



For Immediate Release

Global Brands Announces FY2021 Interim Results

Focused Strategy and Rapid Transformation to Embrace the New Normal

Highlights

- Focused strategy on cash preservation with EBITDA remaining positive at US\$15 million
- Total margin rate remained stable at 35%, despite the challenging environment and impact of COVID-19
- Revenue and total margin significantly impacted by COVID-19 pandemic, partially offset by a reduction in operating costs
- Pivot towards stronger Direct-To-Consumer business, which showed significant growth as a percentage of revenue during the period
- While new brand opportunities emerge, we continue to selectively add new licenses, expecting these to have a positive impact on our FY2022 results

Hong Kong, 26 November, 2020 – Global Brands Group Holding Limited (“Global Brands” or the “Group”; SEHK Stock Code: 787) today announced its results for the six months ended September 30, 2020 (the “Reporting Period”).

Mr. Rick Darling, Chief Executive Officer of Global Brands Group Holding Limited, said, “The COVID-19 pandemic has posed unprecedented challenges to our lives and to the industry. Amidst this uncertain backdrop, the Group has transformed its business and focused on growth in new areas. We have acted decisively to reduce operating costs and to preserve cash to ensure we emerge from this crisis a stronger and more agile business.”

To navigate this challenging environment, the Group adopted a cautious strategy to preserve its cash position. The reduction in revenue and total margin were partially offset by US\$51 million decrease in operating costs, resulting in a positive cash position and a positive EBITDA of US\$15 million for the period.

During the Reporting Period, the Group saw the closure of retail stores in global markets, which affected customers, retailers, and brand owners as social distancing restrictions were implemented around the world due to the COVID-19 pandemic. Consequently, the Group’s revenue declined by 46.1% to US\$290 million, compared to the same period last year. The Group’s total margin declined by US\$92 million while the margin rate remained stable at 35.4%.



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In response to the current environment, the Group has adapted quickly, becoming a more agile and flexible company, allowing it to grasp new opportunities arising in the market. During the Reporting Period, Global Brands has continued reorganising its business in the U.S. and Europe, while refining and building on the strengths of its brand portfolio to focus on brands that have same characteristics: a strong heritage and a loyal consumer base. These brands represent the future direction of Global Brands as we continue to build closer connections with our customers. Each of the new licensing agreements signed or in discussion are expected to positively impact FY2022 results.

Mr. Darling commented, “The Group has taken the initiative to pivot its business towards a stronger direct-to-consumer (“DTC”) model, and this has played a critical role in the first six months of FY2021. Despite this challenging environment, our DTC business has grown to 22% of our revenue, compared to 12% in the first half of FY2020, while margin on the DTC business has reached 66%, an increase of 600bps over the same period last year. Our DTC model will continue to develop and will impact positively the future profit generation of the Group.”

Mr Darling added, “The COVID-19 pandemic has forced Global Brands to look at every aspect of how we operate and the impact it has had on all our stakeholders. We have remained focused on the safety and wellbeing of our people, customers and our partners and have successfully transformed the business to operate in what will be a new normal, introducing a virtual environment for our customers and people to ensure that they can operate safely and effectively. Initiatives such as virtual showrooms and remote customer presentations, I believe are here to stay, and will further enhance our ability to drive relationships remotely, changing the way we do business. At the same time, our dynamic model continues to attract retailers and brands to work with us as partners to help them navigate the changes in the industry. I am optimistic as Global Brands emerges with a renewed focus into 2021 and beyond.”

– Ends –

For details of Global Brands Group Holding Limited’s FY2021 interim 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 and footwear companies. The Group designs, develops, markets and sells products under a diverse array of owned and licensed brands.

Global Brands’ innovative design capabilities, strong brand management focus, and strategic vision enable it to create new opportunities, product categories and market expansion for



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brands on a global scale. In addition, the Group is the global leader in the brand management business through the CAA-GBG Global Brand Management Group.

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

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