



For Immediate Release

Global Brands Announces FY2020 Unaudited Annual Results

***Focused Restructuring Efforts Resulted in Improved Performance
as Key Targets Exceeded***

Highlights

- Exceeded plans for the restructuring program's three strategic priorities set for FY2020
- Total margin rate increased by 640 basis points to 36.6%*
- Operating costs reduced by US\$209 million*
- Returned to a positive EBITDA, recorded an increase of US\$170 million* to US\$151 million
- Focused efforts resulted in substantial progress of improved performance, despite the challenging environment and the impact of COVID-19
- US\$286 million non-cash goodwill impairment charge driven by external market conditions

Hong Kong, 2 July, 2020 – Global Brands Group Holding Limited (“Global Brands” or the “Group”; SEHK Stock Code: 787), on 30 June, 2020, announced its results for the 12-months ended 31 March, 2020 (the “Reporting Period”).

During the Reporting Period, the Group pursued an ambitious restructuring program focusing on improving the overall performance, strengthening the balance sheet, and positioning Global Brands for future profitable growth. The substantial progress achieved during fiscal year 2020 has resulted in benefits being realized throughout the Group.

Mr. Rick Darling, Chief Executive Officer of Global Brands Group Holding Limited said, “The restructuring program targeted three strategic priorities: firstly improving total margin by establishing disciplined mechanisms for purchasing inventory and moving the Group’s sourcing closer to the needlepoint; secondly reducing operating expenses in line with the new level of sales volume since the divestment of certain North American businesses, and thirdly returning to positive EBITDA. I’m pleased to report that through the efforts of the entire organization during the Reporting Period, we have exceeded our plans in all three areas.”

The Group’s total margin improved by over 640 basis points, increased to 36.6% compared to 30.2% reported in the prior year. This was accomplished by initiating a disciplined open-to-buy inventory system and reducing the Group’s off-price sales to discount retailers, strengthening our relationships with our retail customers and building our emerging direct-to-consumer business model.

* Compared to financials reported in FY2019 Annual Report



During the Reporting Period, the Group's operating costs decreased by US\$209 million compared to the previous year's reported results, to US\$492 million, driven by the Group's efforts to rationalize unprofitable brands and implement the cost reduction initiatives during the year. EBITDA has increased from negative US\$19 million reported in fiscal year 2019 to positive US\$151 million in fiscal year 2020. This significant improvement reinforces the Group's financial position and supports its future growth. Net profit remained negative due to impairment of goodwill impacted by the COVID-19 pandemic, costs associated with discontinuing operations and the restructuring of the Group's banking facilities. Without the impairment of goodwill, net profit recorded an improvement compared to last year.

While Global Brands was successful in accomplishing its goal of returning to profitability during fiscal year 2020, the rapid global spread of COVID-19 in February and March negatively impacted the Group's revenue towards the year end. Combined with the initiatives of rationalizing unprofitable brands and reducing low margin sales, Global Brands' revenue recorded US\$1,082 million for the 12 months ended 31 March 2020 compared to US\$1,513 million last reported year, representing a 28.5% decline. As COVID-19 evolved, the Group has taken all possible actions in response to this unparalleled situation, including additional cost saving measures and carefully managing its cash flow. Furthermore, the Group took timely action enabling members of staff to work from home, ensuring that they and their families stay safe.

"During the Reporting Period, we have experienced one of our most rewarding and yet, one of our most challenging years." added Mr. Rick Darling, "Throughout fiscal year 2020, we have diligently focused on executing our restructuring program, and this dedication has resulted in strengthening our balance sheet and in improving our performance despite the unprecedented impact of COVID-19. The Group is now equipped to face the ongoing challenges brought about by the pandemic and is well-positioned for growth going forward."

– Ends –

For details of Global Brands Group Holding Limited's FY2020 annual results, please refer to the announcement posted on the Stock Exchange of Hong Kong Limited website (www.hkex.com.hk).

About Global Brands Group Holding Limited

Global Brands Group Holding Limited (SEHK Stock Code: 787) is one of the world's leading branded apparel, footwear and fashion accessories companies. The Group designs, develops, markets and sells products under a diverse array of owned and licensed brands and a wide range of product categories.



GLOBAL BRANDS GROUP

Global Brands' innovative design capabilities, strong brand management focus, and strategic vision enable it to create new opportunities, product categories and market expansion for brands on a global scale. In addition, the Group is the global leader in the brand management business through CAA-GBG Global Brand Management Group.

For more information, please visit the corporate website: www.globalbrandsgroup.com.

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