



Press Release

MALMÖ, SWEDEN, APRIL 5, 2020

Outlook for 2020 suspended due to coronavirus uncertainty and Q1 trading update

Spending on fashion is significantly negatively impacted by the current outbreak of the coronavirus pandemic. Due to the uncertainty around the impact for the remainder of the year, we suspend our financial guidance for 2020. Net revenue growth for the first quarter is expected to be in the range of 7-9%, with an adjusted EBIT margin below last year solely due to an extraordinary inventory write-down of prior season item. Excluding any extraordinary write-down, the adjusted EBIT margin would have improved from last year. An update on the expected adjusted EBIT for the first quarter will be published no later than 20 April 2020.

The outcome for January and February was in line with our expectations of a net revenue growth around the lower end of the 15-20% outlook and with an improved adjusted EBIT margin compared to the same period last year. With the outbreak of the coronavirus in the Nordic markets during March and the following mitigating activities by governments to control the outbreak, the overall market spending on fashion & apparel has been severely hit. Consequently, our net revenue for March has deviated negatively from our expectations.

Increased new customer intake on Boozt.com partly mitigated the impact of lower spending from existing customers. Booztlet.com has throughout the quarter, including March, grown with more than 100%.

Adjusted EBIT margin for the first quarter is expected to be below last year, solely driven by an extraordinary write-down. Excluding the write-down, the adjusted EBIT margin would have improved from last year, in line with expectations. The write-down is a consequence of the expected subdued demand and will relate to prior season items and the size of it is currently being assessed. Normally, prior season items would have a second chance to sell in line with our write-down principles of writing everything down after 18 months. Historically this write-down has been around 1% of the seasonal buy. In the current extraordinary situation, with subdued demand expected, we will on Boozt.com focus on the in-season items and Booztlet.com will have the opportunity to sell the written down items.

Due to the high uncertainty in our market we are currently unable to properly assess the impact of the coronavirus on our business for the remainder of the year. We therefore find it appropriate to suspend our 2020 outlook. In line with our medium-term outlook we do however expect to continue to significantly outgrow the Nordic market.

We have taken a number of measures to adapt to the current situation and to secure that our business can continue being fully operational, while staying safe. All office employees are working from home, and several initiatives has been taken at our fulfilment centre to ensure the safety of the staff.

From a financial perspective, we have a solid cash position, currently approximately SEK 220 million. In addition, we have access to our revolving credit facility with Danske Bank of SEK 200 million. Including an overdraft facility of SEK 60 million we have in total approximately SEK 480 million of cash available. We expect this to be sufficient cash to secure the business in a prolonged downturn and seize on opportunities that may arise. Besides personnel costs, most costs are variable to sales. Fulfilment costs are directly linked to the number of orders and marketing costs are adjusted daily to reflect the demand in our markets. Coupled with a trimmed upfront buy for the Autumn/Winter season we are well prepared for the uncertainty ahead of us.

Boozt is a leading, fast-growing and profitable Nordic technology company selling fashion online. The Group generated net sales amounting to SEK 3.4 billion in 2019. Boozt offers its customers a curated and contemporary selection of fashion brands, relevant to a variety of lifestyles, mainly through its multi-brand webstore Boozt.com. The company is focused on using cutting-edge, in-house developed technology to curate the best possible customer experience. Besides Boozt.com, the company also runs the webstore Booztlet.com and retail stores Booztlet and Beauty by Boozt in Denmark. For more information, please visit www.booztfashion.com/.

We expect to provide an update on the size of the write-down and the expected adjusted EBIT for the first quarter no later than by 20 April 2020.

As per our financial calendar, our interim financial report for Q1 2020 is scheduled for release on 14 May 2020.

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This information is information that Boozt is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2020-04-05 20:00 CEST.