

Boozt

Press Release

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Outlook for 2020 upgraded after very strong Q2

The outlook for 2020 is upwardly adjusted to 20-25% net revenue growth and an adjusted EBIT margin of 3-4% (previously 10-20% net revenue growth and an adjusted EBIT margin of 1-3%). Net revenue growth for Q2 is expected to be 35-40% with an adjusted EBIT margin above 10%. Our strong momentum in the first part of Q2 continued throughout the quarter on both Boozt.com and Booztlet.com. Coupled with significantly lower returns realised in April and May driven by a higher share of men, sport, kids, and beauty the net revenue growth significantly exceeded our expectations. The adjusted EBIT margin was positively affected by a higher average order value, lower customer acquisition costs, lower fulfilment costs and general scale effects.

CEO Hermann Haraldsson says: *“During the last months we have been privileged to welcome more than 300,000 new Nordic customers, many shopping online for the first time. Customer satisfaction and rebuy rate looks promising for this cohort which bodes well for turning them into loyal customers. A key focus area has been to be a safe harbour for our brand partners to reach their Nordic target customer, as parts of their traditional distribution has fallen away. So, we have been very active in the market buying excess inventory to supply our many customers and support the brands during a difficult period.”*

The very positive development in April continued throughout the quarter as the re-opening of physical stores had limited effect on the strong momentum. New customer intake remained at a high level and existing customers increasingly returned to the platform during the quarter. Boozt.com is expected to grow above 25% in the second quarter fuelled by a significant lower return rate in April and May as the men’s, sport, kids, and beauty categories took a higher share of the overall sales (exact June return level will be known end of July). Booztlet.com is expected to grow above 175% in the second quarter driven by the strong and relevant offering supported by the extraordinary stock write-down in the first quarter.

The strategy of solely focusing on in-season items on Boozt.com to secure a good sell-through in this unusual Spring/Summer season succeeded. This allowed for a high level of campaign buys, supporting the gross margin during the summer sales. Prior season items were sold on Booztlet.com, partly recouping the extraordinary stock write-down impacting the first quarter. The gross margin for the second quarter is expected to be around 40%, which is similar to last year.

The adjusted EBIT margin is supported by a higher average order value driven by lower returns from a positive mix effect and the fair use policy implementation, lower customer acquisition costs, continued operational improvements leading to a lower level of fulfilment costs per order and general scale effects.

Due to the strong Q2 which outperformed the previous expectations of impact from the coronavirus and the positive trend in the return rate, the outlook range for the full year is upwardly adjusted to 20-25% net revenue growth and an adjusted EBIT margin of 3-4%.

As per our financial calendar, our interim financial report for Q2 2020 is scheduled for release on 21 August 2020.

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