Revenue	263.8	259.2	394.8	474.7	378.0	357.9	344.7	67.2	85.1	152.2	69.7	93.3	163.0
Constant currency growth	N/A	0.5%	45.5%	15.7%	(14.3%)	(4.8%)	3.1%	3.2%	3.7%	3.5%	4.0%	1.6%	2.6%
As % of NMV	76.4%	73.3%	73.4%	73.4%	70.6%	69.5%	67.8%	66.5%	68.7%	67.7%	66.8%	67.8%	67.4%
Gross profit	120.2	121.2	180.2	211.8	163.2	167.1	167.6	32.7	40.9	73.6	33.7	45.2	78.9
Gross margin	45.6%	46.8%	45.6%	44.6%	43.2%	46.7%	48.6%	48.7%	48.0%	48.3%	48.4%	48.4%	48.4%
Operating costs	(118.3)	(108.0)	(164.6)	(200.5)	(166.1)	(150.7)	(142.0)	N/A	N/A	(68.7)	N/A	N/A	(70.6)
Growth y-o-y	0.0%	(8.7%)	52.4%	21.8%	(17.2%)	(9.3%)	(5.8%)	N/A	N/A	(9.5%)	N/A	N/A	2.8%
As % of revenue	44.8%	41.7%	41.7%	42.2%	43.9%	42.1%	41.2%	N/A	N/A	45.1%	N/A	N/A	43.3%
Adjusted EBITDA	1.9	13.2	15.6	11.3	(2.9)	16.4	25.6	N/A	N/A	4.9	N/A	N/A	8.3
Margin	0.7%	5.1%	4.0%	2.4%	(0.8%)	4.6%	7.4%	N/A	N/A	3.2%	N/A	N/A	5.1%
Operating profit	(9.1)	0.6	(2.9)	(6.8)	(24.3)	(8.9)	6.0	N/A	N/A	(5.3)	N/A	N/A	(1.6)
Margin	(3.4%)	0.2%	(0.7%)	(1.4%)	(6.4%)	(2.5%)	1.7%	N/A	N/A	(3.5%)	N/A	N/A	(1.0%)

Source: Global Fashion Group, Edison Investment Research.

Looking forward, as for the LatAm region, the emphasis is less on restructuring the ANZ region and more on leveraging the improvements already made. Customer growth should increasingly be driven by acquisition and reactivation of higher-value customers supported by 'Front Row'. Management also sees opportunities to increase geographic penetration and cross-category shopping. Finally, continued fulfilment optimisation and the greater use of technology and AI should enable higher volumes to provide good operating leverage from an already well-invested cost base.

In the interview below, which was initially distributed in April 2026, CEO Jere Calmes provides an overview of THE ICONIC.

Executive interview with Jere Calmes, CEO of THE ICONIC



Source: Edison Investment Research

Latin America: The turnaround template

LatAm is GFG's second-largest region from a revenue perspective and 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 in that region. The changes have covered almost every part of the business. These have translated into a significant improvement in customer KPIs and profitability despite revenue being lower in absolute terms than historically.

GFG's LatAm platform, Dafiti, was launched in 2011 and is present in Brazil and Colombia. In FY25, the region represented 30% of group NMV, 28% of revenue, 27% of gross profit and made c €3m in adjusted EBITDA versus a loss of c €7m in FY24.

The relative populations of Brazil (214 million) and Colombia (54 million) suggest Brazil represents the greatest revenue opportunity for GFG. The relative scales of the countries are confirmed with Brazil generating c €3m revenue in FY25, equivalent to 80% of GFG's LatAm revenue, as well as representing GFG's second-largest country from a revenue perspective. Colombia was GFG's fourth-largest country from a revenue perspective, at 5% of group revenue.

Relative to the group, Exhibit 3 shows that LatAm's NMV is more geared to footwear and sportswear versus other product categories, and more local brands (61% of NMV vs 40% for the group). It also has a greater focus on Retail at 65% of NMV versus 61% for the group in FY25, as shown in Exhibit 5.

A narrower geographic footprint

The first key change by management following the pandemic was to focus the business on the markets where it believed it could generate an acceptable financial return. Operations in Argentina were wound down in FY23 and Chile followed in Q125, leaving Brazil and Colombia as the core markets.

Refocusing the proposition

Starting in FY23, management began to make significant changes to the product offer. The previous strategy had left Dafiti with too broad an assortment and insufficient differentiation. 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 in Brazil by 30% in FY23, decreasing its long tail of less productive items and making the platform easier for customers to navigate. As a result, Brazil enjoyed a significant 45% y-o-y improvement in NMV per stock keeping unit (SKU) and reduced the need for promotional activity. 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.

The benefits of product and inventory discipline have continued beyond FY23. The removal of less productive SKUs and tighter management of aged stock have supported better Retail economics, while management has continued to refine the assortment towards the brands and categories that resonate more with customers.

From customer acquisition to engagement

Moving into FY24, the focus shifted to improved customer relationship management (CRM), including a marketing focus on customer engagement instead of price promotion supported by CRM and more targeted campaigns. This approach continued into FY25 when management refreshed the cashback programme and placed greater emphasis on Club Dafiti, which offers personalised rewards and exclusive promotions to encourage higher-value customers to shop more frequently. Although active customers declined by c 2% in FY25, higher order frequency and average order value helped NMV return to 6% constant currency growth.

Developing the Marketplace and brand proposition

Alongside the changes to the customer proposition, management has progressively expanded the services offered to its brand partners. The launch of the 'Fulfilled by' model in Brazil in FY24 increased the appeal of the Marketplace model to brand partners, enhanced the customer delivery experience, increased utilisation of GFG's capacity and generated additional revenue for the company with no incremental inventory investment. The service has scaled steadily since launch. By the end of FY25, 'Fulfilled by' had c 60 participating brands and generated four times as much revenue as in the prior year. By H126, this had increased to 70 brand partners and the service represented 6% of LatAm's Marketplace NMV.

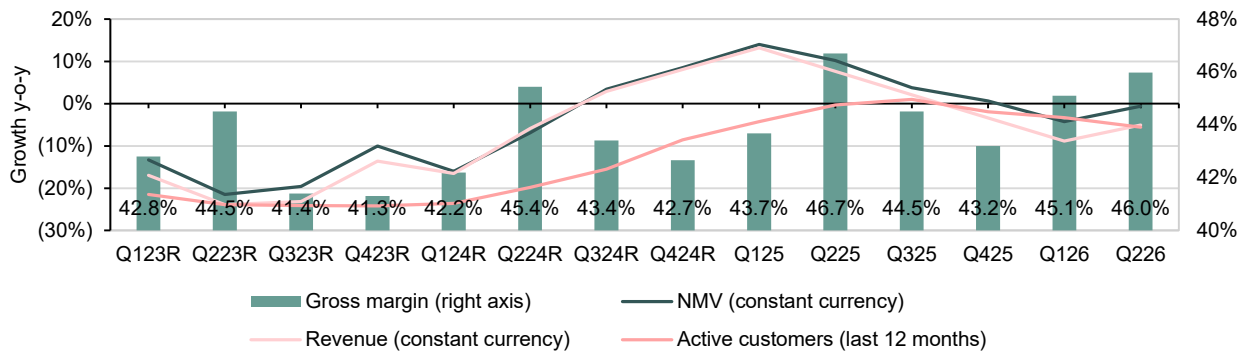
GFG has also broadened the proposition to brand partners beyond fulfilment. For example, supplier financing was introduced in FY25.

Using technology to change the cost base

The use of technology has moved beyond the app and customer interface towards changing the underlying costs of the business. In FY25, GFG began deploying AI-generated catalogue imagery at scale, which management initially estimated was around 30% faster than the traditional workflow. By H126, the product catalogue workflow was described as 100% AI-generated across LatAm and e-production costs in Brazil had fallen by more than 50%. In addition to the cost savings, automated content creation enables products to be put online more quickly and content to be altered more frequently in response to sales performance.

A more resilient and profitable business

Management's initiatives to retain existing customers and attract new customers with an improved product offering are delivering improving results, albeit the macroeconomic sensitivities can drive variations between the quarters. NMV and revenue showed consistent year-on-year improvements on a constant currency basis from Q324 to Q425, despite relatively consistent declines in the number of active customers. Gross margin has increased year-on-year in every quarter since Q224, except for Q226. Revenue growth has been more challenging in recent quarters as a result of macroeconomic challenges, greater competition from cross-border operators that was aided by a tax change, and the diversion of consumer spending around the FIFA World Cup.

Exhibit 12: GFG's LatAm summary financials and KPIs since Q123


Source: Global Fashion Group. Note: R, restated for exits from Argentina and Chile.

There is good evidence the operational reset has improved the resilience of the business. First, over the longer term, the region has moved from an adjusted EBITDA loss in FY21–24 to a profit in FY25, helped a little by exiting unprofitable countries, and was close to normalised free cash flow break-even. Management's focus on more profitable customers is reflected in fewer active customers with better spend per customer. The improvement in profitability continued into H126, as the gross margin improved to 45.6% from 45.3% in H125 and GFG generated a higher adjusted EBITDA of €0.6m versus H125's loss of €1.7m with the help of cost savings despite a c 7% constant currency revenue decline.

Exhibit 13: LatAm summary financials and KPIs

€m	FY19	FY20	FY21	FY22R	FY23R	FY24R	FY25	Q125	Q225	H125	Q126	Q226	H126
Net merchandise value (NMV)	557.8	575.3	583.2	402.9	338.6	312.0	310.5	62.7	76.1	138.8	60.3	83.3	143.6
Constant currency growth	21.9%	30.9%	3.9%	(10.2%)	N/A	(1.8%)	6.1%	14.0%	10.2%	11.9%	(4.3%)	(0.6%)	(2.2%)
Active customers (m)	5.9	7.7	7.8	5.0	3.8	3.5	3.4	3.5	3.5	3.5	3.4	3.3	3.3
Growth y-o-y	17.8%	31.2%	0.4%	(20.1%)	(24.2%)	(8.6%)	(1.9%)	(4.3%)	(0.3%)	(0.3%)	(3.3%)	(5.6%)	(5.6%)
NMV per active customer (€) (Edison)	94.5	74.7	74.8	80.6	89.1	89.1	91.3	89.4	88.6	88.6	90.6	95.5	95.5
Growth y-o-y	(2.4%)	(21.0%)	0.1%	N/A	10.6%	(1.9%)	2.4%	(16.5%)	(12.6%)	(12.6%)	1.4%	7.8%	7.8%
Revenue	401.4	372.7	352.1	264.9	214.0	196.7	190.9	38.7	46.4	85.1	35.4	48.5	83.9
Constant currency growth	18.4%	20.8%	(0.4%)	(8.7%)	(19.3%)	(1.8%)	3.5%	13.2%	7.6%	10.0%	(8.9%)	(5.1%)	(6.8%)
As % of NMV	72.0%	64.8%	60.4%	65.7%	63.2%	63.0%	61.5%	61.7%	61.0%	61.3%	58.7%	58.2%	58.4%
Gross profit	164.6	164.7	158.8	113.3	90.8	85.5	84.9	16.9	21.7	38.6	15.9	22.3	38.3
Gross margin	41.0%	44.2%	45.1%	42.8%	42.4%	43.5%	44.5%	43.7%	46.7%	45.3%	45.1%	46.0%	45.6%
Operating costs	(158.5)	(152.8)	(170.8)	(131.1)	(112.8)	(92.4)	(82.1)	N/A	N/A	(40.3)	N/A	N/A	(37.7)
Growth y-o-y	6.4%	(3.6%)	11.8%	0.0%	(14.0%)	(30.0%)	(11.1%)	N/A	N/A	(10.4%)	N/A	N/A	(6.5%)
As % of revenue	39.5%	41.0%	48.5%	49.5%	52.7%	47.0%	43.0%	N/A	N/A	47.4%	N/A	N/A	44.9%
Adjusted EBITDA	6.1	11.9	(12.0)	(17.8)	(22.0)	(6.9)	2.8	N/A	N/A	(1.7)	N/A	N/A	0.6
Margin	1.5%	3.2%	(3.4%)	(6.7%)	(10.3%)	(3.5%)	1.5%	N/A	N/A	(1.9%)	N/A	N/A	0.7%
Operating profit	0.6	(4.8)	(54.8)	N/A	N/A	(22.5)	(9.2)	N/A	N/A	(7.3)	N/A	N/A	(4.8)
Margin	0.1%	(1.3%)	(15.6%)	N/A	N/A	(11.4%)	(4.8%)	N/A	N/A	(8.6%)	N/A	N/A	(5.7%)

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

Taken together, the changes to the product offer, customer proposition and services for brand partners are moving LatAm towards a more platform-led and inventory-light business. Marketplace represented 35% of LatAm NMV in FY25 versus GFG's longer-term goal of c 45%, while Platform Services represented only 2% of revenue versus the group goal of more than 5%. Therefore, there should be meaningful scope to increase both.

FY23 and FY24 were primarily about fixing the proposition and cost base and FY25 was about scaling the new customer and partner propositions. With the major restructuring completed, the next phase appears to be about evolution. As described earlier, management is focused on unit economics instead of volume. Management believes the region has further to go in improving customer and order profitability and is therefore prepared to accept having fewer active customers rather than spend at unattractive acquisition payback levels. This means that any recovery is likely to appear first in spend and order frequency, then in numbers of orders and active customers. Management also has a relatively sophisticated pricing operation in LatAm and is considering whether elements of the automated pricing technology being used in ANZ could be transferred to the region, although it believes buying, merchandising and attracting the right customers remain the more important drivers.

In the interview below, CEO Leandro Medeiros provides an overview of Dafiti.

Executive interview with Dafiti CEO Leandro Medeiros

Source: Edison Investment Research

South-East Asia

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 more recently Taiwan in Q125.

Although SEA is currently GFG's smallest division (21% of FY25 NMV, 22% of revenue and 22% of gross profit), it has the greatest opportunity for growth from a population perspective. In FY25, the Philippines, Indonesia and Malaysia were GFG's third-, fifth- and sixth-largest revenue contributors at 6%, 5% and 5% of group revenue, respectively, while Hong Kong is a relatively small contributor to the group.

From a product perspective (Exhibit 3), SEA's NMV is more weighted to sport (30% of NMV vs 26% for the group) and accessories (20% of NMV vs 13% for the group), with a much greater contribution from global brands (79% of NMV vs 53% for the group). Relative to GFG's other regions, SEA has been more successful at growing Marketplace, as it represented 53% of NMV in FY25 (Exhibit 5), well above 39% for the whole of GFG. As a consequence, SEA's gross margin (c 46% in FY25) compared favourably with LatAm's c 44% but was lower than ANZ's c 49% margin.

The opportunity in SEA comes with complications. The division operates in a greater number of countries than GFG's other regions, with very different consumer incomes, competitive environments and logistics infrastructure. SEA has been GFG's most challenged region during the post-COVID demand downturn. The return of customers to physical retail, increasing competition from low-cost international e-commerce operators and the growth of brands' own online channels have all weighed on customer numbers and spend.

Improving SEA's performance is management's main remaining turnaround task. The template is broadly the same as has been employed in LatAm: sharpen the product offer, focus marketing on the most valuable customers, simplify the business and improve the economics before attempting to restore volume growth. A new regional CEO, Felipe Garcia Alvarez, joined in H125 to lead the next stage of the turnaround.

A more focused and differentiated product offer

The most important commercial change has been to sharpen ZALORA's fashion and lifestyle proposition. Like LatAm, SEA had broadened its assortment into product categories that contributed relatively little NMV, weakened differentiation

and increased complexity. Management has therefore removed non-core categories and the long tail of low-productivity brands and SKUs, concentrating on apparel, footwear, accessories and sportswear, and giving greater support to the most important international and local brand partners across Retail and Marketplace.

The scale of the rationalisation is evident in 63% of FY25's NMV being generated by the top 30 brands. Since FY23, Retail intake has reduced by 28% while the number of brands has fallen by 20%. The Marketplace range has also been rationalised, helping NMV per brand to increase by 20% since FY23. This has been accompanied by greater inventory discipline, with aged stock reduced and conservative inventory management while demand remains weak, which has limited markdown risk and led to a higher Retail margin. There is still more to do. Management wants greater differentiation through exclusivity with key brands, which is important given ZALORA competes with large general merchandise platforms that have advantages in terms of price and breadth.

From customer acquisition to customer quality

Recognising the more competitive environment, marketing has been increasingly directed towards the best and most loyal customers, with a focus on retention, frequency and average order value. The rebrand of the loyalty programme, ZALORA VIP, has supported improving frequency and size of orders, while shifting away from lower-priced products.

The continuing decline in active customers, which fell by 14% in FY25 and 13% in H126, remains a challenge but shows management is unwilling to restore customer growth at the expense of unattractive economics. Churn remains higher than the combination of new and reactivated customers. Management confirmed the weakness is visible across all markets and is not reflective of problems in a particular country or few countries.

Rebuilding the ZALORA brand

A more recent development is the early FY26 introduction of the 'Got You Looking' masterbrand campaign that proved successful in ANZ. The objective is to reinforce ZALORA's fashion credentials and improve the brand's perception, and to attract higher-quality traffic and rebuild a healthier customer base over time.

Simplifying the operating model

The product and customer changes have been accompanied by significant operational restructuring. Management moved SEA to a functional management structure across the markets, which eliminated duplicate country structures. By the end of Q225, the regional headcount was 22% lower year-on-year and the total cost base was 22% lower. Management has also renegotiated contracts with delivery partners and continues to look for savings from simplifying administration, automation and the deployment of AI.

Management has continued to improve the delivery proposition while reducing costs. By the end of H126, delivery times in SEA were more than 20% faster than in FY23.

The most advanced platform model

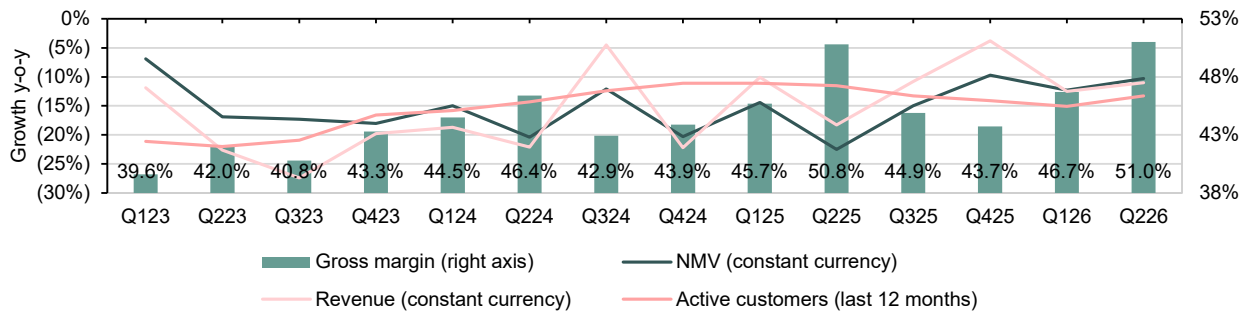
With 53% of FY25 NMV generated by Marketplace SEA and Platform Services representing 10% of revenue, SEA is already GFG's most platform-led region.

The most distinctive service is the single-stock solution, which enables brand partners to use one pool of inventory to fulfil orders from ZALORA, their own websites and other channels. For example, ZALORA fulfils all Hennex & Mauritz's orders across the regions as well as the brands being listed on ZALORA. Revenue from the service increased by just under 50% from FY23 to FY25 on a constant currency basis.

'Fulfilled by' is also much more mature in SEA than the other regions. By the end of H126, 81 qualifying brand partners were using the service, and it represented 29% of Marketplace NMV. Management's priority is now less about simply adding brands and more about optimising the range and partner mix and improve unit economics.

Profitability improving ahead of more favourable top-line trends

SEA continues to see double-digit rates of decline in active customers, as management's strategy focuses on more loyal and profitable customers. In Q226, active customers declined by c 13%, compounding Q225's c 12% decline. The trends in gross margin have been favourable, with year-on-year increases in the gross margin in every quarter since Q124, except in Q425 when it declined marginally.

Exhibit 14: South-East Asia summary financials and KPIs since Q123


Source: Global Fashion Group

The growth in Marketplace has been a key driver of the improvement in SEA's gross margin from 31.5% in FY19 to 46.1% in FY25. Despite year-on-year declines in operating costs from the FY22 peak, they continued to increase relative to revenue until FY24 and have been declining on a relative basis since. FY25's operating costs were almost 40% lower than FY22's peak.

SEA returned to an adjusted EBITDA profit for the first time in H125 and has continued to improve, such that it generated its first full year adjusted EBITDA profit for three years in FY25, and its momentum continued into H126. The improvement in profitability has been achieved despite the lower NMV as a result of declines in active customers and NMV per customer.

Exhibit 15: South-East Asia summary financials and KPIs

€m	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Q125	Q225	H125	Q126	Q226	H126
Net merchandise value (NMV)	276.3	342.2	407.2	411.9	335.8	272.3	222.5	62.6	49.3	111.9	50.6	42.2	92.8
Constant currency growth	31.6%	27.0%	21.0%	(4.8%)	(15.0%)	(17.2%)	(15.2%)	(14.4%)	(22.5%)	(18.3%)	(12.3%)	(10.3%)	(11.4%)
Active customers (m)	2.6	3.3	3.6	2.9	2.4	2.1	1.8	2.1	2.0	2.0	1.8	1.7	1.7
Growth y-o-y	N/A	26.7%	10.5%	(20.9%)	(16.6%)	(11.1%)	(14.1%)	(11.1%)	(11.5%)	(11.5%)	(15.1%)	(13.3%)	(13.3%)
NMV per active customer (€) (Edison)	106.3	103.7	113.1	142.0	139.9	129.7	123.6	125.3	123.7	123.7	116.9	119.6	119.6
Growth y-o-y	N/A	(2.4%)	9.1%	25.6%	(1.5%)	(7.3%)	(4.7%)	(9.8%)	(9.3%)	(9.3%)	(6.7%)	(3.3%)	(3.3%)
Revenue	237.6	274.9	289.0	279.6	212.4	172.9	150.9	41.5	33.5	75.0	34.4	29.3	63.7
Constant currency growth	29.3%	21.2%	7.1%	(9.2%)	(20.9%)	(17.1%)	(10.6%)	(10.1%)	(18.3%)	(14.1%)	(12.5%)	(11.0%)	(11.8%)
As % of NMV	86.0%	80.3%	71.0%	67.9%	63.3%	63.5%	67.8%	66.3%	68.0%	67.0%	68.0%	69.4%	68.6%
Gross profit	74.9	88.8	109.6	108.7	88.2	76.8	69.6	19.0	17.0	36.0	16.1	14.9	31.0
Gross margin	31.5%	32.3%	37.9%	38.9%	41.5%	44.4%	46.1%	45.7%	50.8%	48.0%	46.7%	51.0%	48.7%
Operating costs	(98.6)	(95.7)	(109.6)	(106.6)	(89.6)	(79.4)	(66.6)	N/A	N/A	(35.9)	N/A	N/A	(29.0)
Growth y-o-y	0.0%	(2.9%)	14.5%	(2.7%)	(15.9%)	(11.4%)	(16.1%)	N/A	N/A	(11.8%)	N/A	N/A	(19.2%)
As % of revenue	41.5%	34.8%	37.9%	38.1%	42.2%	45.9%	44.1%	N/A	N/A	47.9%	N/A	N/A	45.5%
Adjusted EBITDA	(23.7)	(6.9)	0.0	2.1	(1.4)	(2.6)	3.0	N/A	N/A	0.1	N/A	N/A	2.0
Margin	(10.0%)	(2.5%)	0.0%	0.8%	(0.7%)	(1.5%)	2.0%	N/A	N/A	0.1%	N/A	N/A	3.1%
Operating profit	(44.5)	(20.7)	(12.8)	(10.8)	(16.5)	(14.0)	(11.0)	N/A	N/A	(8.0)	N/A	N/A	(4.8)
Margin	(18.7%)	(7.5%)	(4.4%)	(3.9%)	(7.8%)	(8.1%)	(7.3%)	N/A	N/A	(10.7%)	N/A	N/A	(7.5%)

Source: Global Fashion Group, Edison Investment Research.

The next stage will shift from wholesale restructuring to proving the new model can generate sustainable growth. Management intends to continue sharpening the assortment around the most relevant brands and categories, with more exclusivity, and strengthen retention and improve new customer activations. If management can stabilise NMV and eventually return the region to growth, the combination with a leaner cost base could provide good operational leverage.

Financials

In the previous sections we have shown how management's actions to refine and improve the product offer, along with more effective marketing, have led to positive trends in customer numbers in ANZ and a slower rate of decline in customer numbers in LatAm but have yet to show an improvement in SEA. A combination of more differentiated product and growth in Marketplace have contribution to an overall improvement in gross margin.

The restructuring of the cost bases in the regions and at the centre have enabled the gross margin gains to feed through to a steady improvement in adjusted EBITDA for each region and the group as a whole. In the last 12 months there have been a couple of important milestones from a profitability perspective. GFG generated its first full-year adjusted EBITDA profit since FY21, with all regions generating a profit at the same time, which was followed by its first H1 adjusted EBITDA profit with the current footprint, again with all regions contributing positively.

At the group level, while recognising the KPIs and financials for the different regions are quite variable, we can see the broad trends of improving active customer numbers, albeit still negative because of SEA, order frequency and constant

currency average order value. On an annual basis, NMV per active customer has been within a narrow range in the last few years.

Exhibit 16: GFG's KPIs

GFG's KPIs	FY16	FY17	FY18	FY19	FY20	FY21	FY22R	FY23R	FY24R	FY25	H125	H126
NMV per active customer € (GFG)	121.4	136.7	130.2	136.1	120.3	140.5	N/A	N/A	N/A	N/A	N/A	N/A
Constant currency growth	N/A	8.6%	7.8%	5.1%	0.9%	18.5%	0.0%	N/A	N/A	N/A	N/A	N/A
NMV per active customer € (Edison)	120.9	137.1	129.8	135.7	120.1	140.6	146.1	147.6	144.7	142.7	128.5	136.7
Number of orders (m)	19.8	23.2	28.2	34.6	42.0	47.8	25.3	17.5	17.5	17.2	7.9	7.3
Growth y-o-y	N/A	17.2%	21.6%	22.7%	21.4%	13.8%	(13.2%)	(10.6%)	(10.6%)	(1.4%)	(2.1%)	(6.6%)
Average order value (€)	54.2	58.0	51.6	51.3	46.6	50.0	57.8	61.7	62.7	60.5	60.4	65.1
Constant currency growth	N/A	2.4%	0.8%	0.0%	3.5%	8.9%	16.9%	11.8%	4.4%	2.1%	2.6%	5.3%
Active customers (m)	8.9	9.8	11.2	13.1	16.3	17.0	10.0	8.2	7.6	7.3	7.4	7.0
Growth y-o-y	N/A	10.1%	14.3%	17.0%	24.6%	4.5%	(15.7%)	(18.2%)	(8.0%)	(4.0%)	(2.5%)	(5.5%)
Order frequency (x per year)	2.2	2.4	2.5	2.6	2.6	2.8	2.5	2.4	2.3	2.4	2.3	2.4
Growth y-o-y	N/A	9.1%	4.2%	4.0%	(2.5%)	8.8%	3.0%	(5.2%)	(2.8%)	2.3%	(1.4%)	1.8%

Source: Global Fashion Group, Edison Investment Research. Note: R, restated for current footprint. FY16–21 as reported including discontinued operations.

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

With the presentation of the FY25 results, management reframed its medium-term guidance with a focus on 'profitable growth', that is, a balanced financial strategy to deliver NMV growth, adjusted EBITDA margin expansion and normalised free cash flow break-even. Previously, management had specific 'medium-term' targets quantified.

With the H126 results, GFG's management narrowed its guidance for FY26 adjusted EBITDA to €18–25m, within the prior guided range of €15–25m that was introduced at the start of the year. This was encouraging given that, recognising the challenging macroeconomic environment and the mixed H126 performance in the regions, management reduced its guidance for constant currency NMV growth to a tighter range of -4% to 0%, from -4% to +4% or c €1,000m, previously. However, more favourable foreign exchange rates versus the euro in a number of countries, including Australia, Brazil and Colombia, from when the prior guidance was set meant NMV guidance increased to €1,050–1,090m.

Exhibit 17: Summary income statement

€m	H125	H225	FY25	H126	H226e	FY26e	FY27e	FY28e
Net merchandise value	475.5	566.1	1,041.6	478.3	585.4	1,063.7	1,097.0	1,137.7
Growth y-o-y	(5.0%)	(5.5%)	(5.3%)	0.6%	3.4%	2.1%	3.1%	3.7%
Revenue	309.3	370.6	679.8	307.3	385.6	692.9	700.6	725.4
Growth y-o-y	(5.3%)	(6.5%)	(5.9%)	(0.6%)	4.0%	1.9%	1.1%	3.5%
Constant currency growth	(0.3%)	(0.8%)	(0.6%)	(3.5%)	(3.2%)	(3.3%)	1.1%	3.5%
As % of NMV	65.0%	65.5%	65.3%	64.2%	65.9%	65.1%	63.9%	63.8%
Gross profit	145.2	170.4	315.5	144.9	185.0	329.9	336.1	352.2
Gross margin	46.9%	46.0%	46.4%	47.2%	48.0%	47.6%	48.0%	48.6%
Fulfilment costs	(72.0)	(74.4)	(146.4)	(66.1)	(77.5)	(143.6)	(141.7)	(143.4)
% of NMV	15.1%	13.1%	14.1%	13.8%	13.2%	13.5%	12.9%	12.6%
Marketing costs	(32.9)	(36.5)	(69.4)	(33.2)	(38.1)	(71.3)	(73.5)	(76.2)
% of NMV	6.9%	6.5%	6.7%	6.9%	6.5%	6.7%	6.7%	6.7%
Tech and admin costs	(74.1)	(67.8)	(141.9)	(68.5)	(68.8)	(137.3)	(131.6)	(134.0)
% of NMV	15.6%	12.0%	13.6%	14.3%	11.8%	12.9%	12.0%	11.8%
Adjusted EBITDA	(7.7)	17.1	9.3	0.8	20.6	21.4	33.7	43.8
Margin	(2.5%)	4.6%	1.4%	0.3%	5.3%	3.1%	4.8%	6.0%

Source: Global Fashion Group, Edison Investment Research

Our adjusted EBITDA estimates are unchanged, having tweaked our estimates for NMV and revenue marginally to take into account the trends in H126.

We forecast a CAGR for NMV, revenue and gross profit of between 2% and 4% from FY25 to FY28, with more of the growth coming from spend per customer than growth in active customer numbers. We expect leverage of the cost base will lead to greater growth in adjusted EBITDA, from €9.3m in FY25 to €43.8m in FY28. By FY28 we forecast an adjusted EBITDA margin of 6.0%, which is consistent with management's prior 'medium-term' target (see: Focus on profitability and cash generation section).

In FY26 we assume active customers grow in ANZ and decline in both LatAm and SEA, consistent with the trends seen in H126. Conversely, we assume constant currency NMV growth per customer in LatAm and SEA and declines in ANZ, again consistent with H126 trends. Beyond FY26, we assume a broadly slower rate of decline or improvement in active customers for all regions and growth in NMV per active customer.

For the individual regions, we assume a gradual improvement or slower rate of decline in active customers will be complemented by growth in NMV.

Exhibit 18: NMV growth drivers

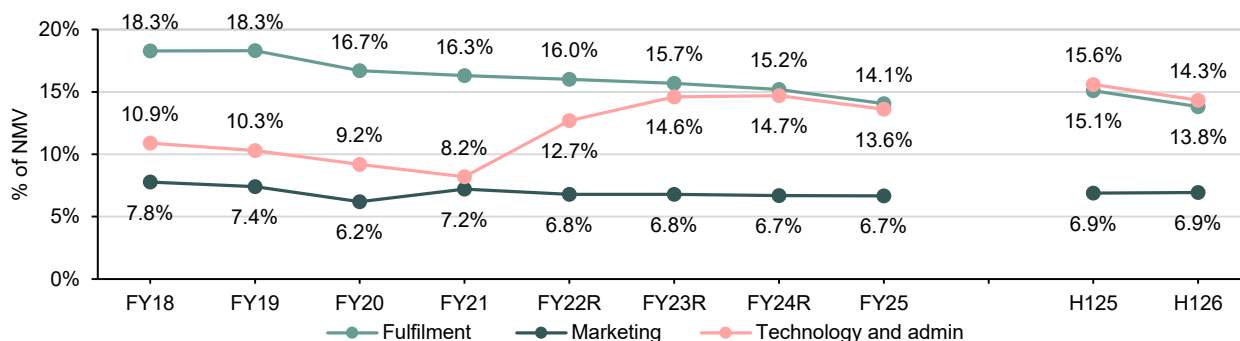
€m	H125	FY25	H126	FY26e	FY27e	FY28e
GROUP:						
NMV	475.5	1,041.6	478.3	1,063.7	1,097.0	1,137.7
Growth y-o-y	(5.0%)	(5.3%)	0.6%	2.1%	3.1%	3.7%
Constant currency growth	0.4%	0.3%	(1.7%)	(2.2%)	3.1%	3.7%
NMV per active customer (€) (Edison)	128.5	142.7	136.7	153.2	157.7	162.1
Active customers	7.4	7.3	7.0	6.9	7.0	7.0
Growth y-o-y	(2.5%)	(4.0%)	(5.5%)	(4.9%)	0.2%	0.9%
AUSTRALIA & NEW ZEALAND:						
NMV	224.9	508.7	242.0	539.4	561.2	583.8
Growth y-o-y	0.9%	(1.3%)	7.6%	6.0%	4.0%	4.0%
Constant currency growth	6.2%	5.7%	3.2%	0.2%	4.0%	4.0%
NMV per active customer (€) (Edison)	258.6	254.4	262.9	262.1	264.7	267.4
Active customers	2.0	2.0	2.0	2.1	2.1	2.2
Growth y-o-y	4.3%	3.5%	2.5%	2.9%	3.0%	3.0%
LATIN AMERICA:						
NMV	138.8	310.5	143.6	325.9	335.7	345.8
Growth y-o-y	(1.4%)	(0.5%)	3.5%	5.0%	3.0%	3.0%
Constant currency growth	11.9%	6.1%	(2.2%)	(2.4%)	3.0%	3.0%
NMV per active customer (€) (Edison)	88.6	91.3	95.5	99.9	102.9	105.9
Active customers	3.5	3.4	3.3	3.3	3.3	3.3
Growth y-o-y	(0.3%)	(1.9%)	(5.6%)	(4.0%)	0.0%	0.0%
SOUTH-EAST ASIA:						
NMV	111.9	222.5	92.8	198.4	200.1	208.1
Growth y-o-y	(18.2%)	(18.3%)	(17.1%)	(10.8%)	0.9%	4.0%
Constant currency growth	(18.3%)	(15.2%)	(11.4%)	(7.5%)	0.9%	4.0%
NMV per active customer (€) (Edison)	123.7	123.6	119.6	122.4	127.3	132.4
Active customers	2.0	1.8	1.7	1.6	1.6	1.6
Growth y-o-y	(11.5%)	(14.1%)	(13.3%)	(10.0%)	(3.0%)	0.0%

Source: Global Fashion Group, Edison Investment Research.

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').

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. The relative increase in technology and admin expenses stands out, so it is worth highlighting these have fallen year-on-year in absolute terms in every period since FY22.

Exhibit 19: GFG's operating expenses relative to NMV


Source: Global Fashion Group. Note: R, restated for current footprint.

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 €22m of the total operating cost base in FY25.

Cash flow: Management anticipates improving cash generation

FY25 marked the third year that GFG has generated positive operating cash flow since FY19. Relative to revenue, the operating cash generation has been relatively low, except in FY22 when a gain was recognised on the sale of the operations in CIS. Free cash generation has been less positive over the same time frame.

In Exhibit 20 we show the key historical drivers of free cash generation and our estimates relative to revenue, to demonstrate how incremental changes in revenue translate into free cash flow. The figures are as originally reported for each financial year before any subsequent restatement for discontinued activities in order to get the best long-term view.

Exhibit 20: GFG's cash generation relative to revenue

Relative to revenue %	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26e	FY27e	FY28e
Operating cash flow	(4.4%)	3.0%	(2.1%)	10.0%	(5.2%)	(2.2%)	1.7%	4.2%	5.3%	6.4%
- Loss before tax	(8.7%)	(7.9%)	(8.6%)	(15.6%)	(20.0%)	(10.6%)	(9.1%)	(3.8%)	(2.1%)	(0.7%)
- Depreciation, amortisation and impairments	4.6%	4.9%	6.0%	10.9%	13.5%	8.5%	6.8%	6.0%	6.1%	6.0%
- Profit on sale of assets and M&A	(0.4%)	0.0%	(0.0%)	10.3%	0.4%	0.3%	(0.1%)	0.0%	0.0%	0.0%
- Net finance	0.7%	0.9%	1.9%	3.7%	1.9%	0.5%	1.1%	0.6%	0.6%	0.6%
- Working capital	(0.9%)	2.8%	(1.6%)	4.2%	3.6%	3.1%	2.9%	1.4%	0.7%	0.4%
- Tax paid	(0.2%)	(0.2%)	(0.6%)	(1.4%)	(0.8%)	(1.5%)	(1.1%)	(0.3%)	(0.2%)	(0.1%)
Investing cash flows	5.1%	(2.3%)	(18.7%)	(3.2%)	6.0%	18.7%	(0.9%)	(1.4%)	(1.4%)	(1.4%)
- Net capex	(4.9%)	(3.5%)	(3.6%)	(6.1%)	(3.4%)	(4.0%)	(1.9%)	(2.0%)	(2.0%)	(1.9%)
- M&A	8.5%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net interest	(0.8%)	(0.8%)	(1.1%)	(1.6%)	(0.5%)	0.2%	(0.6%)	(0.6%)	(0.6%)	(0.6%)
Lease payments	(1.5%)	(1.7%)	(1.5%)	(2.8%)	(2.1%)	(2.2%)	(2.3%)	(1.8%)	(1.8%)	(1.8%)
Free cash flow after interest	(11.5%)	(2.9%)	(8.3%)	(0.5%)	(11.2%)	(8.2%)	(3.1%)	(0.3%)	1.0%	2.2%

Source: Global Fashion Group, Edison Investment Research. Note: as reported including discontinued operations.

Management's commentary and guidance focuses on normalised free cash flow, which differs slightly from our definition of free cash flow. 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.

Exhibit 21: GFG's normalised free cash flow

€m	FY23	FY24	FY25	FY26e	FY27e	FY28e	H125	H126
Adjusted EBITDA	(58)	(21)	9	21	34	44	(8)	1
Cash lease costs	(20)	(19)	(18)	(17)	(17)	(17)	(8)	(8)
Working capital	48	38	3	10	5	3	(33)	(31)
Total funding operations	(30)	(2)	(5)	15	22	30	(49)	(38)
Intangible capex	(24)	(26)	(12)	(12)	(12)	(12)	(6)	(5)
Tangible capex	(4)	(4)	(1)	(2)	(2)	(2)	(1)	0
Total capex	(29)	(30)	(13)	(14)	(14)	(14)	(6)	(5)
Other	(9)	(14)	(14)	(14)	(14)	(14)	(7)	(6)
Normalised free cash flow	(68)	(45)	(32)	(14)	(6)	2	(62)	(49)

Source: Global Fashion Group, Edison Investment Research.

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 outlook for cash generation, management has been clear 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.

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 FY25, GFG had a gross cash position of c €177m and restricted cash of c €9m to give pro forma cash of c €185m. It had minimal external debt of c €1m, gross lease liabilities of c €49m and convertible debt of c €41m. Its pro forma net cash was therefore c €143m if we exclude IFRS 16 liabilities or €94m if we include those liabilities.

The typical seasonal H1 cash outflow meant GFG's pro forma cash position had reduced to c €105m by the end of June 2026 and its pro forma net cash position excluding IFRS 16 liabilities was c €89m. Including IFRS 16 liabilities of c €45m, the net cash position was c €43m versus €94m at the end of FY25.

GFG has continued to materially reduce its convertible bond exposure. During FY25, c €14m was repurchased leaving c €41m outstanding at the year-end and this was followed by bondholders exercising their early redemption right for a further c €32m of the outstanding bond in March 2026.

In March 2026, GFG launched a share buyback programme permitting the purchase of up to 15m shares for a maximum

consideration of €3.0m, with the shares purchase to be held in treasury. By the end of June 2026, GFG had spent €0.6m on share repurchases.

GFG has reported net losses in every year for which we have seen financials, which have accumulated to significant retained losses of c €2.5bn at the end of FY25. This has contributed to a continuous reduction in net assets from more than €800m in FY16 to c €156m at the end of FY25 and c €132m at the end of H126. Our estimate of continuing but smaller net losses through FY28 will lead to further but modifying reductions in net assets.

To complement the accounting losses, GFG has significant group tax loss carry forwards of c €4bn at end FY25. The majority of the tax losses relate to the holding entities in Luxembourg (c €3.37bn) and Germany (€56m), with c €549m 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 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.

At 30 June 2026, GFG had €35.7m of non-current judicial deposits, up from €32.6m at the end of FY25. The majority relates to Brazil's Diferencial de Alíquota do ICMS (DIFAL) tax, where BRL192.7m (€32.6m), equivalent to c 91% of the total judicial deposits, remains tied up in court proceedings. The issue stems from uncertainty following a 2021 Brazilian Supreme Court ruling on the collection of DIFAL on interstate sales to final consumers. GFG subsequently initiated 36 proceedings covering amounts relating to 2021 and 2022, with the disputed tax paid into court-controlled accounts pending resolution. These deposits are economically closer to restricted cash than an operating asset, although there is no certainty over either recovery or timing while the cases remain subject to judicial review. A final favourable decision would result in the relevant principal being returned to GFG, together with accrued interest and net of legal fees. There is also a potentially meaningful unrecognised interest component. GFG estimates accrued interest on the DIFAL deposits at BRL61.2m (€10.4m) at 30 June 2026, equivalent to around one-third of the underlying DIFAL deposit. As the group recognises this interest only when the associated deposits are released, it is not currently reflected in reported earnings or the carrying value of the deposits. Consequently, successful resolution of the cases could provide both a cash inflow from the release of restricted funds and an associated P&L benefit, although the timing remains dependent on the Brazilian legal process.

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 ranges 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. This results 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 growth in NMV and revenue 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 FY28.
- GFG has consistently consumed cash through a combination of operating losses and capital investment. It has consistently operated with a conservative balance sheet (ie a year-end net cash balance), albeit one that has been reducing as cash is consumed. Management targets an improvement in 'normalised free cash flow' (see Financials section).
- 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.

Valuation and peer comparison

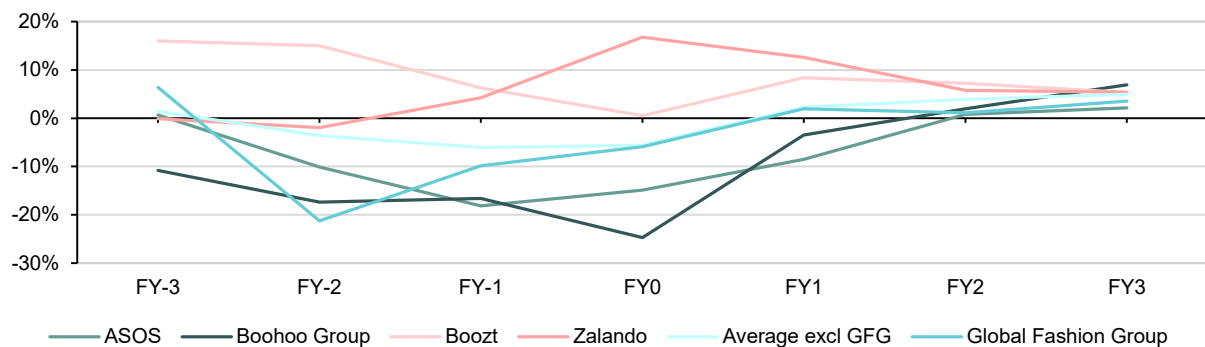
Below we argue that GFG would warrant a higher valuation, more comparable to its peers, if it is successful in improving its profitability and cash generation.

Before doing so we look at how its historical results and financial forecasts compare with consensus estimates for a sample of the most relevant e-commerce peers.

Financial performance and expectations

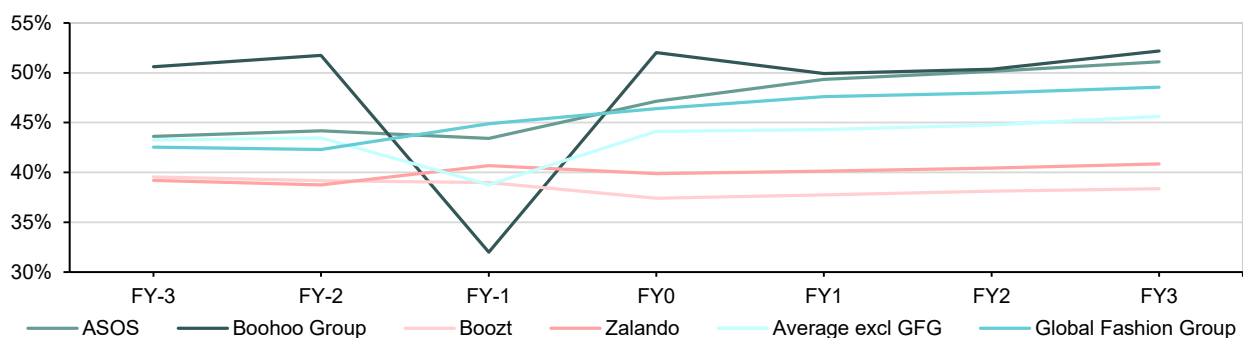
In this section we show how GFG's revenue growth rates and profitability compare with a range of European-quoted e-commerce peers that focus on fashion and lifestyle accessories. The comparison is not perfect given the companies are exposed to different geographies and product categories, with varying 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.

In Exhibit 22 we can see the peers have mainly suffered weak revenue trends in recent years as consumers switched back to towards offline retailing and the weaker macroeconomic environment took a toll on consumer spending on discretionary items, having enjoyed strong revenue growth during the COVID pandemic. GFG's historical growth has been weaker than its peers. However, looking forward, GFG's expected revenue growth is more comparable with the peer average. We forecast revenue growth for GFG of c 2%, 1% and 4% in the next three financial years, versus average consensus growth expectations for the peers of 2%, 4% and 5%.

Exhibit 22: Revenue growth rates of Global Fashion Group and peers


Source: LSEG Data & Analytics, Edison Investment Research

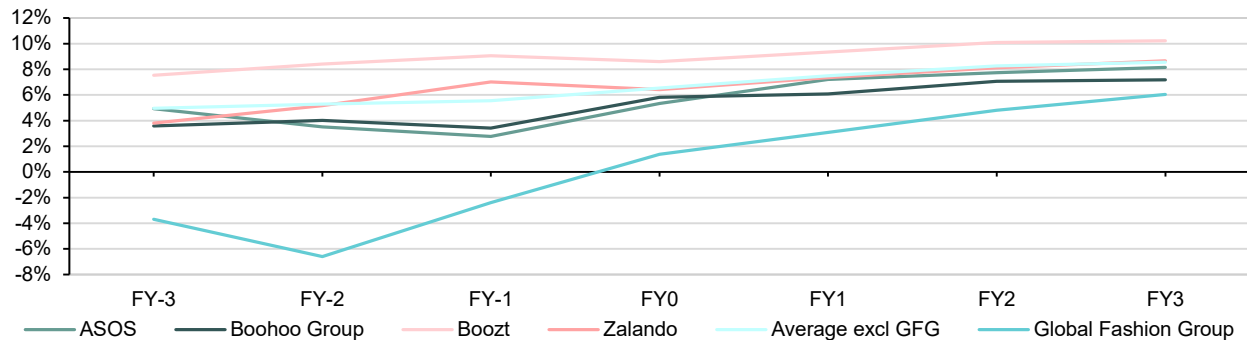
The range of gross margins for the group is relatively wide, reflecting the aforementioned differences in geographic and product exposure, etc, with GFG comparing well towards the top end of the range.

Exhibit 23: Gross margins of Global Fashion Group and peers


Source: LSEG Data & Analytics, Edison Investment Research

GFG's e-commerce peers have relatively low adjusted EBITDA margins, with an average of c 6% in FY0 and some compression in recent years with the revenue downturn and wider inflationary pressures. GFG's profitability has been well below the peers, however management is guiding to a good improvement in adjusted EBITDA, albeit remaining below the peer average.

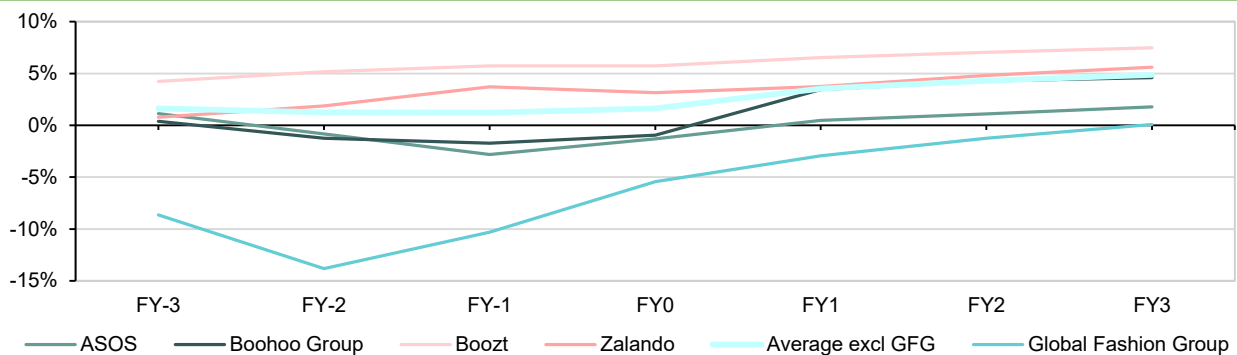
Exhibit 24: Adjusted EBITDA margins of Global Fashion Group and peers



Source: LSEG Data & Analytics, Edison Investment Research

Similar trends are observed in the operating margins, however GFG is forecast to remain loss making until FY3, when we expect a small profit.

Exhibit 25: Adjusted operating margins of Global Fashion Group and peers



Source: LSEG Data & Analytics, Edison Investment Research

Peer valuations

In Exhibit 26 we show the consensus growth rates, levels of profitability and valuation measures for a range of global e-commerce companies, along with our estimates for GFG. All figures are annualised to GFG's December year-end to make them directly comparable.

In the context of GFG's market value, the H126 ending net cash position including leases of c €43m is significant, giving it a relatively low enterprise value. Here we should also consider that the seasonal cash outflow that is typical for GFG in H1 understates the strength of its financial position.

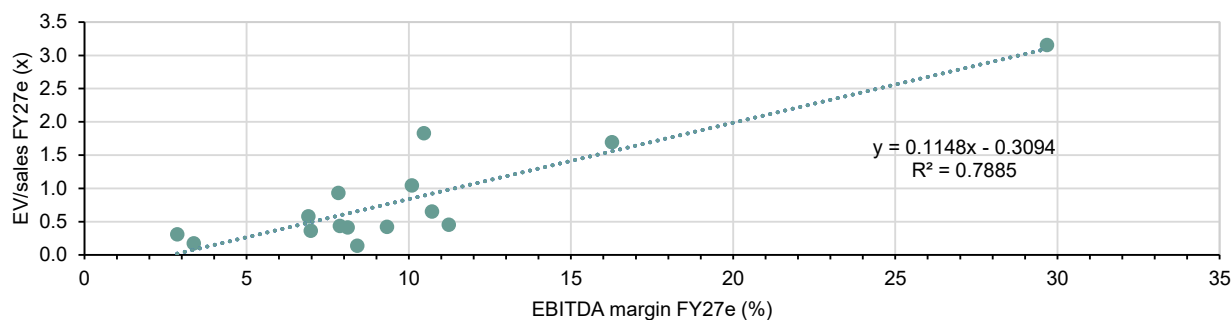
It is clear when comparing prospective EV/sales and EV/EBITDA multiples that GFG is trading at a significant discount to its peers. We recognise that GFG's revenue growth and profitability lag the averages and medians of the various groups of peers.

Exhibit 26: Peer valuations

	Share price (local)	Market value (local m)	Currency	Enterprise value (local)	Revenue growth (%)		EBITDA margin (%)		EV/sales (x)		EV/EBITDA (x)	
					FY26e	FY27e	FY26e	FY27e	FY26e	FY27e	FY26e	FY27e
ASOS	394.0	471	GBP	992	(6)	1	7.4	7.9	0.4	0.4	5.9	5.5
Boohoo Group	21.25	351	GBP	520	(8)	1	6.0	6.9	0.6	0.6	9.7	8.4
Boozt	160.8	9,529	SEK	10,049	8	7	9.4	10.1	1.1	1.0	12.0	10.3
Calida Holding	14.9	117	CHF	97	(5)	4	10.5	11.2	0.5	0.5	4.5	4.0
LuxExperience	8.0	1,112	USD	843	36	7	0.8	2.9	0.3	0.3	41.8	10.8
Zalando	24.0	6,159	EUR	6,099	13	6	7.3	8.1	0.4	0.4	6.0	5.1
Average fashion e-commerce					7	4	6.9	7.8	0.6	0.5	13.3	7.4
Median fashion e-commerce					2	5	7.4	8.0	0.5	0.4	7.8	6.9
Amazon.com	267.3	2,960,627	USD	2,992,954	16	14	26.1	29.7	3.6	3.2	13.8	10.6
Bike24 Holding	2.6	112	EUR	133	16	9	6.0	7.0	0.4	0.4	6.6	5.2
Revolve Group	23.8	1,725	USD	1,415	14	9	6.7	7.8	1.0	0.9	15.2	11.9
Vente-unique.com	17.1	169	EUR	168	15	8	10.4	10.7	0.7	0.7	6.7	6.1
Westwing Group	13.2	276	EUR	220	9	7	8.5	9.3	0.5	0.4	5.3	4.5
Platform Group	0.9	17	EUR	151	34	11	8.1	8.4	0.2	0.1	1.9	1.7
Average other e-commerce					17	10	11.0	12.2	1.1	0.9	8.3	6.7
Alibaba Group Holding	125.2	307,783	USD	2,085,156	8	12	13.2	16.3	1.9	1.7	14.3	10.4
JD.com	123.0	367,506	HKD	252,611	5	5	2.3	3.4	0.2	0.2	7.9	5.2
Jumia Technologies	6.4	767	USD	713	21	20	(13.6)	(1.3)	3.2	2.6	N/A	N/A
MercadoLibre	1,828	92,303	USD	97,199	43	29	9.8	10.5	2.3	1.8	24.1	17.5
Average emerging e-commerce					19	16	2.9	7.2	1.9	1.6	15.4	11.0
Global Fashion Group	0.41	92	EUR	48	2	1	3.1	4.8	0.1	0.1	2.3	1.4

Source: LSEG Data & Analytics, Edison Investment Research. Note: Prices at 5 October 2026.

For the peers, we find a strong correlation between prospective EV/sales multiples and prospective EBITDA multiples. For FY27, we find a marginally higher R-squared of 0.79, as shown in Exhibit 27, than for FY26 of 0.71 (not shown). In the correlation analysis we have excluded the peers with negative profit as their inclusion leads to a lower R-squared. Interestingly, we find a very low correlation between EV/EBITDA multiple and EBITDA margin for the peers.

Exhibit 27: Correlation analysis of e-commerce multiples and profitability


Source: LSEG Data & Analytics, Edison Investment Research. Note: Prices at 5 October 2026.

For GFG, applying the line of best fit to our FY27 revenue estimate would give an implied EV/sales multiple of 0.24x, which would equate to a current share price of €0.96. We note here that the typical outflow in H1 of the year means the net cash position is likely understated and therefore penalises the valuation. Our anticipated delivery of even higher profitability in FY28 than FY27 could support an even greater multiple.

Exhibit 28: Financial summary

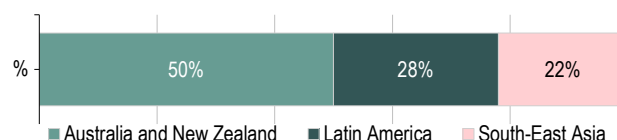
	€m	2024R	2025	2026e	2027e	2028e
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Year end 31 December						
INCOME STATEMENT						
Net Merchandise Value		1,099.6	1,041.6	1,063.7	1,097.0	1,137.7
Revenue		722.6	679.8	692.9	700.6	725.4
Cost of Sales		(398.2)	(364.3)	(363.0)	(364.5)	(373.2)
Gross Profit		324.4	315.5	329.9	336.1	352.2
Adjusted EBITDA		(17.6)	9.3	21.4	33.7	43.8
EBITDA		(18.1)	6.3	19.4	31.7	41.8
Depreciation and amortisation		0.0	(46.3)	(41.7)	(42.5)	(43.2)
Normalised operating profit		(74.5)	(37.0)	(20.3)	(8.7)	0.6
Amortisation of acquired intangibles		0.0	0.0	0.0	0.0	0.0
Exceptionals		(1.0)	(1.4)	0.0	0.0	0.0
Share-based payments		0.6	(1.6)	(2.0)	(2.0)	(2.0)
Reported operating profit		(74.9)	(40.0)	(22.3)	(10.7)	(1.4)
Net Interest		(8.7)	(15.6)	(4.2)	(4.0)	(4.0)
JVs and associates (post tax)		0.0	0.0	0.0	0.0	0.0
Exceptionals		12.3	0.0	0.0	0.0	0.0
Profit Before Tax (norm)		(70.9)	(52.6)	(24.5)	(12.7)	(3.4)
Profit Before Tax (reported)		(71.3)	(55.6)	(26.5)	(14.7)	(5.4)
Reported tax		(6.6)	(0.1)	(2.4)	(1.3)	(0.5)
Profit After Tax (norm)		(70.9)	(52.7)	(26.7)	(13.9)	(3.7)
Profit After Tax (reported)		(77.9)	(55.7)	(28.9)	(16.1)	(5.9)
Minority interests		2.6	1.9	0.0	0.0	0.0
Discontinued operations		(7.2)	(6.5)	0.0	0.0	0.0
Net income (normalised)		(68.3)	(50.8)	(26.7)	(13.9)	(3.7)
Net income (reported)		(82.5)	(60.3)	(28.9)	(16.1)	(5.9)
Basic average number of shares outstanding (m)		223.8	223.5	227.8	226.0	226.0
EPS - normalised (c)		(30.5)	(22.7)	(11.7)	(6.1)	(1.6)
EPS - normalised fully diluted (c)		(30.5)	(22.7)	(11.7)	(6.1)	(1.7)
EPS - basic reported (€)		(0.4)	(0.3)	(0.1)	(0.1)	(0.0)
Dividend (€)		0.0	0.0	0.0	0.0	0.0
Revenue growth (%)		N/A	(6)	2	1	4
Gross Margin (%)		44.9	46.4	47.6	48.0	48.6
Adjusted EBITDA Margin (%)		(2.4)	1.4	3.1	4.8	6.0
Normalised Operating Margin (%)		(10.3)	(5.4)	(2.9)	(1.2)	0.1
BALANCE SHEET						
Fixed Assets		237.8	214.2	199.2	183.4	166.9
Intangible assets		126.0	107.6	99.0	89.8	80.0
Tangible assets		42.0	33.8	27.4	20.8	14.1
Right of use assets		36.8	40.2	40.2	40.2	40.2
Investments & other		33.0	32.6	32.6	32.6	32.6
Current Assets		399.7	316.1	275.1	281.8	297.5
Stocks		96.4	81.9	81.9	81.9	81.9
Debtors		48.8	21.1	21.1	21.1	21.1
Cash & cash equivalents		210.6	176.5	135.5	142.2	157.9
Other		43.9	36.6	36.6	36.6	36.6
Current Liabilities		(303.9)	(299.0)	(268.6)	(273.6)	(276.6)
Creditors		(201.3)	(184.3)	(194.3)	(199.3)	(202.3)
Tax and social security		(15.2)	(10.6)	(10.6)	(10.6)	(10.6)
Short-term borrowings		(6.3)	(41.4)	(1.0)	(1.0)	(1.0)
Leases		(16.1)	(14.1)	(14.1)	(14.1)	(14.1)
Other		(65.0)	(48.6)	(48.6)	(48.6)	(48.6)
Long-Term Liabilities		(122.4)	(75.7)	(75.7)	(75.7)	(75.7)
Long-term borrowings		(48.6)	0.0	0.0	0.0	0.0
Leases		(32.0)	(35.1)	(35.1)	(35.1)	(35.1)
Other long-term liabilities		(41.8)	(40.6)	(40.6)	(40.6)	(40.6)
Net Assets		211.2	155.6	130.0	115.9	112.0
Minority interests		2.5	0.9	0.9	0.9	0.9
Shareholders' equity		213.7	156.5	130.9	116.8	112.9
CASH FLOW						
Op Cash Flow before WC and tax		(20.4)	(15.8)	15.2	27.7	37.8
Working capital		22.7	19.9	10.0	5.0	3.0
Exceptional & other		(8.0)	14.7	6.2	6.0	6.0
Tax		(10.9)	(7.5)	(2.4)	(1.3)	(0.5)
Net operating cash flow		(16.6)	11.3	29.0	37.4	46.3
Capex		(29.6)	(14.0)	(14.0)	(14.0)	(14.0)
Acquisitions/disposals		0.0	0.0	0.0	0.0	0.0
Net interest		1.6	(3.8)	(4.2)	(4.0)	(4.0)
Equity financing		0.0	0.0	(1.3)	0.0	0.0
Dividends		0.0	0.0	0.0	0.0	0.0
Leases		(16.5)	(15.5)	(12.7)	(12.7)	(12.7)
Other		45.6	(10.1)	(37.8)	0.0	0.0
Net cash flow		(15.5)	(32.1)	(41.0)	6.7	15.6
Opening net debt/(cash) excluding leases		(206.3)	(164.1)	(143.2)	(134.5)	(141.2)
FX		0.2	(2.0)	0.0	0.0	0.0
Other non-cash movements		42.0	22.9	8.7	(6.7)	(15.6)
Closing net debt/(cash) excluding leases		(164.1)	(143.2)	(134.5)	(141.2)	(156.9)
Closing net debt/(cash) including leases		(116.0)	(94.0)	(85.3)	(92.0)	(107.7)

Source: Global Fashion Group, Edison Investment Research. Note: R, restated for current footprint.

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Revenue by geography



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 and 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	34.6
Rocket Internet	23.1
Tengelmann	4.2
UBS Asset Management	4.1

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